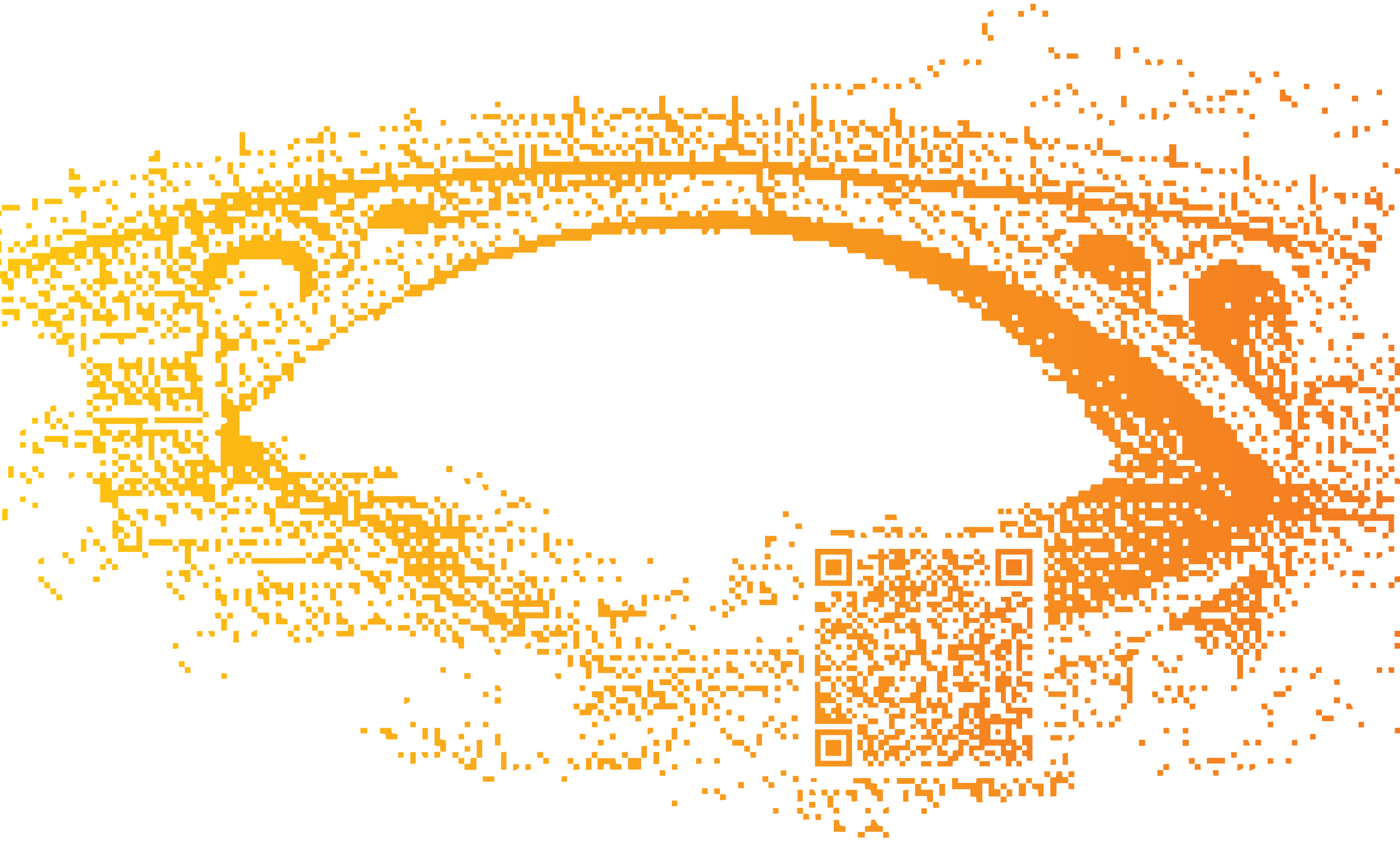
PING AN

Insurance · Banking · Investment



Annual Report 2013

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Cautionary Statements Regarding Forward-Looking Statements
To the extent any statements made in this report contains 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 include the words or phrases "potential", "estimates", "expects", "anticipates", "objective", "intends", "plans", "believes", "will", "may", "should", and similar expressions or variations on such expressions may be considered forward-looking statements.

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.

中国平安 PING AN

Technology Drives Integrated Finance

We create
Connection in our lives
With digital innovation.
With technology we build bridges of communications.

We pursue
The steady growth of value
And climb the mountain of wealth.
With professionalism we maximize value.

We hope
To be by your side in good times and bad
In search of happiness.
With faith Ping An always stands by you.

When tradition meets modernity,
Integrated finance will soar with wings of technology.

Technology drives integrated finance.
Expertise makes life simple.

Ping An has grown from a regional company in Southern China to a market leader in the nation, from a property and casualty insurance company into an integrated financial services group, its model from traditional finance with three key pillars of business to cross-business operations. Ping An always "survives in competition, grows with innovation". Leveraging our integrated finance platform, we provide our customers with comprehensive and personalized financial services.

Ping An's emphasis is on the customer service experience, with its strategy being "technology drives integrated finance". We have built a business platform with an international and professional team and technology. With our strategy of "One Customer, One Account, Multiple Products and One-Stop Service", we provide our customers with the experience of integrated financial services. Ping An is determined to become customers' wealth manager – one who is reliable, efficient and sincere; a health advisor who is friendly and accountable, as well as a life consultant who is considerate and helpful.

Ping An of China: Expertise makes life simple.

Five-Year Summary

(in RMB million)	2013	2012	2011	2010	2009
GROUP					
Total income	**421,221**	339,193	272,244	195,814	152,838
Net profit	**36,014**	26,750	22,582	17,938	14,482
Net profit attributable to shareholders of the parent company	**28,154**	20,050	19,475	17,311	13,883
Basic earnings per share (in RMB)	**3.56**	2.53	2.50	2.30	1.89
Total assets	**3,360,312**	2,844,266	2,285,424	1,171,627	935,712
Total liabilities	**3,120,607**	2,634,617	2,114,082	1,054,744	843,969
Total equity	**239,705**	209,649	171,342	116,883	91,743
Equity attributable to shareholders of the parent company	**182,709**	159,617	130,867	112,030	84,970
Investment portfolio of insurance funds	**1,230,367**	1,074,188	867,301	762,953	589,713
Net investment yield of insurance funds (%)	**5.1**	4.7	4.5	4.2	3.9
Total investment yield of insurance funds (%)	**5.1**	2.9	4.0	4.9	6.4
Embedded value	**329,653**	285,874	235,627	200,986	155,258
Group solvency margin ratio (%)	**174.4**	185.6	166.7	197.9	302.1
INSURANCE BUSINESS					
Life Insurance Business					
Written premiums	**219,358**	199,483	187,256	164,448	134,503
Net profit	**12,219**	6,457	9,974	8,417	10,374
Net investment yield (%)	**5.1**	4.7	4.5	4.3	4.0
Total investment yield (%)	**5.0**	2.8	4.1	5.0	6.7
Embedded value	**203,038**	177,460	144,400	121,086	100,704
Solvency margin ratio – Ping An Life (%)	**171.9**	190.6	156.1	180.2	226.7
Property and Casualty Insurance Business					
Premium income	**115,674**	99,089	83,708	62,507	38,774
Net profit	**5,856**	4,648	4,979	3,865	675
Net investment yield (%)	**5.3**	4.8	4.6	4.0	4.0
Total investment yield (%)	**5.4**	3.3	3.9	4.2	5.4
Combined ratio (%)	**97.3**	95.3	93.5	93.2	98.6
Solvency margin ratio – Ping An Property & Casualty (%)	**167.1**	178.4	166.1	179.6	143.6
BANKING BUSINESS(2)					
Net interest income	**40,894**	33,243	18,371	5,438	3,425
Net profit	**14,904**	13,232	7,977	2,882	1,080
Net interest spread (%)	**2.14**	2.19	2.33	2.18	1.77
Net interest margin (%)	**2.31**	2.37	2.51	2.30	1.89
Cost/income ratio (%)	**41.75**	40.61	44.17	52.87	59.50
Total deposits	**1,217,002**	1,021,108	850,845	182,118	149,065
Total loans	**847,289**	720,780	620,642	130,798	107,562
Capital adequacy ratio (%)(3)	**9.90**	11.37	11.51	10.96	13.05
Non-performing loan ratio (%)	**0.89**	0.95	0.53	0.41	0.46
Provision coverage ratio (%)	**201.06**	182.32	320.66	211.07	155.96
INVESTMENT BUSINESS					
Trust Business(4)					
Total income	**4,732**	4,231	2,407	2,155	1,192
Net profit	**1,962**	1,484	1,063	1,039	606
Assets held in trust	**290,320**	212,025	196,217	136,955	130,551
Securities Business					
Total income	**2,758**	2,897	3,080	3,850	2,477
Net profit	**510**	845	963	1,594	1,072

(1) Certain comparative figures have been reclassified or restated to conform to relevant period's presentation.

(2) The figures of banking business in 2013 and 2012 include those of Ping An Bank. The figures of banking business in 2011 include figures of Original SDB and Original Ping An Bank that are consolidated by the Group. In 2010, Original SDB was an associate company of the Company, net profit of banking business includes the share of profits from Original SDB based on the equity method and profit from Original Ping An Bank, other data of 2010 only relate to Ping An Bank. The figures of 2009 relate to Original Ping An Bank.

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

(4) In 2013 and 2012, the figures of trust business include Ping An Trust and its subsidiaries which carry on the business of investment and asset management. In and before 2011, the figures of trust business are those of Ping An Trust.

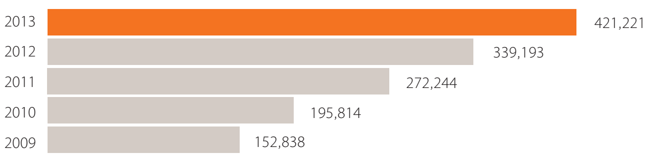
Introduction

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

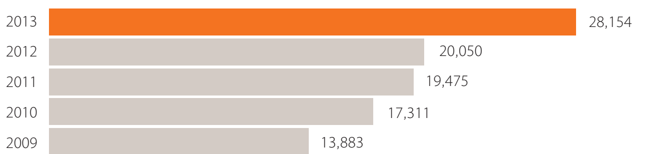
HIGHLIGHTS

- Net profit attributable to shareholders of the parent company reached RMB28,154 million, up 40.4% compared to last year.
- Total assets of the Group exceeded RMB3.3 trillion on strengthening overall competitiveness.
- Ping An Life' written premiums exceeded RMB200 billion, while Ping An Property & Casualty's premium income surpassed RMB100 billion. Ping An Annuity's business maintained its leading position in the industry. The net investment yield of our insurance funds reached a three-year high.
- Our banking business underwent a strategic transformation and strengthened its business structure and operations, contributing a profit of RMB7,807 million to the Group.
- Ping An Trust's personal wealth management business has been growing steadily, with the number of active and high net-worth customers exceeding 21 thousand.
- We have determined the development strategy for internet finance, and stepped up the pace of implementation.

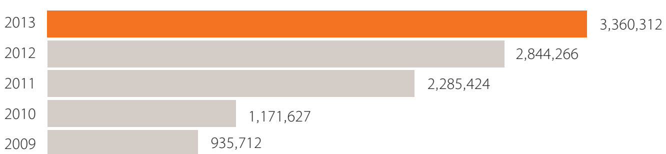
Total Income *(in RMB million)*



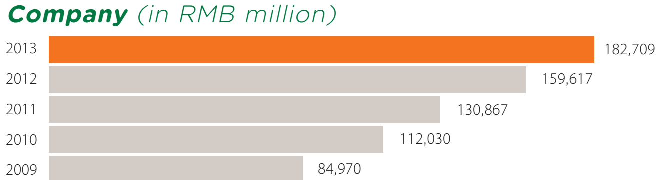
Net Profit attributable to Shareholders of the Parent Company *(in RMB million)*



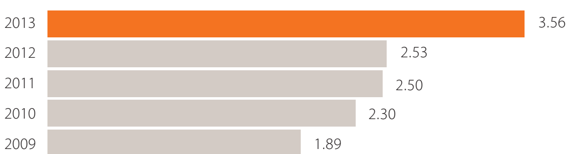
Total Assets *(in RMB million)*



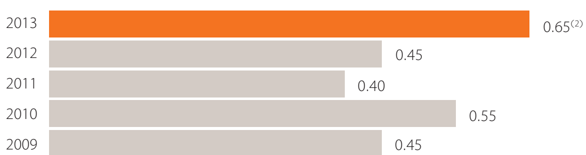
Equity attributable to Shareholders of the Parent Company *(in RMB million)*



EPS *(in RMB)*



Dividend per share[(1)] *(in RMB)*



(1) Dividend per share includes final dividend and interim dividend.

(2) The 2013 final dividend of RMB0.45 per share will be proposed for approval at the annual general meeting.

Business at a Glance

Ping An is one of China's leading personal financial services groups offering diversified financial products and services.

Ping An's single-brand, multi-channel distribution network reaches every corner of the most economically-developed areas in China. Leveraging the capabilities of our subsidiaries, the Company provides a comprehensive range of financial services, including insurance, banking and investment, etc.

The areas that **Ping An** covers, in terms of geographical reach, sectors or products, form a solid foundation for our quality customer service and stable shareholders returns. By pushing ahead with our business strategy, building a centralized back office platform, and improving our asset liability management capability, we strive to continue to promote the steady growth of our customer base and asset scale in the years ahead.

Customers

80 million

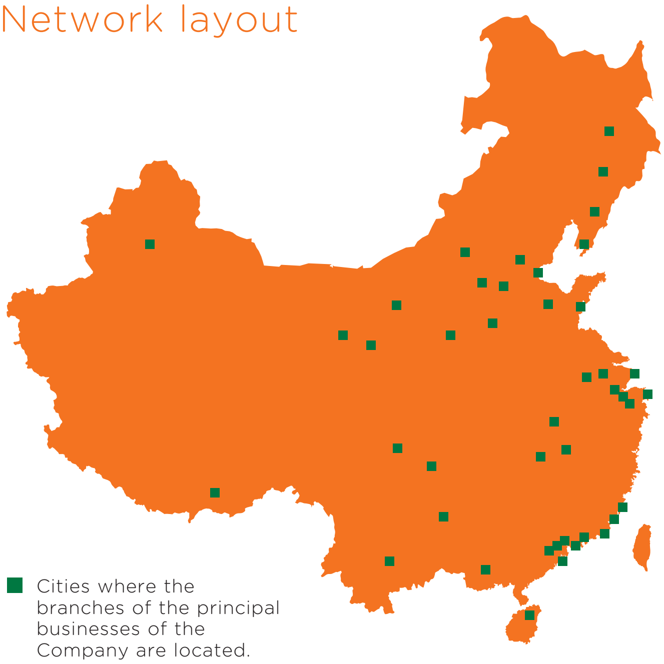
Employees

203,366

Sales agents

556,965

Network layout



Cities where the branches of the principal businesses of the Company are located.

中国平安
PING AN

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

INSURANCE

- Ping An Life
- Ping An Property & Casualty
- Ping An Annuity
- Ping An Health
- Ping An Hong Kong

Ping An was primarily engaged in the property and casualty insurance business. After many years of growth, insurance remains the Group's core business, shared among four major subsidiaries: Ping An Life, Ping An Property & Casualty, Ping An Annuity and Ping An Health. Collectively, these companies provide clients with a full range of insurance products and services.

- Ping An Life achieved written premium exceeding RMB200 billion, with a stable increase in the number of agents. The continuous improvements made to the structure of Ping An Life's products, contributed to a persistent rise in margin of embedded value for new business.
- Premium income from Ping An Property & Casualty surpassed RMB100 billion and combined ratio maintained at a good level.
- The assets under management of Ping An Annuity maintained the leading position in the industry.

***Written Premiums** (in RMB million)*

See pages 26-39

BANKING

- Ping An Bank

The Company operates its banking business through Ping An Bank, which is a national joint-stock commercial bank headquartered in Shenzhen and listed on the Shenzhen Stock Exchange under the stock name "Ping An Bank" and the stock code "000001".

- Strengthened the strategic transformation with a healthy growth in strategic business.
- Actively adjusted business structure with rising operational profits.
- Accelerated the network expansion, with the number of business outlets growing rapidly.

***Loan Balances** (in RMB million)*

See pages 40-45

INVESTMENT

- Ping An Trust
- Ping An Securities
- Ping An Asset Management
- Ping An Overseas Holdings
- Ping An Asset Management (Hong Kong)
- Ping An-UOB Fund

Investment business is one of the core businesses of the Company. Ping An Trust, Ping An Securities, Ping An Asset Management, Ping An Overseas Holdings, Ping An Asset Management (Hong Kong) and Ping An-UOB Fund together form the investment and asset management platform of the Company, providing customer with diversified investment products and services.

- Ping An Trust continued to strengthen risk management, while the private wealth management business has been growing steadily with the number of active and high net-worth customers exceeding 21 thousand.
- Ping An Securities successfully completed 27 credit bond issuance projects as the lead underwriter, ranking No. 4 in the industry by 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.

***Assets Held in Trust** (in RMB million)*

See pages 46-52

SHARED PLATFORM

Ping An Technology   Ping An Processing & Technology   Ping An Channel Development   Ping An Financial Technology

Chairman's Statement

We live in an age where change is taking place with an irreversible force and the world is inevitably undergoing dramatic reform from old to the new. A company which wants to excel against all others in the industry must have the ability to make strategic decisions intuitively, have great strength to manage its organization and carry through implementations, be supported by an excellent professional team, and especially have the courage to revolutionize itself to transform ahead of the market, as well as have a keen observation of customers' needs and experience. A revolution will not take place quietly, but will always be accompanied by thunderstorms. Ping An has become ready to face the tremendous challenges arising from the evolution of modern technology and innovation of business model. Under the theme of "Driven by Technology, Finance Can Serve Life Better", we endeavored to develop traditional finance and non-traditional businesses simultaneously, in an effort to make Ping An the "leading personal integrated financial services provider in China", ultimately fulfilling our strategic vision of being a globally leading integrated financial services group.

1. 2013 has been the fourth consecutive year that Ping An announced to upgrade its service. Ping An Life, a subsidiary of the Company, has complemented service upgrades in three aspects, namely multi-channel service, shorten claim procedure and home claim service. Leveraging on our leading technological financial strength, Ping An has innovated its services in line with customers' need and delivered easier and faster service experience for consumers to establish itself as a pioneer in financial insurance industry.
2. In October 2013, Ping An Life has introduced "Ping An Fu", a health care program. As compared to traditional life insurance products, it is the first life insurance product with market-oriented premium, offering a higher insurance amount at the same premium, which can provide customer with more security and benefits. The launch of Ping An Fu has enabled insurance companies to establish more flexible pricing strategy, so as to develop more diversified and market-targeted insurance products, in terms of covering customer's need for security and wealth management.
3. From September 2013 to January 2014, Ping An Property & Casualty has carried out the activity of "A safe e-trip, Ping An stands by you" for the 10th customer service day. During the activity, self-service through hotline and WeChat were particularly introduced for female drivers. It also carried out various programs including "Finding Ping An Talents", "Complain Express" and "Interactivity through WeChat" for the purpose of hearing customer's feedback, so as to really connect customers with Ping An more closely through customer service day.

In 2013, confronted with the complex and ever-changing domestic and overseas economic environment, as well as the intensified competition in the internet industry, Ping An met a variety of challenges and great opportunities, but realized many achievements. Facing the numerous challenges marked by the domestic economy structural adjustment, market transformation, and revolution in traditional models brought by internet technology, Ping An further implemented the operational strategy of "reasonable growth, structural optimization and planning for the future". We achieved significant growth in traditional financial businesses and actively arranged non-traditional businesses, built up the collective strengths and realized the sound momentum of steady and progressive operations. In terms of traditional financial businesses, efforts were made in the following areas: we maintained stable growth in the insurance business and continued to optimize the products' structure; for the banking business, we gained more traction in our strategic transformation and actively transformed the growth model; we persisted in optimizing the allocation of insurance funds; as for integrated finance, we went to great lengths to further tap customer value, and promoted the migration of customer to create synergies. In terms of non-traditional businesses, we actively arranged and researched creative strategies from the perspective of innovation and competition of internet finance, and insisted on improving the business model of a variety of innovative entities, including Lufax, PAhaoche and Ping An Pay. In 2013, the Group successfully issued RMB26 billion A Share Convertible Bonds, which further entrenched the capital base and strengthened the solvency position. Additionally, the Company has been designated as a Global Systemically Important Insurer ("G-SII") in 2013, which will enhance the Group's risk management and corporate governance.

This year, our key indicators such as net profit, net assets and total assets recorded remarkable growth. In 2013, the Company's net profit attributable to shareholders of the parent company reached RMB28,154 million, up 40.4% over the previous year. As at December 31, 2013, equity attributable to shareholders of the parent company stood at RMB182,709 million, 14.5% higher over the start of the year. The Company had total assets of RMB3,360,312 million, up 18.1% over the start of the year.

Business Highlights

Looking back at the operations in 2013, we achieved outstanding performance in the following aspects:

- **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.** Written premiums of life insurance reached RMB219,358 million, up 10.0% over the previous year, among which written premiums from individual life insurance business reached RMB197,040 million, an increase of 11.9%. Written premiums of new business reached RMB44,156 million, up 12.4% over the previous year. The value of new business rose 14.1% over the previous year, with the ongoing optimization of the business structure. As at December 31, 2013, there were approximately 557 thousand individual life insurance agents, a number 8.6% higher over the start of the year. Ping An Life had a market share of 13.6%, an increase of 0.7 percentage points from 2012. Ping An Property & Casualty continued to focus on business quality and realized a premium income of RMB115,365 million, up 16.8% over the previous year with a market share of 17.8%, placing it in second position in the market. It maintained a sound profitability level with a combined ratio of 97.3%. The three major performance indicators of our annuity business – annuity payments received, assets entrusted, and assets under investment management – all maintained their lead in the annuity industry. We are also the major provider of employee benefits schemes business in PRC.

Due to our continuous efforts in optimizing the assets portfolio of insurance funds, raising the proportion of fixed income assets and allocating more investments to quality debt schemes, our net investment yield reached a three-year high. As at December 31, 2013, the value of our insurance funds reached RMB1,230,367 million. Net investment yield was 5.1% and total investment yield was 5.1%, representing an increase of 0.4 and 2.2 percentage points from 2012, respectively.

4. On November 16, 2013, An unveiling ceremony of internet insurance company "Zhongan.com" was held in Shanghai, which was jointly established by Ping An, Tencent and Alibaba. In recent years, besides developing traditional financial business, Ping An dedicated to experiment in the field of internet finance. Innovative companies have been established, including Lufax, PAhaoche, etc.

5. On December 6, 2013, the estate and finance innovation forum "Bright virtue and grasp the opportunity: new ten years of real estate" was held in Shenzhen. The attendants had discussed about the trend of Chinese macro economy and opportunities for real estate business in next ten years, and witnessed the unveiling ceremony of "Real Estate Finance Club of Ping An Bank Golden Orange" and "Ping An Bank Workstation for Postdoc Research".

6. On November 28, 2013, jointly with McKinsey, Ping An Trust has issued the "Report on the Research of the Development of Chinese Trust Industry in 2013" in Beijing. The report was presented from the perspective of trust company and applied international approach to review and discuss the transformation of trust industry, based on which, this report especially focused on discussing the developmental alternatives available for trust companies in the future.

Chairman's Statement

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7. On November 28, 2013, the Awards Ceremony for Ping An Endeavourers Project 10th Anniversary was held in Beijing. Since its launch in August 2003, it has developed into a comprehensive public-welfare program that consists of Endeavourers Thesis Award, Endeavourers Forum and Endeavourers Alumni Meeting. In aggregate of 4,940 students were awarded with 16.87 million scholarships, bringing wide and positive influence to the schools and society.

8. Ping An strives to fulfill its commitment of implementing corporate social responsibility. Currently, we have built up over one hundred Ping An Hope primary schools located in the impoverished areas all around the nation and also launched volunteer teaching program to support fundamental education. As at the end of 2013, a total of 2,701 volunteers from all social sectors had participated in this program and helped over 30,000 students.

- **Our banking business made steady headway in its strategic transformation, while the business model and product innovation achieved breakthroughs.** In 2013, our banking business contributed a profit of RMB7,807 million to the Group, up 13.6% compared with 2012. Ping An Bank's total assets reached RMB1.89 trillion, 17.8% higher than the start of the year. Total deposits and total loans amounted to RMB1.22 trillion and RMB0.85 trillion, up 19.2% and 17.6%, respectively over the start of the year, putting our business on a sound footing. In 2013, our banking business intensified its strategic transformation with a continuous effort in developing the areas of investment banking business, retail banking, microfinance, credit card, automobile finance and trade finance. Our innovations in business model, products and services all achieved great breakthroughs. The newly launched "Daidai Ping An Commercial Card" has enabled small enterprises to enjoy comprehensive integrated financial services including deposit, borrowing, settlement and wealth management using only one card, facilitating their business development. The Group has successfully completed the capital injection of RMB14,782 million to Ping An Bank, which significantly improved the bank's capital adequacy position. Furthermore, Ping An Bank has enhanced its credit structure, tightly controlled in the increase of non-performing loans and maintained stable asset quality. As at the end of 2013, the non-performing loan ratio was 0.89%, 0.06 percentage points lower over the start of the year.

- **Ping An Trust's customer base continued to grow. We continued to strengthen risk management and focus on developing high-quality business.** Ping An Trust's private wealth management business has been growing steadily with the number of active and high net worth customers exceeding 21,000, up 14.5% over the start of the year. Assets held in trust reached RMB290.3 billion, of which paid-in capital of collective trust products mostly held by individual customers exceeded RMB175.8 billion, up 47% over the start of the year, placing Ping An Trust at the forefront of the industry. The Company actively managed assets held in trust with strict risk control measures, and saw the successful redemption of products reaching maturity. In 2013, Ping An Securities sponsored 27 credit bond projects, ranking No. 4 in the industry by the number of credit bonds issued. With the reform of brokerage business making progress and the balance of margin trading and securities lending business growing 241.1% over the start of the year, our securities business structure has undergone further improvement.

- **We made great progress in integrated finance, with technological innovation spurring the business development.** For personal integrated finance, we have established a customer value segmentation and management system as well as a big data analysis platform in order to better acquire customers, facilitate customer migration as well as cross sell different products. A total of 5.1 million customers across business lines have been migrated, accounting for 27% of new customers of all subsidiaries combined. In 2013, cross-selling through our agency force contributed RMB19.8 billion in insurance premiums and RMB76.4 billion in financial assets. Moreover, 54.6% of the auto insurance premium and 39.8% of new credit card issuance were generated through cross-selling and telesales, while 17.0% of new retail deposits were generated through cross-selling. In terms of corporate integrated finance, the cooperation among the Group's subsidiaries was reinforced. Through delivering one-stop integrated financial services solution to corporate clients, our brand image as an integrated financial services provider has been enhanced in the market.

  The Company has also actively promoted innovation and technology applications to enhance customer experience, continuously increasing the level of automation in our operating platforms, as well as increasing and optimizing the usage of E-marketing platform and mobile claims investigation tools.

- **We have set our strategy for internet finance, and stepped up our execution.** Anchored by social finance, Ping An's internet finance seeks to incorporate financial services into the very fabric of everyday life: health, food, housing, transportation, and entertainment, and help customers to manage their wealth, health and lives, so as to provide our customers with simple, convenient, reliable and interesting experiences and services, thus accelerating customer migration. We have developed new businesses, including Lufax, Wanlitong Loyalty Points Program, auto market, e-Payment, mobile social finance portal, etc. Lufax has made great stride in the execution of its strategy and organizational structure with a significant increase in transaction scale. The number of Wanlitong Loyalty Points Program business partners increased largely from 5 thousand at the end of 2012 to 200 thousand at the end of 2013. PAhaoche has preliminarily completed the establishment of website and online trading platform, while 11 offline brick-and-mortar stores were opened. Ping An Pay successfully launched "Yiwallet" as a mobile social payment application. Ping An Technology launched the mobile social finance portal "Tianxiatong", which will greatly boost the development of traditional financial services.

Honors and Awards

In 2013, we continued to maintain a leading position in terms of brand value. Our comprehensive strength and efforts in corporate governance and corporate social responsibility have won us numerous accolades and awards at home and aboard from independent third parties such as rating agencies and the media.

- Ranked 181st in Fortune Global 500 and maintained top ranking among mainland Chinese companies in the non-SOE category.
- Included in the Forbes Global 2000 for the ninth time, ranking 83rd.
- Included in the Financial Times Global 500, ranking 137th.
- Ranked 84th in the Top 100 Most Valuable Global Brands by Millard Brown.
- Ranked 6th on the list of "2013 Best Chinese Brand" by Interbrand, the largest brand consultancy in the world, making us the top brand in Chinese insurance industry.
- Named "Best Managed Insurer in Asia" by *Euromoney* for the fifth consecutive year; Winner of "Corporate Governance Asia Recognition Awards" by *Corporate Governance Asia* for the seventh consecutive year and winner of "Best Corporate Governance – Platinum" by *The Asset* for the fifth consecutive year.
- Re-selected by the *21st Century Business Herald* as the winner of "Best Corporate Citizen" and "Enterprise of Low Carbon Emission Pioneer" and honored with "Ten Years Corporate Citizen"; eight-time consecutive winner of the "Most Responsible Enterprise" award by *China News Weekly*; 12-time consecutive winner of the "Most Respected Company" by *The Economic Observer*.

Chairman’s Statement

Social responsibility

In 2013, Ping An’s corporate social responsibility has stepped into a new era. We carried out the development of green finance, through the application of 18 items of technological service, which reduced carbon dioxide emission by a total of 2,927.4 tons. To help improve the eco-system, we donated RMB2.42 million to plant “Ping An Forests” in 11 provinces in the nation. As for education, a total of 2,701 volunteers enrolled in our education initiative in Ping An Hope Primary Schools, providing nearly 200 thousand hours of volunteer services. In our online charity program “One hour for charity bringing love and security”, we donated RMB2 million to provide 30,000 medical insurance policies for the children who were victims of the Ya’an earthquake, with the sum insured of up to RMB5.86 billion. The year 2013 marked a decade since the launch of Ping An’s Endeavorers’ Plan. During the period, 4,940 students received RMB16.87 million in financial support. Our effort in corporate social responsibility has been widely recognized by society. In a ranking of social responsibility by listed companies, Ping An’s standing in corporate social responsibility took first place for four consecutive years. Our development philosophy is to create a harmonious environment for business, nature and the economy, which is the goal driving our business’s sustainable growth.

Prospects

The year 2014 will see both greater opportunities and challenges. The Third Plenary Session of the Eighteenth CPC Central Committee has drawn a grand blueprint to set forth further reforms through urbanization, economic restructuring, and upgrading of industrial structure, in view of stimulating the internal vitality of China’s economy. China’s economic growth is expected to maintain a healthy and steady pace, with continuously rising national income and corresponding greater demand for personal financial services. As a result, personal integrated financial services will find enormous opportunities and a more extensive platform for growth. In the meantime, new technology with mobile internet at its core is advancing rapidly, sending shock waves to all traditional industries including the finance sector. This is a challenge, but also presents more of an opportunity.

I hope that all colleagues at Ping An, myself included, will maintain our pioneering spirit of passion, persistence and patience, boldly embracing both challenges and opportunities ahead. With a keen awareness of the competition and market risks, Ping An will focus on the concept of “Driven by Technology, Finance Can Serve Life Better” and chart our innovative course forward, achieving synergies between the traditional and non-traditional business lines. In terms of traditional business, we actively implement two crucial missions: financial supermarket and customer migration. For non-traditional business, we endeavor to push for innovations, by incorporating financial services into the very fabric of everyday life: health, food, housing, transportation and entertainment, to realize the goal of “One Customer, One Account, Multiple Products, and One-Stop Services”. We endeavor to promote transformation and migration between non-financial services users and financial businesses customers, and to achieve “three retentions” (customer assets, loyalty points, and health records) and “five increases” (number of customer, customer usage frequency, customer asset under management, number of products per customer, and profitability of single customer), striving to bring Ping An’s business success to new heights in the new era.

Finally, on behalf of the Board of Directors and the Executive Committee of Ping An Group, I would like to express my most sincere gratitude to the 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
March 13, 2014

Strategy and Vision

Vision and goal: To become China's leading personal integrated financial services provider

STRATEGIC POSITIONING

- Establish a traditional business framework supported by the Group's three pillars of business: insurance, banking and investment; continue to promote the simultaneous development of traditional and non-traditional businesses; to become a leading personal integrated financial services provider in China;
- Build an integrated financial services platform that is in line with the vision of "One Customer, One Account, Multiple Products and One-Stop Services";
- Grow customer base and assets to further enhance our unrivalled competitive advantages;
- Achieve sustainable growth in profits to provide shareholders with stable returns on a long-term basis.

VISION

Insurance Business

- Maintain the healthy and steady development of our property and casualty insurance and life insurance businesses while promoting their competitiveness and steady expansion in market share;
- Increase efforts in new business areas such as corporate annuity and health insurance.

Banking Business

- Develop an integrated banking business and accelerate developing steps by fully utilizing existing advantages such as customer base, products, channels and platforms to fulfill our strategic target of becoming the "Best Bank";
- Turn Ping An Bank into a core integrated financial service platform to provide the Group's customers with one-stop integrated financial services.

Investment Business

- Strive to develop the superior investment capacity and establish a leading investment platform;
- Strengthen the asset-liability-management capability while building on a solid and comprehensive risk management system;
- Improve and enhance third-party asset management business by providing a full array of investment products with the aim of becoming a leader in China's wealth management market.

Non-traditional Businesses

- Make stride in execution of strategy for internet finance;
- Following the concept of "Driven By Technology, Finance Can Serve Life Better", we continuously push for innovations by incorporating financial services into the very fabric of everyday life: health, food, housing, transportation, and entertainment. To promote transformation and migration between non-financial services users and financial businesses customers, we endeavor to realize the goal of "One Customer, One Account, Multiple Products and One-Stop Services" and achieve "three retentions" and "five increases".

The Group

- Integrate internal resources and unleash synergies in an efficient and optimal manner under one strong brand by leveraging the rapid growth in cross-selling and a powerful and centralized back office platform;
- Continue to enhance the Group's competitiveness and profitability to promote the rapid growth of its corporate value, profitability, business scale, customer numbers and total assets.

Investment Value

DISTINCTIVE COMPETITIVE ADVANTAGES

- Seizing the development opportunity of personal finance, Ping An has established the **strategic target** of becoming China's leading personal integrated financial services provider;
- An active promoter of reform and **innovation** in various areas, Ping An remains a trailblazer in the industry;
- The immense power of **leading technology** sets a solid foundation for providing the best customer service experiences;
- **The integrated finance model** with the largest number of financial service licenses and the widest range of business offerings.

Please refer to pages 12-19 for further details.

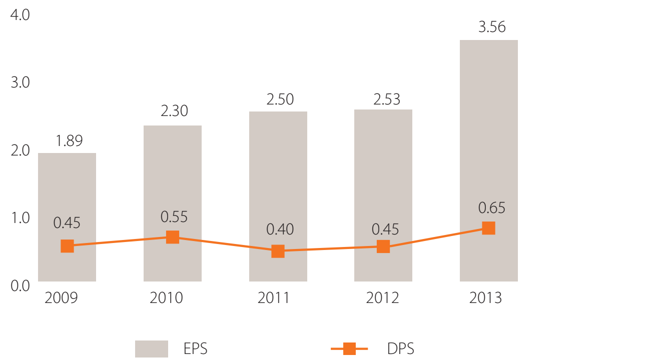
SOUND CORPORATE GOVERNANCE SYSTEM

- Corporate duties in a comprehensive system: ensures the independent operation of our three parties (i.e. the General Meeting, the Board of Directors and the Supervisory Committee), with the Professional Committees and the Executive Committee under the Board of Directors respectively responsible for decision-making and execution;
- A clear development strategy, a unique corporate culture, and an international and professional management team;
- A pioneering and comprehensive risk management system;
- A disclosure mechanism characterized by truthfulness, accuracy, completeness, timeliness and fairness;
- An investor relations function that operates with rigor, enthusiasm and effectiveness.

FULL COMMITMENT TO SOCIAL CORPORATE RESPONSIBILITY

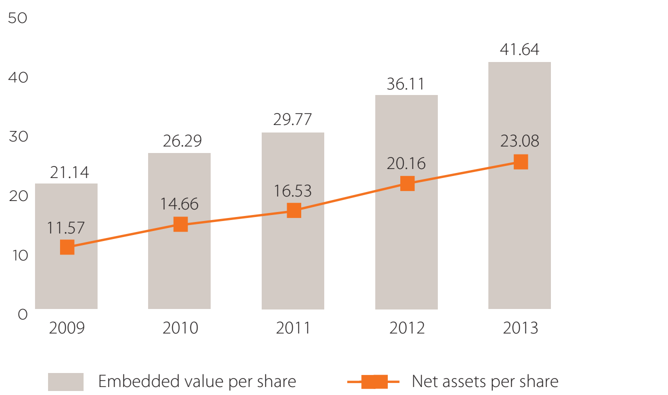
- Commitment to shareholders: increase asset value and generate stable returns
- Commitment to clients: first class customer service that can be depended on
- Commitment to employees: career opportunities that promise a balanced home and work life
- Commitment to communities: give back to society to strengthen the foundation of our nation
- Commitment to business partners: forge partnerships that are beneficial to all parties involved

EPS/Dividend per share
(in RMB)

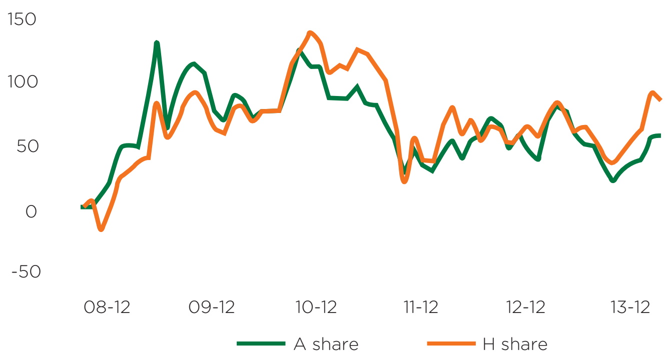


Note: The 2013 final dividend of RMB0.45 per share is under approval at the Group's 2013 annual general meeting.

Embedded value per share/Net assets per share
(in RMB)



Total shareholders' return
(%)



Source: Bloomberg

Strategy. Ping An has established the strategic target of becoming a "leading personal integrated financial services provider in China".

In the new tide of China's economic reform, the market economy further demonstrates its role as the foundation of the market. Urbanization, economic restructuring, and upgrading of industrial structure will continuously stimulate the internal vitality of China's economy. With continuously rising national income and greater demand for personal financial services, Ping An's personal integrated financial services will find enormous opportunities.

By embracing the opportunity to develop personal finance, Ping An has mapped out a strategic target of becoming "China's leading personal integrated financial services provider" as a pioneer in the market, thereby taking a priority position for the development of its future financial business.

Innovation. Ever since Ping An started its operations in 1988, innovation has driven and inspired the Group's development.

Through innovation, we were the first in China's financial industry to:

- Introduce foreign capital
- Engage international accounting firms and actuarial advisers to perform auditing and valuations
- Offer investment-linked life insurance products
- Establish a nationwide integrated operating center
- Provide nationwide claims settlement service to automobile insurance policyholders
- Achieve group structure listing on an overseas stock exchange

Ping An has been committed to unrelenting innovation in its system, products and services, allowing the Company to sustain its rapid growth and development whilst playing an important role in promoting the reform and development of China's insurance industry.

During 2013, we achieved transformation and innovations in the following fields:

- Ping An Bank introduced its "Daidai Ping An Commercial Card", which provides one-stop solution for small enterprises to enjoy comprehensive integrated financial services including deposit, borrowing, settlement and wealth management.

Leveraging on the opportunity in internet and big data era, Ping An Bank upgraded its trade finance services and realized "four streams come into one", namely commercial stream, fund stream, information stream and logistic stream. Meanwhile, Ping An Bank upgraded "Ping An Pocket Bank" which enhanced customer's mobile payment experience and established a platform called Inter-bank E Express to provide products and services for large number of medium and small commercial banks.

- The series of products under "Wen Ying – An e Loan" introduced by Lufax was innovated based on international P2P net-loan model, which connected the investor and financiers and introduced guarantee mechanism that a professional guarantee company (a subsidiary of the Group) would provide guarantee covering full amount of principal and interest, so as to ensure the safety of investment.
- Ping An Property & Casualty has been constantly exploring innovative commercial models in mobile internet field with introducing several innovative types of products, including financial loss insurance over personal account, cancellation insurance over airline ticket and hotel booking, to meet consumers' need for safety during e-business transactions. Ping An Life introduced "house call to claim, without leaving your home" service and a total of 1.17 million customers have been provided with this service in accumulation. Ping An Life continually launched various forms of service channels, including mobile phone applications, mobile remote counter, remote service terminals, Ping An Bank ATM and WeChat, as well as introduced online self-claim services. It also developed new payment methods, such as renewal premium payment application and QR code payment platform.

Leading Technology. At present, modern technology as exemplified by mobile internet, big data and cloud computing, is developing rapidly throughout the world. The combination of technology and finance will undoubtedly bring customers a financial services experience, which are faster, more convenient and more efficient, and create a more extensive platform for the Group.

Technological advances not only introduce competition to the financial sector, but also gradually improve and completely reshape the operation model of traditional financial businesses. They intensify competition revolving around customer experience, which will have a profound impact on the face and rules of competition in the traditional financial market.

As the first-of-its-kind in the industry, Ping An Life's Mobile Integrated Terminal (MIT) marries modern technology with insurance sales. It demonstrates the low-carbon concept of paperless electronic operations, and sets up an efficient and convenient green production line for insurance sales. As a pioneer in transforming insurance sales into a paperless practice, it has positioned itself as an indisputable leader in life insurance sales in both the domestic and international markets. With its numerous benefits, including improved sales efficiency, cost-saving, time-saving, better selling process management and low-carbon environmental-friendliness, MIT offers superb value to society, customers, industry and the Group, demonstrating its worth for mass adoption in the industry. The MIT mobile platform of life insurance business achieved a utilization rate of 98% in 2013, bringing more convenient services to customers.

Meanwhile, to seize the opportunity arising from internet finance, the Company actively developed non-traditional businesses, including Lufax, Wanlitong Loyalty Points Program, auto market, e-payment, and mobile social finance portal, etc.

Leading **integrated finance** model with largest number of financial service licenses, widest range of business offerings and closest controlling relationship.

Starting as a small insurance company in Shenzhen, Ping An has grown into one of the leading personal financial services groups in China, with largest number of financial service licenses, widest scope of business, and closest controlling relationship.

Ping An's subsidiaries include Ping An Life, Ping An Property & Casualty, Ping An Annuity, Ping An Health, Ping An Bank, Ping An Securities, Ping An Trust, Ping An-UOB Fund, Lufax and so on, covering various areas of financial industry. Ping An Group has developed into one of several financial enterprises capable of providing comprehensive financial products and services concerning insurance, banking and investment in PRC. The Group has preliminarily established an integrated financial service platform featuring of "One Customer, One Account, Multiple Products and One-Stop Service".

Furthermore, the Group has established a customer value segmentation and management system as well as a big data analysis platform, to better acquire customers, further promoting customer migration and optimizing our cross-selling business, so as to share resources to an ultimate degree and enhance business development.

Honors and Awards

In 2013, Ping An continued to maintain a leading position in terms of brand value. Our comprehensive strength and efforts in corporate governance and corporate social responsibility have won us numerous accolades and awards at home and abroad from independent third parties such as rating agencies and the media.

STRENGTH

- Fortune (US)

  Ranked No. 181 in "Fortune Global 500"

- Financial Times (UK)

  Ranked No. 137 in "FT Global 500"

- Forbes (US)

  Ranked No. 83 in "Forbes Global 2000"

- Euromoney (UK)

  "Best Managed Insurance Company in Asia"

- FinanceAsia (HK)

  Ranked No. 29 in "FA100"

  "Asia's Best Managed Company"

- The Asset (HK)

  "China's Most Promising Company"

- Shenzhen Municipal Government

  "Shenzhen Financial Innovation Award – First Prize"

- Jointly issued by China Business Journal & The Chinese Academy of Social Sciences (CASS)

  "2013 Excellent Competitive Financial Institution in Practising Charity"

- China Enterprise Director's Association and China Enterprise Confederation

  "China Top 500 List"

- Finet.hk & Tencent.com

  Ranked No. 47 in "Top 100 of Listed Company in HK"

CORPORATE GOVERNANCE

- Institutional Investor (US)

  Top Asset Manager in China

  Best CEO (Buy Side, Insurance)

  Best CFO (Buy and Sell Side, Insurance)

  Best IR Companies (Buy Side, Insurance)

- Corporate Governance Asia (HK)

  "Asia Annual Recognition Award"

  "Excellent Corporate Governance Award"

  Best CEO in Asia (Investor Relationship)

  Best IR Companies in China

- FinanceAsia (HK)

  Ranked No. 9 in "Best Managed Company in China"

  Ranked No. 6 in "Best Corporate Governance in China"

- The Asset (HK)

  "Best Corporate Governance Awards – Platinum Awards"

- Moneyweek

  "Best Board of Directors of Listed Company on Main Board in China"

- The 9th Gold Round Table Awards for the Boards of Directors of Chinese Listed Companies & Directors and Boards Magazine

  "Best Board of Directors"

CORPORATE SOCIAL RESPONSIBILITY

- China Newsweek

  "Most Responsible Enterprise"

- The Economic Observer and The Management Case Center of Peking University (MCCP)

  "Most Respected Company"

- International Environment Protection Association

  "International Carbon-value Award - Carbon-value Social Citizen Award"

- FinanceAsia (HK)

  Ranked No. 5 in "Asia's Best Corporate Social Responsibility Corporation"

- 21st Century Business Herald

  "Ten Year Corporate Citizenship Award"

  "2013 Low Carbon Pioneer Award"

- Fortune (Chinese Edition)

  "2013 Top 25 Most Responsible Companies"

  "Most Responsible Enterprise in China"

- China Entrepreneur Club

  "Top 100 Green Companies in China"

BRAND

- Millward Brown, WPP

  Ranked No. 84 in "BrandZ Top 100 Global Brands"

  Ranked No. 11 in "BrandZ Top 100 Chinese Brands"

- Interbrand

  Ranked No. 6 in "2013 Best China Brands"

- Shanghai Securities News & Cnstock.com

  "Best Insurance Brand Award"

Management Discussion and Analysis
Overview

- Net profit attributable to shareholders of the parent company reached RMB28,154 million, up 40.4% compared to last year.
- 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.
- Our banking business underwent a strategic transformation, and maintained stable and healthy growth.

We offer various financial products and services to clients under a single brand name via a multiple distribution network that leverages the capabilities of our major subsidiaries. These are 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 2013, the overall economic growth of China slowed down, while structural adjustments continued to move forward. Against the complex and ever-changing economies, Ping An exemplified its philosophy of "Expertise Creates Value". We achieved significant growth in traditional financial businesses and actively arranged non-traditional businesses. In particular, Ping An Life accounted written premium of RMB210,125 million, and achieved stable increase in the number of agents. With the continuous improvements made to the structure of Ping An Life's products, the margin of embedded value for its new business continued to rise. Ping An Property & Casualty achieved RMB115,365 million in premium income while its combined ratio maintained at a good level. Ping An Bank underwent a strategic transformation and optimized its business structure and operations, maintaining banking business with stable and healthy growth. Ping An Trust's customer base continued to grow. It continued to strengthen risk management and focused on developing high quality business. By optimizing its asset structure through constant reinforcement and applying innovative investment techniques, Ping An Asset Management augmented the core competitiveness of its investments, ensuring a better-than-market asset return ratio. In terms of non-traditional businesses, we actively arranged and researched creative strategies from the perspective of innovation and competition of internet finance, and insisted on improving the business model of a variety of innovative entities, including Lufax, PAhaoche and Ping An Pay.

Net profit attributable to shareholders of the parent company recorded for 2013 was RMB28,154 million, representing a growth of 40.4% compared with 2012. As at December 31, 2013, equity attributable to shareholders of the parent company stood at RMB182,709 million while total assets of the Company reached RMB3,360,312 million, representing increases of 14.5% and 18.1%, respectively, compared with the end of 2012.

CONSOLIDATED RESULTS

(in RMB million)	2013	2012
Total income	**421,221**	339,193
Including: Premium income	**269,051**	233,940
Total expenses	**(374,997)**	(306,855)
Profit before tax	**46,224**	32,338
Net profit	**36,014**	26,750
Net profit attributable to shareholders of the parent company	**28,154**	20,050

NET PROFIT BY BUSINESS SEGMENT

(in RMB million)	2013	2012
Life insurance	**12,219**	6,457
Property and casualty insurance	**5,856**	4,648
Banking	**14,904**	13,232
Trust(1)	**1,962**	1,484
Securities	**510**	845
Other businesses and offsetted items(2)	**563**	84
Net profit	**36,014**	26,750

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

(2) Other businesses mainly include headquarters and other subsidiaries conducting asset management business and other businesses.

For the detailed analysis of operation results by business line, please see the corresponding chapter as follows.

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 the insurance business. The investment of insurance funds is subject to relevant laws and regulations. The investment portfolio of insurance funds represents a majority of the investment assets of the Group. This section analyzes the investment portfolio of insurance funds.

In 2013, the global economic recovery continued at a moderate pace. The domestic fund's interest rate underwent significant fluctuations from a low to high level, which was more pronounced at the end of June when the capital reached a level of tightness that was uncommon in recent years. The market was greatly influenced by the shift of the domestic economic policy towards "structural adjustment". Although the A-Share market rose slightly at the beginning of the year, due to the effects of lower-than-expected economic growth, reduced profitability of companies, capital out-flow and tightened policy, the overall A-Share market displayed an downward trend throughout the year, while the H-Share price trend followed a V-shape pattern with a general increase throughout the year. At the start of 2013, the bond market continued with the structural bull market from the end of 2012. But subject to the influence of tight liquidity and market-oriented interest rate from June, yields reached a new height in recent years. The Company monitored the macroeconomic changes and proactively managed market risks, adjusted its asset allocation structure, and continued to increase the proportion of fixed-income assets on the premise of bringing the credit risk under control. The Company also took advantage of the equity investments swing and structural opportunities, achieving a favorable investment performance throughout the year.

Investment Income

(in RMB million)	2013	2012
Net investment income(1)	**53,067**	41,578
Net realized and unrealized gains(2)	**838**	(9,448)
Impairment losses	**(1,253)**	(6,450)
Total investment income	**52,652**	25,680
Net investment yield (%)(3)	**5.1**	4.7
Total investment yield (%)(3)	**5.1**	2.9

(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/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 Modified Dietz method in principle.

Net investment income increased by 27.6% to RMB53,067 million in 2013 from RMB41,578 million 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 and the higher interest rates of newly-added fixed maturity investments. Net investment yield rose to 5.1% in 2013 from 4.7% in 2012, mainly because that the newly added fixed maturity investments had a higher interest rate and the equity investment realized a higher dividend yield.

In 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 RMB9,448 million in 2012 to a gain of RMB838 million in 2013. Impairment losses of available-for-sale financial assets were significantly reduced from RMB6,450 million in 2012 to RMB1,253 million in 2013.

As a result, total investment income for investment portfolio of insurance funds increased by 105.0% to RMB52,652 million in 2013 from RMB25,680 million in 2012, and total investment yield increased to 5.1% in 2013 from 2.9% in 2012.

Investment Portfolio

We have proactively optimized the asset allocation of the investment portfolio in order to respond effectively to the new economic environment. The percentage of fixed maturity investments increased from 81.4% of total investments as at December 31, 2012 to 82.2% as at December 31, 2013, and that for equity investments increased from 9.5% to 9.8%.

The following table presents our investment portfolio allocations of insurance funds:

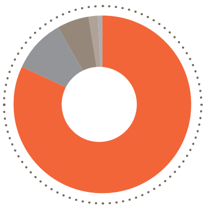
	December 31, 2013		December 31, 2012	
(in RMB million)	**Carrying value**	**%**	Carrying value	%
By category				
Fixed maturity investments				
Term deposits	**224,865**	**18.3**	241,600	22.5
Bond investments	**639,241**	**51.9**	560,042	52.1
Debt schemes investment	**107,401**	**8.7**	37,429	3.5
Other fixed maturity investments(1)	**40,186**	**3.3**	35,165	3.3
Equity investments				
Equity investment funds	**33,247**	**2.7**	25,099	2.4
Equity securities	**87,250**	**7.1**	76,371	7.1
Infrastructure investments	**8,686**	**0.7**	8,802	0.8
Investment properties	**20,349**	**1.7**	16,385	1.5
Cash, cash equivalents and others	**69,142**	**5.6**	73,295	6.8
Total investments	**1,230,367**	**100.0**	1,074,188	100.0
By purpose				
Carried at fair value through profit or loss	**19,943**	**1.6**	17,082	1.6
Available-for-sale	**202,398**	**16.4**	186,745	17.4
Held-to-maturity	**548,504**	**44.6**	463,237	43.1
Loans and receivables	**430,338**	**35.0**	381,937	35.6
Others	**29,184**	**2.4**	25,187	2.3
Total investments	**1,230,367**	**100.0**	1,074,188	100.0

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

Investment portfolio

(%)

December 31, 2013 (December 31, 2012)



- Fixed maturity investments 82.2 (81.4)
- Equity investments 9.8 (9.5)
- Cash, cash equivalents and others 5.6 (6.8)
- Investment properties 1.7 (1.5)
- Infrastructure investments 0.7 (0.8)

FOREIGN CURRENCY GAINS OR LOSSES

In 2013, Renminbi appreciated slightly against other major currencies, especially the US dollar and HK dollar. The Company incurred a net exchange loss of RMB381 million in 2013, compared to a gain of RMB255 million in 2012, which mainly due to the fluctuation in exchange rates and the change of the scale of the Company's foreign currency assets.

GENERAL AND ADMINISTRATIVE EXPENSES

In 2013, general and administrative expenses were RMB81,753 million, representing an increase of 19.4% compared with RMB68,477 million in 2012, mainly because of the business growth and the increase of operating costs, such as labour costs and office expenses.

INCOME TAX

(in RMB million)	2013	2012
Current income tax	**12,315**	6,959
Deferred income tax	**(2,105)**	(1,371)
Total	**10,210**	5,588

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

Management Discussion and Analysis
Insurance Business

- Ping An Life generated more than RMB200 billion in written premiums, growing its agency force steadily, while the margin of embedded value for its new business continued to rise.
- Premium income from Ping An Property & Casualty exceeded RMB100 billion, while combined ratio remained at a good level.
- Assets under management of Ping An Annuity maintained leading positions within the industry.

In 2013, our insurance business continued its steady and healthy growth. Ping An Life continued to focus on value creation under the core strategy of "Reaching New Heights" and "Two-Tier Development", its written premiums amounted to RMB210,125 million, among which, written premiums from individual life insurance business was RMB197,010 million, recording an increase of 11.9%. Ping An Property & Casualty continued to implement its business strategy of "professional operations and leading services", which led to a significant increase of 16.8% in premium income to RMB115,365 million, with the market share reaching 17.8%. Of that amount, a premium income of RMB33,553 million came from telesales and internet marketing, representing a 17.6% growth, while RMB23,584 million came from the car dealer channel, representing a 18.6% growth. Its combined ratio was 97.3%, demonstrating good and stable profitability. Ping An Annuity's asset management service continued to make sound investments and reaped returns higher than the industry average. It also actively expanded the employee benefits schemes, participated in the government's medical services for the social security, which increased market coverage and accumulated customer resources. Ping An Health honed its competitive edge with product innovation under the "Vitality" program, leaping to first place in the high-end medical insurance market.

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:

(in RMB million)	2013	2012
Written premiums(1)		
Ping An Life	**210,125**	191,473
Ping An Annuity	**8,756**	7,407
Ping An Health	**477**	603
Total written premiums	**219,358**	199,483
Premium income(2)		
Ping An Life	**146,091**	128,771
Ping An Annuity	**6,977**	5,869
Ping An Health	**309**	211
Total premium income	**153,377**	134,851

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

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

In 2013, macroeconomic conditions remained stable while growth rates slowed, but the economy continued with its structural transition. The Third Plenary Session of the Eighteenth Central Committee completed overall planning for the comprehensive implementation of reforms, which would further enhance the efficiency and quality of economic growth in the future. The life insurance industry maintained a positive trend as overall premiums grew steadily. The constant implementation of reforms to liberalize the market and rates, combined with policies to liberalize the use of insurance funds, continued to promote the industry's development. Based on its principles of risk prevention and compliance, in 2013, the Company steadily developed its individual life business, which offers better profitability and persistently built up a scalable and efficient sales network. Steady and valuable business growth was achieved as a result and our market competitiveness increased as the year progressed.

Ping An Life

Ping An Life, through its nationwide service network of 35 branches and over 2,700 business outlets, provides individual customers and institutional clients with life insurance products. As at December 31, 2013, Ping An Life had a registered capital of RMB33.8 billion, net assets of RMB53,180 million and total assets of RMB1,164,267 million.

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

	2013	2012
Premium income (in RMB million)	**146,091**	128,771
Market share(%)	**13.6**	12.9

Of the total premium income generated by all life insurance companies in 2013, Ping An Life captured a market share of 13.6%, as calculated in accordance with the PRC life insurance industry data published by the CIRC. In terms of premium income, Ping An Life is the second largest life insurance company in China.

Summary of operating data

	December 31, 2013	December 31 2012
Number of customers (in thousands)		
Individual	**57,846**	53,666
Corporate	**998**	896
Total	**58,844**	54,562
Distribution network		
Number of individual life insurance sales agents	**556,965**	512,937
Number of group sales representatives	**3,475**	3,310
Bancassurance outlets	**64,614**	63,929

	2013	2012
Agent productivity		
First-year written premiums per agent per month (in RMB)	**5,894**	5,795
New individual life insurance policies per agent per month	**1.0**	1.0
Persistency ratio (%)		
13-month	**91.7**	92.7
25-month	**88.3**	90.2

Our life insurance products are primarily distributed through a network that includes a sales force of approximately 557 thousand individual life insurance sales agents, 3,475 group insurance sales representatives, and over 65 thousand commercial bank outlets that have made bancassurance arrangements with Ping An Life.

In 2013, Ping An Life continued to uphold its two core strategies of "Reaching New Heights" and "Two-Tier Development", thus enhanced its business structure. Meanwhile, Ping An Life is committed to building a team of highly productive sales agents with strong cross-selling capabilities. Ping An Life has embraced value-driven operations to reinforce customer relationships, as well as to continuously improve its operation workflow and service quality. In 2013, written premiums from individual life insurance segment increased 11.9% as compared with the previous year. Ping An Life continued to step up the value transformation of its bancassurance business and carried out on-going structural adjustments to its business. The year-on-year growth of bancassurance regular premiums business led the industry by a substantial margin. Meanwhile, Ping An Life invested heavily in the development of new channels such as telemarketing and internet marketing, as part of its plan for the balanced development of existing channels. Ping An Life realized written premiums of RMB6,610 million in 2013 from telemarketing sales, up 72.5% compared with last year. This was a high rate of growth compared with traditional sales channels, which enabled Ping An Life to maintain the first place in the telemarket.

In 2013, Ping An Life diversified its product lines, advocated the protection function of insurance, promoted the sales of traditional insurance products portfolios and policies with higher insured amount. This allowed its sales team to become more knowledgeable in insurance products with protection function and provide insurance services to a wider range of customers, raising the margin of embedded value for new business. The margin of embedded value for new business was 30.8% in 2013, up 2.9 percentage points compared with the ratio in 2012.

Ping An Life remained customer-oriented to provide a "simple, convenient, friendly and safe" service experience for customers. It introduced three key measures to upgrade its services and introduced 20 comprehensive service commitments covering eight service sections. Ping An Life met its commitment to "48-hour settlement for standard cases with full documentation" for 97% of all cases handled. Following the introduction of service of "house call to claim, without leaving your home", Ping An Life conducted settlement visits for a total of 1.17 million customers. The "multi-channel services to offer simplicity, convenience and peace of mind" commitment led to the introduction of channels such as mobile phone applications, mobile remote counters, remote service terminals, Ping An Bank ATMs and WeChat as well as online self-serve settlement service, and new payment methods including renewal premium payment application and QR code payment platform. As at December 31, 2013, Ping An Life had approximately 57.85 million individual customers and 998 thousand corporate clients. For our individual life insurance customers, we managed to maintain the 13-month persistency ratio of 91.7%. Ping An Life will continue to utilize modern technology, reinforce service innovation and build an industry leading service experience.

Business information of insurance products

In 2013, among all the insurance products offered by Ping An Life, the five highest premium income products were Jinyurensheng Endowment, Fuguirensheng Endowment, Xinli Endowment, Jixingsongbao Shaoer Endowment and Shijitianshi Shaoer Endowment, which accounted for 36.0% of the premium income of Ping An Life in 2013.

(in RMB million)	Sales channel	Premium income	Standard premiums of new business(1)
Jinyurensheng Endowment (Participating)	Individual agents, bancassurance outlets	21,830	2,708
Fuguirensheng Endowment (Participating)(2)	Individual agents, bancassurance outlets	10,784	–
Xinli Endowment (Participating)	Individual agents, bancassurance outlets	8,121	2,121
Jixingsongbao Shaoer Endowment (Participating)	Individual agents, bancassurance outlets	6,419	1,370
Shijitianshi Shaoer Endowment (Participating)	Individual agents, bancassurance outlets	5,397	631

(1) Calculated in accordance with the method set by the CIRC.
(2) The sale of Fuguirensheng Endowment had been suspended in 2012. All the premium income came from renewal business.

Ping An Annuity

Ping An Annuity was set up on December 13, 2004. Having obtained approval from the CIRC on December 27, 2006, Ping An Annuity conducted its business restructuring with the original group insurance division of Ping An Life. As at December 31, 2013, Ping An Annuity had a registered capital of RMB3.36 billion. Ping An Annuity provides corporate annuity, supplementary pension and group short-term accident and health insurance services. In 2013, Ping An Annuity obtained the license in the areas of long-term health insurance and asset management. Ping An Annuity realized a profit of RMB383 million in 2013.

2013 witnessed the continuous and rapid development of the Ping An Annuity with accumulated annuity payments received amounted to RMB18,599 million. As at December 31, 2013, entrusted assets amounted to RMB72,290 million, and assets under investment management amounted to RMB80,486 million. These figures firmly cemented our leading position amongst domestic professional annuity companies.

Ping An Health

In 2013, Ping An Health made rapid progress in its business development, with an increase of 46.4% in premium income. Ping An Health focused on the mid-to-high-end medical insurance business, continuously introduced new products and service innovations and expanded the market influence of products under the “Vitality” program. It introduced the “Top Service” core concept which focused on customer experience and aimed to enhance operational service standards. It utilized internationally leading medical insurance settlement and risk management technology to enhance risk control and improve operational quality. Ping An Health has gradually established an 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

(in RMB million)	2013	2012
Written premiums	**219,358**	199,483
Less: Written premiums on products not passing significant insurance risk testing	**(4,352)**	(4,197)
Less: Premium deposits for universal life products and investment linked products	**(61,629)**	(60,435)
Premium income	**153,377**	134,851
Net earned premiums	**148,919**	134,028
Investment income	**45,948**	22,076
Other income	**6,139**	4,908
Total income	**201,006**	161,012
Claims and policyholders' benefits	**(142,852)**	(118,985)
Commission expenses of insurance operations	**(15,798)**	(12,680)
Foreign currency losses	**(146)**	(24)
General and administrative expenses	**(19,932)**	(18,263)
Finance costs	**(1,055)**	(763)
Other expenses	**(6,643)**	(5,218)
Total expenses	**(186,426)**	(155,933)
Income tax	**(2,361)**	1,378
Net profit	**12,219**	6,457

In 2013, life insurance business recorded a net profit of RMB12,219 million, representing an increase of 89.2% from RMB6,457 million in 2012, due to a combination of factors such as the volatilities in capital market, changes in assumptions of the 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 channels:

	Written premiums		Premium income	
(in RMB million)	2013	2012	2013	2012
Individual life				
New business				
First-year regular premiums	**41,540**	36,560	**33,833**	27,446
First-year single premiums	**478**	705	**20**	22
Short-term accident and health premiums	**2,138**	2,023	**2,929**	2,657
Total new business	**44,156**	39,288	**36,782**	30,125
Renewal business	**152,884**	136,780	**97,559**	84,470
Total individual life	**197,040**	176,068	**134,341**	114,595
Bancassurance				
New business				
First-year regular premiums	**2,343**	2,347	**2,335**	2,327
First-year single premiums	**4,316**	7,945	**4,373**	8,012
Short-term accident and health premiums	**2**	2	**3**	3
Total new business	**6,661**	10,294	**6,711**	10,342
Renewal business	**4,529**	3,323	**4,465**	3,267
Total bancassurance	**11,190**	13,617	**11,176**	13,609
Group insurance				
New business				
First-year regular premiums	**79**	356	**-**	-
First-year single premiums	**3,682**	3,272	**582**	570
Short-term accident and health premiums	**7,285**	6,060	**7,255**	6,035
Total new business	**11,046**	9,688	**7,837**	6,605
Renewal business	**82**	110	**23**	42
Total group insurance	**11,128**	9,798	**7,860**	6,647
Total	**219,358**	199,483	**153,377**	134,851

Individual Life Insurance. Written premiums for our individual life insurance business increased by 11.9% to RMB197,040 million in 2013 from RMB176,068 million in 2012. Among this, there was a 12.4% increase in written premiums of new business for individual life insurance to RMB44,156 million in 2013 from RMB39,288 million in 2012, mainly due to the increase in the number of individual life insurance sales agents and the rise in productivity per capita. The persistency ratios kept with high levels. As a result, the renewal written premiums for our individual life insurance business increased by 11.8% to RMB152,884 million in 2013 from RMB136,780 million in 2012.

Bancassurance. Written premiums for our bancassurance business decreased by 17.8% to RMB11,190 million in 2013 from RMB13,617 million in 2012. Though the macroeconomic environment was relatively unfavourable in 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 and regular written premiums maintained steadily, while renewal business increased substantially compared with the previous year.

Group Insurance. Written premiums for our group insurance business increased by 13.6% to RMB11,128 million in 2013 from RMB9,798 million in 2012. The Company devoted its efforts to developing employee benefits schemes that exemplify the basic protection functions of insurance. Among this, written premiums for our group short-term accident and health insurance increased by 20.2% to RMB7,285 million in 2013 from RMB6,060 million in 2012.

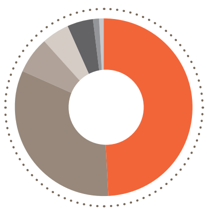
The following is the breakdown of written premiums for our life insurance business by product type:

(in RMB million)	2013	2012
Participating	**108,293**	98,229
Universal life	**71,314**	67,866
Long-term health	**14,609**	12,251
Traditional life	**10,823**	8,173
Accident and short-term health	**10,223**	8,326
Investment-linked	**2,617**	2,865
Annuity	**1,479**	1,773
Total written premiums for life insurance business	**219,358**	199,483

Written premiums for life insurance business by product type

(%)

2013 (2012)

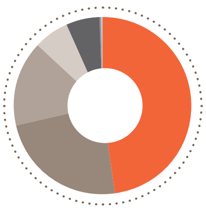


The Company constantly drove the sales of insurance products with protection function and high coverage features to optimize its product structure. The proportion of products with protection function continued to rise.

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

(in RMB million)	2013	2012
Participating	**21,143**	18,276
Universal life	**10,503**	11,780
Long-term health	**6,798**	4,776
Traditional life	**2,942**	2,177
Accident and short-term health	**2,707**	2,179
Investment-linked	**40**	86
Annuity	**23**	14
Total first-year written premiums for individual life insurance business	**44,156**	39,288

First-year written premiums for individual life insurance business by product type
(%)
2013 (2012)



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

(in RMB million)	2013	2012
Guangdong	**33,458**	29,381
Beijing	**16,870**	15,597
Shandong	**14,008**	13,194
Jiangsu	**13,931**	13,096
Shanghai	**13,817**	14,335
Subtotal	**92,084**	85,603
Total written premiums	**219,358**	199,483

By region
(%)
2013 (2012)

Total investment income

(in RMB million)	2013	2012
Net investment income[(1)]	**46,488**	36,634
Net realized and unrealized gains[(2)]	**732**	(8,311)
Impairment losses	**(1,253)**	(6,165)
Total investment income	**45,967**	22,158
Net investment yield (%)[(3)]	**5.1**	4.7
Total investment yield (%)[(3)]	**5.0**	2.8

(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/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 calculated based on the Modified Dietz method in principle.

Net investment income for our life insurance business increased by 26.9% to RMB46,488 million in 2013 from RMB36,634 million 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 and the higher interest rates of newly added fixed maturity investments, as well as the increase in dividend income from equity investments. Net investment yield for life insurance business rose to 5.1% in 2013 from 4.7% in 2012, mainly because that the newly added fixed maturity investments had higher interest rates and the equity investments realized higher dividend yields.

In 2013, the Company seized the investment opportunities arising from volatile capital markets and optimized its asset structure. Net realized and unrealized gains for life insurance business went from a loss of RMB8,311 million in 2012 to a gain of RMB732 million in 2013. Impairment losses of available-for-sale financial assets were significantly reduced from RMB6,165 million in 2012 to RMB1,253 million in 2013.

As a result, total investment income for life insurance business increased largely by 107.5% to RMB45,967 million in 2013 from RMB22,158 million in 2012, and total investment yield increased to 5.0% in 2013 from 2.8% in 2012.

Claims and policyholders' benefits

(in RMB million)	2013	2012
Surrenders	**7,574**	5,341
Claims	**9,542**	9,510
Annuities	**5,292**	5,333
Maturities and survival benefits	**15,910**	17,653
Policyholder dividends	**5,311**	5,769
Interest credited to policyholder contract deposits	**11,245**	8,301
Net increase in policyholders' reserves	**87,978**	67,078
Total	**142,852**	118,985

Payments for surrenders were up 41.8% to RMB7,574 million in 2013 from RMB5,341 million in 2012. This was primarily due to the increased payments for surrenders of certain participating products due to the increase of business scale and market environment change.

In 2013, maturities and survival benefits expenses decreased by 9.9% to RMB15,910 million from RMB17,653 million in 2012. This was mainly because the maturity of certain life insurance products reached their peak in 2012.

Payments for policyholder dividends decreased by 7.9% to RMB5,311 million in 2013 from RMB5,769 million in 2012. This was primarily due to the lower dividend yield of participating insurance policies in 2013.

Payments for interest credited to policyholder contract deposits increased by 35.5% to RMB11,245 million in 2013 from RMB8,301 million 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 31.2% to RMB87,978 million in 2013 from RMB67,078 million in 2012. This was due to a combination of factors such as business growth, restructuring of business and changes in assumptions of the yield curve for the measurement of insurance contract liabilities.

Commission expenses of insurance operations

(in RMB million)	2013	2012
Health insurance	**2,927**	1,960
Accident insurance	**1,190**	718
Life insurance and others	**11,681**	10,002
Total	**15,798**	12,680

Commission expenses of insurance operations which are mainly paid to our sales agents increased by 24.6% to RMB15,798 million in 2013 from RMB12,680 million in 2012. This was primarily attributable to the increase in premium income and product restructuring.

General and administrative expenses

General and administrative expenses increased by 9.1% to RMB19,932 million in 2013 from RMB18,263 million in 2012, which mainly because of business growth and the increase of operating costs, such as labour costs and office expenses.

Income tax

Income tax increased greatly in 2013 over the previous year, primarily due to an increase in taxable profit in 2013. In addition, the income tax of the year 2012 decreased significantly due to the policy released in the first half of 2012, which is related to pre-tax deduction of financing costs from policyholder deposits and investment business.

PROPERTY AND CASUALTY INSURANCE BUSINESS

Business Overview

We conduct property and casualty insurance business mainly through Ping An Property & Casualty, while Ping An Hong Kong also offers this insurance service in the Hong Kong market. As at December 31, 2013, Ping An Property & Casualty had a registered capital of RMB17 billion, net assets of RMB30,531 million and total assets of RMB159,003 million.

Market share

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

	2013	2012
Premium income (in RMB million)	**115,365**	98,786
Market share (%)(1)	**17.8**	17.9

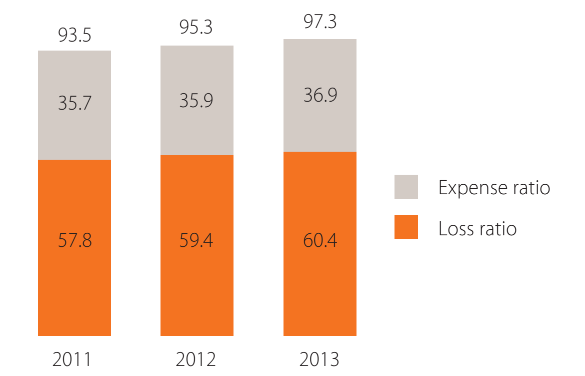
(1) Calculated in accordance with the PRC insurance industry data published by the CIRC.

In 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 2013, the premium income of Ping An Property & Casualty increased by 16.8% to RMB115,365 million compared to the previous year. Ping An Property & Casualty accounted for approximately 17.8% 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 the second largest property and casualty insurance company in China in terms of premium income.

Combined ratio

In 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 97.3%.

Combined ratio
(%)



Summary of operating data

	December 31, 2013	December 31, 2012
Number of customers (in thousands)		
Individual	**25,982**	23,024
Corporate	**1,747**	1,646
Total	**27,729**	24,670
Distribution network		
Number of direct sales representatives	**7,305**	7,315
Number of insurance agents(1)	**37,573**	30,240

(1) The number of insurance agents includes individual agents, professional agents and ancillary agents.

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

Business information of insurance products

In 2013, among all the commercial insurance products offered by Ping An Property & Casualty, the five highest premium income products are automobile insurance, guarantee insurance, corporate property and casualty insurance, liability insurance and accident insurance, which accounted for 95.1% of the premium income of Ping An Property & Casualty in 2013.

(in RMB million)	Insured amount	Premium income	Claim expenses	Underwriting profit	Balance of policyholders' reserves
Automobile insurance	15,265,019	89,952	49,116	1,511	62,540
Guarantee insurance	16,828	9,605	1,233	1,288	13,120
Corporate property and casualty insurance	9,094,196	5,375	2,967	(778)	5,405
Liability insurance	5,513,690	2,605	1,200	126	2,597
Accident insurance	167,341,761	2,229	545	458	1,547

Reinsurance arrangement

In 2013, Ping An Property & Casualty's outward reinsurance premiums amounted to RMB16,503 million in total, of which, RMB10,679 million and RMB5,783 million were from the automobile and non-automobile insurance businesses, respectively, while RMB41 million came from the accident and health insurance division. Ping An Property & Casualty's gross inward reinsurance premiums amounted to RMB47 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 endeavoured 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

Unless specified, the financial data in this section include that of Ping An Property & Casualty together with Ping An Hong Kong.

Results of operation

(in RMB million)	2013	2012
Premium income	**115,674**	99,089
Net earned premiums	**91,280**	79,116
Reinsurance commission income	**5,707**	4,337
Investment income	**5,671**	2,968
Other income	**502**	442
Total income	**103,160**	86,863
Claim expenses	**(55,150)**	(47,009)
Commission expenses of insurance operations	**(11,486)**	(8,758)
Foreign currency losses	**(36)**	(4)
General and administrative expenses	**(27,928)**	(24,065)
Including: investment-related general and administrative expenses	**(73)**	(66)
Finance costs	**(397)**	(256)
Other expenses	**(237)**	(164)
Total expenses	**(95,234)**	(80,256)
Income tax	**(2,070)**	(1,959)
Net profit	**5,856**	4,648

Our property and casualty insurance business kept its good profitability with net profit increased by 26.0% from RMB4,648 million in 2012 to RMB5,856 million in 2013.

Premium income

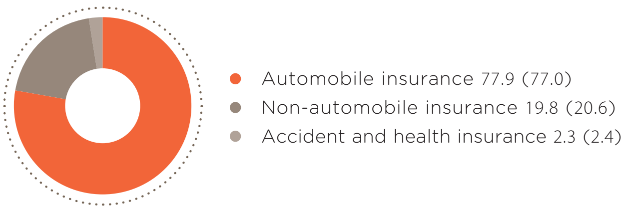
In 2013, all three principal lines of our property and casualty insurance business recorded steady growth.

(in RMB million)	2013	2012
Automobile insurance	**90,091**	76,334
Non-automobile insurance	**22,850**	20,354
Accident and health insurance	**2,733**	2,401
Total	**115,674**	99,089

By product type

(%)

2013 (2012)



Automobile insurance. Premium income was RMB90,091 million in 2013, representing an increase of 18.0% from RMB76,334 million in 2012. Mainly due to that the Company enhanced 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 RMB22,850 million in 2013, representing an increase of 12.3% from RMB20,354 million in 2012. Of this amount, premium income of guarantee insurance increased by 20.5% to RMB9,605 million in 2013 from RMB7,974 million in 2012. Premium income of corporate property and casualty insurance grew by 5.8% to RMB5,431 million in 2013 from RMB5,131 million in 2012. Premium income of liability insurance was RMB2,658 million in 2013, representing an increase of 6.7% from RMB2,491 million in 2012.

Accident and health insurance. The business of accident and health insurance achieved stable growth. Its premium income was RMB2,733 million in 2013, representing an increase of 13.8% from RMB2,401 million in 2012.

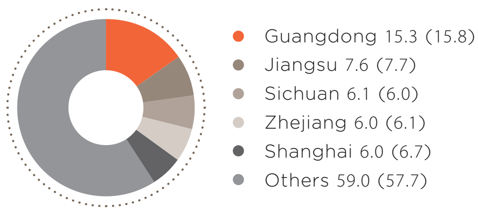
The following is the breakdown of premium income for our property and casualty insurance business by region:

(in RMB million)	2013	2012
Guangdong	**17,729**	15,647
Jiangsu	**8,741**	7,625
Sichuan	**7,008**	5,972
Zhejiang	**6,993**	6,016
Shanghai	**6,988**	6,628
Subtotal	**47,459**	41,888
Total premium income	**115,674**	99,089

By region

(%)

2013 (2012)



OUR PERFORMANCE

Total investment income

(in RMB million)	2013	2012
Net investment income[1]	**5,571**	4,278
Net realized and unrealized gains[2]	**100**	(1,025)
Impairment losses	**-**	(285)
Total investment income	**5,671**	2,968
Net investment yield (%)[3]	**5.3**	4.8
Total investment yield (%)[3]	**5.4**	3.3

(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/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 property and casualty insurance business increased by 30.2% to RMB5,571 million in 2013 from RMB4,278 million 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 generated from the increase of premium. Net investment yield rose to 5.3% in 2013 from 4.8% 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 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 RMB1,025 million in 2012 to a gain of RMB100 million in 2013. Available-for-sale equity investments did not incur any impairment loss.

Overall, total investment income had increased significantly to RMB5,671 million in 2013 from RMB2,968 million in 2012, total investment yield for our property and casualty insurance business increased to 5.4% in 2013 from 3.3% in 2012.

Claims expenses

(in RMB million)	2013	2012
Automobile insurance	**47,169**	40,595
Non-automobile insurance	**6,909**	5,464
Accident and health insurance	**1,072**	950
Total	**55,150**	47,009

Claims attributable to automobile insurance business increased by 16.2% to RMB47,169 million in 2013 from RMB40,595 million in 2012. This was primarily due to the growth in premium income of automobile insurance.

Claims attributable to non-automobile insurance business increased by 26.4% to RMB6,909 million in 2013 from RMB5,464 million in 2012. This was primarily due to the growth in premium income, besides, claims for fire and flood accidents increased in 2013.

Claims attributable to accident and health insurance business increased by 12.8% to RMB1,072 million in 2013 from RMB950 million in 2012. This was primarily due to the growth in premium income.

Commission expenses of insurance operations

(in RMB million)	2013	2012
Automobile insurance	**7,856**	6,183
Non-automobile insurance	**3,068**	2,115
Accident and health insurance	**562**	460
Total	**11,486**	8,758
Commission expenses as a percentage of premium income (%)	**9.9**	8.8

Commission expenses of our property and casualty insurance business increased by 31.1% to RMB11,486 million in 2013 from RMB8,758 million in 2012. Commission expenses as a percentage of premium income was 9.9% in 2013, higher than the 8.8% in 2012. This was primarily due to the increase in premium income and the increase in commission rate of the industry.

General and administrative expenses

General and administrative expenses increased by 16.1% to RMB27,928 million in 2013 from RMB24,065 million in 2012. This was primarily due to the growth in our insurance business and the increased inputs in customer services and strategic initiatives.

Income tax

Income tax was RMB2,070 million in 2013, 5.7% higher than the RMB1,959 million in 2012, which was mainly due to an increase in the taxable profits.

SOLVENCY MARGIN

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

	Ping An Life		Ping An Property & Casualty	
(in RMB million)	**December 31, 2013**	December 31, 2012	**December 31, 2013**	December 31, 2012
Actual capital	**70,256**	67,678	**24,714**	23,166
Minimum capital	**40,865**	35,502	**14,793**	12,983
Solvency margin ratio (Regulatory requirement>=100%)	**171.9%**	190.6%	**167.1%**	178.4%

The solvency margin ratios of Ping An Life and Ping An Property & Casualty both fell compared to the end of 2012, which was mainly due to dividend distribution, business development and the volatilities in capital market.

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 December 31, 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

- Strategic business achieved steady growth, and profit contribution to the Group increased steadily.
- With the continuous optimization of our business structure, operational profits rose.
- Network expansion made rapid progress, with the number of outlets rising by 78 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 December 31, 2013, Ping An Bank had total assets of RMB1.89 trillion, net assets of RMB112,081 million and paid-up capital of RMB9,521 million. It provides a broad range of financial services to corporate, retail, and government customers, through a network of 528 branches and sub-branches in 38 major cities across the country. As at December 31, 2013, the Company and its connected subsidiary jointly held 5,617 million shares, representing approximately 59.0% of the total shares of Ping An Bank.

In 2013, the world economy recovered at a moderate pace. China's macro-economic control followed the underlying principle of "making progress while maintaining stability". China continued to implement a proactive fiscal policy and a prudent monetary policy, and the overall economy maintained stable. In terms of the financial environment, the PBOC has completely liberalized lending interest rates, the pace of interest rate liberalization has picked up, the degree of financial disintermediation has become more pronounced, payments disintermediation gradually became a trend, market competition intensified, internet finance emerged quickly, consumer demand for improved financial services has increased, range for interest margin has been limited, pressure continued in the demand to increase deposits and capital demand.

Faced with a complicated and ever-changing external environment, Ping An Bank set out the guiding principle "Reform, Innovation and Development" and made steady progress in its strategic transformation, achieving healthy growth in its respective businesses. As at December 31, 2013, the total assets of Ping An Bank amounted to RMB1.89 trillion, representing an increase of 17.8% as compared with the end of 2012, total deposits amounted to RMB1,217,002 million, representing an increase of 19.2%, total loans amounted to RMB847,289 million, representing an increase of 17.6%.

The strategic transformation was strengthened, while strategic businesses achieved healthy growth. Ping An Bank continuously put efforts in developing the areas of investment banking business, retail, microfinance, credit card, automobile finance and trade finance. Our innovations in business model, products and services all achieved great breakthroughs. As at December 31 2013, trade finance facilities balance amounted to RMB370,556 million, representing an increase of 29.0% as compared with the end of 2012; the micro-loans balance was RMB87,128 million, up by 56.0% over the end of 2012; the automobile consumption loan balance reached RMB48,747 million, representing an increase of 130.8% compared with the beginning of the year, whose market share kept leading the industry; while credit cards in force (CIF) reached 13.81 million, up 25.6% over the beginning of the year. The brand of "Golden Orange" from our investment banking business has seen results marked by growing contributions to product lines. Meanwhile, 26 financial companies, 11 securities companies and 31 fund companies have become members of Golden Orange Club. Other membership platforms are still under construction. Ping An Bank introduced its "Daidai Ping An Commercial Card", which provides one-stop solution for small enterprises to enjoy comprehensive integrated financial services including deposit, borrowing, settlement and wealth management. Leveraging on the opportunity in internet and big data era, Ping An Bank upgraded its trade finance services and realized "four streams come into one", namely commercial stream, fund stream, information stream and logistic stream. Meanwhile, Ping An Bank upgraded "Ping An Pocket Bank" which enhanced customer's mobile payment experience and established a platform called Inter-bank E Express to provide products and services for large number of medium and small commercial banks.

By actively adjusting business structure with effective cost management, in 2013, the key performance indicators of Ping An Bank continued to be favorable, while quality and efficiency continued to rise. The banking business realized a net profit of RMB14,904 million, up by 12.6% as compared with last year, and profit contribution to the Group reached RMB7,807 million. Non-interest net income kept a stable growth rate, by reaching RMB11,500 million, growing 68.8% as compared with last year. The non-interest net income contributed to 21.9% of the net operating income, up by 4.9 percentage points compared with last year, which further improved the income structure. In 2013, the cost/income ratio was 41.75%. Strategies such as operational transition and expansion of outlets were implemented while maintaining reasonable growth in costs.

Ping An Bank ramped up its network expansion, with the number of business outlets growing rapidly. In 2013, five branches, namely the Xian branch, Suzhou branch, Linyi branch, Leshan branch and Xiangyang branch, and 73 sub-branches were officially opened. As at the end of 2013, the number of Ping An Bank's outlets reached 528, up by 78 compared to the end of 2012. The strategic allocation of banking institutions became complete, and we are well-equipped to meet the requirement to serve the group's integrated financial strategy and customer demand, promoting the development of banking business.

In 2013, the Group has successfully completed the capital injection of RMB14,782 million to Ping An Bank, which significantly improved the Bank's capital adequacy. As at the end of 2013, the capital adequacy ratio of Ping An Bank was 9.90%, with both tier one capital adequacy ratio and core tier one capital adequacy ratio of 8.56%, under the "Capital Rules for Commercial Banks (Provisional)" enforced by the CBRC. Ping An Bank continued to tighten risk regulation, improve risk management system, and maintain a stable quality of assets. As at the end of 2013, the non-performing loans ratio was 0.89%, 0.06 percentage points lower over the beginning of the year. The provision coverage ratio was 201.06% while the loan loss provision ratio was 1.79%, representing an increase of 18.74 percentage points and 0.05 percentage points respectively, over the start of the year.

RESULTS OF OPERATION

Pursuant to the Accounting Standards for Business Enterprises, the identifiable assets and liabilities acquired upon the merger with Original SDB 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 further calculation 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 consolidated results of operations of Ping An Bank as disclosed in its annual report.

(in RMB million)	2013	2012
Interest income	**93,293**	74,852
Fees and commission income	**11,821**	6,450
Investment income	**974**	654
Other income	**343**	287
Total income	**106,431**	82,243
Interest expenses	**(52,399)**	(41,609)
Fees and commission expenses	**(1,365)**	(728)
Loan loss provisions, net of reversals	**(6,675)**	(3,038)
Foreign currency gains or losses	**(163)**	249
General, administrative and other expenses(1)	**(26,186)**	(19,910)
Total expenses	**(86,788)**	(65,036)
Income tax	**(4,739)**	(3,975)
Net profit	**14,904**	13,232

(1) General, administrative and other expenses include general and administrative expenses and other expenses.

In 2013, the banking business maintained stable growth in profitability, which realized a net profit of RMB14,904 million. Profit contribution to the Group reached RMB7,807 million, representing a growth of 13.6% from 2012.

NET INTEREST INCOME

(in RMB million)	2013	2012
Interest income		
Due from the PBOC	**3,315**	2,691
Due from financial institutions	**19,188**	9,703
Loans and advances to customers	**53,528**	44,880
Interest income on investment securities	**17,033**	10,226
Others	**229**	7,352
Total interest income	**93,293**	74,852
Interest expenses		
Due to the PBOC	**(32)**	(27)
Due to financial institutions	**(24,457)**	(15,135)
Customer deposits	**(27,254)**	(23,120)
Bonds payable	**(656)**	(1,032)
Others	**-**	(2,295)
Total interest expenses	**(52,399)**	(41,609)
Net interest income	**40,894**	33,243
Net interest spread (%)(1)	**2.14**	2.19
Net interest margin (%)(2)	**2.31**	2.37
Average balance of interest-earning assets	**1,762,388**	1,395,034
Average balance of interest-bearing liabilities	**1,668,199**	1,315,968

(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 23.0% to RMB40,894 million in 2013 from RMB33,243 million in 2012, mainly due to the effect of an expanded scale of interest-earning assets and improved asset-liability structure.

NET FEES AND COMMISSION INCOME

(in RMB million)	2013	2012
Fees and commission income		
Settlement fees income	**1,220**	894
Agency commissions	**728**	771
Bank card fees income	**4,996**	2,484
Wealth management fees income	**1,467**	654
Consultancy fees income	**1,895**	452
Account management fees income	**282**	410
Others	**1,233**	785
Total fees and commission income	**11,821**	6,450
Fees and commission expenses		
Agency expense	**(223)**	(111)
Bank card fees expenses	**(1,044)**	(511)
Others	**(98)**	(106)
Total fees and commission expenses	**(1,365)**	(728)
Net fees and commission income	**10,456**	5,722

Net fees and commission income increased to RMB10,456 million in 2013 from RMB5,722 million in 2012, up by 82.7%, which was benefited from the increased intermediary income arising from the rapid growth of investment banking, depository business and credit card business, as well as the excellent performance of the wealth management and settlement business in scale and gain.

GENERAL, ADMINISTRATIVE AND OTHER EXPENSES

(in RMB million)	2013	2012
General and administrative expenses	**26,106**	19,716
Other expenses	**80**	194
Total general, administrative and other expenses	**26,186**	19,910
Cost/income ratio	**41.75%**	40.61%

(1) Cost/income ratio is calculated as dividing the sum of general and administrative expenses and other expenses, deducting the business tax and surcharges, by operating income. Interest expenses, fees and commission expenses and non-operating income are excluded from operating income.

General, administrative and other expenses increased by 31.5% to RMB26,186 million in 2013 from RMB19,910 million in 2012, mainly due to the expansion in staff, branches and business scale, as well as continuous investment in the optimization of management workflow and the IT system. Cost/income ratio increased 1.14 percentage points to 41.75% in 2013 from 40.61% in 2012.

LOAN LOSS PROVISIONS, NET OF REVERSALS

Loan loss provisions, net of reversals, increased greatly from RMB3,038 million in 2012 to RMB6,675 million in 2013, mainly due to the increase in provision coverage.

Management Discussion and Analysis
Banking Business

INCOME TAX

	2013	2012
Effective tax rate (%)	**24.13**	23.10

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

The effective tax rate increased from 23.10% in 2012 to 24.13% in 2013.

Deposit Mix

(in RMB million)	December 31, 2013	December 31, 2012
Corporate deposits	**1,005,337**	839,949
Retail deposits	**211,665**	181,159
Total deposits	**1,217,002**	1,021,108

Deposit Mix
(%)
December 31, 2013 (December 31, 2012)

The total deposits increased by 19.2% to RMB1,217,002 million as at December 31, 2013 from RMB1,021,108 million as at December 31, 2012. Both types of deposits maintained stable growth.

Loan Mix

(in RMB million)	December 31, 2013	December 31, 2012
Corporate loans	**521,639**	494,945
Retail loans	**238,816**	176,110
Accounts receivable on credit cards	**86,834**	49,725
Total loans	**847,289**	720,780

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

Ping An Bank continuously put effort in developing personal financial businesses, including the areas of retail, microfinance, credit card, automobile finance and so on. Total loans increased by 17.6% to RMB847,289 million as at December 31, 2013 from RMB720,780 million as at December 31, 2012. Corporate loans increased by 5.4% to RMB521,639 million, contributing 61.6% to total loans as at December 31, 2013 (as at December 31, 2012: 68.7%). Retail loans increased by 35.6% to RMB238,816 million, contributing 28.2% to total loans as at December 31, 2013 (as at December 31, 2012: 24.4%). Accounts receivable on credit cards increased by 74.6% to RMB86,834 million, contributing 10.2% to total loans as at December 31, 2013 (as at December 31, 2012: 6.9%).

LOAN QUALITY

(in RMB million)	December 31, 2013	December 31, 2012
Pass	**821,721**	706,738
Special mention	**18,027**	7,176
Sub-standard	**4,375**	5,030
Doubtful	**1,575**	962
Loss	**1,591**	874
Total loans	**847,289**	720,780
Total non-performing loans	**7,541**	6,866
Non-performing loan ratio	**0.89%**	0.95%
Impairment provision balance	**15,162**	12,518
Provision coverage ratio	**201.06%**	182.32%

As at the end of 2013, the carrying amount of non-performing loans was RMB7,541 million, up by RMB675 million compared with the amount at the end of 2012; the non-performing loan ratio was 0.89%, decrease by 0.06 percentage points over the end of 2012; the provision coverage ratio was 201.06%, up by 18.74 percentage points from the end of 2012.

Loan quality by region

(in RMB million)	December 31, 2013 Amount	December 31, 2013 Non-performing loan ratio	December 31, 2012 Amount	December 31, 2012 Non-performing loan ratio
East	**266,690**	**1.05%**	248,688	1.06%
South	**219,911**	**0.49%**	216,672	0.47%
West	**85,720**	**0.31%**	60,122	0.35%
North	**158,228**	**0.36%**	137,167	0.53%
Headquarter	**116,740**	**2.40%**	58,131	3.89%
Total	**847,289**	**0.89%**	720,780	0.95%

In 2013, in compliance with the China's macro-control policies and regulatory requirements, Ping An Bank strengthened the foundation of its credit risk management, raised the standard of credit risk management, maintained stable asset quality and further enhanced the risk prevention capability. It did these by rebuilding organization structure, improving risk management policies, optimizing workflow and stepping up efforts on loan recovery. Going forward, Ping An Bank will further optimize its credit structure, prevent and mitigate potential risks associated with existing loans, tightly control the growth of non-performing loans, maintain stable asset quality, as well as steadily raise the provision coverage ratio and loan loss provision ratio.

CAPITAL ADEQUACY RATIO

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

(in RMB million)	December 31, 2013
Net core tier 1 capital	**100,161**
Net tier 1 capital	**100,161**
Net capital	**115,884**
Total risk weighted assets	**1,170,412**
Core tier 1 capital adequacy ratio (regulatory requirement>=5.5%)	**8.56%**
Tier 1 capital adequacy ratio (regulatory requirement>=6.5%)	**8.56%**
Capital adequacy ratio (regulatory requirement>=8.5%)	**9.90%**

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:

	December 31, 2013	December 31, 2012
Capital adequacy ratio (regulatory requirement >=8%)	**11.04%**	11.37%
Core capital adequacy ratio (regulatory requirement >=4%)	**9.41%**	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 December 31, 2013, calculated under the Rules enforced by the CBRC, capital adequacy ratio was 9.90%, with both tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio of 8.56%, 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 11.04%, with core capital adequacy ratio of 9.41%, 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 active high net-worth customers exceeding 21,000.
- Ping An Securities successfully sponsored 27 credit bond issuance projects as lead underwriter, ranking forth 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

The Company provides private wealth management services to its high net worth customers through Ping An Trust. As at December 31, 2013, assets managed under trust schemes reached RMB290,320 million, up 36.9% compared with the end of 2012. In addition, Ping An Trust provides investment and asset management services to institutional customers and other subsidiaries of the Company. It directly managed alternative investment for insurance funds amounting RMB14 billion. Ping An Trust had RMB6,988 million in registered capital, RMB17,134 million in net assets and RMB18,563 million in total assets as at December 31, 2013.

In 2013, the trust industry maintained its rapid growth trajectory, with managed assets of the industry exceeding RMB10 trillion. Following the CSRC's introduction of more liberal regulatory policies for securities and the fund asset management business, the CBRC tightened control over investments on non-standardized debt assets from non-bank capital. Hence, the trust industry would need to change its core business model. According to the "China Trust Industry Report 2013" published by Ping An Trust and McKinsey & Company, approximately 88% of current industry revenue is uncertain. The same report also stated that the channel business of trust companies is likely to vanish in five years, which raises the urgency for accelerating transformation in the trust industry. The report also pointed out that the future growth directions for the trust industry will be private wealth management, alternative asset management, private placement and investment banking.

In the face of formidable market challenges, Ping An Trust has continuously strived to achieve innovation and breakthroughs. Driven by its three main engines of product, channel and operating service, the private wealth management business reached new heights. The paid-in capital of collective trust products mainly for individual customers reached RMB175.8 billion, up 47% over the start of the year, well ahead of its peers. The number of active high net-worth customers exceeded 21,000, up by 14.5% over the start of the year, while average asset under management per customer also achieved significant growth. In terms of products, to meet customers' demand for all-inclusive investment and financing services, Ping An Trust continuously focused on product innovation, launching new products such as pledged account receivable, stock index futures, A-share structured securities and family trust to further enrich its product line. In terms of channels, Ping An Trust steadily expanded its sales channels and raised the professionalism of its wealth management managers, while offering differentiated value-added services to deepen its business relationship with existing customers. Together with Ping An Bank, it launched the first-of-its-kind wealth management bank card "Si Cai Card". In terms of operating service, the three-year IT plan was completed, with 130 sub-projects launched and 158 workflows revised, raising efficiency by more than 50%, while the network service of the "Ri Ju Jin" product was improved through innovations. Meanwhile, Ping An Trust also established a customer layering service system, as well as improved the service workflow and customer risk control system to further enhance customer experience.

The alternative investment business underwent further expansion, which resulted in a steady growth in income from asset management and financial consultancy service. Investment scale of property investment enlarged with continuous development. In support of Ping An Trust's investment advisory service, Ping An Life successfully purchased the Lloyd's building of London in 2013, which marked the Group's first acquisition of foreign real estate with its insurance fund. In terms of infrastructure investment, Ping An Trust has actively promoted investments in infrastructure with insurance fund and trust fund. Meanwhile, it also made active investments through a number of ways, such as equity, bond and mezzanine financing, to form an infrastructure investment portfolio that combines transportation infrastructure, energy and electricity and mineral resources. In line with the nation's 12th Five-Year Plan, Ping An Trust made PE investments in the seven emerging strategic industries. Ping An Trust has lived up to its commitments of "growing together with the best enterprises in China" and strived to achieve adequate returns for the Company and its customers. To further enhance the growth of investee companies, Ping An Trust established a strong post-investment management team, and jointly launched a number of "leadership development projects" with McKinsey & Company. It also held PE annual conferences and industry forums for investee companies, to help them enhance their strategic planning and implementation ability to expand their businesses.

Moreover, Ping An Trust has established an industry-leading risk management system based on the spirit of the Basel II Accord to identify, measure, monitor and manage various risks. It manages market risks, credit risks, liquidity risks, compliance risks, centralization risks and operation risks under various indicators such as risk limits and net capital. It also selects quality counterpart and projects through setting up a more stringent internal credit rating system. In 2013, Ping An Trust fully fulfilled its payment obligations without incurring any default risks, under which payment of the real estate trust exceeded RMB20 billion.

The table below presents the risk control indicators for Ping An Trust:

Risk control indicators	December 31, 2013	December 31, 2012	Regulatory standard
Net capital (in RMB million)	**12,937**	12,412	>=200
Net capital/total risk capital of all businesses	**202%**	261%	>=100%
Net capital/net asset	**76%**	82%	>=40%

In 2013, in recognition of its satisfactory financial performance, outstanding service standards and good reputation, Ping An Trust won numerous awards. It won the "Annual Outstanding Trust Company Award" jointly awarded by *Shanghai Securities News* and cnstock.com for the fourth time running; the "Most Influential Trust Company" by *China Business News Daily*; the "Annual Meeting of China's Securities Market- Golden Key Award for Trust Companies" by *Securities Daily*; 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; and the "Chinese Financial Institution Gold Medal List – Golden Dragon Prize (Best Trust Company of the Year)" jointly organized by *Financial News* and the Institute of Finance and Banking of the Chinese Academy of Social Sciences.

Assets Held in Trust

(in RMB million)	December 31, 2013	December 31, 2012
Real estates	**69,352**	53,609
Commercial and industry	**62,396**	57,726
Infrastructure	**61,208**	47,642
Securities market	**39,816**	16,046
Financial institutions	**39,734**	25,039
Others	**17,814**	11,963
Total assets held in trust	**290,320**	212,025

Management Discussion and Analysis
Investment Business

Assets held in trust
(%)
December 31, 2013 (December 31, 2012)

Results of Operation

(in RMB million)	2013	2012
Fees and commission income	**2,944**	2,961
Investment income	**1,189**	884
Other income	**599**	386
Total income	**4,732**	4,231
Fees and commission expenses	**(827)**	(691)
General, administrative and other expenses	**(1,466)**	(1,560)
Total expenses	**(2,293)**	(2,251)
Income tax	**(477)**	(496)
Net profit	**1,962**	1,484

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

In 2013, trust business realized a net profit of RMB1,962 million, up 32.2% from RMB1,484 million in 2012, mainly due to the increase in investment income.

Net Fees and Commission Income

(in RMB million)	2013	2012
Fees and commission income		
Management fees income of trust products	**2,820**	2,756
Others	**124**	205
Total fees and commission income	**2,944**	2,961
Fees and commission expenses		
Handling charges of trust products	**(827)**	(689)
Others	**-**	(2)
Total fees and commission expenses	**(827)**	(691)
Net fees and commission income	**2,117**	2,270

Management fees income of trust products in 2013 was RMB2,820 million, representing an increase of 2.3% from RMB2,756 million in 2012. This slight increase was primarily due to the increase of trust schemes' asset management scale and the change of product structure.

Handling charges of trust products went up 20.0% to RMB827 million in 2013 from RMB689 million in 2012. This was primarily due to the enlarged scale of new trust schemes' assets under management in 2013.

Total Investment Income

(in RMB million)	2013	2012
Net investment income(1)	**896**	(19)
Net realized and unrealized gains(2)	**543**	903
Impairment losses	**(250)**	–
Total investment income	**1,189**	884

(1) Net investment income includes interest income from deposits, loans and bonds, and dividend income from equity investments.
(2) Net realized and unrealized gains include realized gains from security investments, profit or loss through fair value change, and equity investment income excluding dividends, etc.

Net investment income went from a loss of RMB19 million in 2012 to a gain of RMB896 million in 2013, mainly due to the increase in dividend income from equity investment. The realized and unrealized gains decrease by 39.9% from RMB903 million in 2012 to RMB543 million in 2013, primarily due to the reduced realized investment income from the sale of equity investment in 2013. Impairment losses increased to RMB250 million, mainly due to the volatility of stock market.

Other Income

Other income was RMB599 million in 2013, up 55.2% from RMB386 million in 2012, which was mainly due to the increase of income from financial consultancy service for asset management business.

SECURITIES BUSINESS

We conduct our securities business through Ping An Securities, providing brokerage, investment banking, asset management, financial advisory services, etc. In 1996, Ping An Securities formed a subsidiary, Ping An Futures, which conducts futures brokerage business. It became an innovative securities company in 2006. In 2008, it 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 2012, it formed a wholly-owned subsidiary, Ping An Pioneer Capital, to conduct alternative investment business. As at December 31, 2013, Ping An Securities had RMB5.5 billion in registered capital, RMB8,662 million in net assets and RMB37,638 million in total assets.

In 2013, with the continuous growth of internet finance and the release of the IPO reform plan, reforms in the securities market were further deepened and the securities industry struggled to find its footing amidst the reform. IPOs in the primary stock market were suspended while bond issue slowed down; income from the underwriting business in the entire industry fell significantly. In the secondary market, the CSI 300 Index fell by 7.6% while the transaction volume of stocks and funds surged 49.8% compared with 2012. Income of the brokerage business substantially increased. The industry as a whole tended to rely largely on its brokerage business, investment transactions and underwriting business. Nevertheless, industry profitability was still under threat as brokerage commission rates decreased and as various market policies were launched. Further, the development of internet finance and the impact of interest rate marketization put great pressure on the entire industry to transform.

By following the pace of reform and strengthening its competitive edge, Ping An Securities has actively explored and innovated new business. In 2013, its fixed income business completed 27 credit bond issuance projects as the lead underwriter, ranking forth in the industry. Its reform in the securities brokerage business achieved remarkable results, with margin trading and securities lending business reaching RMB3.25 billion, up 241.1% over the start of the year, further optimizing the business structure. The scale of asset management business grew 359.0% over the start of the year, reaching RMB54.03 billion. For innovative business, Ping An Securities was granted the business qualification to conduct OTC equity swaps, OTC option transaction, securities pledged by stock held under repurchase agreements at Shanghai Stock Exchange and Shenzhen Stock Exchange. It became the first batch of securities companies to obtain the business qualification for conducting remote pledged securities brokerage. Ping An Securities has actively explored fund-raising channels to supplement the capital strength, so as to support its business development. In the first half of this year, it has successfully issued the first batch of short-term financing bonds, a breakthrough in debt financing; in the second half of this year, it was granted the approval from regulatory authority to issue subordinated bonds.

At the "Best Wealth Management Institution in China Awards 2013" jointly held by *Securities Times and New Fortune Magazine*, Ping An Securities won in the "Asset Management Securities Broker with the Greatest Growth in China" category. The investment consulting service "An E Wealth Management" received the "Best Investment Consulting Award in China", while "Capital Secure No. 1" was awarded "Best Mixed Asset Management Product in China". At the 11th Best Analyst Awards by *New Fortune Magazine*, the electronic team of its research department ranked second in the electronic industry, and its banking team ranked fifth in the banking industry.

Management Discussion and Analysis
Investment Business

The securities industry is undergoing a new round of reform and transformation. Ping An Securities will continue to focus on its customers, fully explore and utilize the Group's integrated financial competitiveness, as well as the advantages of its leading business, and seize every opportunity to innovate and make strides towards becoming the most professional securities company in China.

Results of Operation

(in RMB million)	2013	2012
Fees and commission income	**1,642**	1,734
Investment income	**1,076**	1,128
Other income	**40**	35
Total operating income	**2,758**	2,897
Fees and commission expenses	**(157)**	(203)
General, administrative and other expenses	**(1,953)**	(1,613)
Total operating expenses	**(2,110)**	(1,816)
Income tax	**(138)**	(236)
Net profit	**510**	845

During 2013, net profit from our securities business decreased by 39.6% to RMB510 million from 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

(in RMB million)	2013	2012
Fees and commission income		
Brokerage fees income	**987**	616
Underwriting commission income	**387**	1,108
Others	**268**	10
Total fees and commission income	**1,642**	1,734
Fees and commission expenses		
Brokerage fees expenses	**(115)**	(99)
Others	**(42)**	(104)
Total fees and commission expenses	**(157)**	(203)
Net fees and commission income	**1,485**	1,531

In 2013, our brokerage fees income increased by 60.2% to RMB987 million from last year, mainly due to the increasing transaction volume in the secondary market and the rapid development of our margin trading and securities lending business.

Mainly due to the suspension of IPO projects, underwriting commission income decreased by 65.1% to RMB387 million in 2013 from RMB1,108 million in 2012. Most of the underwriting income was generated from the bond issuance business.

Total Investment Income

(in RMB million)	2013	2012
Net investment income[1]	**1,117**	905
Net realized and unrealized gains[2]	**(3)**	246
Impairment losses	**(38)**	(23)
Total investment income	**1,076**	1,128

(1) Net investment income includes interest income from deposits and bonds, dividend income from equity investments and rental income from real estate investments, etc.
(2) Net realized and unrealized gains include realized gains from security investments and profit or loss through fair value change.

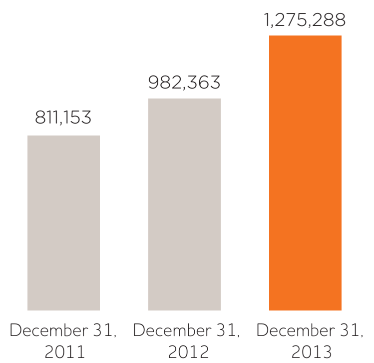
In 2013, Ping An Securities stepped up its investment in bonds and funds, achieving better net investment income. However, due to the decrease of the realized gains from the sales of equity investments, total investment income fell by 4.6% to RMB1,076 million in 2013 from RMB1,128 million in 2012.

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. As at December 31, 2013, Ping An Asset Management had RMB500 million in registered capital.

***Assets under investment management* (in RMB million)**



As at December 31, 2013, assets under management of Ping An Asset Management amounted to RMB1,275,288 million, representing an increase of 29.8% compared to the end of 2012. This was mainly attributed to the increases in investable assets and investment income resulted from the steady growth in insurance business.

In 2013, using our expertise in investment assessment and effective risk management, Ping An Asset Management responded promptly to the changes in the bond and equity markets, optimized asset allocation, steadily increased investments in fixed income assets with high interest rates, maintained the flexibility of equity assets allocation and obtained stable investment returns. Total investment income for the insurance funds in the year amounted to RMB52,652 million, and total investment yield was 5.1%, contributing positively to the Company's profit.

Our third-party asset management business achieved steady growth. By continuously making improvements to business structure, analysing environmental changes, and actively pursuing business innovation, we were able to achieve stable growth both in terms of the third-party asset management business scale and income while keeping risks at a manageable level.

In 2013, Ping An Asset Management saw through the construction of the investment management system platform, optimized investment transactions and operating procedures. Investment efficiency and operational stability were further enhanced. This provided effective support for investment research and facilitated decision making, establishing a solid foundation for building a competitive barrier for the Company.

Going forward, the Company will continue to strengthen its research and understanding on macroeconomic conditions, strive to unlock the full potential of its asset allocation, optimize its investment decision-making system and strengthen risk control measures. This will further stabilize investment income and make the Company less vulnerable to cyclical effects, provide more comprehensive investment management service for investors to strengthen our image as a leading industry brand.

Management Discussion and Analysis
Investment Business

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, and other core functions. The team also focuses on the building of an international investment platform, introducing products from overseas to achieve innovation in service offerings. As at December 31, 2013, the assets denominated in foreign currency under management of Ping An Asset Management (Hong Kong) amounted to HK$29,476 million.

FUND BUSINESS

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

The funds under Ping An-UOB Fund put in an excellent performance overall. Stock investment management achieved remarkable results with average growth of 35.42% in net value of equity funds. According to TX Investment Consulting Co., it ranked No. 2 among 70 fund companies. Among the funds under Ping An-UOB, the net value of "Ping An-UOB Industries Pioneer Equity Fund" increased by 36.35%, which ranked among the top 15%.

In 2013, the Ping An-UOB Fund focused on developing the business of asset management service for specific clients by issuing around 200 such products with the total amount being about RMB100 billion. These products had a wide scope of investment and flexible forms that diversified the wealth management and investment product lines of the Group. It was also customer-oriented in effectively meeting the investment and financing needs of high-end customers.

Management Discussion and Analysis
Integrated Finance

- Continued to extend and deepen the scope of cross-selling activities.
- Established a customer value segmentation and management system as well as a big data analysis platform, in order to better manage personal integrated financial services.
- Centralized back office, with technological innovation spurring the business development.

In 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-centric" managerial concept, carried out multifaceted analysis and research on existing customers, designed a customer value segmentation and management system and established a big data analysis platform, in order to better acquire customers, strengthen integrated financial services, promote the migration of customers, and optimize cross-selling. Meanwhile, The Company has also actively promoted innovation and technology applications 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 2013:

New Business Acquired through Cross-selling

(in RMB million)	2013 Amount	2013 Business contribution percentage (%)	2012 Amount	2012 Business contribution percentage (%)
Property and casualty insurance business				
Premium income	**17,206**	**14.9**	14,770	15.0
Group short-term insurance business of Ping An Annuity				
Sales volume	**2,914**	**41.9**	2,540	43.0
Trust business				
Trust schemes	**140,029**	**33.1**	68,949	17.0
Banking business				
Retail deposits (increase of daily average size)	**4,714**	**17.0**	4,732	15.9
Credit cards (in ten thousand)	**218**	**39.8**	241	53.6

CUSTOMER VALUE SEGMENTATION AND VALUE MANAGEMENT

In 2013, Ping An Group established a customer value segmentation and management system as well as a big data analysis platform, in order to better manage personal integrated financial services. Based on our mass customer data and market research data, we have segmented our customers by assessing their wealth and income.

We are committed to further apply "customer-centric" managerial concept to our personal integrated finance operations by focusing on customer value segmentation. We have started to align our monitoring and performance assessment system with our newly established customer value segmentation and management system. This will help us generate more insights into our customers, thus better manage and measure our operations and focus our efforts on what matters the most to our customers.

BACK OFFICE CENTRALIZATION

In 2013, the Company made progress in operating platform in the following areas:

Specialized Operations:

Our business network currently covers the entire country and we continue to improve our service network. An operation platform for end-to-end workflow management has been established, and we continued to create new service models to enhance the customer service experience.

- Insurance business: based on the customer orientation concept, we optimized our operational workflow to support the accomplishment of the service commitments of Ping An Property & Casualty, Ping An Life and Ping An Annuity.

- Banking business: we support the steady growth in banking business, with fulfilment rates in service pledge achieved above target; the extent of cost optimization was higher than that of the average of the Company.

In 2013, the external market and customer needs underwent rapid changes in the internet age, the operational services, products and sales need to respond to these changes swiftly and cooperate closely. To keep pace with external market and business developments, Ping An Processing & Technology undertook the integration of end-to-end business workflows and the reform of the operation model.

Shared Operations:

The Company will continue to consolidate its operations sharing to improve customer services 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 87.5% completed.

- 100% of accounting processes and staff services of the major subsidiaries of the Company such as Ping An Property & Casualty, Ping An Life, Ping An Annuity, Ping An Health, Ping An Bank, Ping An Trust, Ping An Securities, Ping An Asset Management, Ping An Technology and Ping An 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 74.1% of all calls taken centrally.

TECHNOLOGY-DRIVEN FINANCE

In 2013, the Company stepped up the centralization of its back-office for integrated financial services, which greatly increased the synergy and raised service levels. Utilizing the remote handling devices, all branches now have the capability to provide integrated services for customers to experience a one-stop 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, development of a Mobile Remote Loss Assessment System for iPad, and a risk map.

The Mobile Integrated Terminal (MIT) has been well received by customers and sales force due to its convenience and speed since its promotion in 2011. As many as 11 million customers have been offered with financial services covering insurance and security since its launch, with contribution of premium amounting to over RMB88 billion. Each year, it saved hundreds of millions of operation cost as well as nearly 900 tons of paper. As the MIT has been further improved, its use in integrated finance segment has also achieved a breakthrough. The platform has comprised product lines of Ping An Property & Casualty, Ping An Annuity and Ping An Health to form a sales platform which unified life insurance with property and casualty, annuity and health insurance products. Between products lines, customer's information could be shared and payments were centralized. This model has simplified the processing workflow of the sales force and reinforced customer's service experience by offering a variety of value-added services onsite. The MIT usage rate of life insurance business has stabilized at 98%, automobile insurance business has come to nearly 40%, and health insurance business exceeded 80%. Meanwhile, based on the MIT platform, E-services were extended to frontline sales through "E-Sales Access". 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 December 2013, 70% of sales agents have utilized the E-Sales Access platform.

In 2013, through the enhancement of shared operation, the elevation in automation and other optimizing measures, Ping An Processing & Technology continued to upgrade claims services for Ping An Life and Ping An Property & Casualty.

Ping An Life remains committed to upgrading its service, by committing to "settlement within 48 hours for standard cases with full documentation" and has achieved a 97.0% fulfilment rate. Ping An Property & Casualty committed to "settlement within 72 hours from reporting to receiving benefit payment for claims below RMB10,000" and has achieved a 95.2% fulfilment rate.

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 better support and drive each business's cross-development and integrated financial strategies.

Embedded Value

As at December 31, 2013, the embedded value of the Company was RMB329,653 million, and the value of one year's new business of life insurance sold during 2013 was RMB18,163 million.

INDEPENDENT ACTUARIES REVIEW OPINION REPORT ON THE EMBEDDED VALUE DISCLOSURES

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

We have reviewed the Embedded Value of Ping An Insurance (Group) Company of China, Ltd. ("The Company") as at December 31, 2013 ("the EV results"). The EV results include the Embedded Value as at December 31, 2013, value of one year's new business after cost of solvency ("VNB"), valuation methodology and assumptions, new business first year premium, Embedded Value movement and sensitivity analysis.

The Company prepared the Embedded Value and VNB results in accordance with the "Guidelines on Embedded Value Reporting of Life Insurance Companies" issued by China Insurance Regulatory Commission in September, 2005 (the "Guidelines"). Our responsibility, as independent actuaries, is to perform certain review procedures set out in our letter of engagement and, based on these procedures, conclude whether the Embedded Value methodology and assumptions are consistent with the Guidelines and available market information.

We have reviewed the methodology and assumptions used in preparing the EV results, including:

- Review the Embedded Value of the Company as at December 31, 2013;
- Review the VNB of the Company issued during the year ended December 31, 2013;
- Review the sensitivity analysis of the value of in force business and VNB of the Company, and
- Review the Embedded Value movement analysis.

Our review procedures included, but were not limited to, considering whether the methodology and assumptions are consistent with the Guidelines and available market information, validating actuarial models on the basis of sample policies, inspecting related documentation. In forming our conclusion, we have relied on the audited and unaudited data and information provided by the Company.

The preparation of Embedded Value and VNB results requires assumptions and projections about future economic and finance situations, many of which are outside the control of the Company. Therefore, actual experience may differ from these assumptions and projections.

Opinion:

- Based on our review procedures, we have concluded that the methodology and assumptions used in preparing the EV results are in compliance with the Guidelines and consistent with available market information;
- The EV results, in all material aspects, are consistent with the methodology and assumptions stated in the Embedded Value chapter in the 2013 annual report.

We also confirm that the EV results disclosed in the Embedded Value chapter in the 2013 annual report is consistent with the results we reviewed.

Peng Jin, Actuary

PricewaterhouseCoopers Consultants (Shenzhen) Limited

March 13, 2014

EMBEDDED VALUE REPORT OF PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD. 2013

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 December 31, 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 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)	December 31, 2013	December 31, 2012
	Earned Rate/	Earned Rate/
Risk discount rate	**11.0%**	11.0%
Adjusted net asset value	**189,371**	165,386
Including: Adjusted net asset value of life insurance business	**62,756**	56,973
Value of in-force insurance business written prior to June 1999	**(8,242)**	(8,036)
Value of in-force insurance business written since June 1999	**176,219**	153,665
Cost of holding the required solvency margin	**(27,695)**	(25,142)
Embedded value	**329,653**	285,874
Including: Embedded value of life insurance business	**203,038**	177,460

(in RMB million)	December 31, 2013	December 31, 2012
Risk discount rate	**11.0%**	11.0%
Value of one year's new business	**20,563**	18,312
Cost of holding the required solvency margin	**(2,400)**	(2,397)
Value of one year's new business after cost of solvency	**18,163**	15,915

Note: Figures may not match totals due to rounding.

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 audited 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 audited 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.

Embedded Value

Key Assumptions

The assumptions used in the embedded value calculation in 2013 have been made on a "going concern" basis, assuming continuation of the economic and legal environment currently prevailing in China. The statutory reserving basis and solvency margin requirement were assumed in the calculation. Certain portfolio assumptions were based on the Company's own recent experience as well as considering the more general China market and other life insurance markets' experience. The principal bases and assumptions used in the calculation are described below:

1. **Risk discount rate**
   The discount rate for the in-force life insurance business in each future year has been assumed to be the non-investment-linked fund's earned rate or 11.0%. The earned rate is the investment return adjusted for tax paid. This specific discount rate approach for the in-force business is to avoid understating the effect of losses arising from those high-interest-rate-guaranteed products we sold prior to June 1999. A level of 11.0% has been assumed in each future year for the calculation of one year's new business value.

2. **Investment returns**
   Future investment returns have been assumed to be 4.75% in the next year and to increase by 0.25% every year to 5.5% and thereafter for the non-investment-linked fund. For the investment-linked fund, future investment returns have been assumed to be slightly higher than the above non-investment-linked fund investment returns assumption. These returns have been derived by consideration of the current capital market condition, the Company's current and expected future asset allocations and associated investment returns for a range of major asset classes.

3. **Taxation**
   A 25% average income tax rate has been assumed. The percentage of investment returns that can be exempted from income tax has been assumed to be 12% in the next year and to increase by 3% every year to 18% and thereafter. In addition, a 5.5% business tax rate has been applied to the gross written premiums of the short-term accident insurance business.

4. **Mortality**
   The experience mortality rates have been based on 65% and 65% of China Life (2000-2003) table for male and female respectively for non annuitants. For annuitants, the experience mortality rates since the grant period have been based on 45% and 40% of China Life Annuity (2000-2003) table for male and female respectively.

5. **Morbidity**
   Morbidity assumptions have been based on the Company's own pricing table. The loss ratios have been assumed to be in the range of 15% and 85% for short-term accident and health insurance business.

6. **Discontinuances**
   Policy discontinuance rates have been based on the Company's recent experience studies. The discontinuance rates are dependent on the pricing interest rate and the product type.

7. **Expenses**
   Expenses assumptions have been based on the Company's most recent expenses investigation. Expenses assumptions are mainly separated into acquisition expenses and maintenance expenses assumptions. The unit maintenance expenses were assumed to increase at 2% per annum.

8. **Policyholder dividends**
   Policyholder dividends have been based on 75% of the interest and mortality surplus for individual life and bancassurance participating business. For group life participating business, dividends have been based on 80% of interest surplus only.

New Business Volumes and Value of New Business

The volume of new business sold and modelled used to calculate the value of one year's new business were RMB59, 035 million and RMB57, 051 million in terms of first year premium for year 2013 and 2012. The new business volumes measured by first year premium and one-year new business value by segment was:

	FYP used to calculate value of new business			Value of one year's new business		
(in RMB million)	2013	2012	Growth	2013	2012	Growth
Individual	**38,680**	34,770	11.2%	**16,860**	14,685	14.8%
Group	**13,707**	11,995	14.3%	**837**	725	15.5%
Bancassurance	**6,647**	10,285	(35.4%)	**466**	505	(7.7%)
Total	**59,035**	57,051	3.5%	**18,163**	15,915	14.1%

Note: Figures may not match totals due to rounding.

Embedded Value Movement

The table below shows how the embedded value changed to RMB329,653 million as at December 31, 2013.

(in RMB million)	2013	Description
Embedded value of life insurance business as at December 31, 2012	**177,460**	
Expected return on year-start embedded value	16,510	Expected growth of embedded value occurred in 2013
Value of one-year new business	18,540	The contribution came from new business sold during 2013 and discounted at earned rate/11.0%
Assumptions and model changes	(1,352)	Assumptions change, such as the experience dread disease rates decreased embedded value
Market value adjustment	(3,045)	The market value adjustment of relevant investments decreased due to unrealized capital loss
Investment return variance	1,413	Actual investment return in 2013 was higher than the assumed return
Other experience variances	(501)	Other variances between actual experience and assumptions
Embedded value of life insurance business before capital changes	**209,025**	Embedded value of life insurance business before impact of capital change increased by 17.8%
Shareholder dividends	(5,987)	The impact of dividends paid to shareholders by Ping An Life
Embedded value of life insurance business as at December 31, 2013	**203,038**	

Embedded Value

(in RMB million)	2013	Description
Adjusted net asset value of other business as at December 31, 2012	**108,414**	
Net Profit of other business	15,042	
Market value adjustment and other variances	1,131	
Adjusted net asset value of other business as at December 31, 2013 before capital changes	**124,586**	
Shareholder dividends	(2,397)	The impact of dividends paid to shareholders by Ping An Property & Casualty was RMB2,030 million; The impact of dividends paid to shareholders by Ping An Bank was RMB367 million
Dividends received from subsidiaries	8,384	Dividends paid to the Company by Ping An Life was RMB5,987 million; Dividends paid to the Company by Ping An Property & Casualty was RMB2,030 million; Dividends paid to the Company by Ping An Bank was RMB367 million
Shareholder dividends paid by the Company	(3,958)	Dividends paid to shareholders by the Company
Adjusted net asset value of other business as at December 31, 2013	**126,615**	
Embedded value as at December 31, 2013	**329,653**	
Embedded value per share as at December 31, 2013 (in RMB)	**41.64**	

Note: Figures may not match totals due to rounding.

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
- Assumptions and model used in 2012 valuation
- 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	146,325	140,282	134,572	140,805
	10.5%	11.0%	11.5%	Earned Rate/11.0%
Value of one year's new business	19,228	18,163	17,171	18,540

Assumptions (in RMB million)	Value of in-force business	Value of one year's new business
Central case	140,282	18,163
Assumptions and model used in 2012 valuation	141,488	18,064
Investment return increased by 50bp every year	156,842	19,348
Investment return decreased by 50bp every year	123,237	16,979
10% reduction in mortality and morbidity rates	143,181	18,615
10% reduction in policy discontinuance rates	143,493	18,918
10% reduction in maintenance expense	142,010	18,353
5% increase in the policyholders' dividend payout ratio	135,179	17,575
Solvency margin at 150% of the regulatory level	126,186	16,964

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 December 31, 2013, the solvency of the Group was adequate.

GENERAL PRINCIPLES

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

The Company manages its liquidity and financial resources from the perspective of the Group as a whole. Overseeing these essentials at group level are the Budget, Risk Control and Investment Committees, under the Group Executive Committee. In addition, as the Group's liquidity management execution unit, the Treasury Division is responsible for the management of cash, liquidity, funding and capital and so forth.

The liquidity management of the Group comprises capital planning and cash flow management. The Group has put in place a comprehensive capital management and decision-making mechanism. As part of this process, the Group's subsidiaries put forward their capital requirements based on their own business development needs. The parent company then submits its recommendations on the overall capital planning for the Group, based on the overall situation of its subsidiaries' business development. The Group Executive Committee then determines a final capital planning scheme based on the strategic planning of the entire group before allocating capital accordingly.

All operations, investment and financing activities should follow the requirements of liquidity management. Ping An Group and its insurance subsidiaries implement separate management on their operating cash inflow and outflow. Through the pooling of cash inflow and outflow, allocation and deployment of funds are centralized. The Company and its subsidiaries are therefore able to monitor cash flow status in a timely manner. In 2013, the Group maintained net cash inflows in its operating cash flows.

CAPITAL STRUCTURE

As at December 31, 2013, equity attributable to shareholders of the parent company was RMB182,709 million, representing an increase of 14.5% as compared to the end of 2012.

As at the end of 2013, the parent company's capital structure mainly comprised contributions from shareholders, proceeds from issuance of H shares and A shares.

On May 17, 2012, and on November 14, 2013, the Company received the approval from the CIRC and the CSRC regarding the issuance of A Share Convertible Bonds with the amount of issuance not exceeding RMB26 billion. On November 22, 2013, the Company publicly issued the total par value of RMB26 billion A Share Convertible Bonds, which have a term of six years. The conversion period will commence on the first trading day immediately following the expiry of six months after the date of the completion of the issuance of the A Share Convertible Bonds and end on the maturity date of the A Share Convertible Bonds, i.e. from May 23, 2014 to November 22, 2019. The initial conversion price shall be RMB41.33 per share.

The following table sets out the balances of subordinated debts (including subordinated convertible corporate bonds) and hybrid capital debts issued by the Group and its subsidiaries by the end of 2013:

(in RMB million)	Subordinated debts (including subordinated convertible bonds)	Hybrid capital debts
Ping An Group	26,000	–
Ping An Property & Casualty	7,500	–
Ping An Life	13,000	–
Ping An Bank	3,000	5,150

GEARING RATIO

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

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

THE SOURCE OF LIQUID CAPITAL

The parent company is a holding company and, with the exception of investment activities, does not engage in any substantive business operations itself. The parent company's cash flow mainly depends upon capital financing, dividends from its subsidiaries and the returns from its investment activities. Ping An's overall liquidity, with the exception of investment in subsidiaries, is mainly exemplified by its asset allocation status and realization ability. In addition, borrowings and assets sold under agreements to repurchase also constitute part of the source of the parent company's liquidity in the ordinary course of business.

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

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

THE USE OF LIQUID CAPITAL

The use of the Company's liquid capital mainly refers to equity investment in subsidiaries, operating expenses, income tax, dividends distribution to shareholders and reimbursement of short-term borrowings. In 2013, the main capital injections into our subsidiaries by the parent company are as follows:

- RMB14,782 million to Ping An Bank Co., Ltd.

CASH FLOW ANALYSIS

(in RMB million)	2013	2012
Net cash flows from operating activities	**217,138**	280,897
Net cash flows from investing activities	**(236,063)**	(193,840)
Net cash flows from financing activities	**17,665**	49,521

Net cash inflows from operating activities fell 22.7% to RMB217,138 million in 2013 from RMB280,897 million in 2012. This was mainly affected by the increase of cash outflows from our banking business.

Net cash outflows from investing activities increased by 21.8% to RMB236,063 million in 2013 from RMB193,840 million in 2012, mainly due to the larger investment scale arising from business development.

Net cash inflows from financing activities fell by 64.3% to RMB17,665 million in 2013 from RMB49,521 million in 2012. This was mainly due to the decrease in cash inflows from short-term repurchase transactions of insurance business.

CASH AND CASH EQUIVALENTS

(in RMB million)	December 31, 2013	December 31, 2012
Cash	**141,786**	194,628
Assets purchased under agreements to resell with original maturity less than 3 months and others	**103,091**	52,258
Total cash and cash equivalents	**244,877**	246,886

Liquidity and Financial Resources

The Company believes that the liquid assets currently held, together with 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 parent 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 not less than 100%. As at December 31, 2013, the Group's solvency margin ratio was 174.4%, maintaining at an adequate level.

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

(in RMB million)	December 31, 2013	December 31, 2012
Actual capital	**264,163**	226,512
Minimum capital	**151,452**	122,027
Solvency margin ratio (regulatory requirement >=100%)	**174.4%**	185.6%

In 2013, the Group successfully issued RMB26 billion A Share Convertible Bonds, which were used to replenish the supplementary capital. But due to the Group's business development, dividend allocation, the maturing of RMB8,000 million subordinated bonds in Ping An Bank and Ping An Bank's implementation of the "Capital Rules for Commercial Banks (Provisional)", the Group's solvency ratio decreased 11.2 percentage points compared with the end of 2012.

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 requires commercial banks to meet the required capital adequacy ratio by the end of 2018. The Rules expands risk coverage, raises the risk sensitivity of regulatory capital and impose more prudent requirements on capital measurement. As at December 31, 2013, the capital adequacy ratio of Ping An Bank, calculated under the Rules, was 9.90%, while the capital adequacy ratio was 11.04% 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 10.4 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)	December 31, 2013	December 31, 2012
Actual capital	**270,094**	226,512
Minimum capital	**146,127**	122,027
Solvency margin ratio (regulatory requirement >=100%)	**184.8%**	185.6%

Risk Management

We strive to make Ping An the "leading personal integrated financial services provider in China", ultimately fulfilling our strategic vision of being a globally leading integrated financial services group. To achieve this goal, we take steps to build an effective and centralized risk management platform. Through risk identification, risk evaluation and risk mitigation, we strive for a balance between risk and return which ultimately contributes to the sustainable growth and development of the Group.

RISK MANAGEMENT OBJECTIVES

Over the past two decades, Ping An has been taking risk management as an integral part of its operations and business activities. We take steady steps to build an enterprise risk management system that is aligned with the strategies of the Group, as well as with the characteristics of our business. By continuously optimizing our risk management framework and standardizing our risk management procedures, adopting both qualitative and quantitative risk management methodologies to identify, evaluate and mitigate risks, We make the risk management to support our decision making and facilitate the effective, sustainable and healthy growth of the Group, which help the Group to become China's leading personal integrated financial services provider and ultimately fulfill our grand vision of becoming a globally leading integrated financial services group.

In July 2013, Ping An was selected by the Financial Stability Board (FSB) as one of the Global Systemically Important Insurers (G-SIIs), the only insurer from the developing and emerging insurance markets on the list. The designation of Ping An as one of the G-SIIs is a major milestone, representing China's ambition and participation to the stability of global market. It also demonstrates the recognition of China's financial reform and development by international community and the importance of Chinese insurance industry in international market. Being designated as a G-SII has brought new challenges and opportunities for Ping An's risk management practices. We have established G-SII committee at management level, supported by G-SII office to lead and to coordinate the related works, including finalizing the Systemic Risk Management Plan (SRMP), Liquidity Risk Management Plan (LRMP) and Recovery and Resolution Plan (RRP) under the regulatory requirements. In addition, under the guidance and with the supports of regulators, Ping An has represented Chinese financial institutions to actively participate in the formulation of new capital rules and governance standards by international regulatory authorities, raising the voice of China and its financial industry. Moreover, by integrating the G-SII works into the daily risk management, Ping An will take the opportunity to further develop its Enterprise Risk Management framework and improve its risk management practice. At the same time, Ping An also contributes to the Chinese financial innovation.

Ping An will continue to expand its business footprint as well as to deepen the implementation of its integrated financial service strategy, facing the ever-challenging domestic and international economic environments and evolving regulations. We will continue to improve and refine our risk governance structure and capabilities, manage both individual and accumulative risks and achieve a risk-return balance.

Risk Management

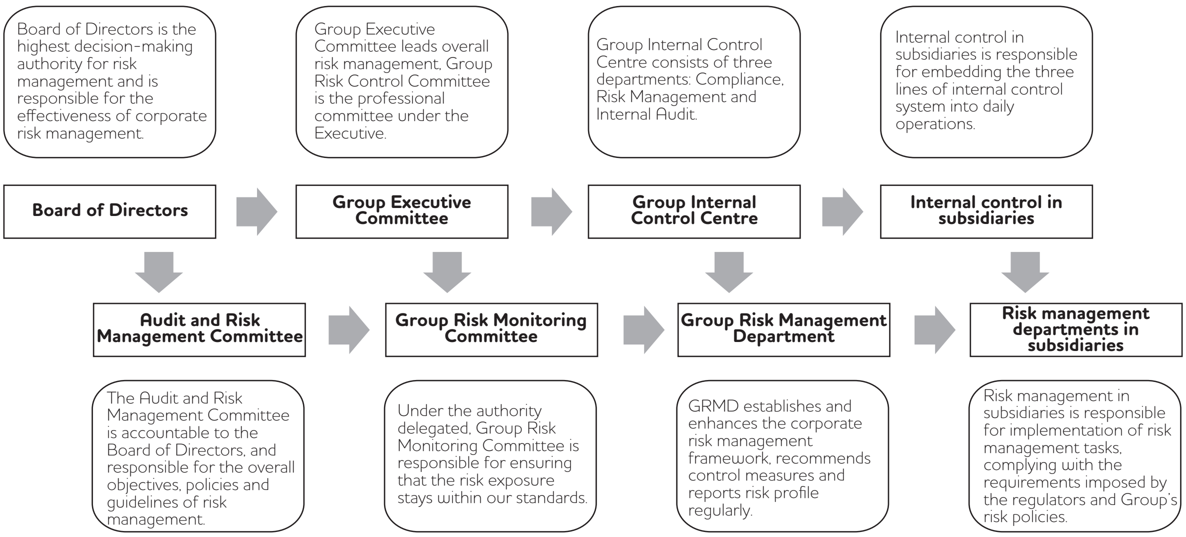
RISK MANAGEMENT FRAMEWORK

The Group actively complied with the PRC Company Law and the relevant regulatory requirements, and with the Articles of Association of Ping An Insurance (Group) Company of China, Ltd. and relevant corporate risk governance requirements. We have in place a comprehensive risk governance framework which holds the Board ultimately accountable, and directly upheld by the management. Supported closely by various committees and relevant departments under coordination of the Group's Internal Control Centre, and the framework covers risk management across all of the Group's subsidiaries and business units.

- Risk assessments for major strategic and policy decisions, mitigating plans and solutions for significant risks;

- Annual risk assessment reports.

The Group Executive Committee leads all aspects of the Group's risk management work. Formed by the Group Executive Committee, the Group Risk Monitoring Committee's (RMC) main responsibilities include: developing overall objectives, basic policies and operating procedures for risk management; monitoring the Company's risk exposure and level of available capital; overseeing the establishment of risk management organization in subsidiaries and monitoring their performance; supervising the implementation of the risk management system in each subsidiary or business line, and promoting a culture of comprehensive risk management within the Group.



The Board is the highest decision-making authority for the Company's risk management and takes responsibility for the effectiveness of the overall risk management function. The Audit and Risk Management Committee under the Board is responsible for having a thorough understanding of the major risks and the Group's management situation; monitoring the effectiveness of the risk management system; and making recommendations to the Board of Directors after deliberations on the following matters:

- Overall objectives, basic policies and operating procedures of risk management;

- The organizational structure and responsibilities of risk management;

Members of the Risk Monitoring Committee include the Group's Vice Chief Executive Officer, President, Chief Financial Officer, Vice Chief Financial Officer, Chief Actuarial Officer, Chief Internal Auditor, Chief Insurance Business Officer, Chief Information Officer, Chief Operations Officer, Chief Lawyer, and the General Manager of the Group Risk Management Department (GRMD).

The Group Risk Management Department, working under the directive of RMC, is responsible for supporting the operations of RMC, as well as establishing and strengthening the Enterprise Risk Management (ERM) framework across the Group. By enhancing risk management techniques, GRMD helps to identify and evaluate risks, conducts limit management, issues relevant reports and develops risk mitigation measures and solutions. It guides subsidiaries' risk management departments in implementing the Group's risk management policies and improving risk governance. It also evaluates key risk indicators of the Group and its subsidiaries.

In 2013, the Group monitored both domestic and foreign regulatory trends such as G-SII, the New Basel Capital Accord and the China Risk Oriented Solvency System ("C–ROSS"). The Group has strengthened its enterprise risk management system, as well as the risk governance structure and risk management policies at both Group and subsidiary levels. Through Risk Dashboard, the Group and its subsidiaries have systematically identified, classified and evaluated risks, ensuring that all risks are effectively communicated and managed on a timely basis. The Group also continued to promote the establishment of a risk appetite framework, reviewed its business development and optimized its capital efficiency, to pursue a balance between risk and return.

To meet regulatory requirements and to support the Company's strategy and business development in a healthy and effective manner, the Group implemented a top-down performance management system that takes into account risk and compliance management. Assessment criteria for personnel, entities and procedures were developed through the principle of "Accountability at every level with evaluation at each stage". The Group aims to promote a risk culture and to enhance risk awareness; this is achieved by linking risk indicators to performance evaluation of major subsidiaries, hence embedding risk considerations in business decisions and daily management.

As the risk management system becomes more robust, a risk culture has permeated the Group, from the Board of Directors to the senior management and from committees to employees. This culture has facilitated an effective and efficient approach that is both top-down and bottom-up, which lays a solid foundation for the effective integration of risk management into the Group's daily operations. This in turn helps to protect shareholder equity, improves capital efficiency, supports management decisions and ultimately creates value for the Group.

MAJOR MEASURES OF RISK MANAGEMENT

The Group continues to strengthen its enterprise risk management system, improve its organizational structure and standardize procedures for risk management. The Group adopts qualitative and quantitative approaches to risk management to identify, evaluate and mitigate risks, so as to effectively defend against systematic risks associated with integrated finance, as well as to enhance the overall risk management capabilities for the balanced development of the Group's insurance, banking and investment businesses.

- The Group has established an optimal risk governance framework and risk management reporting mechanism, as well as promoted the inclusion of risk indicators in performance evaluation which integrates risk management culture into its corporate culture. This lays a foundation for the healthy, sustainable and steady development of the Group's business;

- The Group is actively exploring and formulating a risk appetite framework in line with its business development strategy;

- The Group has established a risk management system on risk concentration, which strengthens its ability to manage concentrated risks, ranging from policy development to limit management, system establishment and risk reporting, raising the Group's overall competency in risk management for its integrated financial service business;

- The Group utilized tools and methods such as the risk dashboard, scenario analysis, risk limit and stress tests, to conduct scientific and effective management of the main categories of risk;

- The Group has established an effective risk warning mechanism, providing timely and effective alerts on industry developments, regulatory information or risk matters, effectively guarding against potential risk;

- The Group manages risks of its subsidiaries through consolidated reporting and improved risk measurement. By establishing the investment risk data platform and the financial products pool for the Group, and the efficiency of consolidated risk management has been enhanced;

- The Group continues to develop and optimize quantitative techniques and models of risk management, and adopts a mix of qualitative and quantitative approaches for risk management. We regularly carry out sensitivity analysis and scenario stress tests to analyze risk exposures and evaluate their quantitative and qualitative impacts on our solvency. Such exercises enable us to plan ahead and take necessary precautions in a timely manner to eliminate any risks and to reduce potential losses.

Insurance Risk

Insurance risk refers to the risk of underestimating the frequency and severity of insurance accidents, as well as the lapse rate, which lead to potential loss to the Group.

The Group assesses and monitors insurance risks faced by our insurance business with sensitivity analysis and stress testing etc. We evaluate the impacts of actuarial assumptions, such as discount rate, investment yield, mortality rate, morbidity rate, lapse rate and expense ratio, on our insurance liability reserve, solvency and profit.

Sensitivity analysis on long term life insurance contracts

December 31, 2013 (in RMB million)	Change in assumptions	Impact on gross policyholders' reserves (after reinsurance) increase/(decrease)
Discount rate/ Investment return	+10bps	(3,838)
Discount rate/ Investment return	-10bps	4,944
Morbidity/ mortality rates*	(+10%/-10% pre/post payment period)	7,528
Policy lapse rates	+10%	3,460
Maintenance expense rates	+5%	1,423

* Morbidity/mortality rates change refer to a 10% increase in morbidity rates, mortality of life insurance policies and annuity policies before the payment period, and a 10% decrease in mortality of annuity policies in the payment period.

Sensitivity analysis on property and casualty insurance and short term life insurance contracts

December 31, 2013 (in RMB million)	Change in average claim cost	Impact on net liabilities (after reinsurance) increase/(decrease)
Property and casualty insurance	+5%	1,481
Short term life insurance	+5%	99

The mechanism and processes adopted by the Group to manage the insurance risks are as follows:

- Implement effective product development policy and develop appropriate terms and conditions for products to control risks arising from product pricing;

- Implement prudent underwriting policies, and establish guidelines for underwriting and policies to control and reduce the risk of adverse selection;

- Limit the Group's exposure to large claims and catastrophe claims by setting different retention limits depending on the risks and transferring excessive risks to reinsurance companies with high credit-ratings;

- Follow proactive procedures to investigate and process claims, thereby preventing dubious or fraudulent claim payments;

- Apply actuarial models and statistical techniques to assist in pricing decisions and reserve valuation, and make periodic model validation;

- Periodically provide up-to-date, accurate and reliable risk exposure data. Conduct experience analysis and trend research periodically as the basis for the adjustment and improvement of pricing and actuarial valuation assumptions.

Market Risk

Market risk refers to the potential losses for the Ping An Group as a result of changes in interest rates, market prices, foreign currency exchange rates and other related risk factors.

The major market risk types for the Group include interest rate risk, equity risk and foreign currency risk. The Group continued to strengthen its market risk management system, reinforcing its ability to identify, evaluate, measure, analyze and report on market risks on multiple levels. The Group has established an investment risk management data platform which reinforces the foundations of risk management and enhances risk management efficiency. An investment product pool covering the entire Group was established, unifying risk standards for products, enhancing product risk management and reinforcing control over high risk businesses. In addition, the Group improved the risk management reporting mechanism and set up the monthly risk analysis and review, which enhanced the Group's consolidated risk management. The Group established a market risk limit management system, which formed the control on large exposures of the Group's various business lines, and established the Group's overall quantified concentrated risk management mechanism. The Group continuously improved stress testing, and conducted the integrated scenario stress testing such as failures in shadow banking systems, macroeconomic downturn and interest rate deregulation. The risk warning mechanism was reinforced, leading to more precise, forward-looking and thorough risk management. The Group's consolidated risks measuring capabilities were enhanced, forming a market risk indicator system with VAR as the core.

Market risk – Interest rate risk

Fixed income investments held by the Group are exposed to interest rate risks. These investments are substantially represented by bond investments booked at fair value on the balance sheet. The Group uses various tools such as sensitivity analysis and stress tests to evaluate the risk profile of such investments.

Interest rate risk is assessed by assuming a 50 basis-point parallel shift of the government bond yield curve.

December 31, 2013 (in RMB million)	Change in interest rate	Decrease in profit	Decrease in equity
Bond investments carried at fair value through profit or loss and available-for-sale	+50 basis points	100	2,385

The interest rate re-pricing risk in banking business is assessed primarily through a gap analysis approach. Analysis of the re-pricing characteristics of our assets and liabilities is conducted on a regular basis, and scenario analysis on interest rate risk is conducted with the aid of the asset and liability management system. Based on the condition of the gap, the duration mismatch of re-pricing could be reduced by adjusting the frequency of re-pricing and the duration and category of corporate deposits. Meanwhile, the Asset and Liability Management Committee meets regularly to make timely and appropriate adjustments on the asset and liability structure and manages interest rates risks based on the analysis of the macroeconomic situation and the interest rate policies of the People's Bank of China.

Risk Management

Market risk- Equity risk

Listed equity investments held by the Group are exposed to market price risks. These investments are primarily listed equity securities and equity investment funds.

The Group adopts the 10-day market price value-at-risk ("VaR") technique to estimate its risk exposure. The market price VaR measures a maximum loss in the value of our portfolio of equity investment due to adverse market events within a given confidence level ("99%") and a specified timeframe ("10 days").

As at December 31, 2013, the VaR for listed equity securities and equity investment funds is as follows:

December 31, 2013 (in RMB million)	Impact on equity
Listed equity securities and equity investment funds carried at fair value through profit or loss and available-for-sale	8,265

Market risk – Foreign exchange risk

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

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

December 31, 2013 (in RMB million)	Decrease in profit	Decrease in equity
Net exposure to fluctuations in exchange rates assuming a simultaneous and uniform 5% rate of depreciation of all foreign currency denominated monetary assets and liabilities and non-monetary assets and liabilities measured at fair value against the Renminbi	351	1,269

In case the above, if currency appreciates by the same proportion, it will have an inverse effect on profit before tax and equity in the table.

The Group adopts the following mechanisms and procedures to manage market risks and carries out investment decisions through a top-down approach via the Strategy and Investment Decision Committee, Investment Management Committee, and Insurance Asset and Liability Committee, to ensure our risk management is sound and comprehensive:

- Establishing and implementing a series of internal management guidelines on investment based on the principle of safeguarding the security, liquidity and efficiency of the investment fund; reduce market risk by developing strategic asset allocation and investment guidelines with the objective of matching assets and liabilities;

- Performing routine market risk management through scenario analysis, VaR and stress testing based on the characteristics of capital investment and market risk management to manage market risk in an effective and scientific manner;

- Setting risk limits for each asset class to control market risk. When setting these limits, the Company takes into full consideration the risk strategy, the impact on financial position as well as the asset and liability management strategy;

- Assets and liabilities are managed by portfolio based on liability characteristics of the various insurance products. Fluctuations in the Company's profit and net asset could be reduced through the appropriate accounting classification of assets;

- Regulating the risk reporting system, issuing daily and monthly risk reports, and making recommendations on risk management to ensure the market risk exposure is within the risk tolerance level.

Credit Risk

Credit risk is the risk of losses resulting from the failure of any debtors or counterparties in fulfilling their obligations as agreed, or from adverse changes in their risk profiles. The Group is exposed to credit risk primarily associated with its deposit arrangements with other commercial banks, loans and advances to third parties from its banking operations, bond investments, reinsurance arrangements with reinsurance companies, policy loans, securities margin trading and off-balance sheet related activities.

The Group manages credit risk through several measures, including:

- Establishing a credit risk management mechanism with credit risk rating as its core methodology;

- Developing standardized policies, systems and procedures for credit risk management;

- Defining credit risk limits in multiple dimensions for investments and credit-related portfolios;

- Monitoring credit risk through risk information management system.

The Group carries out consolidated analysis, monitoring and reporting on the credit exposures of lending business and investment businesses at the group level. The Group further strengthens its credit risk limit system through segregated accounts and products. To manage high risk exposures and the concentration of risk after consolidating the Group's financial statement, it also provides forward-looking insights and analysis on potential credit risks and its impact on the Group.

Based on the different characteristics and risk profiles of businesses such as insurance, banking and investment, the Group carries out targeted measures to control specific credit risks and concentration risks. In order to manage credit risks associated with the banking business, the Group leverages the outcomes of the New Basel Capital Accord project to enhance loan portfolios management. The credit structure has been continuously improved thorough research and in line with changes in the economic and financial situation, macroeconomic policies and the requirements of regulatory authorities. Risk mitigations were strengthened in key areas, preventing the accumulation of credit risk from large exposures, The Group conducts thorough credit assessments of potential borrowers, reviews outstanding loans on a regular basis, sets credit risk limits on portfolios in multiple dimensions, obtains collateral and guarantees, etc. and so forth. In the case of off-balance sheet credit related commitments, the Group refers to the principles and methods applied to on-balance sheet credit asset management to set up standard approval and management procedures. Collateral and guarantees are received to mitigate credit risk. The credit quality of the off-balance sheet business is sound. The Group sets limits for credit granted to an individual entity to mitigate the impact of a single entity's credit deterioration on the Group's financial situation. The Group stepped up its efforts in credit risk monitoring and precautions, enhancing its capability to provide early warning of risks and on time response. We also actively dealt with changes in the credit environment and conducted regular analysis of trends and changes of credit risk, taking precautionary measures to control risk.

Furthermore, for credit risk associated with the investment business, the Group makes credit assessments on investments in line with internal risk control policies and procedures, chooses a counterparty that has a relatively high credit standing and adopts a multi-dimensional approach on setting risk limits on investment portfolios in order to manage credit risks. For reinsurance credit risk associated with insurance business, i.e. credit risk which occurs when a reinsurance company is unable to fulfill its obligations, the Group would evaluate the credit of the reinsurer before entering into a reinsurance contract, and seek to reinsure with companies that have higher credit standing to mitigate such risks.

December 31, 2013	The ratio to total corporate debts/ financial debts
Corporate bonds held by the Group with the domestic credit rating of AA and A-1 or above	99.85%
Financial bonds held by the Group with the domestic credit rating of A or above	99.91%

Operational Risk

Operational risk refers to the risk of losses resulting from inadequate or failed internal procedures and deficiencies in human performance, information technology systems and external events.

The Group continued to strengthen its operational risk management framework. Leveraging the concept of the New Basel Capital Accord, the Group continuously improved its management methods of operational risk and strengthened the coordination and allocation of works. The business and functional departments are primarily responsible for managing operational risks, the risk management and compliance department provide coordination and supports. The audit and supervision department is responsible for supervising, reviewing and auditing different business units. This helps to improve operational risk management.

The Group manages operational risk primarily through the following mechanisms and measures:

- Establishing a robust and comprehensive management system covering the whole Group which identifies, evaluates, monitors, controls/mitigates, reports operational risk;
- Continuing to optimize the operational risk policy, framework, workflow, system and tools, enhancing overall operational risk management;
- Stepping up the implementation of operational risk management tools among subsidiaries, such as the Risk and Control Self-Assessment and Evaluation (RCSA), Key Risk Indicator (KRI) and Loss Data Collection (LDC);
- Conducting research and planning on operational risk measurement activities according to regulatory requirements and management requirements;
- Promoting a culture of operational risk management through operational risk management training.

SOLVENCY MANAGEMENT

Solvency refers to the Group's ability to repay its obligations. The key goal of solvency management is to meet statutory capital requirements and to maintain a healthy capital ratio to support business growth and maximize shareholder value.

As at December 31, 2013, the Group's solvency ratio stood at 174.4% which fully met regulatory requirements.

The mechanism and processes implemented by the Group to manage its solvency are as follows:

- Ensuring the impact on solvency is evaluated when developing key initiatives such as strategies, business plans, investment decisions, and dividend distribution;
- Solvency target is a key indicator of the Group's risk management mechanism. To ensure the Group's solvency is maintained at an appropriate level, a warning and contingency system is in place against significant changes to the solvency margin;
- Including solvency as a KPI at the Company level to be instituted from the top-down, and used as an evaluation criterion for business performance;
- Adopting a prudent asset and liability management policy, enhance asset quality and business operations, strengthen capital management and focus on capital requirements in tandem with the Group's business growth;
- Conducting periodic solvency projections and dynamic solvency testing, monitoring changes and trends on solvency margin;
- Adopting sensitivity and scenario stress tests to warn of potential changes in solvency margin.

In 2013, the CIRC promulgated the Overall Framework of China Risk Oriented Solvency System ("C–ROSS"). The Group assigned core staff from its actuary, finance and risk management departments to participate in CIRC's polling and quantitative testing of the three pillars of C–ROSS, closely following regulatory trends and actively participating in the management system establishment of C–ROSS.

Corporate Social Responsibility

In 2013, focusing on the strategy of "Technology Leads Finance", we were committed to fulfilling our responsibility to shareholders, customers, employees, environment and society based on the three fundamental themes of inclusive finance, sustainable finance and compliance management. We demonstrated our value in economy and society and addressed financial, environmental and social issues through our role as a financial enterprise.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1. After the Ya'an earthquake, Ping An donated RMB6.5 million to One Foundation which was used in the "Children Ping An Scheme".

2. Chief Experience Officer Yuan Yue at the customer service counter of Ping An Life Shenzhen branch, learning about the whole processes for a life insurance policy, from purchase and underwriting to aftersales service.

3. 2013, at the "Ping An, We are the Family" event.

OUR COMMITMENT TO SHAREHOLDERS: INCREASE ASSET VALUE AND DELIVER STABLE RETURNS

Concerns:

- Our shareholders are concerned if we have achieved sound and continuous improvement in our results

- Our shareholders are concerned if we will continue to improve our corporate governance

- Our shareholders are concerned if we have a stronger system of internal controls

Progress:

Sound development of economic benefit: 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. Our banking business made steady headway in its strategic transformation, while optimizing its business structure and operation mechanism. Ping An Trust's customer base continued to grow. We continued to strengthen risk management and focus on developing high-quality business. For personal integrated finance, we have established a customer value segmentation and management system as well as a big data analysis platform in order to better acquire customers, facilitate customer migration as well as cross sell different products. We have determined the development strategy for internet finance, and stepped up the pace of implementation. The Company has actively promoted innovation and technology applications, continuously increasing the level of automation in our operating platforms, as well as increasing and optimizing the usage of E-marketing platform and mobile claims investigation tools.

Clear and standardized corporate governance: In 2013, our corporate governance was further enhanced with the launch of the electronic iPad Board meeting system based on internet technology among the Group and major controlling subsidiaries. This contributed to a paperless workflow in the meeting of the Board of Directors and its Special Committee and Supervisory Committee. In terms of investor relations, we communicated with our investors through various channels, including results announcement presentation, video and telephone conferences, road shows and online road shows. Through online road shows, corporate website, the interactive electronic system of the Shanghai Stock Exchange, emails and phone calls, we established a relationship with our retail investors. In addition, we strove to augment the collection of research reports on the capital market and shareholder information, placed priority on the concerns and suggestions raised by investors, as well as improved the internal workflow and system establishment to further reinforce our capabilities in operation management and corporate governance.

4. Rural teacher program volunteers instructing basketball to students.

5. Scene at the 2013 Ping An Endeavourers Plan Initiation Ceremony – University Students Low Carbon Healthy Jog event.

6. 2013 Low Carbon 100 Initiation Ceremony – Singer Ping An, Ping An of China and the leaders of China Youth Development Foundation unveiling Ping An Forest.

Constantly enhanced internal control and risk management: In 2013, we continued to strengthen the delineation of responsibilities and coordination across the three lines of defense, namely the business and functional departments which would be directly responsible for risk management, the compliance and risk management departments which would promote and support such efforts, and the audit and supervision departments which would handle supervision, inspections and audits. The Group has introduced a number of tools and measures, such as the "risk dashboard", scenario analysis, risk limits and stress testing, to manage risks across key categories in a scientific and effective manner, striking a balance between risk and return. We continued to put effort in building up our firewall system to upgrade the internal control assessment and management for connected transactions. We made headway in the implementation of our operational system of risk-oriented audit and supervision management, effectively consolidated resources in relation to audit and applied creative audit measures to put the emphasis of audit work on assessing the effectiveness of risk control and management, ensuring the continuous growth of our businesses.

In 2014, we will:

- Continue to maintain a steady growth in our performance with the help of technology. Powered by technology, we will continue to reinforce the construction of an integrated finance platform, to achieve sustainable growth in insurance, banking and investment businesses while accelerating the development step of internet finance and innovation in order to propel growth in both traditional and non-traditional business.
- Promote the transparency of corporate governance
- Propel the overall capabilities in risk management of integrated finance by improving our internal control system with technology and strengthening compliance and internal control.

OUR COMMITMENT TO CLIENTS: SUPERIOR SERVICES WITH ASSURED INTEGRITY

Concerns:

- Our customers are concerned if we can enhance their service experience through technology innovation
- Our customers are concerned if we provide finance services with social benefits
- Our customers are concerned if we consistently improve our service quality

Progress:

Technology innovation enhanced customer experience: In 2013, in line with the ongoing development of society, in order to become a leading personal financial services provider in China, we focused on the demand of people's everyday life and kept on trying new technological applications, as well as paying attention to minority groups, so as to improve the service quality.

- WeChat and Apps – the new era of technology leads to high efficiency: We utilized the most popular mobile applications such as WeChat and developed a series of applications offering the functions of self-service, inspection, loss

Corporate Social Responsibility

assessment and claim payment, to let customers enjoy our convenient services with a more transparent procedure and easier access. This was well received by customers.

- Electronic services with mobile integrated terminal (MIT) – one-stop electronic service mode: MIT has been implemented throughout the integrated finance section which enables users to access the services of life insurance, property and casualty insurance, annuity insurance and health insurance, credit account opening and making appointments for loan application from Lufax through MIT. We are firmly committed to innovating the electronic workflow in business segments through our efforts to build and integrate business channels, improve security services, strengthen our platform and streamline our workflow to increase efficiency and foster closer relationships with our customers.

Financial Inclusion System focus on micro-finance customers: In 2013, we provided our customers with comprehensive financial products, and we also concerned about the vulnerable and their wellbeing. We leveraged technology applications to bring inclusive financial products and convenient services to micro-finance customers.

- With rural residents being the focus of our property and casualty insurance, we have developed agriculture insurance products particularly to cover their economic losses arising from natural disasters and accidents relating to farming and husbandry, and to cushion the impact of natural disasters on agriculture.

- The annuity insurance and the Centre for International Social Security Studies at Chinese Academy of Social Sciences launched the first "China Employee Pension Reserve Index (CEPRI2013)" in Beijing. The index enables the government to supervise the Social Security System in real time, to improve the existing system.

- The Group's Bank researched and developed a "unique" model for micro-finance. We have introduced special micro-financial products from time to time that cover comprehensive services from financing, settlement to value-added programs. As at December 31, 2013, the balance of micro-finance loans reached RMB87.128 billion with the number of micro-integrated-finance customers exceeding 500,000.

- The Group's Shanghai Lujiazui International Financial Asset Exchange Co., Ltd. (Lufax) is an innovative internet platform for investment and financing. By integrating the global economy with innovative internet technologies, Lufax has offered SME access to financing, brought creative investment and wealth management services to individual customers, and offered inclusive finance solutions to self-employed ventures to meet their demand for small loans. In 2013, our financing services were offered to more than 40,000 micro-to-small companies and individuals.

Caring about our customers and our service quality: In 2013, while providing diversified financial services to our customers, we placed a premium on using our customers' experience and satisfaction as benchmarks for our diversified financial services. For years, we have regularly held customer service events, paid visits to customers and organized activities to demonstrate our care for special customers, to acknowledge their trust and support.

In 2014, we will:

- Promote the mobile counter, enhance electronic channels such as ATM, establish an "eco-circle of car owners" and promote self-service usage of damage inspection from the remote terminal.

- Promote an intelligent remote terminal for micro-finance businesses and improve the new technology platform.

- As internet finance is rooted in social finance, to integrate "wealth management, health management and life management" through three phases "foundation consolidation, finance consolidation and services consolidation", and achieving the vision of bringing finance to life.

OUR COMMITMENT TO EMPLOYEES: CAREER DEVELOPMENT AND BETTER LIVING CONDITIONS

Concerns:

- Our employees are concerned if their working environment is relaxed and the office management is efficient and effective.
- Our employees are concerned about the competitiveness of their salary and benefits.
- Our employees are concerned if we are offering a wide career path and space for career advancement.
- Our employees are concerned if practical training is provided to support their personal accomplishments and work capabilities.

Progress:

EAP employee caring scheme: In 2013, we continued to focus on the theme of "health and care" and launched initiatives related to the "four principles of health and four attainments of care", to create a positive, healthy and delightful working environment. We organized a series of activities in the form of literature and art work creation in 46 cities. To address young staff's interest in seeking personality, we have written a beautiful pop song *Bring Peace to the World* as the new company song, which is easy to sing and remember. In 2013, we offered support in the form of cash and goods with a total value of over RMB1.4 million to 364 employees experiencing financial difficulties, and to those with serious illnesses as well as their family members.

Improved salary structure: We kept to the principles of "fair, just, open and transparent" in managing our salary structure. In 2013, we conducted regular market salary research, and continuously reviewed the competitiveness of employee salaries. We promoted a performance-based reward system and distributed bonuses in accordance with performance and employee contribution. Our welfare package mainly included: five social insurance and one housing fund, comprehensive cover policy, festive allowance, annual leave, annuity, cold/hot weather allowances, annual body check and psychiatric counseling. In 2013, we paid a total of RMB24,350 million for salaries and RMB7,959 million for employee welfare. There was no pay discrepancy between male and female employees in the same position.

Concerns about talent development: In 2013, we have established an online talent development system to achieve the systematical assessment of performance. Keeping to the theme of "Develop my own career path", we have implemented the solution of "3+X" in taking three key actions – including promoting a performance-based culture, building a potential talent pool and raising the capability of supervisors, with optional solutions tailored to different professional companies.

Provide professional training: With a higher coverage rate, staff from all levels have received training in 2013. The senior management provided training in person 58 times. We have enriched our online courses and continued to promote distant learning. We also offered external learning access to widen the learning channels beyond the workplace. Our employees may decide to study during working hours or their leisure time according to their need for career development. In 2013, we invested RMB360 million in staff training.

Innovative office tools: In 2013, we launched "Tianxiatong", an intelligence tool, which focuses on the theme of the five basic necessities of life "health, food, housing, transportation and entertainment". It facilitates the handling of routine duties of staff, improves communication and increases work efficiency. Mobile office allows our staff to conduct multimedia work through cross-platform anytime and anywhere. Meanwhile, the online working circle featured by "Tianxiatong" also shortens the distance of staff.

In 2014, we will:

- Innovation technology for our office management. The technological applications, such as "Tianxiatong", will consistently promote working efficiency with its travel assistant function, online leave quests submission, etc.
- EAP employee caring scheme. We will explore the possibility of mobile work by integrating EAP work online, allowing our staff to experience our care for their welfare anytime and anywhere, and to achieve a work-life balance.
- Development room. Automatic and mobile performance management on a scientific basis can boost productivity. We have set up a mobile performance platform to improve the experience and to highlight the outcome.

- Training platform. We will steadily promote the number of online learners to 1,500,000 and improve the quality of the face-to-face training.

OUR COMMITMENT TO SOCIETY: GIVE BACK TO SOCIETY AND BUILD OUR NATION

Concerns:

- The public are concerned if we can leverage the innovative nature of internet technology to improve public welfare.

- The public are concerned if we can promote the sustainable development of the environment and society with our role in offering financial leverage.

Progress:

Low Carbon 100: In terms of green insurance, there were 2,032 contracts in 2013 for liability insurance covering marine pollution from ships, with total sum insured of RMB29.96 billion. There were 1,332 effective contracts for liability insurance in environment pollution, with total sum insured of RMB2,430 million. As for green investments, we strongly support companies in energy conservation and emission reduction, for a low-carbon green economy. We are also dedicated to promoting recycling and eco-friendly technology and products. As for green credit, we have built a quick examination channel for green credit application to support credit-grant enterprises which develop projects related to energy conservation and emission reduction, and a low-carbon economy. As of December 31, 2013, we have granted RMB22.474 billion of green credit (the green credit statistics of CBRC).

Incentive Program: In 2013, we adopted new technology in the Ping An Incentive Program for Thesis Award. Students may upload their thesis through the Internet and the teachers could review the thesis online through iPad, which offers a paperless process from submission to the review of thesis. After decades of development, the Incentive Program has established a platform to hone the core competitiveness of college students. We have awarded 120 students the Incentive Thesis Prize in 2013. As of December 31, 2013, 4,940 students were awarded scholarships worth a total of RMB16.87 million.

Volunteer Teacher: In 2013, Ping An launched the Volunteer Teacher program in 37 schools across the country to support education in Hope Primary Schools. In June 2013, Chinese teachers from 106 Ping An Hope Primary Schools and five Mingyuan schools participated in the annual special training. Through the training, the principals and rural teachers and volunteers got a better understanding of the curriculum and learned the techniques in teaching child safety education courses. In 2013, we provided up to 49,392 hours of volunteer services throughout the year. As of December 31, 2013, more than 2,701 volunteers have participated in this community initiative, offering up to 194,472 hours of their time.

Disaster Relief: After Ya'an was struck by an earthquake, we immediately formed a working group led by senior executives of the Group and arrived onsite to offer our support. We announced a donation of RMB6.5 million to One Foundation and donated material including tents and supplies worth over RMB500,000, and provided insurance to the disaster relief volunteers with total insurance amount exceeding RMB550 million. In accordance with our regulations and systems such as "Measures to Address Major Issues" and "Measures for Claim Settlement", we activated our emergency mechanism for responding to a disaster, which fully leveraged the role of commercial insurance in the diversification of risk, financial compensation and non-governmental donation after a disaster.

In 2014, we will:

- Disaster rescue. Continue to pay attention to major disaster and social issues in public's concern. We will continue to refine our major disaster response mechanism, respond to social concerns and undertake social responsibilities.

- Environment and public welfare. Continue to give our concern to environmental issues such as smog and extreme weather conditions. Continue to implement "Low Carbon 100" and "10,000 acres of Ping An Forest" project. Use low carbon assessment tool for the administration of carbon emission and constantly look out for energy saving methods and measures for self-owned properties. Encourage property management company to actively launch energy saving initiatives and related professional training.

- Education and public welfare. Continue to focus on education public welfare, launch endeavourers plan for higher education and rural teacher programs for elementary education.

- Technology leading the innovation in public welfare. Use technological methods in the innovation of public welfare projects, allowing more people to participate in this welfare platform and benefit from this project.

COMMITMENT TO BUSINESS PARTNERS: ACHIEVE MUTUAL BENEFIT AND WIN-WIN SITUATION

Concerns:

- Our cooperative partners are concerned about how we could provide professional products and service to add value to our cooperation

- Our cooperative partners are concerned about how we establish a long-term stable cooperation relationship

Progress:

Industry partners: Ping An Bank has introduced "E-channel of the Internet platform" which integrates services of product management, product sales, customer management and information management. This allows various types of financial institutions, such as banks, brokers, funds, trust and insurance companies, to trade their products related to wealth management, assets management and beneficial interest of trust online, bringing a real "multi-interaction" between products and services.

Designated hospitals: We optimized the search function for designated hospitals at our company website by consolidating existing search channels, which enabled our users to easily search the address, location and route plan of designated hospitals of the Company in the region by entering the name of hospital or keywords, thereby providing our users with more personal service experience, and making claim and compensation more easily accessible.

Agents: To help agents work out a more effective working schedule, we have introduced the "Tianxiatong" application to let them communicate with clients in a timely and effective manner.

Wanlitong business partners: We have built a link to connect merchants' bonus points, Wanlitong bonus points and goods purchasing with our Ping An Wanlitong to further promote customers' consumption. Through Ping An Wanlitong, merchants are able to review information on users' purchasing patterns with bonus points, so that they can carry out targeted marketing.

Suppliers: The aspects of systems, procurement procedure and utilization. We communicated with regular and annual suppliers to require them to solve problems related to our cooperation in a timely manner, every six months, and continuously improved customer satisfaction. In terms of supplier selection, we give priority to cooperating with those that meet the regulations for environment protection and occupational health and safety provisions, and asked the suppliers to include terms related to corporate social responsibility in certain products contracts.

In 2014, we will:

- Continue to equip our offices with high-tech tools for agents to contact clients more effectively. Meanwhile, we will continue to strengthen the management and training of agents, to enhance their sales quality and service skills.

- Improve the assessment system of designated hospitals, enhance the management of high-risk hospitals, standardize the administration and management of hospitals and tightly control risks related to medical matters. In addition, we will establish and improve the classification and matching of designated hospitals to further strengthen the cooperation and management of designated hospitals.

OUTLOOK FOR 2014

In 2014, we will continue to deepen the exploration and practice of integrated finance strategy on one hand, and on the other will actively promote the strategy of "Technology Leads Integrated Finance", to promote the combination of internet technology and traditional finance, and to cultivate the innovative business model of non-traditional finance in multiple areas. We will pursue a path of innovation combining traditional and non-traditional businesses complementary to each other, to generate more value for our shareholders, customers, employees, society and business partners.

Prospects on Future Development

BUSINESS PLANS FOR 2014

Our business and operation plans remain consistent and stable as no major changes have been made to our long-term operating objectives as compared with those announced last year and at the time when our A shares were listed.

In 2013, the Company was committed to driving and implementing its business plans effectively. The three pillar businesses – insurance, banking and investment – all recorded steady and healthy growth. We steadily enhanced profitability and achieved the performance indicators of all operating plans as set out last year.

In 2014, the Company will remain resolute and continue to forge ahead with the development plans formulated by the Board of Directors to achieve reasonable growth and optimize its internal structure. We have actively mapped out our future to achieve growth that is value-oriented, sustainable and which outperforms the market, bringing our strategic goal of becoming "China's leading personal integrated financial services provider" to a higher stage.

- Ping An Life places value management at its core. In particular we will focus on the core strategy of "Reaching New Heights" and "Two-Tier Development", continue to abide by the principle of agency team-based operations, differentiate its business model, strengthen agency team building, further enhance the size and efficiency of agency force and develop them into a team of professional integrated financial services salespersons, to provide customers with mid- to long-term insurance services and integrated financial services. Ping An Property & Casualty will continue to hone its differentiated competitive advantages and raise its level of refined management capability, while providing better customer experience and improving customer satisfaction through matching specific products and services with customer attributes. The pension asset management business of Ping An Annuity will follow a prudent investment philosophy and maintain an investment return that exceeds the industry average. It will meanwhile develop its employee benefit scheme, participate in the government social security program as well as expand market coverage and accumulate customer resources. Ping An Health will build a health management and service platform, to meet customer demand for integrated solutions in health insurance and health management.

- Ping An Bank will continue to focus on its strategic objective to establish itself as the "Best Bank". By taking advantage of the Group's integrated financial platform, we will further promote cross-selling, to build the core strengths of integrated finance; at the same time, our focus will be on optimizing its business structure, innovation in organization model and business model. Driven by technology, we will increase strategic investment, put our "customer-oriented" management philosophy into practice, build a "smart bank" through projects that include the establishment of a supply chain finance platform and a big retail data mart.

- We will continue to promote Ping An's investment business as a leading investment management platform. By leveraging its strength in integrated financial services, the Group offers customers a comprehensive range of services which include securities and bonds financing, securities agents, financial advisors and asset management, enhancing the customer experience. We will enhance the market value of our investment project by strengthening our management of the post-investment process, and by using the experience gained to guide our customers' investment decisions. We will make reference to global experience in managing our insurance funds and further improving our investment management system. In compliance with CIRC policy requirements, we will actively explore and promote alternative asset investments, to improve the stability and returns of our insurance fund investments, and to make our insurance products more competitive.

- We will continue to refine the "One Customer, One Account, Multiple Products and One-Stop Services" integrated financial structure and platform, further develop the front office and overhaul the middle office, enhance our customer service model along with our customer experience, and thoroughly explore the customer value to promote customer migration and intensify synergy effect.

- The non-traditional business will focus on building up internet traffic based on service and data, and on integrating the everyday life of health, food, housing, transportation and entertainment into the web portals. It will set up an advanced internet products and service platform, support the key projects from different aspects, including Lufax, e-payment, auto market and comprehensive financial stores, as well as convert more non-financial services users into financial services customers.

The Company expects to maintain a steady growth in its performance in 2014. The insurance businesses are expected to keep sustainable and solid growth. The banking business promotes its strategic transformation steadily, and the Company also expects more diversified returns for its investment business. In light of changes in the macroeconomic environment, market competition, investment market conditions and other factors, we will make timely adjustments to our business development goal to further enhance our market competitiveness.

THE DEVELOPMENT TREND OF THE MAJOR INDUSTRIES THAT WE INVOLVED IN AND MARKET COMPETITION FACED BY THE COMPANY

China's Insurance Market has Immense Growth Potential

Insurance business is currently our core business. In 2013, China's insurance business realized a total premium income of RMB1,722,224 million, representing an increase of 11.2% over 2012. Of which, premium income from life insurance was RMB942,514 million; premium income from property and casualty insurance was RMB621,226 million; premium income from health insurance was RMB112,350 million; premium income from accident insurance was RMB46,134 million. Total assets of insurance companies were RMB8.29 trillion, representing an increase of 12.7% as compared with the end of 2012. The insurance industry is among the fastest growing industries in China's national economy. As China's economy keeps growing and personal wealth is expanding, such rapid growth is expected to continue in future.

Analysis of Competition

The insurance companies in China exist in various forms and ownership including state-owned and state-holding enterprise, corporate enterprise and foreign-owned enterprise. The insurance industry is entering into a phase, marked by fair competition and co-development of the market.

The following table shows the ranking and market share of premium income from life insurance companies in 2013:

Company	Premium income (in RMB million)	Market share (%)
China Life Insurance Company Limited	326,720	30.4
Ping An Life	146,091	13.6
New China Life Insurance Co., Ltd.	103,640	9.6
China Pacific Life Insurance Co., Ltd.	95,101	8.9
PICC Life Insurance Company Limited	75,273	7.0
Taikang Life Insurance Co., Ltd.	61,124	5.7
Others	266,144	24.8
Total	1,074,093	100.0

Source: CIRC website

The following table shows the ranking and market share of premium income from property and casualty insurance companies in 2013:

Company	Premium income (in RMB million)	Market share (%)
PICC Property & Casualty Company Limited	223,005	34.4
Ping An Property & Casualty	115,365	17.8
China Pacific Property Insurance Co., Ltd.	81,613	12.6
Others	228,133	35.2
Total	648,116	100.0

Source: CIRC website

In 2013, in terms of premium income, Ping An Life was the second largest life insurance company and Ping An Property & Casualty was the second largest property and casualty insurance company in China.

Prospects on Future Development

OPPORTUNITIES AND CHALLENGES FOR FUTURE DEVELOPMENT

In 2013, growth of the Chinese economy has slightly slowed down with the economy's structure undergoing further adjustment, against an economic climate marked by complexities and uncertainties. On the other hand, the developments of modern technology and increasing exposure of internet finance have affected traditional finance business profoundly. Looking forward to 2014, the Third Plenary Session of the Eighteenth CPC Central Committee has drawn a grand blueprint to set forth further reforms. China's economic growth is expected to maintain a healthy and steady pace, and personal integrated financial services will find enormous opportunities. All of these have brought precious opportunities for the Company achieving established strategic goals.

At the same time, we also face challenges in our future development. China's large financial institutions have accelerated their efforts to achieve integrated financial shareholdings. In this regard, Ping An has yet to catch up in terms of the number of customers and the development of its distribution network. Meanwhile, as integrated financial operations emerge to serve growing expanding businesses and become more complex in structure, there will be increased requirement for better management standards. It will take time for the power of integrated financial synergies to show effects. At the same time, modern technology is changing from one generation to the next. Driven by technology reform and innovative business models, the development of internet finance has affected traditional finance business profoundly.

Facing a situation in which opportunities coexist with challenges, the Company will stay responsive and proactive. Ping An will focus on the concept of "Driven by Technology, Finance Can Serve Life Better" and chart our innovative course forward, achieving synergies between the traditional and non-traditional business lines. In terms of traditional business, we actively implement two crucial missions: financial supermarket and customer migration. For non-traditional business, we endeavor to push for innovations, by incorporating financial services into the very fabric of everyday life: health, food, housing, transportation and entertainment, to realize the goal of "One Customer, One Account, Multiple Products, and One-Stop Services". We endeavor to promote transformation and migration between non-financial services users and financial businesses customers, and to achieve "three retentions" (customer assets, loyalty points, and health records) and "five increases" (number of customer, customer usage frequency, customer asset under management, number of products per customer, and profitability of single customer).

Changes in the Share Capital and Shareholders' Profile

INFORMATION DISCLOSED UNDER A SHARES REGULATORY REQUIREMENTS

Changes in Share Capital

Statement of changes in share capital

Unit: Shares	January 1, 2013		Changes during the reporting period					December 31, 2013	
	Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Transfer from reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Selling-restricted shares	-	-	-	-	-	-	-	-	-
II. Selling-unrestricted shares									
1. RMB ordinary shares	4,786,409,636	60.46	-	-	-	-	-	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

Security issuance and listing of security of the Company

Issue of shares in the last three years

Types	Issue date	Issue price (in HKD)	Number of shares issued (share)	Listing date	Number of shares permitted to be listed	Date of termination of dealings
H shares	May 6, 2010	–	299,088,758	May 7, 2010	299,088,758	–
H shares	June 17, 2011	71.50	272,000,000	June 17, 2011	272,000,000	–

The Company entered into a share purchase agreement with NEWBRIDGE ASIA AIV III. L.P. ("NEWBRIDGE"), former largest shareholder of Original SDB, pursuant to which the Company would be transferred with all the shares in SDB held by NEWBRIDGE, i.e. 520,414,439 shares, and NEWBRIDGE required the Company to issue 299,088,758 new H shares pursuant to the agreement as consideration. As approved by CSRC in the Written Reply to Approve the Issuance of Overseas Listed Foreign Shares by Ping An Insurance (Group) Company of China, Ltd. (Zheng Jian Xu Ke [2010] No. 542), the Company's non-public directed issuance of additional H shares to NEWBRIDGE was completed on May 6, 2010.

As approved by the CSRC in the Written Reply to Approve the Issuance of Overseas Listed Foreign Shares by Ping An Insurance (Group) Company of China, Ltd. (Zheng Jian Xu Ke [2011] No. 939), the Company's non-public directed issuance of additional 272,000,000 H shares to JINJUN LIMITED was completed on June 17, 2011. After the non-public directed issuance of H shares, the total share capital of the Company increased from 7,644,142,092 shares (ordinary shares) to 7,916,142,092 shares (ordinary shares), of which, there were 4,786,409,636 domestic shares (A shares), accounting for 60.46% of the total share capital, and there were 3,129,732,456 overseas listed foreign shares (H shares), accounting for 39.54% of the total share capital.

Changes in the Share Capital and Shareholders' Profile

The issuance of A Share Convertible Bonds

As approved by CIRC, CSRC and SSE, the Company issued A Share Convertible Bonds with a par value of RMB26 billion on November 22, 2013, which were fully listed on SSE on December 9, 2013. The net amount of fund raised through this issuance is approximately RMB25.816 billion.

Details on the public issuance of A Share Convertible Bonds during the reporting period by the Company are set out in the section of "A Share Convertible Bonds" in this chapter.

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

During the reporting period, there were no change in the total number of shares and shareholding structure of the Company.

Existing staff shares

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

Shareholders' Information

Number of shareholders and their shareholdings

Unit: Shareholder	As at the end of the reporting period (December 31, 2013)	As at the end of the 5th trading days prior to publication of the annual report (March 7, 2014)
Total number of shareholders	256,146 (of which there were 250,779 domestic shareholders)	260,629 (of which there were 255,286 domestic shareholders)

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

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Change during the reporting period	Type of shares	Number of selling-restricted shares held	Number of pledged or frozen shares
Shenzhen Investment Holdings Co., Ltd.	State	6.08	481,359,551	-	A share	-	239,980,000 pledged shares
All Gain Trading Limited	Overseas legal person	4.98	394,500,996	+312,358,846	H share	-	394,500,996 pledged shares
Business Fortune Holdings Limited	Overseas legal person	3.11	246,563,123	+195,224,279	H share	-	246,563,123 pledged shares
Bloom Fortune Group Limited	Overseas legal person	3.02	239,089,199	+192,884,240	H share	-	239,089,199 pledged shares
Linzhi New Horse Investment Development Co., Ltd.	Domestic non-state-owned legal person	2.55	202,233,499	-116,860,688	A share	-	127,000,000 pledged shares
Shum Yip Group Limited	State-owned legal person	2.11	166,665,065	-13,010,005	A share	-	-
Yongxin Yufu Industrial Co., Ltd.(1)	Domestic non-state-owned legal person	2.04	161,549,006	-14,106,728	A share	-	-
Gongbujiangda Jiangnan Industrial Development Co., Ltd.	Domestic non-state-owned legal person	1.76	139,112,886	-	A share	-	110,000,000 pledged shares
Linzhi Jingao Industrial Development Co., Ltd.	Domestic non-state-owned legal person	1.21	95,853,412	-177,848,477	A share	-	47,500,000 pledged shares
Temasek Fullerton Alpha PTE Ltd.	QFII	0.94	74,089,972	+20,203,190	A share	-	-

(1) Shenzhen Wuxin Yufu Industrial Co., Ltd. renamed as Yongxin Yufu Industrial Co., Ltd. in December 2013.

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

All Gain Trading Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited are indirect wholly-owned subsidiaries of CP Group Ltd. which 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, All Gain Trading Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited are of connected 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.

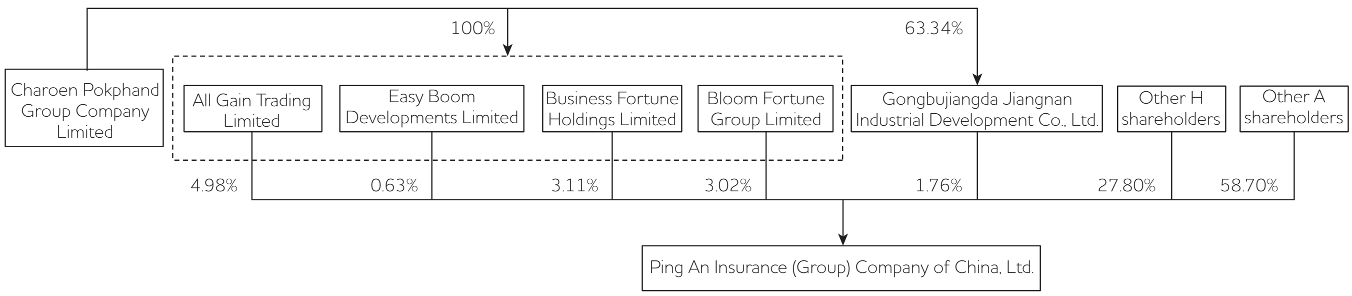
Particulars of controlling shareholder and de facto controller

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

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

As at December 31, 2013, CP Group Ltd. indirectly held 930,153,318 H shares of the Company, representing 11.75% of 7.916 billion shares of share capital in issue in total of the Company, and held 1.76% of A Share of the Company through Gongbujiangda Jiangnan Industrial. Development Co. Ltd.. The CP Group held 13.51% shares of the Company in total.

The following chart shows the relationship between the Company and the ultimate controller of shareholders holding more than 10% of equity interest of the Company:



CP Group was established by brothers Chia Ek Chor and Chia Siew Whooy in Bangkok, Thailand in 1921. Originated from agriculture and animal husbandry business, the company increased its scope to production of animal feed, fisheries, food, commercial retail, telecommunications, pharmacy, real estate, international trade, logistics, finance, media, internet, education and industry. Currently, CP Group has made investment in over 15 countries with its business extending to over 20 countries and regions. The company has more than 400 subsidiaries with employees over 200,000. The substantial shareholder of CP Group is the Chia Family, which held more than 51% shares of CP Group. CP Group controlled its diversified business through CP Group Ltd..

CP Group Ltd., the flagship company of CP Group, was established on September 23, 1976 in Thailand with registered capital of 17,616,500,000 THB. Its registered address is 313 Silom Road, C.P. Tower, Bangrak, Bangkok 10500, Thailand and the Organization Code is 0105519010951. Its principal businesses include agriculture and animal husbandry and food, commercial retail and telecommunication, and also engaged in pharmacy, motorcycle, real estate, international trade, finance, media and other businesses, by participating in various industries to realize a mutual development and operation. The actual controller of All Gain Trading Limited, Bloom Fortune Group Limited, Business Fortune Holdings Limited and Easy Boom Developments Limited is CP Group Ltd..

For the information on the major operation achievement, financial status, cash flow and future development strategies of CP Group, please visit its company website www.cpthailand.com.

Changes in the Share Capital and Shareholders' Profile

A Share Convertible Bonds

Issuance

The issuance of A Share Convertible Bonds has been passed on the 18th meeting of the 8th Session of the Board Meeting held by the Company on December 20, 2011 and approved by voting on the First Extraordinary General Meeting of 2012 held on February 8, 2012. Due to the valid period of the relevant resolutions expired, the Company has held the 4th meeting of the 9th Session of the Broad Meeting and the First Extraordinary General Meeting of 2013 on December 17 to December 18, 2012 and February 5, 2013 respectively, on which the "the resolution in relation to renewal of the grant of the general mandate on issuance of new shares to the Board" and "the resolution regarding the extension of the validity period of the resolution in relation to the public issuance of A share convertible bonds (including Subordinated Terms)" were reviewed and approved. As approved by CIRC (BAO JIAN CAI KUAI [2012] No. 582), CIRC (BAO JIAN FA GAI [2012] No. 592), CSRC (ZHENG JIAN XU KE [2013] No. 1436) and SSE ([2013] No. 103), the Company issued A Share Convertible Bonds with a par value of RMB26 billion on November 22, 2013, which were listed on SSE on December 9, 2013, short for "Ping An Convertible Bond" and its Stock Code is "113005".

The Company shall issue a total of 260,000,000 A Share Convertible Bonds with a nominal value of RMB100 each. The A Share Convertible Bonds have a term of six years from the date of the issuance, which commences from November 22, 2013 and ends on November 22, 2019. The A Share Convertible Bonds will bear a nominal interest at the rate of 0.8% in the first year, 1.0% in the second year, 1.2% in the third year, 1.8% in the fourth year, 2.2% in the fifth year, 2.6% in the sixth year and the conversion period will commence on the first trading day immediately following the expiry of six months after the date of the completion of the issuance of Convertible Bonds and end on the maturity date of the Convertible Bonds (May 23, 2014 to November 22, 2019) and the initial price is RMB41.33 per share.

The net amount of fund raised through A Share Convertible Bonds after being deducted issuance fee is RMB25,816,258,001.04, which will be used to supplement the Company's operation fund, so as to support the development of different businesses of the Group and for other purposes approved by CIRC (including but not limited to supplement Company's capital to enhance our ability of repayment upon receiving approval from CIRC).

Top ten owners of A Share convertible bonds at the end of reporting period

As at December 31, 2013, top ten owner of A Share convertible bonds at the end of reporting period are set out below:

Name of owner of A Share Convertible Bonds	Holding amount at the end of reporting period (RMB)	Percentage (%)
Shenzhen Investment Holdings Co., Ltd.	1,344,139,000	5.17
Industrial Bank Co., Ltd. – Xingquan Trend. Investment Mixed Securities Investment Fund	888,703,000	3.42
Linzhi New Horse Investment Development Co., Ltd	884,500,000	3.40
UBS AG	835,741,000	3.21
Huaxia Life Insurance Co., Ltd – Universal Life Insurance Products	823,896,000	3.17
International Finance – Standard Chartered – Government of Singapore Investment Corporation Pte Ltd.	712,413,000	2.74
China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002Hu	542,680,000	2.09
LI Li	462,702,000	1.78
China Pacific Insurance (Group) Co., Ltd. – Conventional – General Insurance Products	444,676,000	1.71
China Life Insurance Company Limited – Dividend – Group Dividend – 005L – FH001Hu	444,296,000	1.71

Guarantee of A Share Convertible Bonds

There is no guarantee of A Share Convertible Bonds.

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

As the date to convert the bonds begins at May 23, 2014 and ends at November 22, 2019, there is no bond being converted during reporting period.

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

Dagong Global Credit Rating Co., Ltd. has conducted credit ratings on the issuance of A Share Convertible Bonds and issued Credit Ratings Report on Issuance of A Share Convertible Corporate Bonds (including subordinated terms) for Public by Ping An Insurance (Group) Company of China, Ltd. in 2013 (Dagong Bao D [2013] No. 009), which confirmed that the credit rating of the A Share Convertible Bonds is AAA.

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

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

In addition, we have maintained a close relation with the major cooperative banks of our Company and peers. We are able to obtain financing through short-term borrowings, such as inter-bank lending/borrowing and reselling securities, as well as equity financing and debt financing through overseas capital market, which provide extra guarantee of repaying principal and interest of A Share Convertible Bonds on time.

INFORMATION 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 December 31, 2013, the following persons (other than the Directors or Supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under 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 under 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	No. of H/A Shares	Nature of interest	Percentage of total number of H/A Shares in issue (%)	Percentage of total shares in issue (%)
Charoen Pokphand Group Company Limited ("CP Group Ltd.")	H	Interest of controlled corporations	1,2	1,232,815,613	Long Position	39.39	15.57
				302,662,295	Short Position	9.67	3.82

CORPORATE GOVERNANCE

Changes in the Share Capital and Shareholders' Profile

Interests and short positions of other substantial shareholders

Name of substantial shareholder	H/A Shares	Capacity	Notes	No. 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	352,662,295	Long Position	11.27	4.45
Business Fortune Holdings Limited	H	Beneficial owner	1,2	246,563,123	Long Position	7.88	3.11
Bloom Fortune Group Limited	H	Beneficial owner	1,2	239,089,199	Long Position	7.64	3.02
JPMorgan Chase & Co.	H	Beneficial owner		80,924,694	Long Position	2.59	1.02
		Investment manager		120,545,276	Long Position	3.85	1.52
		Trustee		1,340	Long Position	0.00	0.00
		Custodian		121,208,945	Long Position	3.87	1.53
		Total:	3	322,680,255		10.31	4.08
		Beneficial owner	3	92,609,449	Short Position	2.96	1.17
UBS AG	H	Beneficial owner		245,121,763	Long Position	7.83	3.10
		Person having a security interest in shares		4,961,562	Long Position	0.16	0.06
		Interest of controlled corporations	4	58,598,567	Long Position	1.87	0.74
		Total:		308,681,892		9.86	3.90
		Beneficial owner		522,765,106	Short Position	16.70	6.60
		Interest of controlled corporations	4	652,000	Short Position	0.02	0.01
		Total:		523,417,106		16.72	6.61
Deutsche Bank Aktiengesellschaft	H	Beneficial owner		185,413,152	Long Position	5.92	2.34
		Person having a security interest in shares		2,691,883	Long Position	0.09	0.03
		Interest of controlled corporations	5	4,787,257	Long Position	0.15	0.06
		Custodian		2,143,300	Long Position	0.07	0.03
		Other		228,500	Long Position	0.01	0.00
		Total:		195,264,092		6.24	2.47
		Beneficial owner		164,724,080	Short Position	5.26	2.08
		Person having a security interest in shares		985,500	Short Position	0.03	0.01
		Total:		165,709,580		5.29	2.09
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		481,359,551	Long Position	10.06	6.08

Notes:

(1) All Gain Trading Limited, Easy Boom Developments Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited were indirect wholly-owned subsidiaries of CP Group Ltd. and their respective interests in 394,500,996 H shares (Long position), 352,662,295 H shares (Long position), 246,563,123 H shares (Long position) and 239,089,199 H shares (Long position) of the Company were deemed to be the interest of CP Group Ltd.. The entire interest of CP Group Ltd. in the Company included 302,662,295 H shares (Short position) which were held through derivatives, the category of which is through physically settled unlisted securities.

(2) All Gain Trading Limited, Easy Boom Developments Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited were wholly owned by Chia Tai Primrose Investment Limited, a wholly-owned subsidiary of Chia Tai Primrose Holdings Limited. Chia Tai Primrose Holdings Limited was wholly owned by Chia Tai Giant Far Limited, a wholly-owned subsidiary of Chia Tai Resources Holdings Limited. Chia Tai Resources Holdings Limited was a wholly-owned subsidiary of CPG Overseas Company Limited, which was in turn wholly owned by CP Group Ltd..

(3) JPMorgan Chase & Co. was deemed to be interested in a total of 322,680,255 H shares (Long position) and 92,609,449 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 131,266,875 H shares (Long position) in the Company.

(ii) J.P. Morgan Whitefriars Inc. held 36,362,153 H shares (Long position) and 25,021,959 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 was in turn wholly owned by JPMorgan Chase & Co..

(iii) J.P. Morgan Securities plc held 43,902,149 H shares (Long position) and 67,561,993 H shares (Short position) in the Company. J.P. Morgan Securities plc was a 99.31% 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 31,960,070 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 32,668,500 H shares (Long position) in the Company. JF Asset Management Limited was wholly owned by JPMorgan Asset Management (Asia) Inc. which was in turn wholly owned by JPMorgan Asset Management Holdings Inc. as referred to in (iv) above.

(vi) JPMorgan Asset Management (UK) Limited held 35,021,500 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 3,069,500 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 1,823,500 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 2,124,500 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 3,022,000 H shares (Long position) in the Company and was owned as to 49% 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 Clearing Corp held 620,898 H shares (Long position) in the Company. J.P.Morgan Clearing Corp was wholly owned by J.P.Morgan Securities LLC. J.P.Morgan Securities LLC was wholly owned by J.P.Morgan Broker-Dealer Holdings Inc. which was in turn wholly owned by JPMorgan Chase & Co..

(xii) JPMorgan Asset Management (Singapore) Limited held 645,500 H shares (Long position) in the Company and was wholly owned by JPMorgan Asset Management (Asia) Inc. as referred to in (v) above.

(xiii) JPMorgan Funds Management, Inc. held 153,616 H shares (Long position) in the Company and was wholly owned by JPMorgan Distribution Services, Inc. which in turn was a wholly-owned subsidiary of JPMorgan Chase & Co..

(xiv) J.P.Morgan Securities LLC held 39,494 H shares (Long position) and 25,497 H shares (Short position) in the Company. J.P.Morgan Securities LLC was a wholly- owned subsidiary of J.P.Morgan Broker-Dealer Holdings Inc. which was in turn wholly owned by JPMorgan Chase & Co..

The entire interest of JPMorgan Chase & Co. in the Company included a lending pool of 121,208,945 H shares (Long position). Besides, 56,625,396 H shares (Long position) and 92,509,449 H shares (Short position) were held through derivatives as follows:

8,046,046 H shares (Long position) and 3,268,500 H shares (Short position)	–	through physically settled listed securities
4,422,000 H shares (Long position) and 3,454,000 H shares (Short position)	–	through cash settled listed securities
6,550,965 H shares (Long position) and 5,336,712 H shares (Short position)	–	through physically settled unlisted securities
37,606,385 H shares (Long position) and 80,450,237 H shares (Short position)	–	through cash settled unlisted securities

(4) UBS AG was deemed to be interested in a total of 58,598,567 H shares (Long position) and 652,000 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 4,634,000 H shares (Long position) in the Company.

(ii) UBS Fund Services (Luxembourg) S.A. held 2,499,900 H shares (Long position) in the Company.

(iii) UBS Global Asset Management (Americas) Inc. held 6,345,500 H shares (Long position) in the Company.

(iv) UBS Global Asset Management (Australia) Ltd held 448,500 H shares (Long position) in the Company.

(v) UBS Global Asset Management (Canada) Inc. held 6,495,424 H shares (Long position) in the Company.

(vi) UBS Global Asset Management (Hong Kong) Limited held 3,624,635 H shares (Long position) and 652,000 H shares (Short position) in the Company.

(vii) UBS Global Asset Management (Japan) Ltd held 2,373,052 H shares (Long position) in the Company.

(viii) UBS Global Asset Management (Singapore) Ltd held 17,159,000 H shares (Long position) in the Company.

(ix) UBS Global Asset Management Trust Company held 824,000 H shares (Long position) in the Company.

(x) UBS Global Asset Management (UK) Ltd held 13,944,500 H shares (Long position) in the Company.

(xi) UBS Securities LLC held 3,614 H shares (Long position) in the Company.

(xii) UBS Financial Services Inc. held 942 H shares (Long position) in the Company.

(xiii) UBS Bank (Canada) held 15,500 H shares (Long position) in the Company.

(xiv) UBS Swiss Financial Advisers AG held 217, 500 H shares (Long position) in the Company.

(xv) UBS Global Asset Management (Deutschland) GmbH held 12, 500 H shares (Long position) in the Company.

Besides, 183,457,075 H shares (Long position) and 522,765,106 H shares (Short position) were held through derivatives as follows:

1,005,329 H shares (Long position) and 225,000 H shares (Short position)	–	through physically settled listed securities
1,127,550 H shares (Long position) and 1,216,350 H shares (Short position)	–	through cash settled listed securities
7,041,160 H shares (Long position) and 17,277,562 H shares (Short position)	–	through physically settled unlisted securities
174,283,036 H shares (Long position) and 504,046,194 H shares (Short position)	–	through cash settled unlisted securities

(5) Deutsche Bank Aktiengesellschaft was deemed to be interested in a total of 4,787,257 H shares (Long position) in the Company by virtue of its control over the following corporations:

(i) Deutsche Asset & Wealth Management Investment GmbH held 1,706,903 H shares (Long position) in the Company. Deutsche Asset & Wealth Management Investment GmbH was a wholly-owned subsidiary of DWS Holding & Service GmbH, which in turn was owned as to 49% by DB Capital Markets (Deutschland) GmbH and 51% by DB Finanz-Holding GmbH. Both DB Capital Markets (Deutschland) GmbH and DB Finanz-Holding GmbH were wholly owned by Deutsche Bank Aktiengesellschaft.

(ii) 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 as mentioned in (i) above.

(iii) DWS Investment S.A., Luxembourg held 1,658,497 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.

(iv) Abbey Life Assurance Company Limited held 296,000 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.

(v) Frankfurt-Trust Invest Luxemburg AG held 30,090 H shares (Long position) in the Company. Frankfurt-Trust Invest Luxemburg AG was a wholly-owned subsidiary of Frankfurt-Trust Investment GmbH, which in turn was wholly owned by BHF-Bank Aktiengesellschaft. BHF-Bank Aktiengesellschaft was a wholly-owned subsidiary of DB Value S.a r.l., which was in turn wholly owned by Deutsche Bank Aktiengesellschaft.

(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.

(vii) Deutsche Asset Management (Korea) Company Limited held 2,767 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.

The entire interests of Deutsche Bank Aktiengesellschaft in the Company included a lending pool of 2,143,300 H shares (Long position). Besides, 171,274,058 H shares (Long position) and 147,469,488 H shares (Short position) were held through derivatives as follows:

3,300,000 H shares (Long position) and 2,500,000 H shares (Short position)	–	through physically settled listed securities
135,100,988 H shares (Long position) and 135,460,988 H shares (Short position)	–	through physically settled unlisted securities
32,873,070 H shares (Long position) and 9,508,500 H shares (Short position)	–	through cash settled unlisted securities

Save as disclosed above, the Directors and Supervisors of the Company is not aware of any other person (other than the Directors and Supervisors of the Company) having any interest or short position in the shares and underlying shares of the Company as at December 31, 2013 which would fall to be disclosed to the Company under 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, Senior Management and Employees

BASIC INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Positions	Sex	Age	Appointment date
MA Mingzhe	Chairman and Chief Executive Officer	Male	58	2012.06-2015 election
SUN Jianyi	Vice Chairman and Executive Vice President	Male	61	2012.06-2015 election
REN Huichuan	Executive Director and President	Male	44	2012.07-2015 election
KU Man[1]	Executive Director, resigned Executive Vice President	Male	40	2012.07-2015 election
YAO Jason Bo	Executive Director, Senior Vice President, Chief Financial Officer and Chief Actuary	Male	43	2012.06-2015 election
LEE Yuansiong[2]	Executive Director and Senior Vice President	Male	48	2013.06-2015 election
FAN Mingchun	Vice Chairman (Non-executive Director)	Male	51	2012.06-2015 election
LIN Lijun	Non-executive Director	Female	51	2012.06-2015 election
LI Zhe	Non-executive Director	Female	44	2012.06-2015 election
Soopakij CHEARAVANONT[2]	Non-executive Director	Male	49	2013.06-2015 election

From left to right
Mr. LEE Yuansiong
Ms. IP So Lan
Mr. REN Huichuan
Ms. TAN Sin Yin
Mr. MA Mingzhe
Mr. CAO Shifan
Mr. SUN Jianyi
Mr. CHEN Kexiang
Mr. YAO Jason Bo

CORPORATE GOVERNANCE

Name	Positions	Sex	Age	Appointment date
YANG Xiaoping(2)	Non-executive Director	Male	49	2013.06-2015 election
LU Hua(2)	Non-executive Director	Male	49	2013.06-2015 election
TANG Yunwei	Independent Non-executive Director	Male	70	2012.06-2015 election
LEE Carmelo Ka Sze	Independent Non-executive Director	Male	53	2012.06-2015 election
WOO Ka Biu Jackson	Independent Non-executive Director	Male	51	2012.06-2015 election
Stephen Thomas MELDRUM	Independent Non-executive Director	Male	71	2012.07-2015 election
YIP Dicky Peter(2)	Independent Non-executive Director	Male	66	2013.06-2015 election
WONG Oscar Sai Hung(2)	Independent Non-executive Director	Male	58	2013.06-2015 election
SUN Dongdong(2)	Independent Non-executive Director	Male	54	2013.06-2015 election
ZHANG Hongyi(2)	retired Director	Male	68	2012.06-2013.06
CHEN Su(2)	retired Director	Male	56	2012.06-2013.06

Directors, Supervisors, Senior Management and Employees

Name	Positions	Sex	Age	Appointment date
XIA Liping(2)	retired Director	Male	76	2012.06-2013.06
NG Sing Yip(3)	resigned Director	Male	63	2012.06-2013.02
GUO Limin(2)	resigned Director	Male	51	2012.06-2013.06
GU Liji	Chairman of Supervisory Committee (Independent Supervisor)	Male	66	2012.07-2015 election
PENG Zhijian	Independent Supervisor	Male	65	2012.07-2015 election
LIN Li	Shareholder Representative Supervisor	Male	51	2012.07-2015 election
ZHANG Wangjin(4)	Shareholder Representative Supervisor	Female	34	2013.06-2015 election
SUN Jianping	Employee Representative Supervisor	Male	53	2012.07-2015 election
ZHAO Fujun	Employee Representative Supervisor	Male	48	2012.07-2015 election
PAN Zhongwu	Employee Representative Supervisor	Male	44	2012.07-2015 election
SUN Fuxin(4)	resigned Supervisor	Male	75	2012.07-2013.06
WANG Liping(5)	retired Senior Vice President	Female	57	2004.01-2014.01
CAO Shifan	Senior Vice President	Male	58	2007.04-
CHEN Kexiang	Senior Vice President	Male	56	2007.01-
IP So Lan	Senior Vice President	Female	57	2011.01-
Gregory D. GIBB(6)	retired Senior Vice President	Male	47	2011.12-2013.04
YAO Jun	Chief Legal Officer, Company secretary	Male	48	2008.10-
CHAN Tak Yin	Chief Investment Officer	Male	54	2012.08-
JIN Shaoliang	Secretary of the Board	Male	54	2012.02-

Notes: (1) Mr. Ku Man ceased to be the Executive Vice President of the Company from March 12, 2014.

(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) Owing to the share transfer arrangement between HSBC Insurance, HSBC and indirect wholly-owned subsidiaries of CP Group Ltd., Mr. Ng Sing Yip resigned as a Non-executive Director of the Company on February 4, 2013.

(4) 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.

(5) Ms. Wang Liping ceased to be the Senior Vice President of the Company from January 3, 2014.

(6) Mr. Gregory D. GIBB ceased to be the Senior Vice President of the Company from April 28, 2013.

MAJOR WORKING EXPERIENCES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND DETAILS OF THEIR PART-TIME JOBS

Directors

Executive Directors

MA Mingzhe, has been the Chief Executive Officer of the Company and Chairman of the Board of Directors since April 2001 and April 1994 respectively. Since the establishment of Shenzhen Ping An Insurance Company in March 1988, Mr. Ma has held various positions, including President, Director and Chairman of the Board of Directors, and has throughout been fully involved in the operation and management of the Company. Prior to that, Mr. Ma was the Deputy Manager of China Merchants Shekou Industrial Zone Social Insurance Company. Mr. Ma has a Doctorate degree in Money and Banking from Zhongnan University of Economics and Law (previously Zhongnan University of Economics).

SUN Jianyi, has been the Executive Vice President of the Company since October 1994. Mr. Sun has been serving as an Executive Director since March 1995 and serving as Vice Chairman of the Board of Directors since October 2008, respectively. Mr. Sun is also the Chairman of the Board of Directors of Ping An Bank which is a subsidiary of the Company, a Non-executive Director of China Vanke Co., Ltd. and China Insurance Security Fund Co., LTD., and an Independent Non-executive Director of Haichang Holdings Ltd.. Since joining the Company in July 1990, Mr. Sun has been the General Manager of the Management Department, Senior Vice President, Executive Vice President and Vice Chief Executive Officer. Prior to joining the Company, Mr. Sun was the Head of the Wuhan Branch of the PBOC, the Deputy General Manager of the Wuhan Branch Office of the People's Insurance Company of China and the General Manager of Wuhan Securities Company. Mr. Sun has a Diploma in Finance from Zhongnan University of Economics and Law (previously Zhongnan University of Economics).

REN Huichuan, has been an Executive Director of the Company since July 2012, and has been the President of the Company since March 2011. Mr. Ren joined the Company in 1992. He was the Senior Vice President of the Company between June 2010 and March 2011, Chief Insurance Business Officer between June 2010 and December 2010, the Chairman and CEO of Ping An Property & Casualty between April 2007 and May 2011, and was appointed as an Employee Representative Supervisor of the Company from March 2009 to March 2010. Before that, Mr. Ren had been the assistant to the President and Financial Director of the Company, the Assistant Director of the Development and Reform Center, Senior Vice President of Ping An Property & Casualty and the Assistant Manager of the Property & Casualty Insurance business of the Company. Mr. Ren holds an MBA degree from Peking University.

KU Man, has been an Executive Director of the Company since July 2012. Mr. Ku joined Ping An in 2000 and served as the assistant to the President, Senior Vice President and Executive Vice President of the Company successively from March 2008 to March 2014. Before that, Mr. Ku had been the Deputy Director of the Development and Reform Center of the Group, General Manager of the National Integrated Operating Center and the Group Operational Management Center, Deputy Chief Service & Operation Officer of the Group, etc.. Mr. Ku served as Chairman and CEO of Ping An Channel Development from November 2008 to April 2013, as Chairman of Ping An Processing & Technology from January 2010 to January 2014, and as the Non-executive Director of Ping An Bank from June 2010 to January 2014. Prior to joining the Company, Mr. Ku worked in Mckinsey & Company as a consultant. Mr. Ku has a Bachelor's degree in Business Administration from The Chinese University of Hong Kong.

Directors, Supervisors, Senior Management and Employees

YAO Jason Bo, has been an Executive Director of the Company since June 2009. Mr. Yao has been the Chief Financial Officer and Senior Vice President of the Company since April 2010 and June 2009, respectively, the Chief Actuary since October 2012, and has also been a Non-executive Director of Ping An Bank since June 2010. Mr. Yao joined the Company in May 2001, and served as the Financial Director of the Company from March 2008 to April 2010, the Chief Actuary from January 2007 to June 2010, the Deputy Financial Officer from February 2004 to January 2007, the General Manager of the Corporate Planning Department of the Company from February 2004 to February 2012, the Deputy Chief Actuary from December 2002 to January 2007 and the Deputy General Manager of the Product Centre of the Company from 2001 to 2002. Prior to that, Mr. Yao served in Deloitte Touche Tohmatsu as a Senior Manager and consulting actuary. Mr. Yao is a Fellow of the Society of Actuaries (FSA), and holds an MBA degree from New York University.

LEE Yuansiong, has been an Executive Director of the Company since June 2013, and has been the Senior Vice President and Chief Insurance Business Officer of the Company since January 2011. Mr. Lee is currently the Director of Ping An Property & Casualty, Ping An Life, Ping An Annuity and Ping An Health, the subsidiaries of the Company. Mr. Lee joined the Company in 2004 and served as the Special Assistant to the Chairman of Ping An Life from February 2004 to March 2005, President of Ping An Life from March 2005 to January 2010 and Chairman of Ping An Life from January 2007 to February 2012. Prior to that, Mr. Lee was a Senior Vice President of Prudential Taiwan Branch and the General Manager of Citi-Prudential, etc. Mr. Lee holds a Master's degree in Finance from The University of Cambridge.

Non-executive Directors

FAN Mingchun, has been a Non-executive Director of the Company since March 2012, and has been the Vice Chairman of the Company since April 2012. He is the Chairman of the Board of Directors and Secretary of Party Committee of Shenzhen Investment Holdings Co., Ltd.. Mr. Fan has been working and serving as the Deputy Director and the member of Party Group of Shenzhen Administration for Industry and Commerce (Shenzhen Pricing Administration) from June 1993 to August 2009. From August 2009 to January 2011, Mr. Fan was the Deputy Secretary to the Party Committee of Futian District, Shenzhen. Mr. Fan holds a Master's degree in Political Economics from Wuhan Institute of Water Transportation Engineering and an MBA degree from Peking University.

LIN Lijun, has been a Non-executive Director of the Company since May 2003 and is currently the Vice Chairman of the Labour Union of the Company. Ms. Lin served as the Chairman of the Board of Directors and President of Linzhi New House Investment Development Co. Ltd. from 2000 to 2013. Ms. Lin previously served as the Deputy General Manager of the Human Resources Department of Ping An Property & Casualty from 1997 to 2000. Ms. Lin has a Bachelor's degree in Chinese Language and Literature from South China Normal University.

LI Zhe, has been a Non-executive Director of the Company since June 2009. Ms. Li served in Fook Woo Group Holdings Limited as an Executive Director from April 2012 to October 2012 and served in Fook Woo Group Holdings Limited as a Non-executive Director from October 2012 to January 2013. Ms. Li has served in Guangdong Gain Law Firm as a lawyer from January 2007 to July 2011. Ms. Li served in Guangdong Sheng He Sheng Law Firm as a lawyer from May 2003 to December 2006, and headed the Legal Department in New World Infrastructure Limited from August 1998 to April 2003. She was an Advisor on PRC Laws for Victor Chu & Co., Callanty. T. HO & CO. and Anthony Chiang & Partners successively from August 1993 to July 1998. Ms. Li was a lawyer at Guangzhou Second International Economic Law Firm from July 1991 to July 1993. Ms. Li holds a Bachelor degree in Law from Sun Yat-sen University, a Bachelor degree in Law from Manchester Metropolitan University and an MBA degree from Murdoch University.

Soopakij CHEARAVANONT, has been a Non-executive Director of the Company since June 2013. Mr. Chearavanont is the Executive Vice Chairman of the CP Group, and at the same time has been an Executive Director and the Chairman of C.P. Lotus Corporation, an Executive Director and Vice Chairman of C.P. Pokphand Co. Ltd.. Mr. Chearavanont is also a Director of True Corporation Public Company Limited and CP ALL Public Company Limited (both listed in Thailand) and the Chairman of True Visions Public Company Limited based in Thailand. Mr. Chearavanont holds a Bachelor's degree in Science from the College of Business and Public Administration of New York University, USA.

YANG Xiaoping, has been a Non-executive Director of the Company since June 2013. Mr. Yang is currently the Vice President of the CP Group, an Executive Director and the Vice Chairman of C.P. Lotus Corporation, the Senior Vice Chairman of Chia Tai Group Agro-Industry and Food Business for China Area and a Non-executive Director of Tianjin Binhai Teda Logistics (Group) Corporation Limited. Previously, Mr. Yang acted as the Manager of Nichiyo Co., Ltd for China Division and the Chief Representative of Nichiyo Co., Ltd Beijing Office. Mr. Yang is also a Member of The Twelfth National Committee of Chinese People's Political Consultative Conference, the Vice President of the China Institute for Rural Studies of Tsinghua University, a Director of China NGO Network for International Exchanges, the Vice President of Beijing Association of Enterprises with Foreign Investment and an Adviser of Foreign Investment to Beijing Municipal Government. Mr. Yang holds a Bachelor's degree from Jiangxi Institute of Technology and has experience of studying in Japan.

LU Hua, has been a Non-executive Director of the Company since June 2013. Mr. Lu is currently the Chairman of the Board of Directors of Shum Yip Group Limited, Shum Yip Holdings Company Limited and Shenzhen Investment Limited, also a Director of Road King Infrastructure Limited. Mr. Lu held various positions from April 2009 to December 2012, including Secretary of Party Committee and Chairman of the Board of Directors in Shenzhen Shahe Industry (Group) Co., Ltd., Senior Vice President and President of Shum Yip Group Limited, etc., and was a Director of Shenzhen Gas Corporation Ltd. from April 2007 to September 2013 and a Non-executive Director of Coastal Greenland Limited from July 2011 to May 2012. Prior to that, Mr. Lu has served as the Chairman of Shahe Industrial Co., Ltd., Chairman and Secretary of Party Committee of Shenzhen Shahe Group Co., Ltd. and General Manager of Shenzhen Property Development Company Ltd.. Mr. Lu holds a Doctorate degree in Political Economics from Nankai University and a Master's degree in Finance from University of Reading in UK.

Independent Non-executive Directors

TANG Yunwei, has been an Independent Non-executive Director of the Company since June 2009. Mr. Tang served in Ernst & Young Da Hua as a Senior Consultant from December 2006 to December 2008, and served as a Chief Accountant in Shanghai Dahua and Ernst & Young Da Hua respectively from January 2000 to December 2006. He was a Senior Researcher in the International Accounting Standards Committee from March 1999 to January 2000. Mr. Tang had been the Chairman of Shanghai Accounting Association, and had been a Lecturer, Vice Professor, Assistant to the President, Professor, Vice President and President of Shanghai University of Finance and Economics. Mr. Tang is currently an honorary member of the Association of Chartered Certified Accountants in the United Kingdom, a Distinguished International Visiting Professor of American Accounting Association and an Honorary Professor of Hong Kong University and City University of Hong Kong. Mr. Tang is a member of China Accounting Standards Committee and Audit Standards Committee of Ministry of Finance. Mr. Tang holds a Doctorate degree in Accountancy received from Shanghai University of Finance and Economics. Mr. Tang is the founder of the Professors' Association of Accounting in PRC.

Directors, Supervisors, Senior Management and Employees

LEE Carmelo Ka Sze, has been an Independent Non-executive Director of the Company since June 2009. Mr. Lee joined Woo, Kwan, Lee & Lo in 1983, obtained qualifications to practise as a solicitor in Hong Kong in 1985 and became a partner of Woo, Kwan, Lee & Lo in 1989. Mr. Lee is currently also a Non-executive Director of each of Hopewell Holdings Limited, CSPC Pharmaceutical Group Limited, Yugang International Limited, Y.T. Realty Group Limited, Safety Godown Company Limited and Termbray Industries International (Holdings) Limited, and an Independent Non-Executive Director of KWG Property Holding Limited and Esprit Holding Limited, all of the above are companies listed on the HKEx. In addition, Mr. Lee has been the Chairman of the Listing Committee of the HKEx since 2012. Mr. Lee also serves as a member of SFC (HKEx Listing) Committee, a member of the Disciplinary Group of The Hong Kong Institute of Certified Public Accountants, a member of SFC Dual Filing Advisory Group of Securities and Futures Commission, a campaign committee member of The Community Chest of Hong Kong and a Co-chairman of Corporate Challenge Half Marathon of Community Chest. Mr. Lee was a member of the Main Board Listing Committee of the HKEx from 2000 to 2003 and was a Deputy Chairman of the Main Board Listing Committee of the HKEx from 2009 to 2012. Mr. Lee received a Bachelor's degree in Laws from The University of Hong Kong. He is qualified as a solicitor in Hong Kong, England and Wales, Singapore and Australian Capital Territory.

WOO Ka Biu Jackson, has been an Independent Non-executive Director of the Company since July 2011, and is currently a Director of Kailey and Fong Fun Group of Companies, an Independent Non-executive Director of Henderson Land Development Company Limited and an Alternate Director to Sir Po Shing Woo as Non-executive Director of Sun Hun Kai Properties Limited. Mr. Woo was a partner of Ashurst Hong Kong, a Director and co-Head of Investment Banking (Greater China) of N M Rothschild & Sons (Hong Kong) Limited, and also was an Alternate Director to Sir Po Shing Woo, a former Non-executive Director of Henderson Investment Limited and Henderson Land Development Company Limited. Prior to that, Mr. Woo was a partner in the corporate finance department of Woo, Kwan, Lee & Lo. In January 2008, Mr. Woo was awarded 2008 World Outstanding Chinese Award by the United World Chinese Association and Honorary Doctorate Degree from the University of West Alabama. He is also an Honorary Director of Tsinghua University, a China-appointed Attesting Officer appointed by the Ministry of Justice, PRC and a Practising Solicitor Member on the panel of the Solicitors' Disciplinary Tribunal in the Hong Kong Special Administrative Region. Mr. Woo holds a Master degree in Jurisprudence from Oxford University and is qualified as a solicitor in Hong Kong, England and Wales and Australian Capital Territory.

Stephen Thomas MELDRUM, has been an Independent Non-executive Director of the Company since July 2012. Mr. Meldrum has been an independent member of the insurance audit committee (an advisory committee) of HSBC Holdings from 2008 to March 2012. From January 2007 to January 2009, Mr. Meldrum was the Consultant to Chief Actuary of the Company. From February 2003 to January 2007, Mr. Meldrum was the assistant to the President and Chief Actuary of the Company. From 1999 to 2003, Mr. Meldrum served as the Chief Actuary of the Company. From 1995 to 1998, Mr. Meldrum was an assistant to the President and the Director of International Strategies of Lincoln National, Fort Wayne USA and International Development, respectively. From 1986 to 1995, Mr. Meldrum worked at Lincoln National (UK) plc., and his position was the Investment Director. From 1969 to 1986, Mr. Meldrum served as the Appointed Actuary, Finance Director and Chairman of Mortgage Lender of ILI (UK), Cannon Assurance, Cannon Lincoln and Lincoln National (UK) respectively. Mr. Meldrum has a Master's degree in Computer Science from the University of London and a Master's degree in Mathematics from the University of Cambridge.

YIP Dicky Peter, has been an Independent Non-executive Director of the Company since June 2013, is currently the Independent Non-executive Director of Sun Hung Kai Properties Limited, South China (China) Limited and DBS Bank (Hong Kong) Limited, respectively. Mr. Yip joined HSBC in 1965, and served as a Chief Executive of China Business at HSBC's Area Office China from January 2003 to May 2005, a General Manager of HSBC from April 2005 to June 2012, and served as an Executive Vice President of Bank of Communications Co., Ltd. from May 2005 to June 2012. Mr. Yip also served as the Director of the Company and the Original Ping An Bank from November 2002 to May 2005. Besides, he had served in many consultative boards including the Aviation Advisory Board, Arts Development Council and the Urban Renewal Authority, and is currently a Council Member of the Hong Kong Committee of UNICEF. Mr. Yip holds an MBA degree from University of Hong Kong. Mr. Yip is an elected associated member of Chartered Institute of Bankers, London, and has a Certified Financial Planner certificate issued by the Institute of Financial Planners of Hong Kong and a Certified Financial Management Planner certificate issued by Hong Kong Institute of Bankers.

WONG Oscar Sai Hung, has been an Independent Non-executive Director of the Company since June 2013, currently serves as the Chairman of LW Asset Management Advisors Limited, the Vice Chairman of China Bio-Med Regeneration Technology Limited, also an Independent Non-executive Director of the Hong Kong Exchanges and Clearing Limited. Mr. Wong was a Director and Chief Executive Officer of ICBC (Asia) Investment Management Company Limited from September 2008 to December 2011, and was an Independent Non-executive Director of ARN Investment SICAV (listed on the Luxembourg Stock Exchange). Prior to that, Mr. Wong was the Director and Chief Executive of BOCI-Prudential Asset Management Limited and Prudential Portfolio Managers Asia Limited, and he also was the Non-executive Director of the ARN Asian Enterprise Fund Limited (formerly listed on the Irish Stock Exchange). Mr. Wong holds a Higher Diploma in Business Studies (Marketing) from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University).

SUN Dongdong, has been an Independent Non-executive Director of the Company since June 2013, currently serves as a professor of Law School in Peking University, and the director of Peking University Health Law Research Center. Mr. Sun is also a deputy director of the Social Legal Work Committee of Chinese Peasants' and Workers' Democratic Party, standing director of Chinese Health Law Society and China Law Society Research Center of the Law of Protection of the Rights and Interests of Consumers, and an expert of the Health Insurance Experts Committee under Insurance Association of China and China Medical Doctor Association. Mr. Sun graduated with a degree of Medical Science from Beijing Medical College (now known as Peking University Health Science Center).

Supervisors

GU Liji, has been an Independent Supervisor and the Chairman of Supervisory Committee of the Company since June 2009. Since retirement, Mr. Gu has been an Independent Director of Shenzhen Changhong Technology Co., Ltd. and a Director of ERGO China Life Insurance Co., Ltd., and has been an Outside Director of Xiang Tan Electric Manufacturing Group Co., Ltd (XEMC) since March 2011 and was an Executive Director of China Merchants Technology Holdings Co., Ltd. and China Merchants Technology Investment Co., Ltd. (Shenzhen) from November 2008 to October 2010. Before retirement in October 2008, Mr. Gu had served as the Managing Director of China International Marine Containers Co., Ltd., the Chairman and President of China Merchants Shekou Port Services Co., Ltd., the Vice Chairman of the Company, a Director of China Merchants Bank and China Merchants Group Ltd., the Managing Director of China Merchants Shekou Industrial Zone Co., Ltd., Hoi Tung Marine Machinery Suppliers Limited (Hong Kong) and China Merchants Technology Group respectively, and the Chairman of China Merchants Technology Holdings Co., Ltd. Mr. Gu is also an expert on Applicable Electronics of Shenzhen Expert Association. Mr. Gu has obtained the Advanced Management Program AMP (151) certificate from the Harvard Business School of the United States. Mr. Gu also holds a Master degree in Engineering from Management Science Department of University of Science and Technology of China and a Bachelor's degree in Engineering from Tsinghua University.

PENG Zhijian, has been an Independent Supervisor of the Company since June 2009. Mr. Peng is also an Independent Supervisor of China Merchants Bank Co., Ltd. and an Independent Non-executive Director of Dong Guan Trust Co., Ltd.. Mr. Peng started his working career in 1969, and had consecutively served as the Deputy Governor, Governor and Party Committee Secretary of PBOC Guangxi Regional Branch since June 1988, had consecutively served as the Deputy Party Committee Secretary and Deputy Governor of PBOC Guangzhou Regional Branch, the Governor of PBOC Shenzhen Central Branch, the Party Secretary and Governor of PBOC Wuhan Regional Branch and the Head of the State Administration of Foreign Exchange Hubei Bureau, the Party Committee Secretary and Governor of Guangdong Regulatory Bureau of CBRC since November 1998, and had served as the Executive Commissioner of People's Political Consultative Conference Standing Committee of Guangdong Province, the Deputy Director of the Economic Committee for People's Political Consultative Conference of Guangdong Province from 2008 to 2012. Mr. Peng also served as an Executive Director of the Congress of the Chinese Monetary Society and the General Assembly of the Institute of Chinese Money. Mr. Peng graduated from a full-time course on Finance from Zhengzhou University and holds a Postgraduate degree in Financial Investment from Guangxi Normal University.

LIN Li, has been a Shareholder Representative Supervisor of the Company since July 2012. Mr. Lin is currently the Chairman of Shenzhen Liye Group Co., Ltd. and the deputy to the fifth National People's Congress of Shenzhen. Mr. Lin is the vice president of China Association of Small and Medium Enterprises and Shenzhen Federation of Industry & Commerce; he is also the executive vice president of Shenzhen Chamber of Investment and the vice chairman of Shenzhen Homocentric Club. Prior to joining Shenzhen Liye Group Co., Ltd., Mr. Lin served in Shenzhen Branch of Bank of China, Shenzhen Zhonghua Trading Company, Heyuan Branch of PBOC and Agricultural Bank of China. Mr. Lin graduated from Hubei Polytechnic University in Finance and Accounting and holds a Doctorate degree from Inter American University.

ZHANG Wangjin, has been a Shareholder Representative Supervisor of the Company since June 2013. Ms. Zhang is currently the Managing Director of CPG Overseas Company Limited (Hong Kong). Before joining CPG Overseas Company Limited (Hong Kong), Ms. Zhang worked in the Audit Department of PricewaterhouseCoopers CPA and the M&A and Restructuring Department of Deloitte & Touche Financial Advisory Services Limited. Ms. Zhang is a member of CPA Australia. Ms. Zhang holds a Bachelor's degree in Accounting from University of International Business and Economics and has obtained an EMBA degree from Guanghua School of Management of Peking University.

SUN Jianping, has been an Employee Representative Supervisor of the Company since March 2010. Mr. Sun currently serves as Chairman and CEO of Ping An Property & Casualty. Mr. Sun joined the Company in 1988 and held various positions such as Assistant Manager and Vice President of Ping An Property & Casualty. Mr. Sun has a Bachelor's degree in Engineering from Huazhong College of Engineering (currently Huazhong University of Science and Technology) and a Master's degree in Economics from Zhongnan University of Economics and Law.

ZHAO Fujun, has been an Employee Representative Supervisor of the Company since July 2012. Mr. Zhao is currently the Vice President of Ping An Life, President of Central and Western Region Business Department of Ping An Life, the Secretary to the Party Committee of Ping An Life and the member of the Party Committee of the Company. Since Mr. Zhao joined the Group in 1992, he served as the Assistant to the President of Dalian Branch of Ping An Life, the Vice President of Heilongjiang Branch of Ping An Life and the President of Shenzhen Branch of Ping An Life. Mr. Zhao holds a Bachelor's degree in Political Economy from Shanghai University of Finance and Economics.

PAN Zhongwu, has been an Employee Representative Supervisor of the Company since July 2012. Mr. Pan is currently the Deputy Director of the Group Office. Mr. Pan joined the Group in July 1995 and served in the Office of Comprehensive Management Department of Ping An Property & Casualty and the Group Office successively. Mr. Pan holds a Master's degree in Finance and Insurance from Wuhan University.

Senior Management

See "Executive Directors" for working experiences, positions and part-time jobs of Mr. Ma Mingzhe, Mr. Sun Jianyi, Mr. Ren Huichuan, Mr. Yao Jason Bo and Mr. Lee Yuansiong.

CAO Shifan, has been the Senior Vice President of the Company since April 2007. Mr. Cao joined our Company in November 1991. From March 2004 to April 2007, he was the Chairman of Ping An Property & Casualty. From December 2002 to April 2007, he served as the Chief Executive Officer of Ping An Property & Casualty. From December 2002 to June 2005, he was President of Ping An Property & Casualty. From April to December 2002, he was Senior Vice President of Ping An Insurance Company of China. Ltd. Mr. Cao has a Master's degree in Economics from Zhongnan University of Economics and Law (previously Zhongnan University of Economics).

CHEN Kexiang, has been the Senior Vice President of the Company since January 2007. Mr. Chen joined our Company in December 1992. From February 2003 to January 2007, Mr. Chen served as Vice President of the Company. From June 2002 to May 2006, he served as General Secretary of the Board of the Company, and General Manager of the General Office from June 2002 to April 2007. From 1999 to 2002, Mr. Chen served as Senior Vice President and then President of Ping An Trust. From 1996 to 1999, Mr. Chen served as the Deputy Director and Director of the General Office of our Company. From 1995 to 1996, Mr. Chen served as the President of Ping An Building Management Company. From 1993 to 1995, he served as the Assistant Director and Deputy Director of the General office of the Parent Company. Mr. Chen has a Master's degree in Finance from Zhongnan University of Economics and Law (formerly known as Zhongnan University of Economics).

IP So Lan, has been the Senior Vice President of the Company since January 2011, and the Chief Internal Auditor, Person-in-charge of Auditing and Compliance Officer since March 2006, March 2008 and July 2010, respectively. Ms. Ip joined the Company in 2004 and was the Vice President of Ping An Life from February 2004 to March 2006, the Vice President of the Company from March 2006 to January 2011. Ms. Ip has been the Non-executive Director of Director of Ping An Bank (Original SDB) since June 2010. Ms. Ip had previously worked with AIA and Prudential Hong Kong etc. She holds a Bachelor's Degree in Computing from the Polytechnic of Central London.

Directors, Supervisors, Senior Management and Employees

YAO Jun, has been the Chief Legal Officer and Company Secretary since September 2003 and May 2008, respectively. He has been appointed as the general manager of the Legal Department of the Company since April 2007. Between October 2008 and February 2012, he was the Secretary of the Board of the Company and the Joint Secretary of the Company from June 2004 to May 2008. Mr. Yao joined the Company in September 2003, before that, he was a partner of Commerce & Finance Law Offices. Mr. Yao is a fellow of FCIS and FCS. He holds a Master's degree in Civil and Commercial Law from Peking University and a Doctorate degree in Legal Sociology from Huazhong University of Science and Technology.

CHAN Tak Yin, has been the Chief Investment Officer of the Company since August 2012 and the Chairman of Ping An of China Asset Management (Hong Kong) since January 2009. Mr. Chan is also a Non-executive Director of Yunnan Baiyao Group Co., Ltd. Mr. Chan joined Ping An in 2005 and was subsequently appointed as the Deputy Chief Investment Officer of the Company as well as the Chairman and CEO of Ping An Asset Management Prior to this, he held the posts of fund manager, investment director, chief investment director and managing director in BNP Paribas Asset Management SAS, Barclays Investment Management Company, SHK Fund Management Limited and Standard Chartered Investment Management Company, respectively. Mr. Chan graduated from the University of Hong Kong with a Bachelor's Degree in Arts.

JIN Shaoliang, has been the Secretary of the Board of the Company since February 2012. Mr. Jin has been Director of the Board Office and Investor Relations Officer of the Company, respectively since March 2007 and June 2004, and has also been appointed as a non-executive director of Ageas Insurance International N.V. from April 2009. Mr. Jin has successively held different positions of the Company since he joined Ping An in September 1992, including General Manager of Re-insurance Department, Director of the General Actuary Office and Assistant General Manager of Strategy Development Office. Mr. Jin has Master's degrees in Management of Commercial Enterprises and Marine Engineering, respectively from Norwegian Institute of Technology.

Chief Actuary

See "Executive Directors" for the working experiences, positions and part-time jobs of Mr. Yao Jason Bo.

Company Secretary

See "Senior Management" for the working experiences, positions and part-time jobs of Mr. Yao Jun.

POSITIONS HELD IN SHAREHOLDERS' COMPANIES BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Name of shareholder' s company	Position	Period of engagement
LIN Lijun	Linzhi New Horse Investment Development Co. Ltd.	President	June 2012-October 2013
FAN Mingchun	Shenzhen Investment Holdings Co., Ltd.	Chairman	January 2011-
LU Hua	Shum Yip Group Limited	Chairman	April 2012-
LIN Li	Shenzhen Liye Group Co., Ltd	Chairman	May 1995-

For details of the other engagements information of Directors, Supervisors and Senior Management in non-shareholders' companies outside the Group, please refer to "Major working experiences of Directors, Supervisors and Senior Management and details of their part-time jobs".

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

1. 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.

2. Owing to the share transfer arrangement between HSBC Insurance, HSBC and indirect wholly-owned subsidiaries of CP Group Ltd., Mr. Ng Sing Yip resigned as a Non-executive Director of the Company on February 4, 2013.

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. Ku Man ceased to be the Executive Vice President of the Company from March 12, 2014.

5. Ms. Wang Liping ceased to be the Senior Vice President of the Company from January 3, 2014.

6. Mr. Gregory D. GIBB ceased to be the Senior Vice President of the Company from April 28, 2013.

Directors, Supervisors, Senior Management and Employees

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

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. Sun Jianyi, the Vice Chairman of the Company, was appointed as the Independent Non-executive Director of Haichang Holdings Ltd. in February 2014.

3. Mr. Ku Man, the Executive Director of the Company, no longer served as the Chairman and Chief Executive Officer of Ping An Channel Development since April 2013, no longer served as the Chairman of Ping An Processing & Technology and the Non-executive Director of Ping An Bank since January 2014.

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

5. Ms. Lin Lijun, the Non-executive Director of the Company, no longer served as the President of Linzhi New Horse Investment Development Co., Ltd. since October 2013.

6. Mr. Lee Ka Sze Carmelo, the Independent Non-executive Director of the Company, was appointed as the Independent Non-executive Director of Esprit Holding Limited in July 2013.

7. Mr. Wong Oscar Sai Hung, the Independent Non-executive Director of the Company, no longer served as the Independent Non-executive Director of ARN Investment SICAV since January 2014.

8. Mr. Gu Liji, the Chairman of the Supervisory committee, was appointed as an Independent Director of Shenzhen Changhong Technology Co., Ltd. and a Director of ERGO China Insurance Co., Ltd..

9. Mr. Lin Li, the Shareholder Representative Supervisor of the Company, was appointed as the Vice Chairman of Shenzhen Homocentric Club in September 2013.

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 December 31, 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 Concerning the Contents and Formats of Information Disclosure by Listed Companies No. 2 – The Contents and Formats of Annual Report (Revised in 2012)" 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 (%)
Ma Mingzhe	Chairman, Chief Executive Officer	Interest of his spouse	H	10,000	10,000	-	-	Long position	0.00032	0.00013
Sun Jianyi	Vice Chairman and Executive Vice President	Beneficial Owner	A	1,898,280	1,898,280	-	-	Long position	0.03966	0.02398
Ren Huichuan	Executive Director and President	Beneficial owner	A	100,000	100,000	-	-	Long position	0.00209	0.00126
Yao Jason Bo	Executive Director, Senior Vice President, Chief Financial Officer and Chief Actuary	Beneficial owner	H	12,000	12,000	-	-	Long position	0.00038	0.00015
		Interest of his spouse	H	0	12,000	+12,000	Acquisition	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	A	78,829,088	73,019,013	-5,810,075	Disposal	Long position	1.52555	0.92241
Zhao Fujun	Employee Representative Supervisor	Interest of his spouse	A	1,700	1,700	-	-	Long position	0.00004	0.00002
Jin Shaoliang	Secretary of the Board	Beneficial Owner	H	0	10,000	+10,000	Acquisition	Long position	0.00032	0.00013

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	Number of shares held at the end of the period	Change	Reason for the change	Nature of interest	Percentage of total issued shares (%)
Sun Jianping	Employee Representative Supervisor	PAB	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.

Directors, Supervisors, Senior Management and Employees

Changes in the Number of Share Options and Restricted Shares Granted

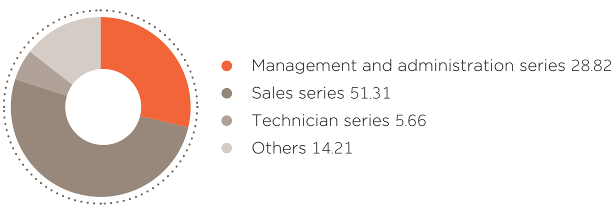
During the reporting period, there were no share options held by the Directors, Supervisors and Senior Management of the Company on job presently and those who resigned during the reporting period, nor were there restricted shares granted.

Save as disclosed above, as at December 31, 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.

NUMBER OF STAFF, PROFESSIONAL QUALIFICATION AND EDUCATION BACKGROUND

As at December 31, 2013, the Company had a total of 203,366 active staff, of which 58,600 were management and administration personnel, representing 28.82%; 104,357 were sales personnel, representing 51.31%; 11,520 were technician personnel, representing 5.66% and other personnel 28,889, representing 14.21%. Among all the staff, 9,822 hold doctorate or master's degree, representing 4.83%; 98,553 hold bachelor's degree, representing 48.46%; 67,517 attained college education, representing 33.20% and 27,474 with other qualification, representing 13.51%.

By profession structure
(%)



By degree
(%)

STAFF TRAINING PROGRAM

Ping An has always placed a high value on the nurturing of talent and has constantly devoted its resources to establishing and operating its training system. The core objective of the program is to carry out the Company's strategy and development of talent, with its mission of "turning knowledge into value". The Ping An School of Financial Services is in charge of management skills and occupational skills training while the training departments of the Group's subsidiaries (including branches and sub-branches) are responsible for professional skills and sales technique training as well as the implementation of occupational skills training.

In 2013, the Ping An School of Financial Services coordinated the overall training system and established training courses for all staff tailored to their designation and role. This allowed staff members to check out suitable courses for themselves and their subordinates in the HR management system, which explains the applicable training resources they may access in their different stages of career development.

In 2013, the Group continued to optimize its training operations with an equal emphasis put on face-to-face instruction and online training. The number of the Group's face-to-face courses reached 326. In 2013, the Ping An School of Financial Services conducted 1,890 face-to-face training sessions across the country with training up to 54,766 person-times. Training coverage for personnel who were senior managers and above was 73.48%. The Group established 211 new online courses, increasing the total to 1,463 and consistently promoted learning to all staff. The average number of online courses completed per staff member was 7. In 2013, the Group established a new distant learning mode of "on-the-job learning + home-study". In 2014, plans will be made to promote mobile learning to further enhance the learning experience of all staff.

Corporate Governance Report

The board of directors of the Company ("Board") is pleased to report to the shareholders on the corporate governance of the Company for the year ended December 31, 2013 ("Reporting Period").

CORPORATE GOVERNANCE

During the Reporting Period, the Company has been engaged in ongoing efforts to carry out the corporate governance activities and improve its corporate governance structure in strict compliance with the Company Law of PRC and the Securities Law of PRC as well as the relevant laws and regulations promulgated by the regulatory authorities and principles set out in the Corporate Governance Code, with de facto conditions of the Company taken into account. The general meeting, the Board, the supervisory committee of the Company ("Supervisory Committee") and senior management have been performing their duties and responsibilities conferred by the Articles of Association separately; the internal control system of the Company is complete and effective; the Company disclosed relevant information in a truthful, accurate and complete manner, with no report of breach of laws and regulations during the Reporting Period.

During the Reporting Period, the corporate governance of the Company is described as follows:

Shareholders and the General Meetings

During the Reporting Period, the Company convened the 2012 Annual General Meeting and one Extraordinary General Meeting. The notice, convocation and procedures for convening and voting at the general meetings have complied with the requirements of the Company Law of PRC and the Articles of Association. The general meetings established and expanded effective channels for communication between the Company and the shareholders, and through listening to their opinions and advices, their information rights, participation rights and voting rights on the significant events of the Company can be ensured.

The Annual General Meeting

The Company held its Annual General Meeting of 2012 by way of both onsite voting and online voting on May 10, 2013 in Shenzhen, at which the following reports and resolutions were considered and passed: the 2012 Report of the Board of the Company, the 2012 Report of the Supervisory Committee of the Company, the 2012 Annual Report of the Company and its Summary, the 2012 Report of Final Accounts of the Company, the 2012 Profit Distribution Proposal of the Company, the Resolution on Appointment of the Company's Auditors for 2013, the Resolution on Election of Directors, the Resolution on Election of Supervisor, the Resolution on Payment of Working Allowance to the Independent Directors of the Company, the Resolution on Payment of Working Allowance to the Independent Supervisors of the Company and the Resolution in relation to the Utilization Report on the Proceeds from the Previous Fund Raising Activity. The shareholders also reviewed the Performance Report of the Directors of the Company for the year 2012, the Performance Report of the Independent Directors of the Company for the year 2012 and the Report on Connected Transactions and Implementation of Management System of Connected Transactions of the Company for the year 2012.

The Extraordinary General Meeting

The First Extraordinary General Meeting

The Company held its First Extraordinary General Meeting of 2013 by way of both onsite voting and online voting on February 5, 2013 in Shenzhen, at which the following resolutions were considered and passed: the Resolution in relation to Renewal of the Grant of the General Mandate on Issuance of New Shares to the Board and the Resolution 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).

The relevant announcements regarding the resolutions of the above-mentioned general meetings were published on Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily and the website of SSE (www.sse.com.cn) on February 6, 2013 and May 11, 2013. The voting results announcements have also been published on the website of HKEx (www.hkexnews.hk) on the same date of the above general meetings.

Attendance of Directors at the General Meetings

During the Reporting Period, the Directors have been doing their best to participate in general meetings in person and have actively developed a balanced understanding of the views of shareholders. The attendance records of each Director at the general meetings are as follows:

Members	Date of appointment as Directors	General Meetings attended in person/General Meetings required to attend [3]	% of attendance in person
Executive Directors			
MA Mingzhe (Chairman)	March 21, 1988	2/2	100%
SUN Jianyi	March 29, 1995	1/2	50%
REN Huichuan	July 17, 2012	2/2	100%
KU Man	July 17, 2012	2/2	100%
YAO Jason Bo	June 9, 2009	2/2	100%
Lee Yuansiong[1]	June 17, 2013	0/0	–
Non-executive Directors			
FAN Mingchun	March 8, 2012	0/2	0%
LIN Lijun	May 16, 2003	0/2	0%
LI Zhe	June 9, 2009	0/2	0%
Soopakij CHEARAVANONT[1]	June 17, 2013	0/0	–
YANG Xiaoping[1]	June 17, 2013	0/0	–
LU Hua[1]	June 17, 2013	0/0	–
NG Sing Yip (resigned on February 4, 2013)[2]	May 25, 2006	0/0	–
GUO Limin (resigned on June 17, 2013)[1]	February 11, 2010	0/2	0%
Independent Non-executive Directors			
TANG Yunwei	June 9, 2009	0/2	0%
LEE Carmelo Ka Sze	June 9, 2009	1/2	50%
WOO Ka Biu Jackson	July 22, 2011	2/2	100%
Stephen Thomas MELDRUM	July 17, 2012	1/2	50%
YIP Dicky Peter[1]	June 17, 2013	0/0	–
WONG Oscar Sai Hung[1]	June 17, 2013	0/0	–
SUN Dongdong[1]	June 17, 2013	0/0	–
ZHANG Hongyi (retired on June 17, 2013)[1]	March 19, 2007	1/2	50%
CHEN Su (retired on June 17, 2013)[1]	March 19, 2007	0/2	0%
XIA Liping (retired on June 17, 2013)[1]	June 7, 2007	0/2	0%

(1) 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 of the Company expired, they tendered their resignations as Independent Non-executive Directors of the Company in March 2013. The resolutions regarding the appointment 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 appointment 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 Annual General Meeting of 2012 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 appointment of the aforementioned Directors and the resignations of Mr. Zhang Hongyi, Mr. Chen Su, Mr. Xia Liping and Mr. Guo Limin became effective.

(2) Owing to the share transfer arrangement between HSBC Insurance, HSBC and the indirect wholly-owned subsidiaries of CP Group Ltd., Mr. Ng Sing Yip resigned as a Non-executive Director of the Company on February 4, 2013.

(3) Some Directors did not attend certain general meetings due to business reasons or being abroad.

Shareholders' Rights

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at general meetings will be voted by poll and the poll results will be posted on the websites of HKEx, SSE and the Company after the relevant general meetings.

Extraordinary general meetings may be convened on written requisition of shareholder(s) individually or jointly holding 10% or more of the Company's issued and outstanding shares carrying voting rights pursuant to Article 72(3) of the Articles of Association. Such requisition shall state clearly the matters required to be considered and approved at the general meetings and must be signed by the requisitionists and submitted to the Board in written form. Shareholders should follow the requirements and procedures as set out in the Articles of Association for convening an extraordinary general meeting.

In addition, the shareholder(s) individually or collectively holding 3% or more of the Company's issued and outstanding shares carrying voting rights may submit a written interim proposal to the convener 10 days before the date of the general meeting pursuant to Article 75 of the Articles of Association.

For putting forward any enquiries as set out in Article 58(5) of the Articles of Association, shareholders may send their enquiries or requests in respect of their rights as mentioned above to the Company's IR Team or via email to IR@pingan.com.cn. Shareholders who want to examine the relevant information shall provide the Company with the written identification documents pursuant to Article 59 of the Articles of Association. The Company shall provide the relevant information after having verified the identity of the shareholder.

Directors, Board and Specialized Committees under the Board

Directors

As at December 31, 2013, the Board consists of 19 members, among whom there were 6 Executive Directors, 6 Non-executive Directors and 7 Independent Non-executive Directors, and the profile of each Director has been included in the section headed "Directors, Supervisors, Senior Management and Employees" of this Annual Report. The number of Directors and composition of the Board are in compliance with the regulatory requirements and provisions of the Articles of Association. As provided in the Articles of Association, Directors should be elected at the general meeting with a term of 3 years, and are eligible for re-election upon expiry of the term, however, the Independent Non-executive Directors should not hold office for more than 6 consecutive years.

Continuous Professional Development of the Directors

All Directors of the Company have received Service Manual for the Performance of Duties upon appointment, so as to ensure their understanding of the business and operations of the Group and their responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Service Manual for the Performance of Duties will be updated regularly.

The Company also provided information such as updated statutory and regulatory regime and the business and market changes to all Directors to facilitate the performance of their responsibilities and obligations under the Listing Rules and relevant statutory requirements.

During the Reporting Period, under the arrangement of the Company, all Directors of the Company actively participated in continuous professional development, by attending external training or seminars, attending in-house training or reading materials on various topics, to develop and refresh their knowledge and skills, which ensure that their contribution to the Board remains informed and relevant. The Directors have provided a record of training to the Company.

All Directors of the Company as at December 31, 2013 attended the professional training with the topics covering corporate governance, regulations and the Company's business; in addition, Mr. Lee Carmelo Ka Sze and Mr. Wong Oscar Sai Hung attended the professional training with the topics covering laws and regulations, and Mr. Woo Ka Biu Jackson attended the professional training related to laws, regulations and finance.

Board

The Board is responsible for the management of the Company and accountable to the shareholders for their entrusted assets and resources. They represent and owe a duty to act in the interests of the shareholders as a whole. The principal responsibilities of the Board and the types of decisions to be made by the Board include, among others:

- formulating the Group's overall direction, objectives and strategies, business plans and investment proposals as well as monitoring and supervising the management's performance;
- formulating the Company's annual budgets, financial statements and monitoring the Company's performance;
- formulating the Company's profit distribution and loss recovery proposals;
- formulating plans for mergers or disposals and deciding on major investments, pledging of assets and other forms of security (in accordance with the approval of the general meetings);
- formulating proposals for the increase or decrease in the Company's registered capital and the issuance of corporate bonds or other securities, and listing plans;
- engaging or dismissing the senior management staff of the Company, and determining their remuneration and award and reprimand matters; and
- performing the corporate governance function, monitoring, evaluating and ensuring the effectiveness of the Company's internal control systems and compliance with relevant laws and regulations.

On the other hand, responsibilities and functions and types of decisions delegated to the management include, among others:

- implementation of the Company's overall direction, objectives and strategies, business plans and investment proposals as determined by the Board from time to time; and
- the day-to-day management of the Company's business.

Attendance of Directors at the Board Meetings

During the Reporting Period, the Board held 7 meetings. All such meetings were convened in accordance with the Articles of Association, and were attended in person or by proxy or through electronic means of communication by all Directors entitled to be present. All the Directors have been doing their best to make right decisions on the basis of good knowledge of circumstances, and are committed to protecting the interests of the Company and its shareholders as a whole. The attendance records of each Director at the Board meetings are as follows:

Members	Board Meetings attended in person/ Meetings required to attend	% of attendance in person	Meetings attended by proxy/ Meetings required to attend	% of attendance by proxy
Executive Directors				
MA Mingzhe (Chairman)	7/7	100%	0/7	0%
SUN Jianyi	7/7	100%	0/7	0%
REN Huichuan	7/7	100%	0/7	0%
KU Man	7/7	100%	0/7	0%
YAO Jason Bo	6/7	85.7%	1/7	14.3%
Lee Yuansiong[(1)]	4/4	100%	0/4	0%
Non-executive Directors				
FAN Mingchun	7/7	100%	0/7	0%
LIN Lijun	7/7	100%	0/7	0%
LI Zhe	5/7	71.4%	2/7	28.6%
Soopakij CHEARAVANONT[(1)]	4/4	100%	0/4	0%
YANG Xiaoping[(1)]	4/4	100%	0/4	0%
LU Hua[(1)]	3/4	75%	1/4	25%
NG Sing Yip (resigned on February 4, 2013)[(1)]	1/1	100%	0/1	0%
GUO Limin (resigned on June 17, 2013) [(1)]	2/3	66.7%	1/3	33.3%
Independent Non-executive Directors				
TANG Yunwei	6/7	85.7%	1/7	14.3%
LEE Carmelo Ka Sze	7/7	100%	0/7	0%
WOO Ka Biu Jackson	6/7	85.7%	1/7	14.3%
Stephen Thomas MELDRUM	7/7	100%	0/7	0%
YIP Dicky Peter[(1)]	3/4	75%	1/4	25%
WONG Oscar Sai Hung[(1)]	3/4	75%	1/4	25%
SUN Dongdong[(1)]	4/4	100%	0/4	0%
ZHANG Hongyi (retired on June 17, 2013)[(1)]	3/3	100%	0/3	0%
CHEN Su (retired on June 17, 2013)[(1)]	3/3	100%	0/3	0%
XIA Liping (retired on June 17, 2013)[(1)]	3/3	100%	0/3	0%

(1) Details regarding retirement, resignation and appointment of the Directors during the Reporting Period are set out under the annotations of the "Attendance of Directors at the General Meeting" in this chapter.

Board Meetings and Resolutions

The 5th Meeting of the 9th Session of the Board was held from January 15 to January 17, 2013 through written communication and voting, at which the Proposal on the Company's Application for Global Systemically Important Insurers Assessment was considered and approved.

The 6th Meeting of the 9th Session of the Board was held on March 14, 2013, at which resolutions including the 2012 Report of Final Accounts of the Company, the 2012 Profit Distribution Proposal of the Company, the Resolution on Appointment of the Company's Auditors for 2013 and the Resolution on Consideration of the 2012 Annual Report of the Company were considered and passed.

The 7th Meeting of the 9th Session of the Board was held on April 26, 2013, at which resolutions including the 2013 First Quarterly Report of the Company and the 2013 Working Plan of the Company were considered and passed.

The 8th Meeting of the 9th Session of the Board was held from July 8 to July 11, 2013 through written communication and voting, at which the Resolution regarding the Election of Members of the Specialized Committees under the Board was considered and approved.

The 9th Meeting of the 9th Session of the Board was held on August 29, 2013, at which resolutions including the Resolution on Consideration of the 2013 Interim Report of the Company and its Summary, the Resolution in relation to the Distribution of the 2013 Interim Dividend and the Resolution on Consideration of the Solvency Report of the Company for the First Half of 2013.

The 10th Meeting of the 9th Session of the Board was held on September 6, 2013, at which the Resolution regarding the Subscription of Ping An Bank Non-public Shares Issuance was considered and approved.

The 11th Meeting of the 9th Session of the Board was held on October 25, 2013, at which the 2013 Third Quarterly Report of the Company and the Unaudited Results Announcement for the Nine Months ended September 30, 2013 were considered and approved.

The Board's Implementation of the Resolutions Approved at the General Meetings

During the Reporting Period, the Board has duly carried out its duties in a stringent manner in accordance with the relevant laws and regulations and the Articles of Association and conscientiously implemented the resolutions approved at the general meetings.

According to the 2012 Profit Distribution Proposal of the Company considered and passed at the Annual General Meeting of 2012 held on May 10, 2013, the Company would distribute in cash the 2012 final dividend of RMB0.30 (tax inclusive) per share, in a total amount of RMB2,374,842,627.60, based on its total share capital of 7,916,142,092 shares. The implementation of the distribution proposal has been completed during the Reporting Period.

In accordance with the Article 217 of the Articles of Association, the general meeting authorized the Board to distribute the interim dividend. In accordance with the authorization of the general meeting, the Resolution in relation to the Proposal on Distribution of the 2013 Interim Dividend was approved at the 9th Meeting of the 9th Session of the Board held on August 29, 2013, i.e. the Company distributed the interim dividend for 2013 on the basis of 7,916,142,092 shares of the total share capital of the Company, the cash dividend was RMB0.20 (tax inclusive) per share, and the total amount was RMB1,583,228,418.40. The implementation of the distribution proposal has been completed during the Reporting Period.

The Specialized Committees under the Board

The Board has established four specialized committees, i.e. the Strategy and Investment Committee, the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee. The details of the roles and functions and the composition of each of these specialized committees are set out below.

Strategy and Investment Committee

The primary duties of the Strategy and Investment Committee are to conduct research and make recommendations to the Board for their consideration in relation to major investments, property transactions, financing, major capital operations, asset management projects, production and operation projects, etc. and also to promptly monitor and follow the tracks of the implementation of investment projects approved by the general meeting or the Board, promptly notify all directors of its significant process or changes in process.

Mr. Zhang Hongyi retired as a Director of the Company on June 17, 2013, and he ceased to be a member of the Strategy and Investment Committee on the same day. As considered and approved at the 8th Meeting of the 9th Session of the Board, Mr. Wong Oscar Sai Hung and Mr. Yang Xiaoping were appointed as members of the Strategy and Investment Committee of the Board. As of December 31, 2013, the Strategy and Investment Committee comprises 5 Directors, which includes 3 Independent Non-executive Directors, the ratio of Independent Non-executive Directors is 60%. The committee has one chairman, which is served by the Chairman of the Board and the chairman presides over the committee.

In 2013, the Strategy and Investment Committee held 2 meetings, the attendance of which met the requirements of the Articles of Association and the Charter of the Strategy and Investment Committee. 2013 First Quarterly Operating Report and 2013 Working Plan of the Company, the Company's 2012 Annual Plan Implementation Evaluation Report and the Resolution regarding the Subscription of Ping An Bank Non-public Shares Issuance were considered and passed. The attendance records of each member of the Strategy and Investment Committee are as follows:

Members	Meetings attended in person/Meetings required to attend	% of Attendance in person	Meetings attended by proxy/Meetings required to attend	% of Attendance by proxy
Executive Director				
MA Mingzhe (Chairman)	2/2	100%	0/2	0%
Independent Non-executive Directors				
TANG Yunwei	1/2	50%	1/2	50%
LEE Carmelo Ka Sze	2/2	100%	0/2	0%
WONG Oscar Sai Hung(1)	0/1	0%	1/1	100%
ZHANG Hongyi(2)	1/1	100%	0/1	0%
Non-executive Director				
YANG Xiaoping(1)	1/1	100%	0/1	0%

(1) Mr. Wong Oscar Sai Hung and Mr. Yang Xiaoping were appointed as the members of the Strategy and Investment Committee on July 11, 2013.

(2) Mr. Zhang Hongyi retired as a Director of the Company on June 17, 2013, and he ceased to be a member of the Strategy and Investment Committee on the same day.

Audit and Risk Management Committee

The primary duties of the Audit and Risk Management Committee are to review and supervise the Company's financial reporting process and conduct risk management. The Audit and Risk Management Committee is also responsible for reviewing any matters relating to the appointment or removal, and remuneration of the external auditors. In addition, the Audit and Risk Management Committee also examines the effectiveness of the Company's internal 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 on a regular basis.

In 2013, the composition of the Audit and Risk Management Committee was adjusted. Mr. Ng Sing Yip resigned as a Director of the Company on February 4, 2013, Mr. Zhang Hongyi, Mr. Chen Su retired as Directors of the Company on June 17, 2013, and they also ceased to be members of the Audit and Risk Management Committee on the same day that they left the Company. As considered and approved at the 8th Meeting of the 9th Session of the Board, Mr. Yip Dicky Peter, Mr. Sun Dongdong and Mr. Yang Xiaoping were appointed as members of the Audit and Risk Management Committee of the Board. As of December 31, 2013, the Audit and Risk Management Committee comprises 5 Independent Non-executive Directors and 1 Non-executive Director, and the ratio of Independent Non-executive Directors is 83.3%. None of the members is involved in the day-to-day management of the Company. The Audit and Risk Management Committee is chaired by an Independent Non-executive Director who also possesses the appropriate professional qualifications or accounting or related financial management expertise.

In 2013, the Audit and Risk Management Committee held 7 meetings. All these meetings were convened in accordance with the Articles of Association and the Charter of the Audit and Risk Management Committee. In particular, the Audit and Risk Management Committee reviewed the Company's annual financial statements for the year ended December 31, 2012, the first quarterly financial statements for the three months ended March 31, 2013, the interim financial results for the six months ended June 30, 2013 and the third quarterly financial statements for the nine months ended September 30, 2013. Furthermore, the Audit and Risk Management Committee convened the meeting to review the unaudited financial report for the year 2013 and agreed to deliver it to the auditor for auditing. The Audit and Risk Management Committee also reviewed the audited financial report for the year ended December 31, 2013 at the first meeting in 2014 and was satisfied with the basis of preparation, including the appropriateness of assumptions and accounting policies and standards adopted, and made recommendations to the Board for their consideration. The attendance records of the members of the Audit and Risk Management Committee is as follows:

Members	Meetings attended in person/Meetings required to attend	% of Attendance in person	Meetings attended by proxy/Meetings required to attend	% of Attendance by proxy
Independent Non-executive Directors				
TANG Yunwei (Chairman)	6/7	85.7%	1/7	14.3%
WOO Ka Biu Jackson	6/7	85.7%	1/7	14.3%
Stephen Thomas MELDRUM	7/7	100%	0/7	0%
YIP Dicky Peter(1)	2/4	50%	2/4	50%
SUN Dongdong(1)	4/4	100%	0/4	0%
ZHANG Hongyi(2)	3/3	100%	0/3	0%
CHEN Su(2)	3/3	100%	0/3	0%
Non-executive Directors				
YANG Xiaoping(1)	4/4	100%	0/4	0%
NG Sing Yip(3)	1/1	100%	0/1	0%

(1) Mr. Yip Dicky Peter, Mr. Sun Dongdong and Mr. Yang Xiaoping were appointed as the members of the Audit and Risk Management Committee on July 11, 2013.

CORPORATE GOVERNANCE

(2) Mr. Zhang Hongyi and Mr. Chen Su retired as Directors of the Company on June 17, 2013 and they also ceased to be the members of the Audit and Risk Management Committee on the same day.

(3) Mr. Ng Sing Yip resigned as a Director of the Company on February 4, 2013 and he also ceased to be a member of the Audit and Risk Management Committee on the same day.

Further, in order to enable the members of the Committee to better evaluate the financial reporting systems and internal control procedures of the Company, all the members met with the Company's external auditors separately twice during the year.

The Audit and Risk Management Committee also considered and was satisfied with the performance, independence and objectiveness of the Company's auditors.

According to the resolutions of the 2012 Annual General Meeting of the Company, the Company appointed PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers (hereinafter refer to "PricewaterhouseCoopers") as the auditors of the Company's financial statements under CAS and IFRS. During the Reporting Period, the remuneration paid to the Company's auditors PricewaterhouseCoopers is set out as follows:

Services rendered (in RMB million)	Fees paid/payable
Audit services for financial statements – audits, reviews and agreed upon procedures	46
Audit services for internal control	4
Other assurance services	2
Non-assurance services	20
Total	72

Remuneration Committee

The primary duties of the Remuneration Committee is to determine, with delegated responsibility, the specific remuneration packages of the Company's Executive Directors and senior management, including benefits in kind, pension rights and compensation payments and make recommendations to the Board of the remuneration of Non-executive Directors. The Remuneration Committee also advises the Board in relation to establishing a formal and transparent procedure for developing remuneration policy in respect of these individuals, considering and approving remunerations based on performance and market conditions, with reference to the corporate goals and objectives set forth by the Board. In particular, the Remuneration Committee is delegated with the specific task of ensuring that no Director or any of his associates is involved in deciding his own remuneration. Where the remuneration of a member of the Remuneration Committee is to be considered, that member's remuneration should be determined by the other members of the Committee. Meetings of the Remuneration Committee are to be held at least twice a year.

Mr. Xia Liping retired as a Director of the Company on June 17, 2013, and ceased to be a member of the Remuneration Committee on the same day. As considered and approved at the 8th Meeting of the 9th Session of the Board, Mr. Yip Dicky Peter and Mr. Soopakij Chearavanont were appointed as members of the Remuneration Committee of the Board, Mr. Yip Dicky Peter was also appointed as the Chairman of the Remuneration Committee of the Board in place of Mr. Lee Carmelo Ka Sze. As of December 31, 2013, the Remuneration Committee comprises 4 Independent Non-executive Directors and 1 Non-executive Director, and the ratio of Independent Non-executive Directors is 80%. None of the members is involved in the day-to-day management of the Company. The Remuneration Committee is chaired by an Independent Non-executive Director.

In 2013, the Remuneration Committee held 2 meetings, the attendance of which met the requirements of the Articles of Association and the Charter of the Remuneration Committee. The Committee considered and approved the Proposal on Clarifying the Supplementary Detailed Rules regarding Remuneration Management of the Company's Senior Management, the Proposal on Reviewing the Remuneration of the Company's Senior Management, the 2012 Remuneration Management Report of the Company, and agreed to submit the Proposal on Granting Working Allowance to the Company's Independent Directors to the Board after reviewing the remuneration of the Company's Independent Non-executive Directors. In addition, the Committee also reviewed the Report on Settlement of 2012 Bonuses of the Company's Executive Directors and the Report on Paying Long-term Incentive of 2010 to the Company's Senior Management. Attendance of meetings by the members of the Remuneration Committee is set out below:

Members	Meetings attended in person/Meetings required to attend	% of Attendance in person	Meetings attended by proxy/Meetings required to attend	% of Attendance by proxy
Independent Non-executive Directors				
YIP Dicky Peter (Chairman) [(1)]	1/1	100%	0/1	0%
LEE Carmelo Ka Sze	2/2	100%	0/2	0%
TANG Yunwei	2/2	100%	0/2	0%
WOO Ka Biu Jackson	2/2	100%	0/2	0%
XIA Liping[(2)]	1/1	100%	0/1	0%
Non-executive Director				
Soopakij CHEARAVANONT[(1)]	1/1	100%	0/1	0%

(1) Mr. Yip Dicky Peter and Mr. Soopakij Chearavanont were appointed as the members of the Remuneration Committee on July 11, 2013.

(2) Mr. Xia Liping retired as a Director of the Company on June 17, 2013 and ceased to be a member of the Remuneration Committee on the same day.

Nomination Committee

The primary duties of the Nomination Committee is to review, advise and make recommendations to the Board regarding candidates to fill vacancies on our Board and senior management. Meetings of the Nomination Committee are held when necessary but at least once a year.

The Nomination of Directors are considered with reference to an individual's business acumen and undertakings, academic and professional achievements and qualifications, experience, independence, having regard to the Company's activities, assets and management portfolio. The Nomination Committee is delegated with the task of actively considering the needs of the Company at the Directors' level and senior management's level, studying the criteria and procedure for selecting directors and senior management, first considering and identifying appropriate candidates, then making recommendations to the Board and implementing any decisions and recommendations of the Board in the execution of appointments. The aim and principal objective of the Nomination Committee is to ensure that there remains a dedicated, professional and accountable Board to serve the Company and its shareholders.

Mr. Zhang Hongyi and Mr. Xia Liping retired as the Directors of the Company on June 17, 2013, and they ceased to be the members of the Nomination Committee on the same day. As considered and approved at the 8th Meeting of the 9th Session of the Board, Mr. Lee Carmelo Ka Sze was appointed as the Chairman of the Nomination Committee of the Board, and Mr. Wong Oscar Sai Hung and Mr. Sun Dongdong were appointed as members of the Nomination Committee of the Board. As of December 31, 2013, the Nomination Committee comprises 3 Independent Non-executive Directors and 2 Executive Directors, and the ratio of Independent Non-executive Directors is 60% and it is chaired by an Independent Non-executive Director.

In 2013, the Nomination Committee held 2 meetings, the attendance of which met the requirements of the Articles of Association and the Charter of the Nomination Committee. The meeting considered and recommended candidates of directors and senior management to the Board. Among them, suggestions on changes of members of the 9th Session of the Board included recommendation of Mr. Yip Dicky Peter, Mr. Wong Oscar Sai Hung and Mr. Sun Dongdong to replace Mr. Zhang Hongyi, Mr. Chen Su and Mr. Xia Liping as the Independent Non-executive Directors of the Company, recommendation of Mr. Lu Hua to replace Mr. Guo Limin as the Non-executive Director of the Company, recommendation of Mr. Soopakij Chearavanont and Mr. Yang Xiaoping as the Non-executive Directors of the Company, and recommendation of Mr. Lee Yuansiong as the Executive Director of the Company. In addition to nominating candidates of directors, the Nomination Committee also reviewed the structure, size and composition of the Board in accordance with the business activities, assets & management combinations of the Company, as well as considered and approved the Policy Concerning Diversity of Board Members, so as to ensure the Board members reach a balance in terms of skills, experience and diversified visions, to elevate the efficiency of the Board and maintain a high level of corporate governance. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board. The attendance records of each member of the Nomination Committee are as follows:

Members	Meetings attended in person/Meetings required to attend	% of Attendance in person	Meetings attended by proxy/Meetings required to attend	% of Attendance by proxy
Independent Non-executive Directors				
LEE Carmelo Ka Sze (Chairman)	2/2	100%	0/2	0%
WONG Oscar Sai Hung[(1)]	1/1	100%	0/1	0%
SUN Dongdong[(1)]	1/1	100%	0/1	0%
ZHANG Hongyi[(2)]	1/1	100%	0/1	0%
XIA Liping[(2)]	1/1	100%	0/1	0%
Executive Directors				
MA Mingzhe	2/2	100%	0/2	0%
REN Huichuan	2/2	100%	0/2	0%

(1) Mr. Wong Oscar Sai Hung and Mr. Sun Dongdong were appointed as the members of the Nomination Committee on July 11, 2013.

(2) Mr. Zhang Hongyi and Mr. Xia Liping retired as the Directors of the Company on June 17, 2013 and ceased to be the members of the Remuneration Committee on the same day.

Supervisors and the Supervisory Committee

The Supervisory Committee now consists of 7 members, among which there are 2 Independent Supervisors, 2 Shareholder Representative Supervisors and 3 Employee Representative Supervisors, and the profile of each supervisor has been included in the section headed "Directors, Supervisors, Senior Management and Employees" of this Annual Report. The number of Supervisors and composition of the Supervisory Committee are in compliance with the regulatory requirements and the provisions of the Articles of Association.

The primary functions and powers of the Supervisory Committee include, among others,

- verifying financial reports and other financial information which have been prepared by the Board and which are proposed to be presented at the general meetings;
- examining the Company's financial affairs; and
- monitoring compliance of Directors, Chief Executive Officer and other members of senior management of the Company with applicable laws, administrative regulations and the Articles of Association.

During the Reporting Period, the Supervisory Committee held 4 meetings, whereby the Supervisors inspected and supervised the operating results and financial activities of the Company through reviewing the documents provided to them, such as the periodic reports and designated reports. Adhering to the principle of honesty, the Supervisory Committee has duly carried out its supervisory duties in a stringent manner to effectively protect the rights and interests of the shareholders, the Company and the employees. In addition, the supervisors also attended the general meetings and on-site Board meetings held during the Reporting Period, whereby they inspected and supervised the performance of the Directors and the senior management, which ensured the sustainable, stable and healthy growth of the Company. The details of the Supervisors' duty performance are set out in the Report of the Supervisory Committee.

Management Committees

The Executive Committee

The Company has established an Executive Committee, which is the highest execution authority under the Board. The primary duty of the Executive Committee is to review the Company's internal business reports, the Company's policies in relation to investment and profit distribution and the Company's management policies, development plans and resources allocation plans. The Executive Committee is also responsible for making management decisions in relation to matters such as the material development strategies, business plans, financial systems and major promotions. In addition, the Executive Committee is also responsible for reviewing the business plans of the subsidiaries of the Company and evaluating the financial performance of the subsidiaries. The Company has also established 7 management committees under the Executive Committee, namely, the Investment Management Committee, the Budget Committee, the Investor Relations Management Committee, the Risk Monitoring Committee, the Insurance Asset Liability Management Committee, the Connected Transactions Management Committee and the Global Systemically Important Insurer Committee.

The Investment Management Committee

The Investment Management Committee oversees the investment-related operations of the Group, makes decisions on important investments relating to the day-to-day management of the Group, and generally approves, manages and reviews the Group's investment and related activities, as well as its risk control. The Investment Management Committee is also responsible for improving the Group's Investment Management Monitoring System. The Investment Management Committee is currently composed of 9 members, which is chaired by the deputy director of the Executive Committee of the Company.

The Budget Committee

The Budget Committee leads and provides guidance on our strategic planning and conducts the overall budget management. The Budget Committee is responsible for determining our strategic planning, formulating the guidelines on strategic planning and approving the operating budgets prepared by each of our business units. In addition, the Budget Committee also monitors the implementation of our development strategy, annual budget and business plan. The Budget Committee is currently composed of 8 members, and is chaired by the CFO of the Company.

The Investor Relations Management Committee

The Investor Relations Management Committee is responsible for formulating and amending guidelines for the Company's investor relations management, coordinating, providing guidance to and inspecting the operations of the investor relations department; supervising the collating and organizing of material information in relation to investor relations, and scrutinizing material information that is to be disclosed to the public; scrutinizing the external publication of news, and providing guidance as to responding to any adverse publicity by the media in relation to the Company's operations and activities; providing guidance on communications with shareholders; supervising and organizing road shows and meetings with investors and financial analysts; providing guidance on communicating with the stock exchanges where the company is listed, organizing regular meetings for the Investor Relations Management Committee; convening extraordinary meetings to deal with contingency matters; providing guidance on tracking unusual fluctuations in share price; and providing guidance on responding to assessments of the Company given by any assessment authority. The Investor Relations Management Committee is currently composed of 16 members, which is chaired by the President of the Company.

The Risk Monitoring Committee

The Risk Monitoring Committee is responsible for developing overall objectives, basic policies and operating procedures for risk management; monitoring the Company's risk exposure and level of available capital; overseeing the establishment of risk management organization at subsidiaries and monitoring their performance; supervising the implementation of the risk management system in each subsidiary or business line and promoting a culture of comprehensive risk management within the Group. The Risk Monitoring Committee is currently composed of 9 members, which is chaired by the Chief Internal Auditor of the Company.

The Insurance Asset Liability Management Committee

The Insurance Asset Liability Management Committee leads and provides guidance for the matching of assets and liabilities of insurance funds of the Group. The Insurance Asset Liability Management Committee's responsibility is to define the Group's target and risk appetite regarding insurance assets and liabilities management; consider the allocation plan for strategic assets of insurance funds and the investment guidelines of insurance funds; review investment performance, the implementation and risk status on strategic assets allocation; propose relevant financial management strategy; make recommendation on insurance products; formulate policy for external investment trustee etc. The Insurance Asset Liability Management Committee is currently composed of 17 members, which is chaired by the President of the Company.

The Connected Transactions Management Committee

The Connected Transactions Management Committee is generally responsible for the management and risk control of connected transactions of the Group. In details, its responsibilities include determining the management aims, management strategies, fundamental policies, management rules and regulations of connected transactions as well as coordinating the establishment and improvement of connected transactions management system. The Committee is also responsible for considering material connected transactions, reviewing the report on connected transactions management and the report on connected transactions and implementation of management system of connected transactions, supervising the progress of execution of schedule for connected transactions management, evaluating the performance of departments in charge of connected transactions management as well as regulating other material aspects of connected transactions. The Connected Transactions Management Committee is currently composed of 8 members, which is chaired by the Chief Internal Auditor of the Company.

The Global Systemically Important Insurer Committee

The Global Systemically Important Insurer Committee directs Global Systemically Important Insurer (G-SII) projects according to regulatory requirements, reviews the annual Systemic Risk Management Plan (SRMP) and Recovery and Resolution Plan (RRP) before submission to the Board and regulators, guides and supervises the management of systemic risks across the group. The Global Systemically Important Insurer Committee is currently composed of 5 members, which is chaired by the Chief Internal Auditor of the Company.

Information Disclosure and Implementation of the Registration and Administration Policy for Persons with Insider Information

During the Reporting Period, the Company disclosed the relevant information in a truthful, accurate, complete, timely and effective manner in accordance with the laws and regulations and the Articles of Association, making sure every shareholder had equal chance to obtain the information, and there was no breach of information disclosure regulations.

During the Reporting Period, there were no such cases as material accounting mistakes, make-up of missing information or revision of profitability forecast.

The Company formulated the Registration Policy for Persons with Insider Information of the Company in October 2009, and subsequently amended it in accordance with the Provisions for Establishing a Registration and Administration Policy for Persons with Insider Information in Listed Companies by CSRC in March 2012. Besides, in order to strengthen the management of undisclosed information of the Company, prevent undue dissemination or manipulation of undisclosed information and protect the interests of the Company and its clients, the Company formulated the Interim Measures for Management of Undisclosed Information of the Company in July 2012. During the Reporting Period, the Company commenced supervision on insider information and undisclosed information strictly in accordance with the Registration Policy for Persons with Insider Information of the Company and the Interim Measures for Management of Undisclosed Information of the Company. The Company also conducted follow-up and supervision on persons with insider information dealing with company securities according to relevant requirements and procedures by regulatory departments including CSRC. Neither the Company nor any of relevant personnel were subject to regulatory actions or administrative penalty due to violation of relevant rules or suspected insider transaction.

Investor Relations

The Company adheres to the principles of compliance, objectiveness, consistency, timeliness, interactivity and fairness in providing services actively, passionately and efficiently to the institutional and individual investors home and abroad, aiming at improving acquaintance between the Company and its investors, enhancing corporate governance and realizing the corporate value of fairness of the Company.

The Company maintains a website at www.pingan.com as a communication platform with shareholders and investors, where the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access. Shareholders and investors may also write directly to the Company's IR Team or via email to IR@pingan.com.cn or PR@pingan.com.cn for any inquiries. Inquiries are dealt with in an appropriate manner.

Corporate Governance Report

During the Reporting Period, the Company paid special attention to communication with the capital market in respect of its integrated financial strategy, cross-selling, A Share Convertible Bonds, plan and development in all of its business segments. The Company provided illustration of its annual, interim and quarterly results by means of public presentation, video and telephone conferences, roadshows and online roadshows, etc. As for special projects or activities, the Company resorted to telephone conferences, NDR, gathering of stock market analysts, Corporate Strategy Day and so on, to actively promote them in the market, so as to improve the understanding of capital market about the Company and its communication with the Company. While maintaining good communication with the institutional investors, the Company also established sufficient channels for communication with medium and small investors, including but not limited to online roadshows, the E interaction of SSE, corporate website, e-mail and telephone calls, so as to provide better services to them, protect the rights and interests of the Shareholders.

In the year 2013, the Company organized 2 results releases, 2 gatherings of stock market analysts, 1 Corporate Strategy Day, 11 roadshows at home and abroad and 4 online roadshows, received nearly 140 visits of investors/analysts home and abroad, attended around 53 conferences of investment banks and securities brokers home and abroad, processed around 400 valid mails from investors and around 2000 inquiry phone calls of investors. Moreover, the Company was committed to collecting capital market analysis reports and shareholders' information, and paid special attention to the investors' concerns and advices, aiming at further enhancing the management and operation of the Company as well as its corporate governance. The Company also took great efforts in improving its internal workflow and policy formulation so as to provide the investors with better service in a more efficient way.

During the reporting period, Ping An was awarded the "9th Gold Round Table Awards for the Boards of Directors of Chinese Listed Companies & Directors and Best Board of Directors" by Boards Magazine, the "Best Board of Directors of Listed Company on Main Board in China" by Moneyweek and awards including the "Corporate Governance Asia Recognition Awards" and "Best Investor Relations in PRC" by Corporate Governance Asia. Ping An was awarded "3A Corporate Awards – Platinum Awards of 2013" for the fifth consecutive year by The Asset. In addition, we also ranked No. 9 in the "Best Managed Company in China", ranked No. 6 in "Best Corporate Governance" and ranked No. 5 in "Best Corporate Social Responsibility" as selected by Finance Asia.

Amendments Made to the Articles of Association

During the Reporting Period, no changes were made to the Articles of Association.

PERFORMANCE OF DUTIES BY INDEPENDENT NON-EXECUTIVE DIRECTORS

The 9th session of the Board consists of 7 Independent Non-executive Directors, which is in compliance with the requirements under the regulatory rules of the Company's listed jurisdictions that the number of Independent Non-executive Directors should be one third or more of the total number of members of the Board. All Independent Non-executive Directors of the Company possess extensive experience in various fields, such as finance and accounting, law, and actuary, which is crucial to the healthy growth of the Company. All Independent Non-executive Directors of the Company meet the specific independence guidelines as set out in the regulatory rules of the Company's listed jurisdictions, and have presented their annual confirmation on independence to the Company, therefore the Company continued to believe that they are independent. The Independent Non-executive Directors owe fiduciary duties to the Company and its shareholders, and are especially responsible for protecting the minority interests. They are playing a significant check-and-balance role in the decision-making of the Board and are a key link of the corporate governance of the Company.

The Establishment, Perfection and Key Contents of the Independent Non-executive Directors' Working System and Performance of Duties by Independent Non-executive Directors

The Company has established, considered and passed the Annual Report Working System of the Independent Non-Executive Directors in March 2008, which have specific regulations on reviewing of connected transactions and responsibilities and obligations in preparing and disclosing the annual reports. The Company has established Guidelines on Independent Non-executive Directors in August 2007 and has also revised it in April 2009, which has detailed requirements such as the qualifications, nomination, election and change of Independent Non-Executive Directors, responsibilities and obligations of the Independent Non-Executive Directors and safeguards of performance of duties by Independent Non-Executive Directors.

The Independent Non-Executive Directors of the Company conscientiously perform their duties and responsibilities conferred by the Articles of Association, promptly learn the important information of operation of the Company, pay high attention to the development of the Company and actively attend the meetings of the Board during the Reporting Period. After a due review on the external guarantees of the Company in 2012, the Independent Non-Executive Directors of the Company believed that the Company had exerted stringent control on risks associated with external guarantees and the external guarantees were in compliance with relevant laws and regulations and the Articles of Association. The Independent Non-executive Directors have conscientiously considered and made independent advice to agree with the following resolutions that were considered by the 9th Session of the Board in 2013: the Resolution on Recommendation of Director Candidates, the 2012 Profit Distribution Proposal of the Company, the Resolution on Appointment of the Company's Auditors for 2013, and the adjustment of the accounting estimates involved in 2012 Annual Report and 2013 Interim Report of the Company.

Corporate Governance Report

Attendance of Independent Non-Executive Directors at the Board Meetings

During the Reporting Period, the Independent Non-executive Directors conscientiously performed their duties and responsibilities in accordance with the relevant laws and regulations and the Articles of Association, and they fulfilled their credibility and due diligence obligations as well; they actively attended the Board meetings and meetings of the specialized committees under the Board. The details of the attendance of Independent Non-executive Directors at the Board meetings are as follows:

the Names of Independent Non-Executive Directors	Meetings required to attend this year	Meetings attended in person (times)	Meetings attended by proxy (times)	Absence (times)	Remark
TANG Yunwei	7	6	1	–	Mr. Tang Yunwei did not attend in person the 7th Meeting of the 9th Session of the Board due to business reason and authorized the Independent Non-executive Director Mr. Zhang Hongyi to vote on his behalf.
LEE Carmelo Ka Sze	7	7	–	–	–
WOO Ka Biu Jackson	7	6	1	–	Mr. Woo Ka Biu Jackson did not attend in person the 7th Meeting of the 9th Session of the Board due to business reason and authorized the Independent Non-executive Director Mr. Lee Carmelo Ka Sze to vote on his behalf.
Stephen Thomas MELDRUM	7	7	–	–	–
YIP Dicky Peter(1)	4	3	1	–	Mr. Yip Dicky Peter did not attend in person the 10th Meeting of the 9th Session of the Board due to business reason and authorized the Independent Non-executive Director Mr. Tang Yunwei to vote on his behalf.
WONG Oscar Sai Hung(1)	4	3	1	–	Mr. Wong Oscar Sai Hung did not attend in person the 10th Meeting of the 9th Session of the Board due to business reason and authorized the Independent Non-executive Director Mr. Lee Carmelo Ka Sze to vote on his behalf.
SUN Dongdong(1)	4	4	–	–	–
ZHANG Hongyi(1)	3	3	–	–	–
CHEN Su(1)	3	3	–	–	–
XIA Liping(1)	3	3	–	–	–

(1) Mr. Yip Dicky Peter, Mr. Wong Oscar Sai Hung and Mr. Sun Dongdong were appointed as the Independent Non-executive Directors of the Company on June 17, 2013, while Mr. Zhang Hongyi, Mr. Chen Su and Mr. Xia Liping retired as the Independent Non-executive Directors of the Company on the same day.

Objections of Independent Non-executive Directors on Relevant Matters of the Company

During the Reporting Period, the Independent Non-executive Directors of the Company did not have any objection on the resolutions at the Board meetings and other matters that were not submitted to the Board meetings of the Company.

Adoption of Independent Non-executive Directors' Recommendation on the Company

During the Reporting Period, the Independent Non-executive Directors made some constructive advice and suggestions in respect of the shareholders and the Company as a whole, including but not limited to corporate governance, reform and development and operations; particularly, attention was paid to the legitimate interests of the minority shareholders in the decision-making process. All of their opinions and recommendation were adopted by the Company.

INDEPENDENCE OF THE COMPANY FROM THE CONTROLLING SHAREHOLDERS ON BUSINESS, STAFF, ASSETS, ORGANIZATION AND FINANCE

The ownership structure of the Company is diversified and there are no controlling shareholders or de facto controllers. As an integrated financial services group, the Company maintains full independence in terms of business, staff, assets, organization and finance under the supervision of CIRC. The Company is an independent legal person responsible for its own profits and losses, running independent and complete business and is capable of independent business operation. During the Reporting Period, none of the controlling shareholders or other connected parties had occupied the Company's capital illegally. PricewaterhouseCoopers Zhong Tian LLP hereby made the special-purpose explanation for it; the Company has not given any undisclosed information to the controlling shareholder and de facto controller.

ESTABLISHING AND PERFECTION OF THE INTERNAL CONTROL POLICY

The Company has been committing itself to build an internal control system which meets both international best practices standards and regulatory requirements. This system is continuously updated to cope with changes in our risk profile and environment. We have adopted the "Laws + 1" system in compliance with national laws, regulations and regulatory requirements, by benchmarking the Company against world-class financial institutions, leveraging our integrated financial development strategy and taking into account operational needs. It covers all subsidiaries and business units, well targeted, effective, rigorous and standardized. By building this system, we aim to optimize our internal control mechanism, strengthen risk resistance, and to ensure all operations within the Group and its subsidiaries comply with laws, regulations, and regulatory requirements. This system enables us to confine single/accumulative risks within our risk tolerance so as to ensure sustainable and healthy growth of the three business pillars: Insurance, Banking and Investment. In 2013, the Company continually implemented "Ping An Reliability Project" under which we have fully consolidated and upgraded our internal control mechanism, while keeping to our philosophy of "Regulation as the foundation, Following a Risk-based Approach, Processes as the Link, Internal Control as the Tool". We have built trust upon our systems, procedures, mechanisms and platforms. These projects are praised by domestic regulators and applauded by peers and media, adding value to the brand of our internal control and market position.

Internal control structure, governance structure, internal control and risk management framework, platform construction are optimized to strengthen the ongoing support for the Company's integrated financial strategies. As required by laws, regulations, and internal system, the Board takes ultimate responsibility for the establishment of internal control and risk management framework, Supervisory Committee supervises, senior management leads, specialist committees guide and functional departments implement the establishment of the framework. This framework covers all subsidiaries and business units of the Group. The Board ensures its establishment and effective operations. The Audit and Risk Management Committee, which is under the Board, supervises, reviews and evaluates its effectiveness and coordinates auditing functions and other relevant control matters. The Supervisory Committee supervises the establishment and effective operations of the framework, and evaluates the performance of senior management. Under the senior management (Group Executive Committee), the Group Risk Monitoring Committee's (RMC) sets risk management targets, fundamental policies and working rules, monitors risk exposures and available capital, guides subsidiaries to set up their own risk management departments and evaluates their performance, supervises risk management in subsidiaries and business units, and develops risk management culture. The

Group Connected-Party Transaction Committee manages connected-party transaction (CPT) and has set a Connected Parties Transaction Office to coordinate the management of CPT, improve management system and mechanism, review and monitor intra-group transactions and to guide CPT between subsidiaries. In 2013, the Company further strengthened the delineation of responsibilities and coordination across the three lines of defence, namely the business and functional departments which would be directly responsible for risk management, the compliance and risk management departments which would promote and support such efforts, and the audit and supervision departments which would handle supervision, inspections and audits. This would promote their partnership and information sharing, to effectively implement internal controls and risk management and ensure the continued steady growth of the Company.

In terms of internal control mechanisms and measures, the Company continued to improve governance structure, firewall management and CPT management. This enables us to prevent systemic risks and risk transfer. We have put in place a compliance and risk management performance indicator system and institutional risk rating system, contributing to more effective internal control. In 2013, in compliance with *Internal Control Guidelines for Enterprises* and other related guidelines, the Company dedicated itself to meeting internal control assessment. The Compliance Department coordinated and promoted the practice of conducting self-assessment among business divisions, and the Audit and Supervision Department carried out independent audit assessments, while an external accounting firm was appointed to assess and audit the internal control process. This internal control mechanism is proved to be running smoothly with good results. Under our corporate culture and branding concept of “Expertise Creates Value”, the Company created an annual theme of “Compliance Leads to Expertise, Expertise Creates Value, Value Enhances Trust” to support our compliance and internal control works. We also launched a series of activities such as internal control competitions and an internal control training campaign, so as to create an active environment for compliance to raise employee awareness and enhance the effectiveness of internal control. The Company further strengthened the mechanism of internal control assessment, and thus have upgraded the standardization of our internal control. This enhanced our routine internal control which can be described as “Everyone is involved in Internal Control, Everyone is responsible for Compliance, and Internal Control is part of our business and processes”. We improved our working efficiency for internal control assessment by optimizing our internal control management and strengthening the function of automatic control in our internal control assessment. In addition, the Company consistently led Ping An Bank to carry out risk management projects in accordance with the New Basel Capital Accord, and to leverage best practice from both domestic and international leading banks. In implementing the New Basel Capital Accord, Ping An Bank has set up an operational risk management mechanism and developed management tools and a platform for operational risk management based on its actual condition, to achieve the goal of “meeting regulatory requirements, effectively controlling operational loss, optimizing capital and improving operational risk management”. We enrolled successful practice of the Group’s internal control to Ping An Bank, and innovatively developed the methodology as “Integrating, Designing and Implementing Risk and Control Self-Assessment (RCSA) based on internal control assessment”. This let us effectively leverage current resources and improve the cooperation between different departments, enhancing the working efficiency of different businesses and management departments. Not only did it help us to meet regulatory requirements relating to operational risks and internal control, but also provided valuable recommendations for management decisions. By result, we further improved the efficiency and quality of the operational risk management and internal control assessment.

The Company has been working to further improve the Enterprise Risk Management (ERM) framework, sticking to the principle of prudence in risk management, and continuously improve its risk governance structure. We further standardized our risk management process while adopted risk management methods that combine qualitative and quantitative approaches to identify, assess and manage risks. This helped to optimize a centralized risk management platform, to enhance the efficiency of risk management and to provide professional advices to management. In 2013, the Company continued to improve its risk management in a comprehensive manner, further clarifying the risk control objectives, improving the organizational structure of risk management, optimizing risk management policy, setting up better risk management reporting mechanism and continuously developing advanced risk management techniques, including improving performance management by KRI. Tools and measures such as the risk dashboard, scenario analyses, risk limits, stress tests, etc. were applied as part of a scientific and effective approach to managing the major risks of the Company, ensuring that the Company bears risk which is proportionate to returns. Policy and standardized process relating to market risk, credit risk and operational risk were developed and implemented for risk management. We continued to enhance our capability in sounding an advanced risk warning and making recommendations, to deliver timely alerts in respect of industry trends, regulatory information or risk events, and to avoid potential risk concerns in order to implement overall requirements for risk management and control. We optimized our market risk exposure management and credit risk limit management on an on-going basis. We set up a specific limit for the maximum risk exposure of each single counterparty, single risk type and each subsidiary and also conducted real-time monitoring, which effectively reduced risk concentration. We established a database for the Group's investment products with uniform standards and product risk assessment methodologies. It provides a solid foundation for the Group's products risk management to better support the Group's financial innovation and integrated financial service strategy. In addition, under regulatory requirements to establish an Overall Framework of China Risk Oriented Solvency System ("C-ROSS"), the Group led its insurance subsidiaries to improve ERM including solvency. On banking side, we continued to lead the bank to implement the New Basel Capital Accord project in accordance with regulatory requirements, and to ensure smooth and on-time implementation, which further improved the Bank's risk management capability.

The Company consistently enhanced its auditing and supervision system, and developed and promoted an independent and vertical centralized auditing management model. It also strengthened and promoted new auditing and supervision methods, and further improved the level of automation in the platform which enables us to meet our objectives in internal control as "improving management, development and efficiency". The Company has established a Litigation Case Prevention and Management framework and set up a joint meeting mechanism between our insurance, banking and investment businesses lines. To manage litigation cases, the early warning and emergency processing mechanism was strengthened across business lines, fully utilizing the early warning function of the supervisory mechanism which alerts on potential risks. The anti-money laundering, anti-corruption and anti-fraud mechanisms which are known as the "three anti-actions", were continuously improved to further enhance risk prevention and supervisory capability. In 2013, the Company kept making more efforts in a risk-oriented auditing and supervision approach, focusing on the effectiveness of risk control, by effectively integrating auditing and supervision resources and adapting innovative methods. We have shifted the focus of our auditing and supervision to the effectiveness of risk control and assessment of risk management outcomes. For example, under insurance business line, we consolidated auditing resources in a comprehensive manner and optimized auditing management processes and measures. We focused on ambush-style auditing and special auditing, in addition to regular auditing, and ensured that subsidiary's management is fully responsible for the risk control on their own risks, so as to increase the effectiveness of internal audit. Under the banking businesses, the bank audit department made a reasonable plan of annual audit under the banking strategy. Following the "risk-based auditing concept", the focus of project management has evolved from risk identification to risk management driven by the TeamMate project management system, forming a "synergy linking mechanism comprising letters, visits, monitoring, internal control and fraud prevention". Under the investment business line, we sought to establish a comprehensive and highly efficient investment management model and risk management mechanism to support the optimization of our investment management. We continued to implement the investment business firewall audit, procured and instructed subsidiaries to continue strengthening the establishment of firewall system, and ensured all the control measures of the firewall continued to be effective.

During the year, the Company maintained an effective internal control over key aspects of financial reporting in compliance with "The Internal Control Guidelines for Enterprises" and related requirements. The Board reviewed and approved the annual internal control assessment report. The Company also engaged PricewaterhouseCoopers Zhong Tian LLP to audit the effectiveness of internal control relating to its financial reporting, as well as the effectiveness of internal control over its non-financial reporting. By results, PricewaterhouseCoopers Zhong Tian LLP issued "Internal Control Audit Report".

THE ASSESSMENT & EVALUATION AND REMUNERATION SYSTEMS OF THE COMPANY

The purpose of the Company's remuneration policy is to attract, retain and motivate talented people so as to help achieve the operational objectives of the Company. The principle of the remuneration policy characterizes a clear orientation, reflecting differences, motivating performances, responding to the market and cost optimization. The remuneration package for the Company's employees is based on the following aspects: the salary shall be determined according to its post value; the remuneration shall be in line with the market conditions; the bonus shall be determined in light of performance and contributions shall be given priority. In addition to remuneration and bonuses, employees also enjoy certain welfare treatment. Meanwhile, the structure of remuneration packages of each subsidiary or business unit may not be the same since they vary in its operating features, the development stage and remuneration level in the market.

As approved at the first extraordinary general meeting of the Company in 2004, the Company has established a long-term award scheme system in the form of virtual option. In 2013, there was no newly granted long-term award scheme in the form of virtual options, and none of the expired long-term award scheme in the form of virtual options was exercised.

The purpose and principle of the Company's remuneration policy is relatively long-term and stable while the specific strategies and structure of remuneration are to be adjusted and optimized according to the changes in the market and the development stage of the Group's business, etc. so as to help achieve the operational objectives of the Company.

With regard to the remuneration of directors, that of the executive directors is to be determined in accordance with their posts in the Company; independent non-executive directors came from domestic and overseas, while the fees are to be paid in accordance with the standards approved in general meeting of the Company; non-executive directors nominated by shareholders will not receive remuneration. Remuneration of all the directors shall be considered and proposed by the Remuneration Committee under the Board, and shall also be considered and approved at the shareholders' meeting.

The Company sets forth a clear three-year rotation plan and annual accountability objectives for the senior management in accordance with the business plan, conducting severe accountability appraisals twice a year in light of the objectives achieved and evaluate the senior management on the basis of comprehensive feedback. Accountability results are closely linked to the long-term and short-term award and appointment and removal of cadres. The comprehensive evaluation results serve as an important reference in the promotion of cadres.

ESTABLISHMENT AND PERFECTION OF CORPORATE GOVERNANCE SYSTEM

The Company endeavoured to establish a high-standard corporate governance structure and believed that a sound corporate governance structure can further enhance the efficiency and reliability of corporate management, and is crucial to maximize the value for our shareholders. The Company has established a meticulous and systematic corporate governance system in accordance with laws, regulations, SSE Listing Rules and HKEx Listing Rules which provides important institutional protection and basic guidelines for the corporate governance of the Company.

During the Reporting Period, the Company paid serious attention to and actively carried out self-inspection of corporate governance. Through continuously inspecting every part of its corporate governance, the Company made sure that the regularity and fairness of corporate governance, the timeliness and transparency of information disclosure, shareholders' value enhancement and recognition, compliance with the financial and accounting standards and requirements of the regulatory authorities, completeness of risk management system and internal control system were all in compliance with the regulatory requirements and there are no corporate governance issues that need to be straightened up.

During the Reporting Period, the Company continued to establish and perfect its corporate governance system. In order to standardize the investor relations management of the Company, strengthen communication between the Company and investors and faithfully protect the legitimate interests of investors (in particular, the minority investors), the Company formulated the Investor Relations Management Rules in 2009, and updated it in March 2013 according to the Notice on Further Strengthening the Management of Investor Relations of Listed Companies promulgated by SSE in June 2012 and the actual conditions of the Company. In addition, the Nomination Committee under the Board formulated the Policy Concerning Diversity of Board Members during the Reporting Period, so as to ensure the Board members reach a balance in terms of skills, experience and diversified visions, to elevate the efficiency of the Board and maintain a high level of corporate governance.

FORMULATION AND IMPLEMENTATION OF ACCOUNTABILITY SYSTEM FOR MAJOR ERRORS IN ANNUAL REPORTS

The Board formulated the Policy on Accountability System for Major Errors in Annual Report Disclosure of the Company in April 2010. In 2013, there were no major error in the annual report of the Company.

OUR COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is responsible for performing the corporate governance duties set out in the terms of reference in the Code Provision D.3.1 of the Corporate Governance Code.

During the Reporting Period, the Board held Board meetings to review the Company's compliance with the Corporate Governance Code and the contents disclosed in the Corporate Governance Report.

None of the Directors 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 December 31, 2013 save as disclosed below:

Chairman of the Board and the Chief Executive Officer of the Company

The Code Provision A.2.1 of the Corporate Governance Code provides that the roles of the Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. However, after considering the relevant principle of the Code Provision A.2.1 of the Corporate Governance Code and examining the management structure of the Company, the Board is of the view that:

1. Since the Company introduced international strategic investors (The Goldman Sachs Group, Inc and Morgan Stanley) in 1994, the Company has built up a Board structure of international standard. In terms of the composition of the Board, the Company has reached an international, diversified and professional level, and we have established a very structured and strict operation system and a set of meeting procedural rules. The Chairman, as a convener and chair person of the Board meetings, does not have any special power different from that of other directors in the decision making process.

2. In the day-to-day operation of the Company, the Company has put in place an established management system and structure, and has established various roles and committees such as the President, Executive Committee and other specialized committees. 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.

3. Since the establishment of the Company, the business and operating results have maintained a continuous, steady and fast growth, and the management model has been widely recognized in the industry. All along, the Chairman of the Board has assumed the role of the Chief Executive Officer of the Company and this model has proven to be reliable, efficient and successful, therefore the continuous adoption of this model will be beneficial to the future development of the Company.

4. There is clear delineation in the responsibilities of the Board and the management set out in the Articles of Association.

In light of the above, the Board 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 the shareholders' rights to the greatest extent. Accordingly, the Company does not intend to separate the roles of the Chairman of the Board and the Chief Executive Officer at the moment.

OUR COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS OF THE COMPANY

In May 2004, the Company adopted the code of conduct regarding securities transactions by Directors and Supervisors of the Company ("Code of Conduct"), which was amended in August 2011, 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 December 31, 2013.

By order of the Board

Ma Mingzhe
Chairman and Chief Executive Officer

Shenzhen, PRC
March 13, 2014

Report of the Board of Directors

All members of the Board of Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended December 31, 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Group comprise the provision of a wide range of financial products and services with a focus on the three core businesses namely, insurance, banking and investment. There were no significant changes in the nature of the Group's principal activities during the year.

MAJOR CUSTOMERS

In the year under review, operating income from the Group's five largest customers accounted for less than 1% of the total operating income for the year.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five years is set out in "Five-Year Summary".

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

Cash Dividend Policy

According to rule 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 these Articles of Association.

In preparing profit distribution plans, the board of directors of the Company shall listen and absorb views and advice from shareholders (in particular, the minority shareholders), independent directors and independent supervisors through various ways. Independent directors of the Company shall express their independent opinions on the profit distribution plans. When a specific cash dividends distribution plan is put forward for consideration at a general meeting, a variety of channels shall be provided for active communication and opinion exchange with shareholders (in particular, the minority shareholders), whose opinions and demands shall be fully heard and prompt response shall be given to any issues the minority shareholders are concerned.

Where adjustment to our profit distribution policy is required due to the applicable national laws and regulations and new rules promulgated by the CSRC regarding profit distribution policies of listed companies or significant changes in the external business environment and/or operating situations of the Company, it shall be done for the purpose of safeguarding the shareholders' interests and in strict compliance with the decision-making process. To this end, the board of directors of the Company shall work out an adjustment plan based on the operating situations of the Company and the relevant regulations of the CSRC, and then submit the same to the general meeting for consideration and approval. Implementation of the adjustment plan is conditional upon approval by shareholders (including their proxies) holding more than two-thirds of voting rights present at the general meeting.

Implementation of Profit Distribution Proposal

The 2012 annual profit distribution proposal of the Company was considered and passed at the 2012 Annual General Meeting of the Company held on May 10, 2013, the Company would pay in cash the 2012 final dividend of RMB0.30 (tax inclusive) per share, in a total amount of RMB2,374,842,627.60, based on its total share capital of 7,916,142,092 by the date of the Annual General Meeting. The Independent Non-executive Directors of the Company has made independent opinion to agree with the profit distribution proposal. The record date for the distribution of dividends of A shares was May 17, 2013, and the dividend distribution date of A shares was May 23, 2013. The record date for the distribution of dividends of H shares was May 21, 2013, and the dividend distribution date of H shares was June 4, 2013.

The interim profit distribution proposal for 2013 was considered and passed by the ninth meeting of the 9th session of the Board of Directors of the Company held on August 29, 2013, the Company would pay in cash the interim dividend of RMB0.20 (tax inclusive) per share for 2013, in a total amount of RMB1,583,228,418.40, based on its total share capital of 7,916,142,092. The Independent Non-executive Directors of the Company had agreed with the profit distribution proposal unanimously. The record date for the distribution of dividends of A shares was September 9, 2013, and the dividend distribution date of A shares was September 13, 2013. The record date for the distribution of dividends of H shares was September 18, 2013, and the dividend distribution date of H shares was October 24, 2013.

The above profit distribution proposals were in line with the Articles of Association and relevant deliberation procedures and had fully protected the legitimate interests of medium and small investors. The announcements on the resolution of the general meeting and the board meeting were published in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on May 11, 2013 and August 30, 2013, respectively. The announcements regarding the distribution of 2012 final dividend and 2013 interim dividend of the Company were published on the websites of SSE and HKEx, and in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily printed on May 14, 2013 and September 4, 2013, respectively. The implementation of the above-mentioned distribution proposals has been completed.

ANNUAL RESULTS AND PROFIT DISTRIBUTION

The Group's results in 2013 are set out in the section titled "FINANCIAL STATEMENTS".

As stated in the 2013 audited financial statements of the Group prepared under CAS, the net profit attributable to shareholders of the parent company was RMB28,154 million and net profit of the parent Company was RMB8,632 million. Pursuant to the Articles of Association and other relevant requirements, the Company shall make appropriation to the statutory surplus reserve fund based on 10% of the net profit of the Company as shown in the financial statements under CAS before determining the profit available for distribution to shareholders. Appropriation to the statutory surplus reserve fund may cease to apply if the balance of the statutory surplus reserve fund reached an amount equal to 50% of the registered capital of the Company. After making the above profit distribution and taking into account the retained profit carried forward from last year, according to the Articles of Association and other relevant requirements, the profit available for distribution to shareholders was RMB31,493 million.

The Company had distributed an interim dividend of RMB0.20 (tax inclusive) per share for 2013, which amounted to a total of RMB1,583,228,418.40. The Company proposes to distribute a final dividend of RMB0.45 (tax inclusive) per share in cash for 2013. As the A Share Convertible Bonds issued on 22 November 2013 by the Company can be converted on May 23, 2014, it is difficult to estimate the total share capital of the Company at the date of registering A shares, as a result the total amount of dividend to be distributed is unable to determine at present. Based on the share capital of 7,916,142,092 shares in issue as at 31 December 2013, the total final dividend to be distributed is RMB3,562,263,941.40 for 2013. The Company will distribute the dividend on the basis of total share capital at the date of registration and at the time when the stock market is closed. The remaining profit will be carried forward to 2014. The retained profits are mainly for the purpose of endogenous capital accumulation, so as to maintain a reasonable solvency ratio as well as funding to subsidiaries so that they can maintain a reasonable solvency ratio or capital adequacy ratio.

The above proposal will be implemented upon approval at the 2013 Annual General Meeting. The profit distribution proposal is in line with the Articles of Association and relevant deliberation procedures and fully protects the legitimate interests of medium and small investors. The Independent Non-executive Directors of the Company have made independent opinion to agree with the profit distribution proposal.

The Company has no plan to capitalize from capital reserve and surplus reserve.

Particulars on dividend payouts of the Company over the past three years are set out as follows:

	Cash dividend issued for each share during the year (in RMB yuan)	Cash dividend amount (including tax)(1) (in RMB million)	Net profit attributable to shareholders of the parent company (in RMB million)	Ratio (%)
2012(2)	0.45	3,562	20,050	17.8
2011(2)	0.40	3,166	19,475	16.3
2010(2)	0.55	4,204	17,311	24.3

(1) Cash dividends include interim dividend and final dividend of the year.

(2) Profit distribution for each year has been completed during their corresponding years.

DISTRIBUTABLE RESERVES

As at December 31, 2013, the Company's reserves available for distribution totalled RMB31,493 million, the Company has proposed to distribute the 2013 final dividend of RMB0.45 (tax inclusive) per share in cash. After deducting the 2013 final dividend, the retained profits were carried forward to 2014. In addition, the Company's capital reserve and surplus reserve fund, in the amount of RMB90,394 million, may be distributed by a future capitalization issue.

MANAGEMENT DISCUSSION AND ANALYSIS

For management discussion and analysis, please refer to the section headed "Management Discussion and Analysis".

USE OF PROCEEDS FROM THE COMPANY'S PUBLIC OFFERING

The Company issued A Share Convertible Bonds amounting to RMB26 billion via public issuance on November 22, 2013. The Company has raised RMB26,000,309,598.26 in aggregate (including interest of the unfrozen funds totalling RMB309,598.26) through the issuance. The use of the raised funds is consistent with the use that was passed by the General Meeting and the meeting of the Board of Directors of the Company. As at December 31, 2013, except the balance of RMB24,697,830.76 in the fund-raising account, the raised funds have been fully used to supplement the Company's capital and pay the issuance expenses. As at February 27, 2014, the above raised funds were all used to supplement the capital of the Company after deducting of fee for issuance and all the raised funds have been used completely.

PARTICULARS ON INVESTMENT DURING THE REPORTING PERIOD

The non-raised fund of the Company mainly comes from its core insurance business. The Company has been strictly following the relevant requirements of CIRC on the application of insurance fund. All investment in relation to insurance fund was conducted in the normal course of operation.

EQUITY INVESTMENT DURING THE REPORTING PERIOD

For equity investment, please refer to the section headed "Significant Events".

SHARE CAPITAL

The change in the share capital of the Company in 2013 and the share capital structure of the Company as at December 31, 2013 are set out in "Changes in the Share Capital and Shareholders' Profile".

Report of the Board of Directors

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 34 to the financial statements and in the "Consolidated Statement of Changes in Equity", respectively.

CHARITABLE AND OTHER DONATIONS

Charitable donations made by the Company during 2013 totalled RMB39 million.

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property and equipment and investment properties of the Group during the year are set out in notes 30 and 29 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions regarding pre-emptive rights under the Company Law of the PRC or the Articles of Association, which would oblige the Company to issue new shares to its existing shareholders in proportion to their existing shareholdings.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company's listed shares during the reporting period.

DIRECTORS AND SUPERVISORS

During 2013, the information about Directors and Supervisors of the Company are set out in "Corporate Governance Report" and "Report of the Supervisory Committee".

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and Senior Management are set out in "Directors, Supervisors, Senior Management and Employees".

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS AND REMUNERATION

According to the resolutions of the 25th Meeting of the 7th Session of the Board of Directors and the 2nd Meeting of the 7th Session of the Supervisory Committee of the Company, the Company entered into service contracts with all Directors of the 9th Session of the Board of Directors and all Supervisors of the 7th Session of the Supervisory Committee, respectively in July 2012 and August 2012, and entered into service contracts with newly appointed Director, Mr. Yip Dicky Peter, Mr. Wong Oscar Sail Hung, Mr. Sun Dongdong, Mr. Soopakij Chearavanont, Mr. Yang Xiaoping, Mr. Lu Hua and Mr. Lee Yuansiong, and also with newly appointed Supervisor Ms. Zhang Wangjin on July 2013 respectively. Terms, duties, remuneration expenses and confidentiality duties of Directors and Supervisors, and commencement and termination of contracts were specified in the service contracts. As at December 31, 2013, no Directors or Supervisors had a service contract with the Company which was not terminable by the Company within one year without payment of compensation other than statutory compensation.

Details of remuneration of the Directors and Supervisors for the year ended December 31, 2013 are set out in note 50 to the financial statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL CONTRACTS

No Directors or Supervisors had a material interest, directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during 2013.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES

Details of Directors' and Supervisors' interests and short positions in shares are set out in the section entitled "Directors, Supervisors, Senior Management and Employees".

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors, Supervisors or their respective spouse or minor children, nor were any such rights exercised by them, or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors or Supervisors to acquire such rights in any other body corporate.

DIRECTORS' AND SUPERVISORS' INTERESTS IN A COMPETING BUSINESS

During 2013, the following person is considered to have interests in a business which competes or is likely to compete, directly or indirectly, with the business of the Group, as defined in the HKEx Listing Rules, as set out below:

Mr. Lin Li, a Shareholder Representative Supervisor of the Company, is currently the Chairman of Shenzhen Liye Group Co., Ltd. Its subsidiary, Hua Lin Security Company Limited, is engaged in stockbrokerage, securities investment consultancy, Securities underwriting and sponsor and securities dealing. As its businesses overlapped with Ping An Securities Limited, a subsidiary of the Company, so it competes with the Company. Save as disclosed, as far as the Directors are aware, none of the Directors and Supervisors had any competing interest in a business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

BOARD COMMITTEES

The Company has established a Strategy and Investment Committee, an Audit and Risk Management Committee, a Remuneration Committee and a Nomination Committee. For details regarding these Board committees, please see the relevant sections in the "Corporate Governance Report".

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

For details regarding substantial shareholders' and other persons' interests and short positions in shares and underlying shares, please refer to section entitled "Changes in the Share Capital and Shareholders' Profile".

CONTINUING CONNECTED TRANSACTIONS

For details regarding continuing connected transactions, please refer to section entitled "Significant Events".

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 56 to the financial statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE CONTAINED IN APPENDIX 14 TO THE HKEX LISTING RULES

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 December 31, 2013, except that Mr. Ma Mingzhe has occupied the positions of both the Chairman of the Board of Directors and Chief Executive Officer of the Company. Further details of the Company's arrangements and considered 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 are set out under the section headed "Corporate Governance Report".

Report of the Board of Directors

ESTABLISHMENT AND IMPLEMENTATION OF THE ADMINISTRATION SYSTEM FOR INSIDER INFORMATION AND REGISTRATION

Details of the establishment and implementation of the administration system for insider information and registration are set out under "Information Disclosure and Implementation of the Registration and Administration Policy for Persons with Insider Information" in "Corporate Governance Report".

AUDITORS

Ernst & Young Hua Ming LLP and Ernst & Young acted as the auditors of the Company's financial statements under CAS and IFRS, respectively in 2011 and 2012. According to the resolutions of the 2012 Annual General Meeting of the Company, the Company appointed PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors of the Company's financial statements under CAS and IFRS, and appointed PricewaterhouseCoopers Zhong Tian LLP as the auditors of the company for internal control in 2013.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, being March 13, 2014, at all times during the year ended December 31, 2013, not less than 20% of the issued share capital of the Company (being the minimum public float applicable to the shares of the Company) was held in public hands.

By order of the Board of Directors

Ma Mingzhe
Chairman and Chief Executive Officer

Shenzhen, PRC
March 13, 2014

Report of the Supervisory Committee

To all Shareholders,

During the reporting period, the Supervisory Committee has duly carried out its supervisory duties in a stringent manner and adhered to the principles of fairness and honesty to effectively protect the rights and interests of the shareholders, the Company and its employees in accordance with the relevant provisions of the Company Law of PRC and the Articles of Association.

THE WORK OF THE SUPERVISORY COMMITTEE

The 5th Meeting of the 7th session of the Supervisory Committee was held on March 14, 2013, at which resolutions including the Report of the Supervisory Committee of the Company for 2012, the Resolution Relating to Considering the Annual Report and its Summary of the Company for the Year 2012, the Resolution Relating to Considering Corporate Social Responsibility Report of the Company for 2012 and so on were considered and approved unanimously.

The 6th Meeting of the 7th session of the Supervisory Committee was held from April 23 to 26, 2013 through written communication and voting, at which the Resolution Relating to Considering the First Quarterly Report of the Company for 2013 was considered and approved unanimously.

The 7th Meeting of the 7th session of the Supervisory Committee was held on August 29, 2013, at which the Resolution Relating to Considering the Interim Report of the Company for 2013 and the Resolution Relating to Considering the Audit Report on the Departure of Mr. Gregory D. Gibb were considered and approved unanimously.

The 8th Meeting of the 7th session of the Supervisory Committee was held from October 21 to 25, 2013 through written communication and voting, at which the Third Quarterly Report of the Company for 2013 was considered and approved unanimously.

Details of members' attendance at meetings of the Supervisory Committee are set out as follows:

Class of Supervisors	Name	Date of appointment	Meetings attended/ Meetings required to attend	Percentage of attendance
Independent Supervisors	GU Liji (Chairman)	June 3, 2009	4/4	100%
	PENG Zhijian	June 3, 2009	4/4	100%
	SUN Fuxin (resigned)(1)	May 16, 2003	2/2	100%
Shareholder Representative Supervisors	LIN Li	July 17, 2012	3/4	75%
	ZHANG Wangjin(1)	June 17, 2013	2/2	100%
Employee Representative Supervisors	SUN Jianping	March 19, 2010	2/4	50%
	ZHAO Fujun	July 17, 2012	4/4	100%
	PAN Zhongwu	July 17, 2012	4/4	100%

(1) Due to the work arrangement, Mr. Sun Fuxin has tendered his resignation as Independent Supervisor of the Company in March 2013. To ensure the normal operation of Supervisor Committee, 2012 General Meeting was held by the Company on 10 May 2013 and Ms. Zhang Wangjin was elected as Shareholder Representative Supervisor. Her qualification as supervisor is approved by CIRC and Mr. Sun Fuxin officially left office as independent supervisor on June 17, 2013.

Report of the Supervisory Committee

In September 2013, certain members of the Supervisory Committee conducted inspection and review in the branches of Ping An Life, Ping An Property & Casualty and Ping An Annuity in Inner Mongolia. Opinions collected from the vast ground-level staffs were considered and constituted as the investigation report to the management of the Company. Meanwhile, feedback report by the senior management for settling relevant problems was addressed to all the Directors and Supervisors.

During the reporting period, certain members of the Supervisory Committee attended the following meetings as non-voting participants: the 2012 Annual General Meeting, the First Extraordinary General Meeting of 2013, and meetings of the Board of Directors, and had no dissents.

INDEPENDENT OPINION ON THE RELEVANT ISSUES FROM THE SUPERVISORY COMMITTEE

(1) Lawful Operation

During the reporting period, the Company operated and managed its businesses in accordance with the laws and regulations. Its operational results were objective and true. There was greater development and improvement in the depth and scope of internal control management. The internal control system was complete, reasonable and effective. Its operational decision-making processes were lawful. The Directors and other senior management were cautious, serious and diligent in the business operations and management processes. They had never breached any laws, regulations, and the Articles of Associations or harmed the interests of the shareholders.

(2) Authenticity of the Financial Statement

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers have issued the standard unqualified auditor's reports in accordance with the PRC and international accounting principles respectively for the Company's financial statements of 2013. The financial statements truly, fairly and accurately reflected the financial condition and results of operations of the Company.

(3) Use of Proceeds from the Company's Latest Public Offering

The Company publicly issued A Share Convertible Bonds amounting to RMB26 billion on November 22, 2013. The issuance has raised RMB26,000,309,598.26 in aggregate (including interest of the unfrozen funds RMB309,598.26). After deducting all expenses incidental to the issuance, the net proceeds of RMB25,816,258,001.04 were raised from the issuance. As at December 31, 2013, except the balance of RMB24,697,830.76 in the fund-raising account, the above raised funds were all used to supplement the capital of the Company after deducting of fee for issuance. As at February 27, 2014, the above raised funds were all used to supplement the capital of the Company after deducting of fee for issuance and all the raised funds have been used completely.

(4) Company's Acquisition and Asset Disposal

During the reporting period, the acquisition and sale of assets by the Company are as follows:

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

For information on the Share Subscription relating to the Non-Public Issuance of Ping An Bank, please refer to the section headed "Significant Events".

Particulars on Issuance of A Share Convertible Bonds

For particulars on issuance of A Share Convertible Bonds, please refer to the section headed "Significant Events".

(5) Connected Transactions

The Supervisory Committee considered the connected transactions of the Company were fair and reasonable in the reporting period, and did not find any harm against the interests of the shareholders and the Company.

(6) Internal Control System

The Supervisory Committee had heard and reviewed the Working Report on the Internal Control of the Company for the First Half of 2013 and 2013 Assessment Report on Internal Control, and considered the Company has set up a more complete, reasonable and effective internal control system.

(7) Implementation of the Resolutions Approved in the General Meetings

Certain members of the Supervisory Committee attended the meetings of the Board of Directors and the general meetings, and did not have any objection on the reports and proposals which were submitted to the general meetings by the Board of Directors. The Supervisory Committee has monitored the implementation of the resolutions approved in the general meetings and is of the opinion that the Board of Directors can duly implement the resolutions approved in the general meetings.

In the coming year, the Supervisory Committee will further enhance its work principles and fully implement a scientific perspective for its development. It will continue to carry out its duties in accordance with the relevant provisions of the Company Law of PRC, the Articles of Association and the listing rules. It will adhere to the principles of diligence, fairness and honesty, and maximize its supervisory efforts with the aim of protecting the interests of the Company and its shareholders as a whole and commit to performing supervisory duties honestly and diligently, so as to achieve the best results in all respects.

By order of the Supervisory Committee

GU Liji
Chairman of the Supervisory Committee

Shenzhen, PRC
March 13, 2014

Significant Events

GENERAL ANALYSIS OF INVESTMENT

Ping An is an integrated financial services group, 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.

Securities Investments Classified as Held for Trading Financial Assets

No.	Type	Code	Short name	Initial investment cost (RMB million)	Number of shares or pieces 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	202	2.0	192	26.9	4
2	Convertible bond	113002	ICBC CB	56	0.5	51	7.1	(5)
3	Stock	000538	Yunnan Baiyao	5	0.3	26	3.6	9
4	Stock	600016	CMSB	20	2.6	20	2.8	–
5	Stock	600036	CMB	15	1.4	15	2.1	(2)
6	Stock	601166	CIB	13	1.3	13	1.8	(3)
7	Stock	600000	SPDB	12	1.3	12	1.7	–
8	Stock	601328	Bank Comm	11	2.7	10	1.4	(2)
9	Stock	600837	Haitong Securities	10	0.9	11	1.5	1
10	Stock	600030	CITIC Securities	10	0.8	10	1.4	–
Other securities investments held at the end of the period				355	–	355	49.7	–
Profit or loss upon disposal of securities investments for the reporting period				–	–	–	–	(121)
Total				709		715	100.0	(119)

Notes: (1) Securities investments listed in the table include stocks, warrants and convertible bonds.
(2) Other securities investments refer to securities investments other than the above top ten securities.
(3) Profit or loss for the reporting period includes dividend income and gain or loss 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	545	492	1.4	31	(51)	AFS
	601398		19,954	17,037		851	(2,782)	AFS
2	HK1288	ABC	131	125	1.7	6	(5)	AFS
	601288		14,780	13,616		817	(1,732)	AFS
3	HK0939	CCB	562	503	1.1	37	(58)	AFS
	601939		13,264	11,374		741	(1,308)	AFS
4	000538	Yunnan Baiyao	1,407	6,629	9.4	29	2,209	AFS
5	HK3328	Bank Comm	84	76	1.3	4	(8)	AFS
	601328		4,288	3,547		225	(790)	AFS
6	BE0974264930	Ageas (original name:Fortis)	23,874	3,153	5.2	208	917	AFS
7	600000	SPDB	2,491	2,785	1.6	50	131	AFS
8	HK2628	China Life	457	425	0.1	3	(32)	AFS
	601628		274	271		–	(31)	AFS
9	HK1359	China Cinda	468	623	0.5	–	154	AFS
10	000333	Midea	536	595	0.7	–	486	AFS

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

Equity Investments in Non-listed Financial Enterprises

No.	Name	Initial investment cost (RMB million)	Number of shares (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	28	–	AFS	Purchased
2	Guotai Junan Securities Co., Ltd.	65	5	0.08	62	–	–	AFS	Held through the subsidiary, Shanghai Jahwa[(1)]

(1) Shanghai Jahwa (Group) Company Ltd.

CORPORATE GOVERNANCE

Particulars on Trading of Other Listed Companies' Shares

	Number of shares purchased/ disposed during the reporting period (million shares)	Amount used (in RMB million)	Investment income (in RMB million)
Purchase	13,763	129,021	–
Disposal	11,445	–	1,956

Being a large integrated financial group, the Company covers all financial sectors including insurance, banking, securities, trust and asset management. Therefore, capital market investment is our key business of operating activities. The Company conducted its investment stringently in compliance with relevant regulatory requirements while actively seizing any market opportunities and made timely adjustment to its investment strategies so as to bring long term and stable return for its shareholders. The above data summarizes the equity investment of the Company and its subsidiaries.

ASSET TRANSACTION

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

As the validity period of the relevant resolution in relation to the original non-public issuance of shares by Ping An Bank considered and approved at the 7th Meeting of the 8th Session of Board of Directors held in 2011, the 1st Extraordinary General Meeting of 2011, the 18th Meeting of the 8th Session of Board of Directors held in 2012, and the 2nd Extraordinary General Meeting of 2012 had been expired on 1 September 2013, Ping An Bank had held another meeting of Board of Directors and Shareholders' Meeting to re-consider the plan to issue shares to the Company via non-public issuance. On September 6, 2013, the 10th Meeting of the 9th Session of Board of Directors considered and approved the Proposal on Subscription of New Shares in Ping An Bank via Non-public Issuance, and planned to subscribe for not more than 1,323,384,991 shares of Ping An Bank issued through non-public issuance (hereinafter referred to as the "Share Subscription").

On December 13, 2013, as mentioned in the announcement of the Company, the application regarding Ping An Bank's intention to privately issue up to 1,323,384,991 A Shares to the Company has been approved by Issuance Examination Committee of the CSRC on December 13, 2013.

On December 30, 2013, as mentioned in the announcement of the Company, relating to the approval received the Approval to Privately Issue Shares by Ping An Bank from the CSRC on December 30, 2013, which approved Ping An Bank to privately issue up to 1,323,384,991 A Shares to the Company and the approval is valid within six months since the date of issuance.

On January 7, 2014, as mentioned in the announcement of the Company, the Company paid a subscription fee of RMB14,782,210,349.47 to Ping An Bank in consideration for the issuance of 1,323,384,991 A Shares under the non-public issuance on December 30, 2013. On December 31, 2013, Ping An Bank submitted shares registration application to the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (CSDC) in respect of the non-public issuance and obtained Confirmation Letter on Acceptance of Shares Registration Application from Registration Department of CSDC. Ping An Bank's non-public issuing shares were listed on Shenzhen Stock Exchange on 9 January 2014.

On January 13, 2014, the Company published "Detailed Report on the Shareholdings Changes of Ping An Bank Co., Ltd." on Shenzhen Stock Exchange via Ping An Bank. Upon the completion of the Share Subscription, the shares held by the Company directly and indirectly in Ping An Bank increased to 59%.

Particulars on Issuance of A Share Convertible 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 Bonds. Such Convertible Bonds and A Shares to be converted into upon the conversion of the Convertible Bonds will be listed on Shanghai Stock Exchange.

On February 8, 2012, the relevant proposals in respect of the issuance of A Share Convertible 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, CIRC approved the issuance of A Share Convertible Bonds of the Company.

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

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

On March 27, 2013, as mentioned in the announcement of the Company, the Public Offering Review Committee of the CSRC approved the Company's application of public issuance of A Share Convertible Bonds.

On November 14, 2013, as mentioned in the announcement of the Company, the Company received "the Approval of the Public Issuance of Convertible Corporate Bonds of Ping An Insurance (Group) Company of China, Ltd." from the CSRC, which approved the public issuance of the A Share Convertible Bonds of the Company with the total par value of RMB26 billion and a term of six years.

On November 20, 2013, the Company issued the "Announcement on the Public Issuance of A Share Convertible Corporate Bonds of Ping An Insurance (Group) Company of China, Ltd. (including Subordinated Terms)" and "Prospectus in relation to the Public Offering of A Share Corporate Convertible Bonds of Ping An Insurance (Group) Company of China, Ltd. (including Subordinated Terms)" and its Summary.

On December 5, 2013, the Company issued "Listing Announcement on the Public Issuance of A Share Convertible Corporate Bonds of Ping An Insurance (Group) Company of China, Ltd. (including subordinated terms)".

On December 9, 2013, the Company's A Share Convertible Bonds amounting to RMB26 billion in aggregate listed and traded on Shanghai Stock Exchange (Stock Short Name: Ping An Convertible Bonds, Stock code: 113005).

For further details, please refer to the related announcements published in Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, and on the website of the Shanghai Stock Exchange (www.sse.com.cn) on December 21, 2011, February 9, 2012, May 29, 2012, December 19, 2012, February 6, 2013, March 28, 2013, September 9, 2013, November 15, 2013, November 20, 2013, December 5, 2013, December 14, 2013, December 31, 2013 and January 8, 2014.

Significant Events

IMPLEMENTATION OF SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS EFFECTS

During the reporting period, the Company has not implemented any share incentive scheme.

MATERIAL CONNECTED TRANSACTIONS

Continuing Connected Transactions

Continuing connected transactions of deposit nature with HSBC

On June 27, 2012, resolutions were passed at the annual general meeting of the Company for 2011 to approve that the maximum deposit balance of the Group at HSBC and its subsidiaries and associates (hereinafter referred to as "HSBC Group") on any given day during the period from 2013 to 2015 shall not exceed US$1,500 million.

Since HSBC held more than 5% of the shares in the Company before February 6, 2013, HSBC was still a connected party of the Company pursuant to Rule 10.1.3 of the SSE Listing Rules before February 6, 2014. Therefore, during the reporting period, the ordinary transactions of deposit nature between the Group and HSBC constitute connected transactions in the ordinary and usual course of business as defined under the SSE Listing Rules.

In addition, HSBC Holdings[1] was a substantial shareholder of the Company before February 6, 2013, HSBC, being an indirect subsidiary of HSBC Holdings was therefore a connected party of the Company under Rule 14A.11(4) of the HKEx Listing Rules before February 6, 2013. Therefore, the ordinary transactions of deposit nature between the Group and HSBC constitute the continuing connected transactions as defined under the HKEx Listing Rules during the period from January 1, 2013 to February 5, 2013. The Company confirms that the abovementioned continuing connected transactions have met the disclosure requirements of Chapter 14A of the HKEx Listing Rules.

The Group maintains bank balances with HSBC Group on normal commercial terms in the ordinary course of business. The relevant banking documents executed by the Group with HSBC do not provide for the bank accounts with HSBC Group to be maintained for any fixed period of time. Interests are accrued on such bank balances at prevailing market rates.

The maximum deposit balance of the Group at HSBC Group on any given day during 2013 had not exceeded the annual cap of US$1,500 million.

Continuing connected transactions of non-deposit nature with HSBC

The Group has regularly engaged in various kinds of institutional market transactions in the normal course of business with the HSBC Group. To regulate these on-going transactions, the Company entered into the Institutional Market Transactions Framework Agreement with HSBC on March 15, 2012, pursuant to which HSBC Group and the Group agreed to conduct institutional market transactions in accordance with applicable normal institutional market practices and on normal commercial terms. The term of the Agreement is three years from January 1, 2012 to December 31, 2014.

The transactions contemplated under the Institutional Market Transactions Framework Agreement include any of the following transactions (or transactions of a similar nature of any of the following) which are conducted between (on the one hand) the Group and (on the other hand) the HSBC Group, and in each case in the ordinary and usual course of business of the Group and on normal commercial terms:

(1) interbank money market lending and borrowing transactions;

(2) bond transactions (including outright sale and purchase of bonds, and sale and repurchase of bonds);

[1] HSBC Holdings has ceased to be the substantial shareholder of the Company since February 6, 2013; therefore, HSBC Holdings and HSBC shall not constitute the connected parties of the Company under the HKEx Listing Rules since February 6, 2013.

(3) foreign exchange transactions (including sale and purchase of foreign currencies, or squaring of any conversions between RMB and foreign currencies);

(4) financial derivatives transactions;

(5) interbank lending transactions;

(6) discounting of bank's acceptance bills, on an outright basis or a upfront discount and repurchase basis;

(7) outright transfer of loan assets;

(8) reimbursement financing in respect of letters of credit;

(9) investments in fixed income products excluding vanilla debt instruments (including investment in wealth management products); and

(10) gold lending transactions.

Given the nature of the similarity of the abovementioned transactions, such transactions will be aggregated and treated as if they were one transaction under the HKEx Listing Rules. On March 15, 2012, the Board of Directors considered and approved for each of the three years ended December 31, 2014, the revenue and cost of transactions contemplated under the Institutional Market Transactions Framework Agreement shall not exceed RMB1,000 million.

As one or more of the applicable percentage ratios (as defined under Rule 14A.10 of the HKEx Listing Rules) in respect of the annual caps for the transactions contemplated under the Institutional Market Transactions Framework Agreement exceed 0.1% but are less than 5%, such transactions are only subject to the reporting, annual review and announcement requirements, and are exempt from the independent shareholders' approval requirement under the HKEx Listing Rules. The Company confirms the abovementioned continuing connected transactions have met the disclosure requirements of Chapter 14A of the HKEx Listing Rules.

For the year ended December 31, 2013, the abovementioned revenue and cost were approximately zero and US$2 million, respectively.

In the opinion of the Independent Non-executive Directors, after having reviewed the above continuing connected transactions, such transactions were entered into by the Group:

(1) in the ordinary and usual course of its business;

(2) on normal commercial terms or on terms no less favorable to the Group than terms available to or from (as appropriate) independent third parties; and

(3) in accordance with the terms of agreements governing them on terms that are fair and reasonable so far as the shareholders of the Company are concerned and in the interests of the shareholders of the Company as a whole.

PricewaterhouseCoopers, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the HKEx Listing Rules. A copy of the auditors' letter has been provided by the Company to the HKEx.

Continuing connected transactions of deposit nature with Bank of Communications

On June 27, 2012, resolutions were passed at the annual general meeting of the Company for 2011 to approve that the maximum deposit balance of the Group at Bank of Communications on any given day during the period from 2013 to 2015 shall not exceed RMB50 billion.

Since Mr. Wong Tung Shun Peter (who resigned on December 7, 2012), being a Non-executive Director of the Company, is also a Non-executive Director of Bank of Communications, Bank of Communications is a connected party of the Company pursuant to Rules 10.1.3 and 10.1.6 of the SSE Listing Rules before December 7, 2013. Therefore, the ordinary transactions of deposit nature between the Group and Bank of Communications constitute connected transactions in the ordinary and usual course of business as defined under the SSE Listing Rules.

The maximum deposit balance of the Group at Bank of Communications on any given day during the period from January 1, 2013 to December 7, 2013 have not exceeded the annual cap of RMB50 billion.

Continuing connected transactions of non-deposit nature with Bank of Communications

On March 15, 2012, the Board considered and approved for any given year between 2012 to 2014, the Group's revenue and cost incurred from continuing connected transactions of non-deposit nature with Bank of Communications shall not exceed RMB2,918 million, respectively. The Group's continuing connected transactions of non-deposit nature with Bank of Communications includes:

(1) bonds transactions

(2) interbank lending and borrowing

(3) interbank lending

(4) bill business

(5) credit asset transfer business

(6) foreign currency transactions

(7) swaps and options transactions

(8) gold lending

(9) lending type business

(10) other transactions: Continuing connected transactions of non-deposit nature which the Group entered into with Bank of Communications in the normal course of business under normal commercial terms (the cooperative business terms have been discussed directly by both parties) and are not included in the above types of businesses.

As at December 7, 2013, the revenue and cost for the continuing connected transactions of non-deposit nature between the Group and Bank of Communications did not exceed the cap of RMB2,918 million.

However, the abovementioned transactions between the Group and Bank of Communications does not constitute the continuing connected transactions as defined under the HKEx Listing Rules. In addition, certain related party transactions as disclosed in note 52 of the financial statements prepared under IFRS also constituted connected transactions under the HKEx Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of HKEx Listing Rules in respect of the above connected transactions or continuing connected transactions.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

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	13,144
Total guarantee balance in favor of its subsidiaries as at the end of the reporting period	19,354

	Total guarantee of the Company (including the guarantee in favor of its subsidiaries)
Total guarantee	19,354
Total guarantee as a percentage of the Company's net assets (%)	10.6
Including: Direct or indirect guarantee for the companies with gearing ratio over 70%	15,177

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.

Independent Opinions of Independent Non-executive Directors on External Guarantee of the Company

According to the relevant requirements of the Notice Concerning the Regulation on the Flow of Funds Between Listed Companies and Their Connected Parties and the Provision of Guarantees by Listed Companies to External Parties as well as the Notice regarding the Regulation of the Provision of External Guarantee by Listed Companies set out by CSRC, the independent non-executive directors of the Company conducted a prudent review on the Company's external guarantee in 2013. Their specific illustrations and independent advice are set out as follows:

1. During the reporting period, the Company did not provide any guarantee to its controlling shareholder and other connected parties which are less than 50% share-controlled by the Company, any non-legal entities or individuals;

2. During the reporting period, the Company's total guarantee provided to its subsidiaries amounted to RMB13,144 million. As at December 31, 2013, the Company's total guarantee balance in favor of its subsidiaries was RMB19,354 million, representing approximately 10.6% of the Company's net asset. The sum did not exceed 50% of the net asset as stated in the consolidated financial statements of the latest fiscal year of the Company;

3. The Company has strictly observed the approval procedures and internal control policies regarding external guarantee set out in the Articles of Association of the Company, and there exists no irregular external guarantee;

4. The Company has fulfilled its obligation to disclose information on external guarantee and unequivocally provided chartered accountants with all the details about the Company's external guarantee, in strict compliance with the relevant requirements under the Rules Governing the Listing of Securities on Shanghai Stock Exchange and the Articles of Association of the Company.

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.

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.

UNDERTAKINGS

Shareholders' Undertaking

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

As at December 31, 2013, the above undertakings were still in the process of performance and there was no violation of the above undertakings.

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 Title Disputes of Ping An Bank Co., Ltd.". According to the Letter of Undertaking, the Company undertakes that if titleship disputes occurred in respect of the above-mentioned properties of the Original Ping An Bank in the future, the Company will make efforts to coordinate the parties for proper settlement of the disputes, so as to avoid any adverse effect on the normal operation of the bank. If the above-mentioned branches incur additional costs or their revenue decreases due to the titleship disputes, the Company 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 Co., Ltd.". According to the Letter of Undertaking, the Company undertakes that, within three years following completion of the transaction, if Shenzhen Development Bank fails to obtain the ownership certificates for the two properties and fails to dispose of the same 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 of the Company and the enterprises under its control intend to carry on or their substantially obtaining the business or commercial opportunities similar to those of Shenzhen Development Bank 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 "fairness, justness and openness" at fair and reasonable 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 at December 31, 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.

Significant Events

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

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

As at December 31, 2013, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

Undertaking in Respect of the Subscription for the New Shares of Ping An Bank through Non-public Issuance

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

As at December 31, 2013, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

APPOINTMENT OF AUDITOR

Information of the Company's auditors and the remuneration paid to auditors are set out in the sections entitled "Report of the Board of Directors" and "Corporate Governance Report".

APPOINTMENT OF INTERNAL CONTROL AUDITOR

Information of the Company's internal control auditors and the remuneration paid to auditors are set out in the sections entitled "Report of the Board of Directors" and "Corporate Governance Report".

PUNISHMENTS IMPOSED ON THE LISTED 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, or the public condemnation by the stock exchange.

ENTERPRISE 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 final 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 Wednesday, July 2, 2014 (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 of such opinion, the Company will not withhold any enterprise income tax when it distributes 2013 final 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) 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 desire 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, June 26, 2014 a legal opinion, issued by a PRC mainland qualified lawyer (inscribed with the seal of the applicable law firm), that verifies its resident enterprise status.

Individual Income Tax Withholding of Overseas Individual Shareholders

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

Pursuant to the aforesaid tax regulations and the Notice of the State Administration of Taxation on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Fa [2011] No. 348), the Company shall generally be obligated to withhold individual income tax at the tax rate of 10% when it distributes 2013 final dividend to individual holders of H shares appear 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 appear 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, June 26, 2014 a written authorization and relevant evidencing documents, which shall be handed on by the Company to the applicable tax authorities for approval, and then excess portion of the tax amounts withheld can be refunded.

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

All investors are requested to read this report carefully. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the 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.

Independent Auditor's Report

To the shareholders of
Ping An Insurance (Group) Company of China, Ltd.
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Ping An Insurance (Group) Company of China, Ltd. ("the Company") and its subsidiaries (together, the "Group") set out on pages 153 to 284, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 13 March 2014

Consolidated Statement of Income

For the year ended 31 December 2013

(in RMB million)	Notes	2013	2012
Gross written premiums and policy fees	7	**269,051**	233,940
Less: Premiums ceded to reinsurers		**(21,034)**	(12,851)
Net written premiums and policy fees	7	**248,017**	221,089
Change in unearned premium reserves		**(7,818)**	(7,945)
Net earned premiums		**240,199**	213,144
Reinsurance commission income		**6,584**	4,529
Interest income from banking operations	8	**93,291**	74,852
Fees and commission income from non-insurance operations	9	**15,815**	10,891
Investment income	10	**55,583**	27,378
Share of profits and losses of associates and jointly controlled entities		**(264)**	(46)
Other income	11	**10,013**	8,445
Total income		**421,221**	339,193
Claims and policyholders' benefits	12	**(198,002)**	(165,994)
Commission expenses on insurance operations		**(25,390)**	(20,437)
Interest expenses on banking operations	8	**(50,861)**	(40,351)
Fees and commission expenses on non-insurance operations	9	**(1,979)**	(1,455)
Loan loss provisions, net of reversals	13, 23	**(6,709)**	(3,048)
Foreign exchange (losses)/gains		**(381)**	255
General and administrative expenses		**(81,753)**	(68,477)
Finance costs		**(3,202)**	(1,758)
Other expenses		**(6,720)**	(5,590)
Total expenses		**(374,997)**	(306,855)
Profit before tax	13	**46,224**	32,338
Income tax	14	**(10,210)**	(5,588)
Profit for the year		**36,014**	26,750
Attributable to:			
– Owners of the parent		**28,154**	20,050
– Non-controlling interests		**7,860**	6,700
		36,014	26,750
		RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:			
– Basic	17	**3.56**	2.53
– Diluted	17	**3.55**	2.53

Details of the dividends proposed for the year are disclosed in Note 16 to the financial statements.

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

(in RMB million)	Note	2013	2012
Profit for the year		**36,014**	26,750
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets		**(9,421)**	19,573
Shadow accounting adjustments		**1,094**	(3,426)
Exchange differences on translation of foreign operations		**11**	(29)
Share of other comprehensive income of associates and jointly controlled entities		**(10)**	(39)
Income tax relating to components of other comprehensive income		**2,114**	(4,006)
Other comprehensive income for the year, net of tax	15	**(6,212)**	12,073
Total comprehensive income for the year		**29,802**	38,823
Attributable to:			
– Owners of the parent		**22,930**	32,389
– Non-controlling interests		**6,872**	6,434
		29,802	38,823

Consolidated Statement of Financial Position

As at 31 December 2013

(in RMB million)	Notes	31 December 2013	31 December 2012
Assets			
Cash and amounts due from banks and other financial institutions	18	**353,331**	451,414
Balances with the Central Bank and statutory deposits	19	**237,154**	227,072
Fixed maturity investments	20	**1,454,637**	1,109,248
Equity investments	21	**157,068**	126,124
Derivative financial assets	22	**3,402**	972
Loans and advances to customers	23	**861,770**	709,402
Premium receivables	24	**24,205**	18,756
Accounts receivable	25	**8,033**	8,979
Inventories		**1,764**	1,119
Reinsurers' share of insurance liabilities	26	**13,839**	9,341
Policyholder account assets in respect of insurance contracts	27	**35,502**	32,417
Policyholder account assets in respect of investment contracts	27	**4,101**	3,824
Investments in associates and jointly controlled entities	28	**12,081**	9,960
Investment properties	29	**18,262**	14,850
Property and equipment	30	**18,873**	17,539
Intangible assets	31	**43,896**	37,536
Deferred tax assets	42	**15,253**	10,680
Other assets	32	**97,141**	55,033
Total assets		**3,360,312**	2,844,266
Equity and liabilities			
Equity			
Share capital	33	**7,916**	7,916
Reserves	34	**90,167**	91,271
Retained profits	34	**84,626**	60,430
Including: Proposed final dividend	16	**3,562**	2,375
Equity attributable to owners of the parent		**182,709**	159,617
Non-controlling interests		**56,996**	50,032
Total equity		**239,705**	209,649
Liabilities			
Due to banks and other financial institutions	35	**509,466**	420,315
Assets sold under agreements to repurchase	36	**121,642**	154,977
Other financial liabilities held for trading		**3,692**	1,722
Derivative financial liabilities	22	**2,918**	952
Customer deposits and payables to brokerage customers	37	**1,191,515**	986,936
Accounts payable	38	**2,618**	3,615
Income tax payable		**4,347**	2,352
Insurance payables		**54,359**	38,293
Insurance contract liabilities	39	**1,030,212**	882,593
Investment contract liabilities for policyholders	40	**38,353**	34,669
Policyholder dividend payable		**25,232**	21,681
Bonds payable	41	**56,756**	38,793
Deferred tax liabilities	42	**6,238**	5,599
Other liabilities	43	**73,259**	42,120
Total liabilities		**3,120,607**	2,634,617
Total equity and liabilities		**3,360,312**	2,844,266

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	For the year ended 31 December 2013							
	Equity attributable to owners of the parent							
(in RMB million)	**Share capital**	**Capital reserves**	**Surplus reserve funds**	**General reserves**	**Exchange differences on translation of foreign operations**	**Retained profits**	**Non-controlling interests**	**Total equity**
As at 1 January 2013	**7,916**	**83,794**	**6,982**	**395**	**100**	**60,430**	**50,032**	**209,649**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**28,154**	**7,860**	**36,014**
Other comprehensive income for the year	**-**	**(5,235)**	**-**	**-**	**11**	**-**	**(988)**	**(6,212)**
Total comprehensive income for the year	**-**	**(5,235)**	**-**	**-**	**11**	**28,154**	**6,872**	**29,802**
Dividend declared (Note 16)	**-**	**-**	**-**	**-**	**-**	**(3,958)**	**-**	**(3,958)**
Dividend paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(834)**	**(834)**
Establishment of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**1,097**	**1,097**
Equity transactions with non-controlling interests	**-**	**361**	**-**	**-**	**-**	**-**	**(361)**	**-**
Issue of convertible bonds	**-**	**3,731**	**-**	**-**	**-**	**-**	**-**	**3,731**
Others	**-**	**28**	**-**	**-**	**-**	**-**	**190**	**218**
As at 31 December 2013	**7,916**	**82,679**	**6,982**	**395**	**111**	**84,626**	**56,996**	**239,705**

	For the year ended 31 December 2012							
	Equity attributable to owners of the parent							
(in RMB million)	Share capital	Capital reserves	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Retained profits	Non-controlling interests	Total equity
As at 1 January 2012	7,916	71,899	6,982	395	129	43,546	40,475	171,342
Profit for the year	–	–	–	–	–	20,050	6,700	26,750
Other comprehensive income for the year	–	12,368	–	–	(29)	–	(266)	12,073
Total comprehensive income for the year	–	12,368	–	–	(29)	20,050	6,434	38,823
Dividend declared (Note 16)	–	–	–	–	–	(3,166)	–	(3,166)
Dividend paid to non-controlling interests	–	–	–	–	–	–	(512)	(512)
Acquisition of subsidiaries	–	–	–	–	–	–	4,312	4,312
Disposal of subsidiaries	–	–	–	–	–	–	(1,006)	(1,006)
Equity transaction with non-controlling interests	–	(601)	–	–	–	–	(105)	(706)
Others	–	128	–	–	–	–	434	562
As at 31 December 2012	7,916	83,794	6,982	395	100	60,430	50,032	209,649

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

(in RMB million)	Notes	2013	2012
Net cash flows from operating activities	49	**217,138**	280,897
Cash flows from investing activities			
Purchases of investment properties, property and equipment, and intangible assets		**(10,083)**	(8,362)
Proceeds from disposal of investment properties, property and equipment, and intangible assets		**101**	162
Proceeds from disposal of investments		**1,237,256**	1,046,839
Purchases of investments		**(1,512,693)**	(1,213,869)
Term deposits placed, net		**(16,557)**	(58,964)
Acquisition of non-controlling interests in subsidiaries		**-**	(2,575)
Acquisition of subsidiaries		**(658)**	(2,538)
Disposal of subsidiaries		**-**	1,211
Interest received		**66,701**	43,221
Dividends received		**6,364**	4,672
Rentals received		**1,065**	816
Others		**(7,559)**	(4,453)
Net cash flows used in investing activities		**(236,063)**	(193,840)
Cash flows from financing activities			
Capital injected by third parties		**13,491**	551
Proceeds from bonds issued		**29,600**	11,998
(Decrease)/increase in assets sold under agreements to repurchase, net		**(23,339)**	45,555
Proceeds from borrowed funds		**29,668**	4,051
Repayment of borrowed funds		**(16,354)**	(4,734)
Interest paid		**(10,835)**	(4,304)
Dividends paid		**(4,566)**	(3,596)
Net cash flows from financing activities		**17,665**	49,521
Net (decrease)/increase in cash and cash equivalents		**(1,260)**	136,578
Net foreign exchange differences		**(749)**	(173)
Cash and cash equivalents at beginning of the year		**246,886**	110,481
Cash and cash equivalents at end of the year	48	**244,877**	246,886

Statement of Financial Position

As at 31 December 2013

(in RMB million)	Notes	31 December 2013	31 December 2012
Assets			
Cash and amounts due from banks and other financial institutions		**10,659**	15,507
Fixed maturity investments		**15,602**	3,724
Equity investments		**8,888**	1,372
Investments in subsidiaries	5	**127,706**	109,856
Property and equipment		**28**	43
Other assets		**323**	1,260
Total assets		**163,206**	131,762
Equity and liabilities			
Equity			
Share capital	33	**7,916**	7,916
Reserves	34	**94,383**	90,807
Retained profits	34	**31,493**	26,819
Total equity		**133,792**	125,542
Liabilities			
Due to banks and other financial institutions		**6,130**	5,430
Assets sold under agreements to repurchase		**400**	200
Bonds payable		**22,188**	–
Other liabilities		**696**	590
Total liabilities		**29,414**	6,220
Total equity and liabilities		**163,206**	131,762

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 controlled funds. 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.

These consolidated financial statements are presented in millions of Renminbi ("RMB") unless otherwise stated.

2. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Group has not applied the following new and revised standards, which have been issued but are not yet effective, in these financial statements, except for Amendments to IAS 36, "Impairment of assets".

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

Amendments to IAS 36, "Impairment of assets", focus on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash-generating units which had been included in IAS 36 by the issue of IFRS 13. The Group early adopted Amendments to IAS 36 in the current year's financial statements which had no significant financial effect on these financial statements.

IFRIC 21, "Levies", sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

(1) BASIS OF PREPARATION

The financial statements have been prepared in accordance with IFRS which comprise standards and interpretations approved by the IASB and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which have been measured at fair value and insurance contract liabilities, which have been measured primarily based on actuarial methods.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

To the extent that a topic is not covered explicitly by IFRS, the IFRS framework permits reference to another comprehensive body of accounting principles, and therefore the Group has chosen to refer to the accounting practices currently adopted by insurance companies reporting under Accounting Standards for Business Enterprises ("PRC Accounting Standards").

(2) CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Changes in accounting policies

The Group has adopted the following new/revised standards for the first time for the current year's financial statements.

- *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.

- *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.

- *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.

- *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)

(2) CHANGES IN ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

Changes in accounting policies (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.

▶ *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. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

▶ *IFRS 12 "Disclosure of interest in other entities"*

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

▶ *IFRS 13 "Fair value measurement"*

IFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

The adoption of the above new/revised standards had no significant financial effect on these consolidated financial statements.

Changes in accounting estimates

Material judgment is required in determining insurance contract liabilities and in choosing discount rates/investment return, mortality, morbidity, lapse rates, policy dividend, and expenses assumptions relating to long term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group has changed the above assumptions based on current information available as at 31 December 2013 with the corresponding impact on insurance contract liabilities taken into the current year's statement of income. As a result of such changes in assumptions, long term life insurance policyholders' reserves were increased by RMB2,305 million as at 31 December 2013 and the profit before tax for the year 2013 was decreased by RMB2,305 million.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(3) BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or a liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognized in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(4) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2013 and for the year then ended.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends, are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is still attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

(5) SUBSIDIARIES

A subsidiary is an entity (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. The results of subsidiaries are included in the Company's statement of income to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

(6) STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

The Group determines whether it is an agent or a principal in relation to those structured entities in which the Group acts as an asset manager. If an asset manager is agent, it acts primarily on behalf of others and so does not control the structured entity. It may be principal if it acts primarily for itself, and therefore controls the structured entity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(6) STRUCTURED ENTITIES (CONTINUED)

The Group has determined that all of its trust products, debt investment plans, equity investment plans and asset funding plans, which are not controlled by the Group, are investments in unconsolidated structured entities. Trust products, equity investment plans and asset funding plans are managed by affiliated or unaffiliated trust companies or asset managers and invest the funds raised in loans or equities of other companies. Debt investment plans are managed by affiliated or unaffiliated asset managers and its major investment objectives are infrastructure funding projects. Trust products, debt investment plans, equity investment plans and asset funding plans finance their operations by issuing beneficiary certificates and entitle the holders to a proportional stake in the respective trust products', debt investment plans', equity investment plans' and asset funding plans' income.

The Group holds beneficiary certificates in each of its trust products, debt investment plans, equity investment plans and asset funding plans.

(7) ASSOCIATES

An associate is an entity, not being a subsidiary or a jointly controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post acquisition results and reserves of associates is included in the consolidated statement of income and consolidated reserves, respectively. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The financial statements of the associates are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investments in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment are recognized in profit or loss.

The results of associates are included in the Company's statement of income to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

(8) JOINTLY CONTROLLED ENTITIES

The Group has assessed the nature of its jointly controlled entities and determined them to be joint ventures. The Group has rights to the net assets of these jointly controlled entities. The Group's investments in its jointly controlled entities are accounted for using the equity method of accounting, less any impairment losses. Refer to Note 3. (7) for details of the equity method of accounting.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(9) FOREIGN CURRENCIES

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currency of most of overseas subsidiaries is the Hong Kong dollar. At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of income are translated into RMB at the average exchange rate for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange differences on translation of foreign operations reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the statement of income.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rate for the year.

(10) CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, demand deposits, current accounts with the Central Bank and short term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(11) INVESTMENTS AND OTHER FINANCIAL ASSETS

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets, as appropriate.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Group's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held-to-maturity categories are used when the relevant liabilities (including shareholders' funds) are relatively passively managed and/or carried at amortized cost.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(11) INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date the Group commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation or convention in the market place.

Financial instruments at fair value through profit or loss have two sub-categories namely financial instruments held for trading and those designated at fair value through profit or loss at inception. Financial instruments typically bought with the intention to sell in the near future are classified as held for trading. A financial instrument can only be designated at inception as at fair value through profit or loss and cannot be subsequently changed. For financial instruments designated at fair value through profit or loss, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing the gains or losses on them on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial asset contains an embedded derivative that needs to be separately recorded.

These financial instruments are initially recorded at fair value. Subsequent to initial recognition, they are remeasured at fair value. Fair value adjustments and realized gains and losses are recognized in the statement of income.

Financial assets at fair value through profit or loss include derivative financial instruments.

Held-to-maturity financial assets are non-derivative financial assets that comprise fixed or determinable payments and maturities of which the Group has the positive intention and ability to hold until maturity. Investments intended to be held for an undefined period are not included in this classification. These investments are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortized cost using the effective interest method and less any provision for impairment. The amortized cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognized in the statement of income when the investments are derecognized or impaired, as well as through the amortization process.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. It includes policy loans. Loans and receivables acquired by the Group are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortized cost, using the effective interest method less any provision for impairment. Gains and losses are recognized in the statement of income when the investments are derecognized or impaired, as well as through the amortization process. Policy loans originated by the Group are carried at amortized cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(11) INVESTMENT AND OTHER FINANCIAL ASSETS (CONTINUED)

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, with unrealized gains or losses recognized as other comprehensive income in the capital reserve until the asset is derecognized, at which time, the cumulative gain or loss is recognized in investment income, or until the investment is determined to be impaired, when the cumulative loss is recognized in the statement of income in investment income and removed from the capital reserve.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Group is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to held-to-maturity is permitted only when the Group has the ability and intention to hold the financial asset until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate ("EIR"). Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of income.

(12) FINANCIAL LIABILITIES

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, minus directly attributable transaction costs.

The Group's financial liabilities mainly include investment contracts without discretionary participation features ("DPF"), net asset value attributable to unit holders, trade and other payables, borrowings, insurance payables and derivative financial instruments.

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

Loans and borrowings include subordinated debts. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(12) FINANCIAL LIABILITIES (CONTINUED)

Convertible bonds

Convertible bonds comprise of the liability and equity components. The liability component, representing the obligation to make fixed payments of principal and interest, is classified as liability and initially recognized at the fair value, calculated using the market interest rate of a similar liability that does not have an equity conversion option, and subsequently measured at amortized cost using the effective interest method. The equity component, representing an embedded option to convert the liability into common shares, is initially recognized in "Capital reserves" under "Reserves" as the difference between the proceeds received from the convertible bonds as a whole and the amount of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to the allocation of proceeds.

On conversion of the bonds into shares, the amount transferred to "Share capital" is calculated as the par value of the shares multiplied by the number of shares converted. The difference between the carrying value of the related component of the converted bonds and the amount transferred to "Share capital" is recognized in "Capital reserves" under "Reserves".

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. The Group initially measures such contracts at fair value, being the premium received. This amount is recognized ratably over the period of the contract to fees and commission income. Subsequently, the liabilities are measured at the higher of the initial fair value less cumulative amortization recognized in the statement of income, and the fair value of the provision related to the Group's obligation under the contract.

Apart from the above financial guarantee contracts issued by the Group's banking operations which are accounted for under IAS 39, the Group has also regarded certain contracts it issued with financial guarantee element as insurance contracts and has used the accounting method applicable to insurance contracts, and accordingly has elected to apply IFRS 4 to account for such contracts.

(13) DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments mainly include interest rate swaps, options embedded in convertible bonds purchased by the Group, equity warrants, forward currency contracts and credit related derivatives. Derivative financial instruments are classified as held for trading unless they are designated as effective hedging instruments. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

Embedded derivatives are treated as separate derivatives and are recorded at fair value if their economic characteristics and risks are not closely related to those of the related host contract and the host contract is not itself recorded at fair value through profit or loss. Embedded derivatives that meet the definition of insurance contracts are treated and measured as insurance contracts.

Derivative financial instruments held for trading are typically entered into with the intention to settle in the near future. These instruments are initially recorded at fair value. Subsequent to initial recognition, these instruments are remeasured at fair value. Fair value adjustments and realized gains and losses are recognized in the statement of income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(14) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business at the end of the reporting period. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for similar instruments. Certain financial instruments, including derivative financial instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the end of the reporting period.

When equity investments have no quoted price in active market and their fair value cannot be reliably measured, such investments are stated at cost less any impairment losses.

(15) OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in the consolidated statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

(16) IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of the reporting period the carrying amount of financial assets. If there is any objective evidence that a financial asset is impaired, the Group provides for such impairment losses. The objective evidence which indicates impairment of financial assets represents events actually occurring after initial recognition of financial assets which have an impact on the financial assets' estimated future cash flows, and the impact can be reliably measured.

Available-for-sale financial assets

As at the end of each reporting period, the Group evaluates each of the available-for-sale equity instruments to determine whether the investments are impaired. If objective evidence of impairment exists, the Group records an impairment loss in the statement of income equal to the difference between the cost of the instrument and the current fair value, adjusted for losses recorded in previous periods. Any unrealized gains or losses previously recognized in the available-for-sale financial assets reserve is removed and recognized in the statement of income as part of the calculation of impairment loss described above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(16) IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Available-for-sale financial assets (continued)

For equity instruments, a significant or prolonged decline in the fair value of an equity instrument is objective evidence of impairment. In conducting an impairment analysis, the Group considers quantitative and qualitative evidence. More specifically, the Group collectively considers the magnitude of the decline in fair value relative to the cost, volatility, and the duration of the decline in evaluating whether a decline in fair value is significant. The Group considers the period and consistency of the decline in evaluating whether a decline in fair value is prolonged. The Group generally considers a decline of 50% or more as significant and a period of 12 months or longer is considered to be prolonged.

The Group also considers qualitative evidence that includes, but is not necessarily limited to the following:

- Significant financial difficulty of the investee, including failure to comply with contractual obligations, financial restructuring, deterioration of going concern expectations;

- Adverse changes relative to the investee's technology, market, customer base, macroeconomic indicators relative to the business, significant legal or regulatory matters.

Impairments do not establish a new cost basis and, accordingly, to the extent an impairment loss has been previously recorded due to the significant or prolonged criteria described above, any subsequent losses, including any portion attributable to foreign currency changes, are also recognized in profit or loss until the asset is derecognized.

If after an impairment loss has been recognized on an available-for-sale debt instrument, and the fair value of the debt instrument increases in a subsequent period whereby the increase can be objectively related to an event occurring after the impairment losses were recognized, the impairment loss is reversed which is recognized in profit or loss. Impairment losses recognized for equity instruments classified as available-for-sale are not reversed through profit or loss.

Financial assets carried at amortized cost

If financial assets carried at amortized cost are impaired, the carrying amount of the financial assets is reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) and the reduction is recognized as an impairment loss in the statement of income. The present value of estimated future cash flows shall be calculated with the financial asset's original effective interest rate and the related collateral value shall also be taken into account.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment, and recognizes the amount of impairment in profit or loss. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether the financial asset is individually significant or not, the financial asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Financial assets for which an impairment loss is individually recognized are not included in the collective assessment for impairment.

After the Group recognizes an impairment loss of financial assets carried at amortized cost, if there is objective evidence that the financial assets' value restores and the restoration can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed and recognized in profit or loss. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment was reversed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(16) IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

(17) DERECOGNITION OF FINANCIAL INSTRUMENTS

A financial asset (or, when applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

(a) the rights to receive cash flows from the asset have expired; or

(b) the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

If the obligation of a financial liability has been fulfilled, cancelled or expired, the financial liability is derecognized. If the present financial liability is substituted by the same debtor with another liability differing in substance, or the terms of the present liability have been substantially modified, this substitution or modification is treated as derecognition of a present liability and recognition of a new liability with any arising difference recognized in the statement of income.

(18) ASSETS PURCHASED UNDER AGREEMENTS TO RESELL AND ASSETS SOLD UNDER REPURCHASE AGREEMENTS

Assets sold under repurchase agreements continue to be recognized but a liability is established for the consideration received. The Group may be required to provide additional collateral based on the fair value of the underlying assets and such collateral assets continue to be carried on the statement of financial position at the end of the reporting period.

The Group enters into purchases of assets under agreements to resell substantially identical assets. These agreements are classified as loans and receivables. Assets purchased under agreements to resell are recorded at the cost of the amounts advanced. The amounts advanced under these agreements are reflected as assets in the statement of financial position. The Group may not take physical possession of assets purchased under agreements to resell. In the event of default by the counterparty to repay the loan, the Group has the right to the underlying assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(19) PRECIOUS METALS

The Group's precious metals represent gold. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realizable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in statement of income.

(20) INVESTMENT PROPERTIES

The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the individual investment properties.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Transfers to, or from, investment properties are made when, and only when, there is evidence of a change in use or the investment property is sold.

Investment properties are interests in land and buildings that are held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, which is the fair value of the consideration given to acquire them, including transaction costs. Subsequently, all investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis, after taking into account the estimated residual value (1% to 10% of original cost), over the estimated useful lives. The estimated useful lives of investment properties vary from 20 to 40 years.

(21) PROPERTY AND EQUIPMENT

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of income in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of income in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(21) PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal assumptions used for this purpose are as follows:

	Estimated residual values	Estimated useful lives
Leasehold improvements	–	Over the shorter of economic useful lives and terms of the leases
Buildings	1% – 10%	20 – 40 years
Equipment, furniture and fixtures	0% – 10%	3 – 15 years
Motor vehicles	1% – 10%	5 – 10 years

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(22) CONSTRUCTION IN PROGRESS

Construction in progress mainly represents costs incurred in the construction of building premises, as well as the cost of equipment pending installation, less any impairment losses.

No provision for depreciation is made on construction in progress until such time the relevant assets are completed and ready for use.

(23) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized on the straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(a) Core deposits

Core deposits are accounts that a financial institution expects to maintain for an extended period of time due to ongoing business relationships. The intangible asset value associated with core deposits reflects the present value of additional cash flow resulted from the use of the deposits at a lower cost alternative source of funding in the future periods.

(b) Expressway operating rights

Expenditures on acquiring the expressway operating rights are capitalized as intangible assets and subsequently amortized on the straight-line basis over the contract terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(23) INTANGIBLE ASSETS (OTHER THAN GOODWILL) (CONTINUED)

(c) Prepaid land premiums

Prepaid land premiums are prepaid under PRC law for fixed periods. Prepaid land premiums are initially stated at cost and subsequently amortized on the straight-line basis over the lease terms. All of the Group's prepaid land premiums are related to lands located in Mainland China.

(d) Trademarks

Trademarks are initially stated at cost and subsequently amortized on the straight-line basis over the estimated useful lives.

(e) Patents and know-how

Patents and know-how are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives.

The useful lives of intangible assets are set as below:

	Estimated useful lives
Core deposits	20 years
Expressway operating rights	20 – 30 years
Prepaid land premiums	40 – 50 years
Trademarks	20 – 40 years
Others (including patents and know-how, customer relationships, software and contract rights, etc.)	2 – 28 years

(24) FORECLOSED ASSETS

Foreclosed assets are initially recognized at fair value. The difference between the initial fair value and the sum of the related loan principal, interest receivable and impairment provision is taken into the statement of income. At the end of the reporting period, the foreclosed assets are measured at the lower of their carrying value and net realizable value. When the carrying value of the foreclosed assets is higher than the net realizable value, a provision for the decline in value of foreclosed assets is recognized in the statement of income in "Impairment losses on assets".

(25) INVENTORIES

The Group's inventories comprise raw materials, product in progress, finished goods, other supplemental materials, etc. and lands purchased that have been set to be used to build properties for sale by real estate subsidiaries. Inventory is initially measured at cost which includes purchasing cost, processing cost and other costs which made the inventory to the present place and status.

The actual cost of inventory is priced based on moving weighted average method.

At the end of the reporting period, inventory is measured at the lower of its cost and net realizable value. If the net realizable value is lower than cost, inventory impairment provisions are allotted.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and related taxes. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, also taking into consideration the purpose for which the inventory is held and the influence after the end of the reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(25) INVENTORIES (CONTINUED)

Inventory impairment provisions should be accrued when the cost of individual inventory item is higher than its net realizable values.

After allotting inventory impairment provisions, if the influencing factors of previous inventory impairment provisions have disappeared, and hence the net realizable values of the inventories are higher than their book values, the previous written down amount should be recovered and the reversed amount which is within the amount of original allotted inventory impairment provisions should be included in current profit and loss.

Inventory system is the perpetual inventory system.

(26) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that a non-financial asset other than deferred tax assets may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. A non-financial asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of a non-financial asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For non-financial assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statement of income.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. The recoverable amount is the higher of its fair value less costs to sell and its value-in-use, determined on an individual asset (or cash-generating unit) basis, unless the individual asset (or cash-generating unit) does not generate cash flows that are largely independent from those of other assets or groups of assets (or groups of cash-generating units). Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Intangible assets with indefinite useful lives are tested for impairment annually at each year end either individually or at the cash-generating unit level, as appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(27) INSURANCE GUARANTEE FUND

According to the "Administrative Regulations on the Insurance Guarantee Fund" (Baojianhuiling [2008] No.2), the Group calculates the insurance guarantee fund as follows:

- 0.8% of the premium income for non-investment type property insurance, 0.08% of the consideration received for investment type property insurance with guaranteed return, and 0.05% of the consideration received for investment type property insurance without guaranteed return;
- 0.15% of the consideration received for life insurance with guaranteed return, and 0.05% of the consideration received for life insurance without guaranteed return;
- 0.8% of the premium income for short term health insurance, and 0.15% of the premium income for long term health insurance; and
- 0.8% of the premium income for non-investment type accident insurance; 0.08% of the consideration received for investment type accident insurance with guaranteed return, and 0.05% of the consideration received for investment type accident insurance without guaranteed return.

No additional provision is required when the accumulated insurance guarantee fund balances of Ping An Life Insurance Company of China, Ltd. ("Ping An Life"), Ping An Annuity Insurance Company of China, Ltd. and Ping An Health Insurance Company of China, Ltd. reach 1% of their respective total assets. For Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty"), no additional provision is required when the accumulated balance reaches 6% of its total assets. Insurance guarantee fund is charged to expenses as incurred.

The revenue and premium income used in the calculation of the insurance guarantee fund is the amount agreed in the contract.

(28) INSURANCE CONTRACTS

Insurance contracts are those contracts under which the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance contracts are classified as direct insurance contracts and reinsurance contracts. The significance of insurance risk as determined by the Group is mainly dependent on the magnitude of its potential effect.

Some insurance contracts contain both an insurance component and a deposit component. The Group chooses to unbundle those components, if the insurance component and the deposit component are distinct and separately measurable. The unbundled insurance component is accounted for according to IFRS 4 and the unbundled deposit component is accounted for according to relevant accounting policies. If the insurance component and the deposit component are not distinct and separately measurable, the whole contract is accounted for as an insurance contract.

(29) SIGNIFICANT INSURANCE RISK TESTING

For other insurance contracts issued by the Group, tests are performed to determine if the contracts contain significant insurance risk, and contracts of similar nature are grouped together for this purpose. When performing the significant insurance risk test, the Group makes judgments in sequence as to whether the contract transfers insurance risk, whether the contract has commercial substance, and whether the transferred insurance risk is significant.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(30) INSURANCE CONTRACT LIABILITIES

The insurance contract liabilities of the Group include long term life insurance policyholders' reserves, unearned premium reserves and claim reserves.

When measuring insurance contract liabilities, the Group classifies insurance contracts whose insurance risks are of similar nature as a measurement unit. Property and casualty and short term life insurance policies are grouped into certain measurement units by lines of business. For long term life insurance policies, the Group mainly considers the characteristics of the policies, including product type, gender, age, and durations of policies, when determining the measurement units.

Insurance contract liabilities are measured based on a reasonable estimate of amount of payments when the Group fulfils the relevant obligations under the insurance contracts, which represents the difference between expected future cash outflows and inflows under such contracts, i.e., the expected future net cash outflows.

- Expected future cash outflows represent reasonable cash outflows which are necessary for the Group to fulfill the obligations under the insurance contracts (including benefits attributable to the policyholders), and mainly include:
  - Guaranteed benefits under the insurance contracts, including claims, mortality benefits, disability benefits, morbidity benefits, survival benefits and maturity benefits;
  - Non-guaranteed benefits under the insurance contracts arising from constructive obligations, including policyholder dividends, etc;
  - Reasonable expenses necessary for policy administration and claims handling, including policy maintenance expenses, claim expenses, etc.
- Expected future cash inflows represent cash inflows arising from assuming liabilities under the insurance contracts, including premium income and other charges.

A reasonable estimate of expected future net cash flows is determined based on information currently available as at the end of the reporting period.

Margins are considered and separately measured in determining insurance contract liabilities. Margins are released in the statement of income over the insurance coverage period using systematic and reasonable methods. Margins include risk margin and residual margin.

- Risk margin represents provision for the uncertainty associated with the future net cash flows. The Group determines risk margins of the long term life insurance policyholders' reserves using the scenario comparison method. The unfavorable scenarios are determined according to the uncertainty and impact of expected net cash outflows.
- At inception of an insurance contract, any "day-one" gain is not recognized in the statement of income, but included in the insurance contract liabilities as a residual margin. The residual margin is calculated net of certain acquisition costs, mainly consisting of commission expenses on insurance operations. At inception of an insurance contract, any "day-one" loss is recognized in the statement of income. Any residual margin is subsequently measured based on the assumptions of the years when the policies become effective, and will not be adjusted for future change in assumptions. For non-life insurance contracts, the Group amortizes the residual margin on a time basis during the whole insurance coverage period and records it in profit or loss. For life insurance contracts, the Group amortizes the residual margin on the basis of the sums insured or the number of policies during the whole insurance coverage period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(30) INSURANCE CONTRACT LIABILITIES (CONTINUED)

When measuring insurance contract liabilities, the time value of money is considered. The related future cash flows are discounted when the impact of time value of money is significant. For short duration contracts whose duration is within one year, the cash flows are not discounted. The discount rates used in the measurement of time value of money is determined with reference to information currently available as at the end of the reporting period and is not locked.

When measuring insurance contract liabilities, the expected period of future net cash outflows is the entire insurance period. For insurance policies with a guaranteed renewal option, the expected period is extended to the date when the option to renew policy ceases if the probability that the policyholders may execute the option is high and the Group does not have the right to reprice the premium.

Unearned premium reserves

The unearned premium reserves are provided for unexpired insurance obligations of property and casualty and short term life insurance contracts.

Unearned premium reserves are measured using the unearned premium approach. At inception of the insurance contracts, unearned premium reserves are measured based on written premiums, with deductions made for commissions, business tax, insurance guarantee fund, regulatory charges and other incremental costs. Subsequent to initial recognition, unearned premium reserves are measured on a 1/365 basis.

Claim reserves

Claim reserves are insurance contract liabilities provided for insurance claims of the property and casualty and short term life insurance contracts. Claim reserves include incurred and reported reserves, incurred but not reported ("IBNR") reserves and claim expense reserves.

Incurred and reported reserves are measured at amounts not higher than the sum insured of the insurance contracts, using the case-by-case estimate method and average claim per case method, based on a reasonable estimate of ultimate claim amounts as well as margins.

IBNR are measured according to the nature and distribution of insurance risks, claims development, experience data, etc., using the chain ladder method, the Bornhuetter-Ferguson method, the loss ratio method and the average claim per case method, based on a reasonable estimate of ultimate claim amounts as well as margins.

Claim expense reserves are measured based on a reasonable estimate of ultimate necessary claim expenses in the future by using the case-by-case estimate method and ratio allocation method as well as margins.

Long term life insurance policyholders' reserves

Long term life insurance policyholders' reserves are insurance contract liabilities provided for long term life and health insurance contracts.

The Group determines risk margins of the long term life insurance policyholders' reserves using the scenario comparison method. The unfavorable scenarios are determined according to the uncertainty and impact of expected net cash outflows.

The key assumptions used in the measurement of long term life insurance policyholders' reserves include insurance accident occurrence rates, lapse and surrender rates, expense assumptions, policy dividend assumptions, discount rate, etc. In deriving these assumptions, the Group uses information currently available as at the end of the reporting period. Changes in assumptions are recognized immediately in the statement of income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(30) INSURANCE CONTRACT LIABILITIES (CONTINUED)

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed on the unearned premium reserves, claim reserves and long term life insurance policyholders' reserves. If the insurance contract liabilities re-calculated with the insurance actuarial methods exceeds their carrying amounts on date of the liability adequacy test, an additional provision is made for the respective insurance contract liabilities based on the difference and charged in the statement of income. Otherwise, no adjustment is made for the respective insurance contract liabilities.

(31) DPF IN LONG TERM LIFE INSURANCE CONTRACTS AND INVESTMENT CONTRACTS

Some of the Group's long term life insurance contracts and investment contracts contain a discretionary participating feature, which is a contractual right to receive additional benefits as a supplement to guaranteed benefits. These contracts are collectively called participating contracts. Under the current PRC insurance regulations, the Group is obligated to pay to the policyholders of participating contracts at least 70% of the distributable surplus in each period, which includes net investment spread arising from the assets supporting these contracts and mortality gains or losses on the pool of contracts to which the participating contract belongs. The amounts to be collectively allocated to the policyholders are referred to as the eligible surplus. The amount and timing of the subsequent distribution of the eligible surplus to individual policyholders of participating contracts is subject to future declarations by the Group. As long as the eligible surplus has not been declared and paid, it is included in the long term life insurance policyholders' reserves and investment contract reserves. To the extent that there is a subsequent change in the expected future eligible surplus due to realized and unrealized gains, which may be paid to policyholders of participating insurance contracts in the future under the policy terms, such a change in surplus is included in long term life insurance policyholders' reserves and investment contract reserves.

A shadow accounting adjustment is applied to recognize the change in surplus in other comprehensive income to the extent that such change is derived from unrealized gains or losses on supporting assets recognized directly in other comprehensive income.

(32) INVESTMENT CONTRACTS

Insurance policies that are not considered insurance contracts under IFRS 4 are classified as investment contracts. These policies do not contain significant insurance risk.

- Premium receipts are recognized not as premium income, but rather as liabilities, presented as investment contract liabilities. For those non-life investment type policies without guaranteed benefits, the related contract liabilities are measured at fair value and the related transaction costs are recognized in the statement of income. For other investment contracts, the related liabilities are initially measured at fair value and subsequently measured at amortized cost. Commissions and other expenses incurred, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the initial amount of the liabilities.

- Charges including policy administration fees are recognized as other income during the period of service provided.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(33) INVESTMENT-LINKED BUSINESS

The individual investment-linked contracts of the Group contain significant insurance risks and are classified as insurance contracts. These policies also contain both insurance components and deposit components. The deposit components are unbundled from these hybrid insurance contracts. The rest of the contracts are accounted for as insurance contracts. The group investment-linked contracts of the Group that do not contain significant insurance risks are classified as investment contracts.

The assets and liabilities related to investment-linked contracts which are regarded as insurance contracts are presented as policyholder account assets and liabilities in respect of insurance contracts. The assets and liabilities related to investment-linked contracts which are regarded as investment contracts are presented as policyholder account assets and liabilities in respect of investment contracts. The assets and liabilities of each investment-linked fund are segregated from each other and from the rest of the Group's invested assets for record keeping purposes. As the investment risks of investment-linked contracts were fully borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of risk management in Note 45.

The group investment-linked contracts and the deposit component unbundled from the above individual investment-linked insurance contracts are accounted for as follows:

- Premium receipts are recognized not as premium income, but rather as liabilities, presented in policyholder account liabilities. These liabilities are initially measured and subsequently carried at fair value. Commissions and other expenses incurred, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the statement of income.

- Charges including account management fees and surrender charges are calculated at a fixed amount or certain percentage of policy account liabilities and recognized as other income during the period of service provided.

- Assets of investment-linked contracts are initially measured and subsequently carried at fair value, presented as policyholder account assets.

(34) UNIVERSAL LIFE BUSINESS

The universal life contracts of the Group contain significant insurance risks and are classified as insurance contracts. These policies also contain both insurance components and deposit components. The deposit components are separated from these hybrid insurance contracts. The rest of the contracts are accounted for as insurance contracts as described in Note 3. (30).

The deposit components separated from the above universal life insurance contracts are accounted for as follows:

- Premium receipts are recognized not as premium income, but rather as liabilities, presented in policyholder contract deposits. These liabilities are initially measured at fair value and subsequently measured using a discounted cash flow model. Commissions and other expenses incurred, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the initial amount of the liabilities.

- Fair value changes on available-for-sale financial assets related to the universal life insurance portfolio are recognized in other comprehensive income. Changes in the insurance liabilities for the universal life insurance portfolio is also recognized in other comprehensive income to the extent that such change is derived from fair value changes on available-for-sale financial assets related to the universal life insurance portfolio attributable to policyholders.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(35) PROVISIONS

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognized is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

Except for contingent considerations deriving from or contingent liabilities assumed in business combinations, contingent liabilities are recognized as provisions if the following conditions are met:

- An entity has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period with the consideration of risks, uncertainties and the present value. Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

(36) REVENUE RECOGNITION

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. The Group's main revenue is recognized on the following bases:

(a) Gross premium

Premium income and reinsurance premium income is recognized when the insurance contracts are issued, related insurance risk is undertaken by the Group, it is probable that related economic benefits will flow to the Group and related income can be reliably measured.

Premiums from long term life insurance contracts with installment or single payments are recognized as revenue when due. Premiums from property and casualty and short term life insurance contracts are recognized as revenue based on the amount of total premium stated in the contracts.

Reinsurance premiums are recognized as revenue in accordance with the terms stated in the reinsurance contracts. Accounting policies for reinsurance contracts are described in Note 3. (37).

(b) Income from investment contracts

Revenues from investment contracts issued by the Group are charged fees for policy administration, investment management, surrenders or other contract services. The fees may be for fixed amounts or vary with the amounts being managed, and will generally be charged as an adjustment to the policyholder's balance. The fees are recognized as revenue in the period in which they are due unless they relate to services to be provided in future periods which would be deferred and recognized as the service is provided. Initiation and other front-end fees are charged for certain investment contracts recorded at amortized cost and are recognized through an adjustment to the effective yield.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(36) REVENUE RECOGNITION (CONTINUED)

(c) Interest income

Interest income for interest bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognized in the statement of income using the effective interest rate method. When a financial asset is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(d) Fees and commission income of non-insurance operations

The Group earns fees and commission income of non-insurance operations from a diverse range of services it provides to its customers. Fee income can be divided into the following main categories:

Fee income earned from services that are provided over a certain period of time

Fees earned from the provision of services over a period of time are accrued over that period. These fees include investment fund administration fees, custodian fees, fiduciary fees, credit related fees, asset management fees, portfolio and other management fees, advisory fees, etc. However, loan commitment fees for loans that are likely to be drawn down are deferred (together with any incremental costs) and recognized as an adjustment to the effective interest rate on the loan.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on the completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria. These fees may include underwriting fees, corporate finance fees, brokerage fees. Loan syndication fees are recognized in the statement of income when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same effective interest rate as for the other participants.

(e) Dividend income

Dividend income is recognized when the right to receive dividend payment is established.

(f) Expressway toll fee income

Expressway toll fee income is recognized upon the completion of services.

(g) Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(37) REINSURANCE

The Group undertakes inward and outward reinsurance in the normal course of operations. All of the reinsurance business of the Group has significant insurance risk transfer.

Outward reinsurance business

Outward reinsurance arrangements do not relieve the Group from its obligations to policyholders. When recognizing premium income from insurance contracts, the Group calculates to determine the amount of premium ceded and reinsurers' share of expenses and recognize them through profit or loss according to reinsurance contracts. When calculating unearned premium reserves, claim reserves and long term life policyholders' reserves of insurance contracts, the Group estimates the reinsurance related cash flows according to the reinsurance contracts, considers the risk margin when determining the amount of insurance contract reserves to be recovered from reinsurers, and recognizes reinsurers' share of insurance contract liabilities. When insurance contract liabilities are reduced for actual payment of claims and claim expenses, reinsurers' share of insurance contract liabilities are reduced accordingly. In the meantime, the Group calculates to determine the amount of claim expenses to be recovered from the reinsurers according to the reinsurance contracts and recognizes the amount through profit or loss. When there is an early termination of an insurance contract, the Group calculates to determine the adjustment amount of premium ceded and reinsurers' share of expenses according to the reinsurance contracts and recognizes the amount through profit or loss, and the balance of reinsurers' share of insurance contract liabilities is reversed accordingly.

As a cedent, the Group presents in the statement of financial position the assets arising from reinsurance contracts and the liabilities arising from insurance contracts separately instead of offsetting the assets and liabilities. The Group also presents in the statement of income the income derived from reinsurance contracts and the expenses incurred for insurance contracts separately instead of offsetting the income and expenses.

Inward reinsurance business

During the period of recognizing reinsurance premium income, the Group determines reinsurance expenses according to the reinsurance contracts and recognizes the expenses through profit or loss. As for profit commission, the Group recognizes it as a reinsurance expense through profit or loss according to the reinsurance contracts when it is feasible to determine the amount of profit commission to be paid to the reinsurers.

Upon receipt of the statement of the reinsurance business, the Group adjusts the reinsurance premium income and reinsurance expenses, and then recognizes the adjusted amounts through profit or loss according to the reckoning statement.

(38) POLICYHOLDER DIVIDENDS

Policyholder dividends represent dividends paid by the Group to policyholders in accordance with the terms of direct insurance contracts. The dividends are calculated and provided based on the dividend allocation method and the results of actuarial valuation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(39) OPERATING LEASES

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases.

Where the Group is the lessor, assets leased by the Group under operating leases are included in investment properties and rentals receivable under such operating leases are credited to the consolidated statement of income on the straight-line basis over the lease terms.

Where the Group is the lessee, rentals payable under operating leases are charged to the consolidated statement of income on the straight-line basis over the lease terms. The aggregate benefit of incentives provided by the lessor is recognized as a reduction in rental expenses over the lease terms on the straight-line basis.

(40) EMPLOYEE BENEFITS

(a) Pension obligations

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by the related government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

(b) Housing benefits

The employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(c) Medical benefits

The Group makes monthly contributions for medical benefits to the local authorities in accordance with the relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

(41) SHARE-BASED PAYMENTS

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognized, together with a corresponding increase in capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(42) TAX

Income tax comprises current and deferred tax. Income tax is recognized in the statement of income, or in other comprehensive income or in equity if it relates to items that are recognized in the same or a different period directly in other comprehensive income or in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

▶ when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

▶ in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

▶ when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

▶ in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed by the end of each reporting period and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(43) DIVIDENDS

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

(44) FIDUCIARY ACTIVITIES

Where the Group acts in a fiduciary capacity, such as nominee, trustee or agent, assets held for fiduciary activities together with related undertakings to return such assets to customers, are recorded off-balance sheet, as risks and gains of such assets are assumed by customers.

(45) RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(46) SEGMENT REPORTING

For management purposes, the Group is organized into operating segments based on the internal organization structure, management requirements and internal reporting. The reportable segments are determined and disclosed based on operating segments and the presentation is consistent with the information reported to the Board of Directors.

Operating segments refer to the Group's component that satisfies the following conditions:

(1) The component produces income and expenses in its daily operation;

(2) The management of the Company regularly assesses the operating results of its business units for the purpose of making decisions about resources allocations and performance assessment;

(3) The Group is able to obtain the accounting information such as the financial position, operating results and cash flows of the component.

Two or more operating segments can be merged as one if they have similar characteristics and satisfy certain conditions.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and judgments that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities in these financial statements. Estimates and judgments are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgments and accounting estimation, which have the most significant effect on the amounts recognized in the financial statements.

(1) CLASSIFICATION OF FINANCIAL ASSETS

Management makes significant judgments on the classification of financial assets. Different classifications would affect the accounting treatment and the Group's financial position and operating results, as described in Note 3. (11).

(2) CLASSIFICATION AND UNBUNDLING/SEPARATION OF INSURANCE CONTRACTS AND SIGNIFICANT INSURANCE RISK TESTS

The Group makes significant judgments on whether a written policy contains both an insurance component and a deposit component and whether the insurance component and deposit component are distinct and separately measurable. Such judgment affects the unbundling/separation of insurance contracts.

The Group makes significant judgments on whether the contract transfers insurance risk, whether transfer of insurance risk has commercial substance, and whether the transferred insurance risk is significant when performing significant insurance risk tests. Such judgment affects the classification of insurance contracts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(2) CLASSIFICATION AND UNBUNDLING/SEPARATION OF INSURANCE CONTRACTS AND SIGNIFICANT INSURANCE RISK TESTS (CONTINUED)

When determining whether the policies transfer a significant insurance risk, the Group makes the following judgments for different policies:

- If the insurance risk ratio of a non-annuity policy is equal or greater than 5% at one or more points in time during the policy coverage period, the Group classifies it as an insurance contract. The insurance risk ratio of a direct insurance policy is the percentage of the benefits to be paid when the insured event occurs divided by the amounts to be paid when the insured event does not occur minus 100%;

- Annuity policies where the longevity risk is transferred are classified as insurance contracts;

- If a property and casualty insurance or a short term life insurance policy obviously meets the criteria for significant insurance risk transfer, the Group directly classifies it as an insurance contract.

When determining whether a reinsurance policy transfers significant insurance risks, judgment is made on a comprehensive understanding of the commercial substance of the reinsurance policy and other relevant contracts and agreements. If the reinsurance risk ratio of the reinsurance policy is greater than 1%, the Group classifies it as a reinsurance contract. The reinsurance risk ratio of a reinsurance policy is derived from the present value of probability-weighted average net losses where the reinsurer incurs a net loss divided by expected premium income of the reinsurer. If a reinsurance policy obviously transfers a significant insurance risk, the Group directly classifies it as a reinsurance contract without calculating the reinsurance risk ratio.

When performing significant insurance risk testing, the Group would group all policies of the same product with similar risk characteristics into the same portfolio. The Group would then select representative policy samples from each policy portfolio to perform individual testing.

The unbundling/separation and classification of insurance contracts would affect the Group's revenue recognition, liability measurement and financial statement presentation.

(3) MEASUREMENT UNIT FOR INSURANCE CONTRACTS

The Group makes significant judgments on whether a group of insurance contracts' insurance risks are of the same nature. Different measurement units would affect the measurement of insurance contract liabilities.

(4) IMPAIRMENT OF AVAILABLE-FOR-SALE EQUITY INVESTMENTS

The Group considers that impairment provision is needed for an available-for-sale equity investment when there is a significant or prolonged decline in fair value of that security below its cost. Management exercises judgment when determining conditions that are considered "significant or prolonged". Refer to Note 3. (16) for the factors which the Group considers when making such judgment.

(5) VALUATION OF INSURANCE CONTRACT LIABILITIES

At the end of the reporting period, when measuring the insurance contract liabilities, the Group needs to make a reasonable estimate of amounts of the payments which the Group is required to make in fulfilling the obligations under the insurance contracts, based on information currently available at the end of the reporting period.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(5) VALUATION OF INSURANCE CONTRACT LIABILITIES (CONTINUED)

At the end of the reporting period, the Group shall make an estimate of the assumptions used in the measurement of insurance contract liabilities. Such assumptions shall be determined based on information currently available at the end of the reporting period. To determine these assumptions, the Group selects proper risk margins according to both uncertainties and degree of impact of expected future cash outflows.

The main assumptions used in the measurement of policyholders' reserves and unearned premium reserves are as follows:

▶ For long term life insurance contracts where the future insurance benefits are not affected by investment income of the underlying asset portfolio, the discount rate assumption is based on the benchmarking yield curve for the measurement of insurance contract liabilities published by China Central Depository and Clearing Co., Ltd., with consideration of the impact of the tax and liquidity premium. The current discount rate assumption for the measurement as at 31 December of 2013 ranged from 3.69%-5.43% (31 December 2012: 3.16% – 5.43%).

For long term non-life insurance contracts where the future insurance benefits are not affected by investment income of the underlying asset portfolio, as the risk margin has no material impact on the reserve measurement, the discount rate assumption used is the benchmarking yield curve for the measurement of insurance contract liabilities published by China Central Depository and Clearing Co., Ltd.

For long term life insurance contracts where the future insurance benefits are affected by investment income of the underlying asset portfolio, the discount rates are determined based on expected future investment returns of the asset portfolio backing those liabilities. The future investment returns assumption for the measurement as at 31 December 2013 ranged from 4.75%-5.50% (31 December 2012: 4.75% – 5.50%).

For short term insurance contracts liabilities whose duration is within one year, the future cash flows are not discounted.

The discount rate and investment return assumptions are affected by the future macro-economy, capital market, investment channels of insurance funds, investment strategy, etc., and therefore subject to uncertainty.

▶ The Group uses reasonable estimates, based on market and actual experience and expected future development trends, in deriving assumptions of mortality rates, morbidity rates, disability rates, etc.

The assumption of mortality rates is based on the Group's prior experience data on mortality rates, estimates of current and future expectations, the understanding of the China insurance market as well as a risk margin. The assumption of mortality rates is presented as a percentage of "China Life Insurance Mortality Table (2000-2003)", which is the industry standard for life insurance in China.

The assumption of morbidity rates is determined based on the Group's assumptions used in product pricing, experience data of morbidity rates, and estimates of current and future expectation as well as a risk margin.

The assumptions of mortality and morbidity rates are affected by factors such as changes in lifestyles of national citizens, social development, and improvement of medical treatment, and hence subject to uncertainty.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(5) VALUATION OF INSURANCE CONTRACT LIABILITIES (CONTINUED)

- The Group uses reasonable estimates, based on actual experience and future development trends, in deriving lapse rate assumptions.

  The assumptions of lapse rates are determined by reference to different pricing interest rates, product categories and sales channels separately. They are affected by factors such as future macro-economy and market competition, and hence subject to uncertainty.

- The Group uses reasonable estimates, based on an expense study and future development trends, in deriving expense assumptions. If the future expense level becomes sensitive to inflation, the Group will consider the inflation factor as well in determining expense assumptions.

  The expense assumptions include assumptions of acquisition costs and maintenance costs. The assumption of maintenance costs also has a risk margin.

- The Group uses reasonable estimates, based on expected investment returns of participating insurance accounts, participating dividend policy, policyholders' reasonable expectations, etc. in deriving policy dividend assumptions.

  The assumption of participating insurance accounts is affected by the above factors, and hence bears uncertainty. The future assumption of life and bancassurance participating insurance with a risk margin is calculated at 85% of the spread.

- In the measurement of unearned premium reserves for the property and casualty insurance and short term life insurance business, the Group applies the cost of capital approach and the insurance industry guideline ranged from 3% to 6% to determine risk margins.

The major assumptions needed in measuring claim reserves include the claim development factor and expected claim ratio, which can be used to forecast trends of future claims so as to estimate the ultimate claim expenses. The loss development factors and expected loss ratio of each measurement unit are based on the Group's historical claim development experiences and claims paid, with consideration of adjustments to company policies like underwriting policies, level of premium rates, claim management and the changing trends of external environments such as macroeconomic regulations, and legislation. In the measurement of claim reserves, the Group applies the cost of capital approach and insurance industry guideline ranged from 2.5% to 5.5% to determine risk margins.

Material judgment is required in determining insurance contract liabilities and in choosing discount rates/investment return, mortality, morbidity, lapse rates, policy dividend, and expenses assumptions relating to long term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group has changed the above assumptions based on current information available as at 31 December 2013 with the corresponding impact on insurance contract liabilities taken into the current period's statement of income. The impact of such changes in assumptions is disclosed in Note 3. (2).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(6) FAIR VALUE OF FINANCIAL INSTRUMENTS DETERMINED USING VALUATION TECHNIQUES

Fair value, in the absence of an active market, is estimated by using valuation techniques, such as recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, and by using the discounted cash flow analysis and/or option pricing models.

When using valuation techniques to determine the fair value of financial instruments, the Group uses to the extent all practicable market parameters that market participants would consider in pricing, including risk-free rate, credit risk, foreign exchange rate, prices of commodity, share price and index, future volatility of financial instrument prices, risk of repayment in advance, etc. In addition, the management of the Group also estimates credit risk and market volatility for both parties of the transaction when references are lacking.

Using different valuation techniques and parameter assumptions may lead to significant differences of fair value estimations.

(7) IMPAIRMENT LOSSES OF LOANS AND ADVANCES

The Group reviews its loans and advances at each reporting date to assess whether an allowance for impairment should be recorded in the statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(8) DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets are recognized for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Significant management judgment is required to estimate the amount and timing of future taxable profit as well as the applicable tax rates so as to determine, together with the tax planning strategies, the amounts of deferred income tax assets and liabilities to be recognized. In this regard, the Group has formulated feasible tax planning strategies to facilitate recognition of deferred tax assets of approximately RMB5,180 million as at 31 December 2013 (31 December 2012: RMB5,410 million).

(9) CORPORATE INCOME TAX

Since 1 January 2009, the Group has implemented the "Interpretation No. 2 to China Accounting Standards" and the "Circular on the Printing and Issuing of the Regulations regarding the Accounting Treatment of Insurance Contracts" (Cai Kuai [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. The impact is disclosed in Note 32.

(10) DETERMINATION OF CONTROL OVER THE STRUCTURED ENTITIES

Management applies its judgment to determine whether the Group is acting as agent or principal in relation to the structured entities in which the Group acts as an asset manager. In assessing whether the Group is acting as agent, the Group considers factors such as scope of the asset manager's decision-making authority; rights held by other parties; remuneration to which it is entitled; and exposure to variability of returns.

For further disclosure in respect of the maximum risk exposure of unconsolidated structured entities in which the Group has an interest, see Note 45. (8).

5. SCOPE OF CONSOLIDATION

(1) Particulars of the Group's principal subsidiaries as at 31 December 2013 are set out below:

Name	Place of incorporation	Attributable equity interest	Registered/ authorized capital (RMB unless otherwise stated)	Paid-in capital (RMB unless otherwise stated)	Principal activities
Ping An Life Insurance Company of China, Ltd.	The PRC	99.51%	33,800,000,000	33,800,000,000	Life insurance
Ping An Property & Casualty Insurance Company of China, Ltd.	The PRC	99.51%	17,000,000,000	17,000,000,000	Property and casualty insurance
Ping An Bank Co., Ltd. (ii)	The PRC	59.00%	9,520,745,656	9,520,745,656	Banking
China Ping An Trust Co., Ltd.	The PRC	99.88%	6,988,000,000	6,988,000,000	Investment and trust
Ping An Securities Company, Ltd.	The PRC	86.66%	3,000,000,000	3,000,000,000	Security investment and brokerage
Ping An Annuity Insurance Company of China, Ltd.	The PRC	99.90%	3,360,000,000	3,360,000,000	Annuity insurance
Ping An Asset Management Co., Ltd.	The PRC	99.98%	500,000,000	500,000,000	Asset management
Ping An Health Insurance Company of China, Ltd.	The PRC	79.98%	625,000,000	625,000,000	Health insurance
China Ping An Insurance Overseas (Holdings) Limited	Hong Kong	100.00%	HKD4,000,000,000	HKD935,000,000	Investment holding
China Ping An Insurance (Hong Kong) Company Limited	Hong Kong	100.00%	HKD490,000,000	HKD490,000,000	Property and casualty insurance
Ping An International Financial Leasing Co., Ltd. (iii)	The PRC	100.00%	3,000,000,000	3,000,000,000	Financial leasing
Shenzhen Ping An New Capital Investment Co., Ltd.	The PRC	99.88%	4,000,000,000	4,000,000,000	Investment holding
Shenzhen Ping An Real Estate Co., Ltd.(iii)	The PRC	99.94%	2,000,000,000	2,000,000,000	Investment management
Ping An of China Asset Management (Hong Kong) Company Limited (iii)	Hong Kong	100.00%	HKD200,000,000	HKD145,000,000	Asset management
Ping An Technology (Shenzhen) Co., Ltd.	The PRC	100.00%	USD30,000,000	USD30,000,000	IT services
Ping An Processing & Technology (Shenzhen) Co., Ltd.	The PRC	100.00%	USD30,000,000	USD30,000,000	IT and business process outsourcing services

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2013 are set out below (continued):

Name	Place of incorporation	Attributable equity interest	Registered/ authorized capital (RMB unless otherwise stated)	Paid-in capital (RMB unless otherwise stated)	Principal activities
Shanghai Lujiazui International Financial Assets Commodity Exchange Co., Ltd.(iii)	The PRC	74.91%	420,000,000	250,000,000	Financial products exchange
Shenzhen Ping An Commercial Property Investment Co., Ltd.	The PRC	99.40%	170,000,000	170,000,000	Real estate investment
Ping An Futures Co., Ltd.	The PRC	89.47%	120,000,000	120,000,000	Futures brokerage
Shenzhen Ping An Real Estate Investment Co., Ltd.	The PRC	99.88%	1,800,000,000	1,800,000,000	Real estate investment
Shenzhen Xin An Investment Consultant Co., Ltd.	The PRC	99.88%	100,000,000	100,000,000	Investment consulting
Ping An Channel Development Consultation Service Company of Shenzhen, Ltd.	The PRC	99.88%	25,000,000	25,000,000	Consulting services
Shanghai Pingpu Investment Co., Ltd. (iii) (v)	The PRC	99.88%	4,330,500,000	4,330,500,000	Investment management
Value Success International Limited	British Virgin Islands	100.00%	USD50,000	USD1	Project investment
Ansheng Investment Company Limited	British Virgin Islands	100.00%	USD50,000	USD2	Project investment
Profaith International Investment Limited	British Virgin Islands	100.00%	USD50,000	USD1	Project investment
Shenzhen Ping An Financial Technology Consulting Co., Ltd. (iii)	The PRC	99.94%	1,550,000,000	1,550,000,000	Financial advisory services
Ping An Tradition International Currency Broking Company Ltd.	The PRC	66.92%	50,000,000	50,000,000	Currency brokerage
Ping An UOB Fund Management Company Limited	The PRC	60.63%	300,000,000	300,000,000	Fund raising and distribution
Shenzhen Ping An Financial Center Development Company Ltd. (iii)	The PRC	99.51%	4,800,000,000	4,800,000,000	Real estate development
Xishuangbanna Financial Assets Commodity Exchange Co., Ltd. (iii)	The PRC	74.91%	200,000,000	100,000,000	Financial products exchange
Ping An Insurance Sales Services Co., Ltd.	The PRC	99.88%	50,000,000	50,000,000	Sale agency of insurance

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2013 are set out below (continued):

Name	Place of incorporation	Attributable equity interest	Registered/ authorized capital (RMB unless otherwise stated)	Paid-in capital (RMB unless otherwise stated)	Principal activities
Pingan Shenzhen Investment Guarantee Co., Ltd.	The PRC	74.91%	10,000,000	10,000,000	Non-financing guarantee
Ping An of China Capital (Hong Kong) Co., Ltd.	Hong Kong	86.66%	HKD10,000,000	HKD10,000,000	Investment banking
Wuhan Pingrui Anxin Investment Co., Ltd.	The PRC	99.94%	500,000	500,000	Investment management
Yunnan Ping An Investment Co., Ltd. (iii)	The PRC	99.94%	195,000,000	195,000,000	Project investment
Tongxiang Ping An Investment Co., Ltd.	The PRC	99.94%	500,000,000	150,000,000	Investment management
Kunshan Liancheng Equity Investment Management Co., Ltd.	The PRC	99.94%	6,000,000	6,000,000	Investment management
Shanxi Changjin Expressway Co., Ltd.	The PRC	59.71%	750,000,000	750,000,000	Expressway operation
Shanxi Jinjiao Expressway Co., Ltd.	The PRC	59.71%	504,000,000	504,000,000	Expressway operation
Shenzhen Ping An Decheng Investment Co., Ltd.	The PRC	99.88%	300,000,000	300,000,000	Investment consulting
Ping An Caizhi Investment Management Company Limited	The PRC	86.66%	600,000,000	600,000,000	Equity investment
Ping An of China Securities (Hong Kong) Company Limited	Hong Kong	86.66%	HKD200,000,000	HKD200,000,000	Security investment and brokerage
Shenzhen Xin An Micro Credit Co., Ltd.	The PRC	99.88%	280,000,000	280,000,000	Micro credit investment
Ping An Wealth Management Co., Ltd.	The PRC	100.00%	50,000,000	50,000,000	Consulting services
Ping An Financing (Tianjin) Guarantee Co., Ltd.	The PRC	100.00%	100,000,000	100,000,000	Financing guarantee
Ping An International Commercial Factoring (Tianjin) Co., Ltd.(Former "Ping Jin Factoring (Tianjin) Co., Ltd") (iii)	The PRC	74.91%	70,000,000	70,000,000	Factoring

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2013 are set out below (continued):

Name	Place of incorporation	Attributable equity interest	Registered/ authorized capital (RMB unless otherwise stated)	Paid-in capital (RMB unless otherwise stated)	Principal activities
Pingan Pioneer Capital Co., Ltd.	The PRC	86.66%	300,000,000	300,000,000	Asset management
Kunshan Pingan Property Equity Investment Management Co., Ltd.	The PRC	99.94%	2,000,000	2,000,000	Investment management
Shenzhen Jiaxin Investment and Development Co., Ltd.	The PRC	99.94%	500,000	500,000	Investment management
Beijing Shuangronghui Investment Co., Ltd.	The PRC	99.51%	256,323,143	256,323,143	Real estate investment
Hangzhou Hongping Equity Investment Management Co., Ltd.	The PRC	99.98%	1,000,000	1,000,000	Fund management
Hangzhou Yannian Equity Investment Management Co., Ltd.	The PRC	99.98%	1,000,000	1,000,000	Fund management
Chengdu Ping An Property Investment Company Co., Ltd.	The PRC	99.51%	840,000,000	840,000,000	Real estate investment
Hangzhou Pingan Pension Industry Equity Investment Partnership Enterprise (Limited Partnership)	The PRC	99.94%	500,000,000	100,000,000	Investment management
Hangzhou Pingjiang Investment Co., Ltd. (iii)	The PRC	99.51%	1,300,000,000	1,300,000,000	Real estate development
Beijing Jingxinlize Investment Co., Ltd.	The PRC	99.51%	1,160,000,000	1,160,000,000	Real estate investment
Shenzhen Pingke Information Consulting Co., Ltd. (iii)	The PRC	100.00%	1,000,000,000	1,000,000,000	Management consulting
Beijing Jingping Shangbei Investment Co., Ltd.	The PRC	99.88%	10,000,000	10,000,000	Commercial real estate leasing
Beijing Jingping Shangdi Investment Co., Ltd.	The PRC	99.88%	10,000,000	10,000,000	Commercial real estate leasing
Guangzhou Xinping Property Investment Co., Ltd. (iii)	The PRC	99.51%	50,000,000	50,000,000	Property leasing
Shantou Xinping Investment & Consulting Co., Ltd.	The PRC	99.88%	5,500,000	5,500,000	Property leasing

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2013 are set out below (continued):

Name	Place of incorporation	Attributable equity interest	Registered/ authorized capital (RMB unless otherwise stated)	Paid-in capital (RMB unless otherwise stated)	Principal activities
Shanghai Ping An Dingchuang Phase-I Equity Investment Fund Partnership (Limited Partnership) (iv)	The PRC	99.13%	300,000,000	300,000,000	Private equity investment
Shanghai Jahwa (Group) Company Ltd.	The PRC	99.88%	268,261,000	268,261,000	Production and sale of consumer chemicals
Shanghai Jahwa United Co., Ltd. (iii) (vi)	The PRC	27.48%	634,500,711	634,500,711	Production and sale of consumer chemicals
Shanghai Jahwa Investment Co., Ltd.	The PRC	99.88%	50,000,000	50,000,000	Investment management
Sanya Jahwa Tourism Development Co., Ltd.	The PRC	56.81%	240,000,000	240,000,000	Hotel operation
Shanghai Jahwa Training Center	The PRC	99.88%	60,000,000	60,000,000	Training services
Shanghai Jahwa Sales Co., Ltd. (vi)	The PRC	27.48%	220,000,000	220,000,000	Sale of consumer chemicals
Shanghai Herborist Cosmetics Co., Ltd. (vi)	The PRC	27.48%	200,160,000	200,160,000	Sale of cosmetics
Shanghai Jahwa Commodity Sales Co., Ltd. (vi)	The PRC	27.48%	65,000,000	65,000,000	Sale of consumer chemicals
Shanghai Hanxin Industrial Co., Ltd. (vi)	The PRC	27.48%	38,190,000	38,190,000	Sale of cosmetics
Shanghai Jahwa Medicine Science & Technology Co., Ltd. (vi)	The PRC	27.48%	64,000,000	64,000,000	Pharmaceutical research and development
Shanghai Jahwa Industrial Management Co., Ltd. (iii) (vi)	The PRC	27.48%	110,000,000	110,000,000	Investment management
Shanghai Herborist Beauty Care Investment Management Co., Ltd. (vi)	The PRC	27.48%	49,200,000	49,200,000	Beauty care and investment management

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2013 are set out below (continued):

Notes:

(i) The above disclosed equity holds are the sum product of direct holdings and indirect holdings.

(ii) Ping An Bank issued additional shares on 30 December 2013. As such the equity interest of Ping An Bank held by the Company was changed to 59.00% (2012: 52.38%) and Ping An Bank's non-controlling interest decreased by RMB362 million. Ping An Bank's non-controlling interest was material to the Group. For the year ended 31 December 2013, Ping An Bank's profit attributable to its non-controlling interest is RMB7,097 million (2012: RMB6,362 million), the dividend paid to its non-controlling interest is RMB415 million (2012: RMB244 million). As at 31 December 2013, Ping An Bank's equity attributable to its non-controlling interest was RMB45,998 million (2012: RMB40,527 million). Ping An Bank's summary financial information was disclosed in Note 6 "Segment reporting" under the "Banking" segment.

(iii) The paid-in capital of these subsidiaries was increased in 2013.

(iv) These entities were newly established in 2013.

(v) In 2012, the parent of this company, Shenzhen Ping An New Capital Investment Co., Ltd. signed a forward contract transferring beneficial rights associated with part of the equity interests in this company to a third party when certain conditions are met in future, while retaining full rights of control, such as voting rights.

(vi) Shanghai Jahwa Group (Company) Ltd. ("Shanghai Jahwa") has de facto control over these entities. The Group acquired Shanghai Jahwa in 2012 and consequently included these entities in the scope of consolidation.

Other than the changes above, there are no significant changes to the scope of consolidation as at 31 December 2013 from that of 31 December 2012.

The Company and its subsidiaries need to comply with the PRC Company Law as well as various listing requirements, where applicable. Capital or asset transactions between Company and its subsidiaries might be subject to regulatory requirements. The Company's certain subsidiaries are subject to regulatory capital requirements. As such, there is restriction on the Group's ability to access or use the assets of these subsidiaries and settle the liabilities of the Group. Please refer to Note 45. (7) for detail disclosure on the regulatory capital requirements.

5. SCOPE OF CONSOLIDATION (CONTINUED)

(2) As at 31 December 2013, the Company consolidated the following principal structured entities:

Name	Attributable equity interest	Paid-in capital (RMB)	Principal activities
Beijing Real Estate (Ping An) Debt Investment Scheme	99.51%	4,000,000,000	Investment in property
Ping An Asset Xinxiang No.1 Assets Management Scheme	99.51%	5,000,000,000	Investment in wealth management product
Shanmei Group Trust Loans Aggregated Fund Trust Scheme	99.51%	3,000,000,000	Investment in infrastructure construction
Daliangang Group Trust Loans Aggregated Fund Trust Scheme	99.51%	3,000,000,000	Investment in debts
Xinan Cement Leasing Properties Income Right Aggregated Fund Trust Scheme	99.51%	3,000,000,000	Investment in income right
Jianxin Trust – Optimal Debts Series Aggregated Fund Trust Scheme	99.51%	3,600,000,000	Investment in expressways
Liying No.22 Aggregated Fund Trust Scheme	100.00%	6,990,000,000	Investment in debts
Lisheng No.22 Aggregated Fund Trust Scheme	100.00%	6,990,000,000	Investment in debts
Ping An Kunyibo Expressway Investment Project Single Fund Trust Scheme	100.00%	4,652,638,414	Investment in expressways

6. SEGMENT REPORTING

Business activities of the Group are first segregated by product and type of service: insurance activities, banking activities, securities activities, trust activities and corporate activities. Due to differences in the nature of products, risks and capital allocation, insurance activities are further divided into life insurance and property and casualty insurance. In view of the growing business in the trust segment and increasing significance to the Group, management has concluded that trust segment should be reported, the comparatives have been restated. The types of products and services from which reportable segments derive revenue are listed below:

- The life insurance segment offers a comprehensive range of life insurance products to individual and corporate customers, including term, whole-life, endowment, annuity, investment-linked, universal life and healthcare insurance;
- The property and casualty insurance segment offers a wide variety of insurance products to individual and corporate customers, including automobile insurance, non-automobile insurance and accident and health insurance;
- The banking segment undertakes loan and intermediary businesses with corporate customers and retail business as well as wealth management and credit card services with individual customers;
- The securities segment undertakes brokerage, trading, investment banking and asset management services;
- The trust segment provides trust and investment services; and
- The corporate segment includes the management and support of the Group's business through its strategy, risk, treasury, finance, legal, human resources functions, etc. The corporate segment derives revenue from investing activities.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions with regard to resources allocation and performance assessment. Segment performance is assessed based on indicators such as net profit.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

More than 99% of the Group's revenue is derived from its operations in Mainland China. More than 99% of the Group's non-current assets are located in Mainland China.

During 2013, the Group's top five customers in respect of total income are as follows:

(in RMB million)	**2013**	2012
Total income from top five customers	**222**	523
Percentage of total income	**0.1%**	0.2%

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6. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2013 and for the year then ended is as follows:

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Securities	Trust	Corporate	Others	Eliminations	Total
Gross written premiums and policy fees	153,377	115,674	-	-	-	-	-	-	269,051
Less: Premiums ceded to reinsurers	(4,447)	(16,587)	-	-	-	-	-	-	(21,034)
Change in unearned premium reserves	(11)	(7,807)	-	-	-	-	-	-	(7,818)
Net earned premiums	148,919	91,280	-	-	-	-	-	-	240,199
Reinsurance commission income	877	5,707	-	-	-	-	-	-	6,584
Interest income from banking operations	-	-	93,293	-	-	-	-	(2)	93,291
Fees and commission income from non-insurance operations	-	-	11,821	1,642	2,944	-	816	(1,408)	15,815
Including: Inter-segment fees and commission income from non-insurance operations	-	-	146	-	1,162	-	100	(1,408)	-
Investment income	45,984	5,671	974	1,076	1,189	965	1,726	(2,002)	55,583
Including: Inter-segment investment income	1,717	71	-	33	27	62	92	(2,002)	-
Share of profits and losses of associates and jointly controlled entities	(36)	-	102	-	28	(4)	(355)	1	(264)
Other income	5,262	502	241	40	571	262	11,785	(8,650)	10,013
Including: Inter-segment other income	3,691	13	-	-	8	258	4,680	(8,650)	-
Total income	201,006	103,160	106,431	2,758	4,732	1,223	13,972	(12,061)	421,221
Claims and policyholders' benefits	(142,852)	(55,150)	-	-	-	-	-	-	(198,002)
Commission expenses on insurance operations	(15,798)	(11,486)	-	-	-	-	-	1,894	(25,390)
Interest expenses on banking operations	-	-	(52,399)	-	-	-	-	1,538	(50,861)
Fees and commission expenses on non-insurance operations	-	-	(1,365)	(157)	(827)	-	(31)	401	(1,979)
Loan loss provisions, net of reversals	-	-	(6,675)	-	-	-	(34)	-	(6,709)
Foreign exchange (losses)/gains	(146)	(36)	(163)	7	-	4	(47)	-	(381)
General and administrative expenses	(19,932)	(27,928)	(26,106)	(1,682)	(1,204)	(523)	(8,782)	4,404	(81,753)
Finance costs	(1,055)	(397)	-	-	(225)	(448)	(1,099)	22	(3,202)
Other expenses	(6,643)	(237)	(80)	(278)	(37)	(8)	(3,142)	3,705	(6,720)
Total expenses	(186,426)	(95,234)	(86,788)	(2,110)	(2,293)	(975)	(13,135)	11,964	(374,997)
Profit before tax	14,580	7,926	19,643	648	2,439	248	837	(97)	46,224
Income tax	(2,361)	(2,070)	(4,739)	(138)	(477)	-	(425)	-	(10,210)
Profit for the year	12,219	5,856	14,904	510	1,962	248	412	(97)	36,014

6. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2013 and for the year then ended is as follows (continued):

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Securities	Trust	Corporate	Others	Eliminations	Total
Cash and amounts due from banks and other financial institutions	198,129	49,763	102,886	13,322	3,315	10,659	9,646	(34,389)	353,331
Balances with the Central Bank and statutory deposits	7,559	3,400	226,192	-	-	-	3	-	237,154
Fixed maturity investments	707,629	56,477	662,732	18,110	-	15,602	4,219	(10,132)	1,454,637
Equity investments	124,444	5,029	182	1,339	11,046	8,888	11,709	(5,569)	157,068
Loans and advances to customers	13,020	-	832,127	-	262	-	18,882	(2,521)	861,770
Accounts receivable	-	-	7,058	-	-	-	975	-	8,033
Investments in associates and jointly controlled entities	7,293	-	485	-	6,332	149	2,796	(4,974)	12,081
Others	113,374	44,990	63,940	4,867	8,820	8,975	37,524	(6,252)	276,238
Segment assets	1,171,448	159,659	1,895,602	37,638	29,775	44,273	85,754	(63,837)	3,360,312
Due to banks and other financial institutions	5,963	-	475,686	2,928	9,041	6,130	15,406	(5,688)	509,466
Assets sold under agreements to repurchase	64,394	1,830	36,049	14,096	4,724	400	149	-	121,642
Customer deposits and payables to brokerage customers	-	-	1,217,002	10,297	-	-	(68)	(35,716)	1,191,515
Accounts payable	-	-	2,149	-	-	-	469	-	2,618
Insurance payables	37,078	17,926	-	-	-	-	-	(645)	54,359
Insurance contract liabilities	936,629	93,583	-	-	-	-	-	-	1,030,212
Investment contract liabilities for policyholders	38,031	322	-	-	-	-	-	-	38,353
Policyholder dividend payable	25,232	-	-	-	-	-	-	-	25,232
Bonds payable	13,173	7,702	8,109	-	-	22,188	5,584	-	56,756
Others	7,724	7,489	44,571	1,655	11,596	696	23,086	(6,363)	90,454
Segment liabilities	1,128,224	128,852	1,783,566	28,976	25,361	29,414	44,626	(48,412)	3,120,607
Other segment information:									
Capital expenditures	7,728	332	1,006	14	25	2	971	(74)	10,004
Depreciation and amortization	1,379	412	1,985	115	38	-	819	-	4,748
Total other non-cash expenses charged to consolidated results	1,259	240	6,890	45	250	-	282	-	8,966

6. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2012 and for the year then ended is as follows:

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Securities	Trust	Corporate	Others	Eliminations	Total
Gross written premiums and policy fees	134,851	99,089	–	–	–	–	–	–	233,940
Less: Premiums ceded to reinsurers	(627)	(12,224)	–	–	–	–	–	–	(12,851)
Change in unearned premium reserves	(196)	(7,749)	–	–	–	–	–	–	(7,945)
Net earned premiums	134,028	79,116	–	–	–	–	–	–	213,144
Reinsurance commission income	192	4,337	–	–	–	–	–	–	4,529
Interest income from banking operations	–	–	74,852	–	–	–	–	–	74,852
Fees and commission income from non-insurance operations	–	–	6,450	1,734	2,961	–	130	(384)	10,891
Including: Inter-segment fees and commission income from non-insurance operations	–	–	62	–	309	–	13	(384)	–
Investment income	22,084	2,968	654	1,128	884	522	956	(1,818)	27,378
Including: Inter-segment investment income	1,530	77	–	7	79	29	96	(1,818)	–
Share of profits and losses of associates and jointly controlled entities	(8)	–	43	–	(105)	–	24	–	(46)
Other income	4,716	442	244	35	491	201	9,181	(6,865)	8,445
Including: Inter-segment other income	3,007	15	–	–	15	195	3,633	(6,865)	–
Total income	161,012	86,863	82,243	2,897	4,231	723	10,291	(9,067)	339,193
Claims and policyholders' benefits	(118,985)	(47,009)	–	–	–	–	–	–	(165,994)
Commission expenses on insurance operations	(12,680)	(8,758)	–	–	–	–	–	1,001	(20,437)
Interest expenses on banking operations	–	–	(41,609)	–	–	–	–	1,258	(40,351)
Fees and commission expenses on non-insurance operations	–	–	(728)	(203)	(691)	–	2	165	(1,455)
Loan loss provisions, net of reversals	–	–	(3,038)	–	12	–	(22)	–	(3,048)
Foreign exchange (losses)/gains	(24)	(4)	249	–	–	(5)	39	–	255
General and administrative expenses	(18,263)	(24,065)	(19,716)	(1,601)	(1,219)	(445)	(6,448)	3,280	(68,477)
Finance costs	(763)	(256)	–	–	(65)	(290)	(384)	–	(1,758)
Other expenses	(5,218)	(164)	(194)	(12)	(288)	(26)	(2,742)	3,054	(5,590)
Total expenses	(155,933)	(80,256)	(65,036)	(1,816)	(2,251)	(766)	(9,555)	8,758	(306,855)
Profit before tax	5,079	6,607	17,207	1,081	1,980	(43)	736	(309)	32,338
Income tax	1,378	(1,959)	(3,975)	(236)	(496)	(2)	(298)	–	(5,588)
Profit for the year	6,457	4,648	13,232	845	1,484	(45)	438	(309)	26,750

6. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2012 and for the year then ended is as follows (continued):

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Securities	Trust	Corporate	Others	Eliminations	Total
Cash and amounts due from banks and other financial institutions	247,841	48,269	162,954	11,144	3,922	15,507	6,093	(44,316)	451,414
Balances with the Central Bank and statutory deposits	7,558	3,400	216,114	–	–	–	–	–	227,072
Fixed maturity investments	572,660	43,249	474,179	16,585	–	3,724	1,116	(2,265)	1,109,248
Equity investments	102,089	5,830	148	2,505	5,116	1,372	10,293	(1,229)	126,124
Loans and advances to customers	–	–	708,262	–	135	–	1,187	(182)	709,402
Accounts receivable	–	–	8,364	–	12	–	603	–	8,979
Investments in associates and jointly controlled entities	7,377	–	411	–	5,646	–	2,213	(5,687)	9,960
Others	103,134	34,740	38,928	2,095	7,732	9,927	9,745	(4,234)	202,067
Segment assets	1,040,659	135,488	1,609,360	32,329	22,563	30,530	31,250	(57,913)	2,844,266
Due to banks and other financial institutions	3,296	–	409,459	419	1,372	5,430	3,165	(2,826)	420,315
Assets sold under agreements to repurchase	89,423	2,600	46,148	13,823	5,034	200	14	(2,265)	154,977
Customer deposits and payables to brokerage customers	–	–	1,021,108	8,796	–	–	(74)	(42,894)	986,936
Accounts payable	–	–	3,052	–	–	–	563	–	3,615
Insurance payables	26,440	12,228	–	–	–	–	–	(375)	38,293
Insurance contract liabilities	804,403	78,190	–	–	–	–	–	–	882,593
Investment contract liabilities for policyholders	34,242	427	–	–	–	–	–	–	34,669
Policyholder dividend payable	21,681	–	–	–	–	–	–	–	21,681
Bonds payable	13,051	7,643	16,101	–	–	–	1,998	–	38,793
Others	7,810	7,294	28,446	741	8,129	590	4,844	(5,109)	52,745
Segment liabilities	1,000,346	108,382	1,524,314	23,779	14,535	6,220	10,510	(53,469)	2,634,617
Other segment information:									
Capital expenditures	5,863	471	1,497	75	21	9	1,564	(46)	9,454
Depreciation and amortization	1,258	400	1,782	85	23	20	825	–	4,393
Total other non-cash expenses charged to consolidated results	6,171	270	3,131	26	1	–	418	–	10,017

7. GROSS AND NET WRITTEN PREMIUMS AND POLICY FEES

(in RMB million)	2013	2012
Gross written premiums, policy fees and premium deposits	**335,032**	298,572
Less: Premium deposits of policies without significant insurance risk transfer	**(4,352)**	(4,197)
Premium deposits separated out from universal life and investment-linked products	**(61,629)**	(60,435)
Gross written premiums and policy fees	**269,051**	233,940

(in RMB million)	2013	2012
Long term life business gross written premiums and policy fees	**143,191**	126,154
Short term life business gross written premiums	**10,186**	8,697
Property and casualty business gross written premiums	**115,674**	99,089
Gross written premiums and policy fees	**269,051**	233,940

(in RMB million)	2013	2012
Gross written premiums and policy fees		
Life insurance		
Individual life insurance	**134,341**	114,595
Bancassurance	**11,176**	13,609
Group life insurance	**7,860**	6,647
	153,377	134,851
Property and casualty insurance		
Automobile insurance	**90,091**	76,334
Non-automobile insurance	**22,850**	20,354
Accident and health insurance	**2,733**	2,401
	115,674	99,089
Gross written premiums and policy fees	**269,051**	233,940

(in RMB million)	2013	2012
Net of reinsurance premiums ceded		
Life insurance		
Individual life insurance	**130,539**	114,101
Bancassurance	**11,151**	13,584
Group life insurance	**7,240**	6,539
	148,930	134,224
Property and casualty insurance		
Automobile insurance	**79,374**	69,162
Non-automobile insurance	**17,023**	15,327
Accident and health insurance	**2,690**	2,376
	99,087	86,865
Net written premiums and policy fees	**248,017**	221,089

8. NET INTEREST INCOME OF BANKING OPERATIONS

(in RMB million)	2013	2012
Interest income from banking operations		
Due from the Central Bank	**3,315**	2,691
Due from financial institutions	**19,188**	9,703
Loans and advances to customers		
Corporate loans and advances to customers	**30,697**	29,803
Individual loans and advances to customers	**22,537**	14,483
Discounted bills	**294**	594
Bonds	**17,031**	10,226
Others	**229**	7,352
Subtotal	**93,291**	74,852
Interest income from listed investments	**16,766**	9,988
Interest income from unlisted investments	**76,525**	64,864
Subtotal	**93,291**	74,852
Interest expenses on banking operations		
Due to the Central Bank	**32**	27
Due to financial institutions	**24,457**	15,135
Customer deposits	**25,716**	21,923
Bonds payable	**656**	971
Others	**-**	2,295
Subtotal	**50,861**	40,351
Net interest income from banking operations	**42,430**	34,501

The interest income accrued on impaired financial assets during the year 2013 amounted to RMB403 million (2012: RMB219 million).

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

(in RMB million)	2013	2012
Fees and commission income from non-insurance operations		
Brokerage fees	**987**	616
Underwriting commission income	**387**	1,108
Trust service fees income	**2,226**	2,498
Fees and commission income from the banking business	**11,675**	6,385
Others	**540**	284
Subtotal	**15,815**	10,891
Fees and commission expenses on non-insurance operations		
Brokerage fees paid	**115**	98
Fees and commission expenses on the banking business	**1,334**	704
Others	**530**	653
Subtotal	**1,979**	1,455
Net fees and commission income from non-insurance operations	**13,836**	9,436

10. INVESTMENT INCOME

(in RMB million)	2013	2012
Net investment income	**54,310**	41,598
Realized gains/(losses) from disposal	**2,296**	(7,740)
Unrealized gains	**596**	105
Impairment losses	**(1,619)**	(6,585)
Total investment income	**55,583**	27,378
Investment income from listed investments	**11,720**	(208)
Investment income from unlisted investments	**43,863**	27,586
Total investment income	**55,583**	27,378

(1) NET INVESTMENT INCOME

(in RMB million)	2013	2012
Interest income from non-banking operations on fixed maturity investments		
Bonds and debt schemes		
– Held-to-maturity	**24,100**	18,149
– Available-for-sale	**5,115**	4,949
– Carried at fair value through profit or loss	**208**	409
– Loans and receivables	**4,264**	1,644
Term deposits		
– Loans and receivables	**11,950**	11,194
Current accounts		
– Loans and receivables	**328**	524
Others		
– Available-for-sale	**333**	–
– Loans and receivables	**3,143**	1,279
– Carried at fair value through profit or loss	**65**	18
Dividend income on equity investments		
Equity investment funds		
– Available-for-sale	**2,055**	859
– Carried at fair value through profit or loss	**788**	358
Equity securities		
– Available-for-sale	**4,056**	3,404
– Carried at fair value through profit or loss	**3**	40
Operating lease income from investment properties	**1,425**	816
Interest expenses on assets sold under agreements to repurchase and replacements from banks and other financial institutions	**(3,523)**	(2,045)
	54,310	41,598

10. INVESTMENT INCOME (CONTINUED)

(2) REALIZED GAINS/(LOSSES)

(in RMB million)	2013	2012
Fixed maturity investments		
– Available-for-sale	**(483)**	559
– Carried at fair value through profit or loss	**(60)**	12
– Loans and receivables	**297**	760
Equity investments		
– Available-for-sale	**2,252**	(9,584)
– Carried at fair value through profit or loss	**(561)**	(204)
– Subsidiaries, associates and jointly controlled entities (Note)	**611**	712
Derivative financial instruments		
– Carried at fair value through profit or loss	**240**	5
	2,296	(7,740)

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

(3) UNREALIZED GAINS/(LOSSES)

(in RMB million)	2013	2012
Fixed maturity investments		
– Carried at fair value through profit or loss	**(159)**	40
Equity investments		
– Carried at fair value through profit or loss	**-**	78
Derivative financial instruments		
– Carried at fair value through profit or loss	**755**	(13)
	596	105

(4) IMPAIRMENT LOSSES

(in RMB million)	2013	2012
Equity investments		
– Available-for-sale	**(1,619)**	(6,585)

11. OTHER INCOME

(in RMB million)	2013	2012
Sales of goods of Shanghai Jahwa	**4,731**	4,566
Management income from investment-linked products and income from investment contracts	**888**	808
Expressway toll fee income	**779**	905
Consulting income	**460**	488
Others	**3,155**	1,678
	10,013	8,445

12. CLAIMS AND POLICYHOLDERS' BENEFITS

(1)

	2013		
(in RMB million)	Gross	Reinsurers' share	Net
Claims and claim adjustment expenses	**75,207**	**(10,515)**	**64,692**
Surrenders	**7,574**	**–**	**7,574**
Annuities	**5,292**	**–**	**5,292**
Maturities and survival benefits	**15,910**	**–**	**15,910**
Policyholder dividends	**5,311**	**–**	**5,311**
Increase in policyholders' reserves	**88,800**	**(822)**	**87,978**
Interest credited to policyholder contract deposits	**11,245**	**–**	**11,245**
	209,339	**(11,337)**	**198,002**

	2012		
(in RMB million)	Gross	Reinsurers' share	Net
Claims and claim adjustment expenses	63,258	(6,739)	56,519
Surrenders	5,341	–	5,341
Annuities	5,333	–	5,333
Maturities and survival benefits	17,653	–	17,653
Policyholder dividends	5,769	–	5,769
Increase in policyholders' reserves	67,078	–	67,078
Interest credited to policyholder contract deposits	8,301	–	8,301
	172,733	(6,739)	165,994

12. CLAIMS AND POLICYHOLDERS' BENEFITS (CONTINUED)

(2)

(in RMB million)	2013 Gross	2013 Reinsurers' share	2013 Net
Long term life insurance contract benefits	**141,136**	**(3,189)**	**137,947**
Short term life insurance claims	**5,077**	**(172)**	**4,905**
Property and casualty insurance claims	**63,126**	**(7,976)**	**55,150**
	209,339	**(11,337)**	**198,002**

(in RMB million)	2012 Gross	2012 Reinsurers' share	2012 Net
Long term life insurance contract benefits	115,063	(278)	114,785
Short term life insurance claims	4,251	(51)	4,200
Property and casualty insurance claims	53,419	(6,410)	47,009
	172,733	(6,739)	165,994

13. PROFIT BEFORE TAX

(1) PROFIT BEFORE TAX IS ARRIVED AT AFTER CHARGING/(CREDITING) THE FOLLOWING ITEMS:

(in RMB million)	2013	2012
Employee costs (Note 13. (2))	**32,309**	27,235
Interest expenses on policyholder contract deposits and investment contract reserves	**11,789**	10,165
Provision for insurance guarantee fund	**1,322**	1,146
Regulatory charges	**576**	311
Depreciation of investment properties	**554**	395
Depreciation of property and equipment	**2,268**	2,365
Amortization of intangible assets	**1,657**	1,633
Rental expenses	**4,251**	3,545
Advertising expenses	**6,223**	5,362
Traveling expenses	**1,381**	871
Office miscellaneous expenses	**2,670**	1,491
Other taxes	**463**	330
Postage and telecommunication expenses	**1,626**	1,471
Vehicle and vessel fuel expenses	**904**	717
Gains on disposal of investment properties, property and equipment, and intangible assets	**(86)**	(1)
Provision for doubtful debts, net	**185**	100
Provision for loans, net	**6,709**	3,048
Cost of sales of Shanghai Jahwa	**1,778**	2,172
Auditors' remuneration – annual audit, half-year review and quarterly agreed-upon procedures	**53**	57

13. PROFIT BEFORE TAX (CONTINUED)

(2) EMPLOYEE COSTS

(in RMB million)	2013	2012
Wages, salaries and bonuses	**24,350**	21,659
Retirement benefits, social security contributions and welfare benefits	**7,959**	5,576
	32,309	27,235

14. INCOME TAX

(in RMB million)	2013	2012
Current income tax		
– Charge for the year	**12,145**	8,332
– Adjustments in respect of current income tax of previous years	**170**	(1,373)
Deferred income tax	**(2,105)**	(1,371)
	10,210	5,588

Certain subsidiaries enjoy tax preferential treatments. These subsidiaries are not material to the Group. Except for those subsidiaries enjoying tax preferential treatments, the applicable corporate income tax rate for 2013 for the Group was 25%.

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate of 25% (2012: 25%) is as follows:

(in RMB million)	2013	2012
Profit before tax	**46,224**	32,338
Tax at the applicable tax rate of 25% (2012: 25%)	**11,556**	8,085
Expenses not deductible for tax	**1,248**	691
Income not subject to tax	**(2,764)**	(1,815)
Adjustments in respect of current income tax of previous years	**170**	(1,373)
Income tax per consolidated statement of income	**10,210**	5,588

The Group's tax position is subject to assessment and inspection of the tax authorities before finalization.

15. OTHER COMPREHENSIVE INCOME

(in RMB million)	2013	2012
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets:		
Changes in fair value	**(8,144)**	3,914
Reclassification adjustments for losses included in the statement of income		
– (Gains)/losses on disposal	**(2,779)**	9,074
– Impairment losses	**1,502**	6,585
Income tax effect	**2,385**	(4,861)
	(7,036)	14,712
Shadow accounting adjustments	**1,094**	(3,426)
Income tax effect	**(271)**	855
	823	(2,571)
Exchange differences on translation of foreign operations	**11**	(29)
Share of other comprehensive income of associates and jointly controlled entities	**(10)**	(39)
	(6,212)	12,073

16. DIVIDENDS

(in RMB million)	2013	2012
In respect of previous year:		
2012 final dividend – RMB0.30 (2011: RMB0.25) per ordinary share (i)	**2,375**	1,979
In respect of current year:		
2013 interim dividend – RMB0.20 (2012: RMB0.15) per ordinary share	**1,583**	1,187
	3,958	3,166

Note (i):

On 14 March 2013, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2012, agreeing to declare a final cash dividend of RMB0.30 per share for 2012 which amounted to RMB2,375 million based on the total shares of 7,916 million outstanding at that point in time. On 10 May 2013, the above Profit Appropriation Plan was approved by the shareholders of the Company at the annual general meeting.

On 13 March 2014, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2013, agreeing to declare a final cash dividend of RMB0.45 per share for 2013. As the conversion option of the A-share convertible bonds issued by the Company on 22 November 2013 will be exercisable starting from 23 May 2014, the Group was not able to determine the total shares outstanding at the declaration date and consequently the Group was not able to determine the exact total amount of the final cash dividend. Using the total shares of 7,916 million outstanding as at 31 December 2013 as an estimate, the final cash dividend would be RMB3,562 million. This proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. It was not recognized as a liability as at 31 December 2013.

17. EARNINGS PER SHARE

(1) BASIC

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

	2013	2012
Profit attributable to owners of the parent (in RMB million)	**28,154**	20,050
Weighted average number of ordinary shares in issue (million shares)	**7,916**	7,916
Basic earnings per share (in RMB)	**3.56**	2.53

(2) DILUTED

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: convertible bonds. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect.

	2013	2012
Earnings (in RMB million)		
Profit attributable to owners of the parent	**28,154**	20,050
Interest expense on convertible bonds (net of tax)	**94**	–
Profit used to determine diluted earnings per share	**28,248**	20,050
Weighted average number of ordinary shares (million shares)		
Weighted average number of ordinary shares in issue	**7,916**	7,916
Adjustments for:		
– Assumed conversion of convertible bonds	**52**	–
Weighted average number of ordinary shares for diluted earnings per share	**7,968**	7,916
Diluted earnings per share (in RMB)	**3.55**	2.53

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

(in RMB million)	31 December 2013	31 December 2012
Cash on hand	**3,738**	3,239
Term deposits	**206,384**	216,941
Due from banks and other financial institutions	**115,968**	165,808
Placements with banks and other financial institutions	**27,241**	65,426
	353,331	451,414

18. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

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

(in RMB million)	31 December 2013	31 December 2012
Placements with banks	**26,830**	62,596
Placements with other financial institutions	**434**	2,854
Gross	**27,264**	65,450
Less: Provision for placements with banks and other financial institutions	**(23)**	(24)
Net	**27,241**	65,426

As at 31 December 2013, cash and amounts due from banks and other financial institutions of RMB179 million (31 December 2012: RMB97 million) were restricted from use.

As at 31 December 2013, cash and amounts due from overseas banks and other financial institutions amounted to RMB5,923 million (31 December 2012: RMB9,150 million).

19. BALANCES WITH THE CENTRAL BANK AND STATUTORY DEPOSITS

(in RMB million)	31 December 2013	31 December 2012
Statutory reserve deposits with the Central Bank for banking operations	**197,623**	160,375
Unrestricted deposits with the Central Bank	**26,652**	55,152
Other deposits with the Central Bank	**1,918**	587
Statutory deposits for insurance operations	**10,961**	10,958
	237,154	227,072

In accordance with relevant regulations, bank operations are 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 31 December 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.

Details of statutory deposits for insurance operations are as follows:

(in RMB million)	31 December 2013	31 December 2012
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
Ping An Insurance Sales Services Co., Ltd.	**3**	–
	10,961	10,958

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 registered capital for the insurance company subsidiaries and 5% of the registered capital for insurance sales agency subsidiaries within the Group, respectively.

20. FIXED MATURITY INVESTMENTS

(in RMB million)	31 December 2013	31 December 2012
Bonds	**861,088**	772,136
Debt schemes	**216,706**	37,428
Policy loans	**26,107**	18,558
Assets purchased under agreements to resell	**298,080**	190,788
Wealth management products	**52,656**	90,338
	1,454,637	1,109,248

(1) BONDS

(in RMB million)	31 December 2013	31 December 2012
Held-to-maturity	**744,070**	566,009
Available-for-sale, at fair value	**94,525**	187,495
Held for trading	**15,523**	10,398
Loans and receivables	**6,970**	8,234
	861,088	772,136

(in RMB million)	31 December 2013	31 December 2012
Government bonds	**152,665**	127,756
Central Bank bills	**759**	8,964
Finance bonds	**439,353**	430,564
Corporate bonds	**268,311**	204,852
	861,088	772,136
Listed	**99,820**	52,167
Unlisted	**761,268**	719,969
	861,088	772,136

During 2013 the Group's subsidiary Ping An Bank reviewed its liquidity management approach related to certain bonds portfolios. Given the long-term nature of these bonds, Ping An Bank concluded that these bonds will be held until they reach maturity. Consequently, during 2013 Ping An Bank reclassified bonds with a fair value of RMB91,675 million from available-for-sale financial investments to held-to-maturity financial assets reflecting its positive intention and ability to hold them until maturity. The EIR of these bonds upon reclassification was 5.21%, and the expected undiscounted cash inflow is RMB122,381 million. The unrealized losses recognized in the other comprehensive income during 2013 up to the date of reclassification was RMB2,573 million. The unrealized losses recognized in the other comprehensive income in prior years was RMB760 million. If these bonds were not reclassified, unrealized losses of RMB1,630 million would have been recognized in the available-for-sale financial assets reserves for the year ended 31 December 2013. During 2013, other comprehensive income in the amount of RMB90 million recognized prior to the reclassification was reversed. As at 31 December 2013, the carrying amount of these bonds was RMB94,795 million while the corresponding fair value was RMB89,922 million.

20. FIXED MATURITY INVESTMENTS (CONTINUED)

(1) BONDS (CONTINUED)

As at 31 December 2013, bonds with a carrying amount of RMB187,218 million (31 December 2012: RMB153,568 million) were pledged as assets sold under agreements to repurchase.

As at 31 December 2013, no bonds were pledged for time deposits from the Central Bank (31 December 2012: RMB15,675 million).

As at 31 December 2013, there were no bonds pledged for amounts due to the Central Bank (31 December 2012: RMB15,014 million).

(2) ASSETS PURCHASED UNDER AGREEMENTS TO RESELL

(in RMB million)	31 December 2013	31 December 2012
Beneficial right of loans and receivables purchased under trust schemes	**181,138**	96,968
Bonds	**58,288**	28,211
Bills	**55,938**	64,649
Receivable under finance leases	**566**	939
Others	**2,185**	56
Gross	**298,115**	190,823
Less: Provision for impairment losses	**(35)**	(35)
Net	**298,080**	190,788

As at 31 December 2013, bonds and discounted bills held as assets purchased under agreements to resell with a carrying amount of RMB418 million and RMB1,567 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 31 December 2013, discounted bills held as assets purchased under agreements to resell with a carrying amount of RMB1,951 million (31 December 2012: RMB179 million) were pledged as collateral for due to the Central Bank.

21. EQUITY INVESTMENTS

(in RMB million)	31 December 2013	31 December 2012
Equity investment funds	**46,726**	35,440
Equity securities	**88,497**	79,997
Other equity investments	**21,845**	10,687
	157,068	126,124

(1) EQUITY INVESTMENT FUNDS

(in RMB million)	31 December 2013	31 December 2012
Available-for-sale, at fair value	**34,088**	25,769
Held for trading	**12,638**	9,671
	46,726	35,440
Listed	**7,144**	6,540
Unlisted	**39,582**	28,900
	46,726	35,440

(2) EQUITY SECURITIES

(in RMB million)	31 December 2013	31 December 2012
Available-for-sale, at fair value	**87,246**	79,444
Held for trading	**1,251**	553
	88,497	79,997
Listed	**88,428**	79,963
Unlisted	**69**	34
	88,497	79,997

(3) OTHER EQUITY INVESTMENTS

(in RMB million)	31 December 2013	31 December 2012
Available-for-sale, at fair value	**14,947**	3,268
Available-for-sale, at cost	**6,057**	5,935
Carried at fair value through profit or loss		
Held-for-trading	**570**	–
Designated at fair value through profit or loss	**271**	1,484
	21,845	10,687
Unlisted	**21,845**	10,687

22. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2013			
	Assets		Liabilities	
(in RMB million)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	**19,485**	**420**	**40,984**	**474**
Currency forwards and swaps	**174,363**	**2,118**	**211,039**	**2,374**
Gold derivative instruments	**14,348**	**864**	**2,012**	**70**
	208,196	**3,402**	**254,035**	**2,918**

	31 December 2012			
	Assets		Liabilities	
(in RMB million)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	12,879	99	13,603	103
Currency forwards and swaps	76,656	873	76,994	849
	89,535	972	90,597	952

None of the above derivatives has been designated as a hedging instrument.

23. LOANS AND ADVANCES TO CUSTOMERS

(1) ANALYZED BY CORPORATE AND INDIVIDUAL

(in RMB million)	31 December 2013	31 December 2012
Corporate customers		
Loans	**538,733**	485,834
Discounted bills	**12,338**	10,410
Individual customers		
Operating loan	**89,432**	55,187
Credit cards	**86,834**	49,725
Property mortgages	**64,956**	70,406
Vehicle loan	**48,747**	21,125
Others	**36,139**	29,559
Gross	**877,179**	722,246
Less: Loan loss provisions	**(15,409)**	(12,844)
Net	**861,770**	709,402

23. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(2) ANALYZED BY INDUSTRY

(in RMB million)	31 December 2013	31 December 2012
Corporate customers		
Agriculture, husbandry and fishery	**2,565**	1,792
Extraction (heavy industry)	**29,808**	11,620
Manufacturing (light industry)	**131,731**	159,664
Energy	**15,792**	13,561
Transportation, storage and communication	**40,433**	31,110
Commercial	**125,569**	138,975
Real estate	**86,429**	42,276
Service, technology, culture and sanitary industries	**48,011**	46,256
Construction	**33,433**	34,455
Others	**24,962**	6,125
Subtotal of loans	**538,733**	485,834
Discounted bills	**12,338**	10,410
Subtotal of corporate customers	**551,071**	496,244
Individual customers	**326,108**	226,002
Gross	**877,179**	722,246

(3) ANALYZED BY TYPE OF COLLATERAL HELD OR OTHER CREDIT ENHANCEMENTS

(in RMB million)	31 December 2013	31 December 2012
Unsecured	**189,748**	148,065
Guaranteed	**184,625**	165,190
Secured by collateral		
Secured by mortgages	**347,730**	294,640
Secured by monetary assets	**142,738**	103,941
Subtotal	**864,841**	711,836
Discounted bills	**12,338**	10,410
Gross	**877,179**	722,246

23. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(4) AGING ANALYSIS OF PAST DUE LOANS

	31 December 2013				
(in RMB million)	Within 3 months	3 months to 1 year	1-3 years	More than 3 years	Total
Unsecured	**2,915**	**2,098**	**452**	**36**	**5,501**
Guaranteed	**1,794**	**2,531**	**978**	**16**	**5,319**
Secured by collateral					
Secured by mortgages	**4,206**	**4,927**	**3,745**	**49**	**12,927**
Secured by monetary assets	**1,105**	**1,657**	**436**	**–**	**3,198**
	10,020	**11,213**	**5,611**	**101**	**26,945**

	31 December 2012				
(in RMB million)	Within 3 months	3 months to 1 year	1-3 years	More than 3 years	Total
Unsecured	1,419	857	171	130	2,577
Guaranteed	1,092	1,377	205	55	2,729
Secured by collateral					
Secured by mortgages	4,297	4,505	1,489	96	10,387
Secured by monetary assets	865	608	185	137	1,795
	7,673	7,347	2,050	418	17,488

Past due loans refer to the loans with either principal or interest being past due by one day or more.

(5) ANALYZED BY REGION

	31 December 2013		31 December 2012	
(in RMB million)	Amount	%	Amount	%
Southern and Central China	**340,472**	**38.82%**	286,507	39.67%
Eastern China	**300,114**	**34.21%**	249,526	34.55%
Northern and North-eastern China	**132,368**	**15.09%**	137,168	18.99%
South-western China	**64,549**	**7.36%**	43,019	5.96%
North-western China	**15,987**	**1.82%**	–	–
Offshore business	**23,689**	**2.70%**	6,026	0.83%
Gross	**877,179**	**100.00%**	722,246	100.00%

23. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(6) LOAN LOSS PROVISION

(in RMB million)	2013 Individually assessed	2013 Collectively assessed	2013 Total	2012 Individually assessed	2012 Collectively assessed	2012 Total
As at 1 January	**2,138**	**10,706**	**12,844**	1,714	9,194	10,908
Acquisition of subsidiaries	**-**	**179**	**179**	–	–	–
Charge for the year	**3,126**	**3,583**	**6,709**	1,169	1,879	3,048
Write-off during the year	**(3,130)**	**(1,165)**	**(4,295)**	(870)	(400)	(1,270)
Write-backs during the year						
Recovery of loans written off previously	**204**	**188**	**392**	344	78	422
Interest accrued on impaired loans and advances	**(403)**	**-**	**(403)**	(219)	–	(219)
Other changes for the year	**(2)**	**(15)**	**(17)**	–	(45)	(45)
As at 31 December	**1,933**	**13,476**	**15,409**	2,138	10,706	12,844

As at 31 December 2013, no discounted bills (31 December 2012: RMB513 million) were pledged as assets sold under agreements to repurchase.

As at 31 December 2013, discounted bills with a carrying amount of RMB290 million (31 December 2012: RMB988 million) were pledged for amounts due to the Central Bank.

24. PREMIUM RECEIVABLES

(in RMB million)	31 December 2013	31 December 2012
Premium receivables	**24,537**	18,926
Less: Provision for doubtful receivables	**(332)**	(170)
Premium receivables, net	**24,205**	18,756
Life insurance	**7,630**	6,462
Property and casualty insurance	**16,575**	12,294
Premium receivables, net	**24,205**	18,756

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

An aging analysis of premium receivables is as follows:

(in RMB million)	31 December 2013	31 December 2012
Within 3 months	**23,562**	18,404
Over 3 months but within 1 year	**799**	424
Over 1 year	**176**	98
	24,537	18,926

25. ACCOUNTS RECEIVABLE

(in RMB million)	31 December 2013	31 December 2012
Receivables under factoring	**6,968**	7,381
Others	**1,092**	1,624
Gross	**8,060**	9,005
Less: Provision for accounts receivable	**(27)**	(26)
Net	**8,033**	8,979

26. REINSURERS' SHARE OF INSURANCE LIABILITIES

(in RMB million)	31 December 2013	31 December 2012
Reinsurers' share of unearned premium reserves	**6,841**	4,471
Reinsurers' share of claim reserves	**5,618**	4,313
Reinsurers' share of policyholders' reserves	**1,380**	557
	13,839	9,341

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

(1) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE CONTRACTS

(in RMB million)	31 December 2013	31 December 2012
Cash and amounts due from banks and other financial institutions	**4,860**	5,138
Equity investments	**22,984**	21,892
Fixed maturity investments, at fair value	**6,899**	4,547
Fixed maturity investments, at amortized cost	**252**	245
Other assets	**507**	595
	35,502	32,417

(2) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INVESTMENT CONTRACTS

(in RMB million)	31 December 2013	31 December 2012
Cash and amounts due from banks and other financial institutions	**912**	970
Equity investments	**1,316**	1,636
Fixed maturity investments, at fair value	**1,527**	1,132
Fixed maturity investments, at amortized cost	**240**	–
Other assets	**106**	86
	4,101	3,824

28. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The Group's investments in the principal associates and jointly controlled entities as at year end are as follows:

(in RMB million) Name of the invested entity	**31 December 2013**	31 December 2012
Associates		
Veolia Water (Kunming) Investment Co., Ltd. ("Veolia Kunming")	**208**	203
Veolia Water (Yellow River) Investment Co., Ltd. ("Veolia Yellow River")	**233**	315
Veolia Water (Liuzhou) Investment Co., Ltd. ("Veolia Liuzhou")	**103**	103
Shanxi Taichang Expressway Co., Ltd. ("Shanxi Taichang")	**808**	781
Hubei Shumyip Huayin Traffic Development Co., Ltd. ("Hubei Shumyip Huayin")	**185**	248
Beijing-Shanghai High-speed Railway Equity Investment Scheme ("Beijing-Shanghai Railway")	**6,300**	6,300
Shaoxing Pingan New Capital Co., Ltd. ("Shaoxing Pingan New Capital")	**22**	37
Foshan Shunde Peace Hospital Investment Co., Ltd. ("Shunde Peace Hospital")	**129**	129
Tongxin No.1 Real Estate Investment Aggregated Fund Trust Scheme ("Tongxin No.1")	**-**	95
Chengdu Gongtou Assets Management Co., Ltd. ("Chengdu Gongtou")	**485**	411
Newheight Holdings Ltd. ("Newheight Holdings")	**78**	130
Jiangyin Tianjiang Pharmaceutical Co., Ltd. ("Tianjiang Pharmaceutical")	**458**	395
Shanghai Takasago Union Fragrances & Flavors Co., Ltd. ("Shanghai Takasago Union").	**79**	75
Ping An Pay Intelligence Technology Co., Ltd. (Former Shenzhen Minghua Intelligent Technology Co., Ltd.) ("Ping An Fu")	**386**	255
Guangzhou Yikang Medical Investment Management Co., Ltd. ("Guangzhou Yikang")	**-**	83
Zhongan Online P&C insurance Co., Ltd ("Zhong An Online")	**149**	–
Nanjing Shuotian Investment Management Company Limited ("Nanjing Shuotian")	**38**	–
Others	**586**	357

28. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONTINUED)

The Group's investments in the principal associates and jointly controlled entities as at year end are as follows (continued):

(in RMB million) Name of the invested entity	31 December 2013	31 December 2012
Jointly controlled entities		
Ping An Russell Investment Management (Shanghai) Co., Ltd. ("Ping An Russell")	**70**	33
Guangzhou Shengan Chuangfu Investment & Management Limited ("Shengan Chuangfu")	**13**	10
KunYu Highway Development Co., Ltd. ("Kunyu Highway")	**1,751**	–
	12,081	9,960

Name of the invested entity	Place of incorporation	Paid-in capital (RMB unless otherwise stated)	Percentage of voting rights	Principal activities
Associates				
Veolia Kunming	Hong Kong	USD91,875,208	24.00%	Water plant operation
Veolia Yellow River	Hong Kong	USD189,421,568	49.00%	Water plant operation
Veolia Liuzhou	Hong Kong	USD32,124,448	45.00%	Water plant operation
Shanxi Taichang	The PRC	2,600,190,000	30.00%	Expressway operation
Hubei Shumyip Huayin	The PRC	110,000,000	49.00%	Expressway investment
Beijing-Shanghai Railway	The PRC	16,000,000,000	39.38%	Railway investment
Shaoxing Pingan New Capital	The PRC	70,000,000	30.00%	Investment holding
Shunde Peace Hospital	The PRC	18,520,000	43.70%	Hospital operation
Chengdu Gongtou	The PRC	518,700,000	33.20%	Investments and assets management
Newheight Holdings	Cayman Islands	USD2,036	33.00%	Investment holding
Tianjiang Pharmaceutical	The PRC	94,560,000	23.84%	Production of pharmaceutical drugs
Shanghai Takasago Union	The PRC	51,600,000	40.00%	Production of fragrance for daily use
Ping An Fu	The PRC	761,899,520	49.99%	Smart card development and sales
Zhong An Online	The PRC	1,000,000,000	9.00%	E-commerce insurance business
Nanjing Shuotian	The PRC	100,000,000	49.00%	Investments and assets management

28. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONTINUED)

The Group's investments in the principal associates and jointly controlled entities as at year end are as follows (continued):

Name of the invested entity	Place of incorporation	Paid-in capital (RMB unless otherwise stated)	Percentage of voting rights	Principal activities
Jointly controlled entities				
Ping An Russell	The PRC	200,000,000	51.00%	Investment consulting and management
Shengan Chuangfu	The PRC	20,000,000	50.00%	Investment consulting and management
Kunyu Highway	The PRC	1,600,000,000	50.00%	Expressway operation

The summary financial information of Group's principal associates and jointly controlled entities as at year end are as follows:

	31 December 2013				31 December 2012			
Name of the invested entity	**Total assets as at year end**	**Total liabilities as at year end**	**Operating income for the year**	**Net profit for the year**	Total assets as at year end	Total liabilities as at year end	Operating income for the year	Net profit for the year
Associates								
Veolia Kunming	**1,033**	**166**	**48**	**21**	1,012	166	48	25
Veolia Yellow River	**478**	**2**	**10**	**(7)**	645	2	10	1
Veolia Liuzhou	**234**	**5**	**12**	**(46)**	234	5	12	(18)
Shanxi Taichang	**7,866**	**5,172**	**914**	**248**	8,503	5,900	828	150
Hubei Shumyip Huayin	**2,472**	**2,095**	**123**	**(129)**	2,560	2,054	111	(108)
Beijing-Shanghai Railway	**16,000**	**-**	**-**	**-**	16,000	-	-	-
Shaoxing Pingan New Capital	**74**	**-**	**7**	**(49)**	123	-	7	3
Shunde Peace Hospital	**418**	**123**	**94**	**(1)**	418	123	94	7
Chengdu Gongtou	**2,676**	**1,216**	**211**	**272**	2,284	1,046	209	111
Newheight Holdings	**2,200**	**1,962**	**6,119**	**(157)**	3,497	3,103	7,074	(1,237)
Tianjiang Pharmaceutical	**7,592**	**602**	**1,923**	**1,180**	2,099	442	1,892	562
Shanghai Takasago Union	**263**	**66**	**333**	**28**	247	59	315	37
Ping An Fu (Former Shenzhen Minghua Intelligent Technology Co., Ltd.)	**1,208**	**435**	**726**	**(224)**	743	233	14	-
Zhong An Online	**1,013**	**18**	**13**	**(25)**	-	-	-	-
Nanjing Shuotian	**3,894**	**3,817**	**-**	**(22)**	-	-	-	-
Jointly controlled entities								
Ping An Russell	**149**	**11**	**16**	**73**	75	10	6	(16)
Shengan Chuangfu	**32**	**5**	**59**	**7**	20	-	-	-
Kunyu Highway	**4,092**	**590**	**610**	**438**	-	-	-	-

29. INVESTMENT PROPERTIES

(in RMB million)	2013	2012
Cost		
As at 1 January	**17,011**	10,648
Acquisition of subsidiaries	**100**	2,204
Additions	**4,097**	2,889
Transfer (to)/from property and equipment, net	**(77)**	1,272
Disposals	**(204)**	(2)
As at 31 December	**20,927**	17,011
Accumulated depreciation		
As at 1 January	**2,160**	1,571
Acquisition of subsidiaries	**25**	159
Charge for the year	**554**	395
Transfer (to)/from property and equipment, net	**(63)**	36
Disposals	**(12)**	(1)
As at 31 December	**2,664**	2,160
Impairment losses		
As at 1 January 2013 and 31 December 2013	**1**	1
Net book value		
As at 31 December	**18,262**	14,850
As at 1 January	**14,850**	9,076
Fair value as at 31 December	**32,360**	31,144

The fair values of the investment properties as at 31 December 2013 were estimated by the Group, based on valuation performed by independent valuers. It falls under level 3 in the fair value hierarchy.

The rental income arising from investment properties for the year 2013 amounted to RMB1,425 million (2012: RMB816 million), which is included in net investment income.

As at 31 December 2013, investment properties with a carrying amount of RMB6,129 million (31 December 2012: RMB3,673 million) were pledged as collateral for long term borrowings with a carrying amount of RMB3,392 million (31 December 2012: RMB2,011 million).

The Group was still in the process of applying for title certificates for certain investment properties with a carrying amount of RMB2,612 million as at 31 December 2013 (31 December 2012: RMB2,800 million).

30. PROPERTY AND EQUIPMENT

(in RMB million)	Leasehold improvements	Buildings	Equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
	2013					
Cost						
As at 1 January 2013	3,924	13,950	7,254	1,196	1,407	27,731
Acquisitions of subsidiaries	-	8	-	-	-	8
Additions	699	94	1,318	314	1,687	4,112
Transfer of construction in progress	75	6	23	-	(104)	-
Transfer from/(to) investment properties, net	-	98	-	-	(21)	77
Disposals	(104)	(56)	(539)	(42)	(371)	(1,112)
As at 31 December 2013	4,594	14,100	8,056	1,468	2,598	30,816
Accumulated depreciation						
As at 1 January 2013	2,058	3,209	4,214	588	-	10,069
Acquisitions of subsidiaries	-	2	-	-	-	2
Charge for the year	562	549	991	166	-	2,268
Transfer from investment properties, net	-	63	-	-	-	63
Disposals	(58)	(16)	(444)	(39)	-	(557)
As at 31 December 2013	2,562	3,807	4,761	715	-	11,845
Impairment losses						
As at 1 January 2013	-	112	-	-	11	123
Disposals	-	(14)	-	-	(11)	(25)
As at 31 December 2013	-	98	-	-	-	98
Net book value						
As at 31 December 2013	2,032	10,195	3,295	753	2,598	18,873
As at 1 January 2013	1,866	10,629	3,040	608	1,396	17,539

30. PROPERTY AND EQUIPMENT (CONTINUED)

	2012					
(in RMB million)	Leasehold improvements	Buildings	Equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
Cost						
As at 1 January 2012	3,205	10,957	6,067	1,089	2,652	23,970
Acquisitions of subsidiaries	–	1,576	384	41	17	2,018
Additions	722	36	1,144	132	1,843	3,877
Transfer of construction in progress	362	2,106	20	–	(2,488)	–
Transfer to investment properties, net	–	(655)	–	–	(617)	(1,272)
Disposals of subsidiaries	–	(8)	(9)	(3)	–	(20)
Disposals	(365)	(62)	(352)	(63)	–	(842)
As at 31 December 2012	3,924	13,950	7,254	1,196	1,407	27,731
Accumulated depreciation						
As at 1 January 2012	1,601	2,455	3,316	464	–	7,836
Acquisitions of subsidiaries	–	279	294	27	–	600
Charge for the year	770	515	933	147	–	2,365
Transfer to investment properties, net	–	(36)	–	–	–	(36)
Disposals of subsidiaries	–	(2)	(5)	(2)	–	(9)
Disposals	(313)	(2)	(324)	(48)	–	(687)
As at 31 December 2012	2,058	3,209	4,214	588	–	10,069
Impairment losses						
As at 1 January 2012	–	96	–	–	11	107
Acquisitions of subsidiaries	–	22	2	–	–	24
Disposal for the year	–	(6)	(2)	–	–	(8)
As at 31 December 2012	–	112	–	–	11	123
Net book value						
As at 31 December 2012	1,866	10,629	3,040	608	1,396	17,539
As at 1 January 2012	1,604	8,406	2,751	625	2,641	16,027

The Group was still in the process of applying for title certificates for its buildings with a carrying amount of RMB2,297 million as at 31 December 2013 (31 December 2012: RMB2,111 million).

31. INTANGIBLE ASSETS

(in RMB million)	Goodwill	Expressway operating rights	Prepaid land premiums	Core deposits	Trademarks	Software and others	Total
	2013						
Cost							
As at 1 January 2013	**11,769**	**4,672**	**4,291**	**15,082**	**2,155**	**3,810**	**41,779**
Acquisitions of subsidiaries	**-**	**6,560**	**-**	**-**	**-**	**-**	**6,560**
Additions	**22**	**-**	**1,209**	**-**	**-**	**266**	**1,497**
Disposals	**-**	**-**	**(25)**	**-**	**-**	**(40)**	**(65)**
As at 31 December 2013	**11,791**	**11,232**	**5,475**	**15,082**	**2,155**	**4,036**	**49,771**
Accumulated amortization							
As at 1 January 2013	**-**	**996**	**473**	**1,131**	**73**	**1,570**	**4,243**
Charge for the year	**-**	**263**	**62**	**754**	**57**	**521**	**1,657**
Disposals	**-**	**-**	**(2)**	**-**	**-**	**(23)**	**(25)**
As at 31 December 2013	**-**	**1,259**	**533**	**1,885**	**130**	**2,068**	**5,875**
Net book value							
As at 31 December 2013	**11,791**	**9,973**	**4,942**	**13,197**	**2,025**	**1,968**	**43,896**
As at 1 January 2013	**11,769**	**3,676**	**3,818**	**13,951**	**2,082**	**2,240**	**37,536**

(in RMB million)	Goodwill	Expressway operating rights	Prepaid land premiums	Core deposits	Trademarks	Software and others	Total
	2012						
Cost							
As at 1 January 2012	9,203	7,426	3,302	15,082	–	1,921	36,934
Acquisitions of subsidiaries	–	–	936	–	2,134	1,488	4,558
Additions	2,614	–	25	–	–	507	3,146
Disposals of subsidiaries	–	(2,754)	(11)	–	–	–	(2,765)
Disposals	(48)	–	–	–	–	(123)	(171)
As at 31 December 2012	11,769	4,672	4,252	15,082	2,134	3,793	41,702
Accumulated amortization							
As at 1 January 2012	–	1,431	377	377	–	1,165	3,350
Charge for the year	–	305	58	754	52	464	1,633
Disposals of subsidiaries	–	(740)	(1)	–	–	–	(741)
Disposals	–	–	–	–	–	(76)	(76)
As at 31 December 2012	–	996	434	1,131	52	1,553	4,166
Net book value							
As at 31 December 2012	11,769	3,676	3,818	13,951	2,082	2,240	37,536
As at 1 January 2012	9,203	5,995	2,925	14,705	–	756	33,584

As at 31 December 2013, all the expressway operating rights of the Group were pledged as collateral for long term borrowings amounting to RMB3,892 million (31 December 2012: RMB1,485 million).

As at 31 December 2013, there were no significant prepaid land premium still in the process of applying for title certificates (31 December 2012: RMB2,104 million).

31. INTANGIBLE ASSETS (CONTINUED)

As at 31 December 2013, prepaid land premium with a carrying amount of RMB120 million (31 December 2012: RMB124 million) were pledged as collateral for long term borrowings with a carrying amount of RMB20 million (31 December 2012: RMB70 million).

GOODWILL IMPAIRMENT

Goodwill amounting to RMB8,761 million (31 December 2012: RMB8,761 million) is derived from acquisition of the former Shenzhen Development Bank. Goodwill amounting to RMB2,502 million (31 December 2012: RMB2,502 million) is derived from acquisition of Shanghai Jahwa.

Impairment for goodwill is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. The recoverable amount is the higher of its fair value less costs to sell and its value-in-use. Fair value includes quotations when available and/or relevant or valuation techniques incorporating observable market data, adjusted when necessary to take into account control premiums. Value in use calculations are based on valuation techniques, incorporating both observable market data and entity specific assumptions.

The primary valuation technique used is cash flow projections based on business plans approved by management covering a three to five year period and a risk adjusted discount rate. Cash flows beyond that period have been extrapolated using a steady growth rate and terminal value. Discount rates used by the Group range from 9% to 14% and growth rates, where applicable, range from 3% to 36%.

The results of cash flow projections exceed the carried amount of each related cash-generating unit or group of units. However, subsequent impairment tests may be based upon different assumptions and future cash flow projections, which may result in an impairment of these assets in the foreseeable future.

32. OTHER ASSETS

(in RMB million)	**31 December 2013**	31 December 2012
Interest receivables	**28,949**	28,668
Other receivables (Note)	**16,744**	11,701
Due from reinsurers	**8,924**	6,109
Foreclosed assets	**800**	644
Prepayments	**3,074**	2,540
Precious metals	**21,286**	2,430
Dividend receivable	**70**	29
Receivable under finance leases	**12,985**	510
Others	**4,309**	2,402
	97,141	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" (Cai Kuai [2009] No. 15) issued by the Ministry of Finance. As the relevant tax laws and regulations have not clearly clarified how the implementation of the above accounting regulations would affect the manner in which corporate income tax would be imposed, the Group accrued the corporate income tax based on its understanding and judgment of the current prevailing tax laws and regulations when preparing the financial statements. As there is a difference between the accrued corporate income tax amount and the actual payment of the corporate income tax, the Group recorded this difference of RMB3,520 million in other assets as at 31 December 2013 as prepaid income tax (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.

33. SHARE CAPITAL

(million shares)	31 December 2013	31 December 2012
Number of shares registered, issued and fully paid, with a par value of RMB1 each	**7,916**	7,916

The above share contribution was verified by Chinese Certified Public Accountants.

34. RESERVES AND RETAINED PROFITS

GROUP

(in RMB million)	Share premium	Available-for-sale investment reserve	Shadow accounting adjustments	Others	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Retained profits	Non-controlling interests	Total equity
As at 1 January 2013	83,506	533	115	(360)	6,982	395	100	60,430	50,032	201,733
Profit for the year	-	-	-	-		-	-	28,154	7,860	36,014
Other comprehensive income for the year	-	(6,050)	819	(4)	-	-	11		(988)	(6,212)
Total comprehensive income for the year	-	(6,050)	819	(4)	-	-	11	28,154	6,872	29,802
Dividend declared (Note 16)	-	-	-	-	-	-	-	(3,958)	-	(3,958)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(834)	(834)
Establishment of subsidiaries	-	-	-	-	-	-	-	-	1,097	1,097
Equity transactions with non-controlling interests	362	-	-	(1)	-	-	-	-	(361)	-
Issue of convertible bonds	-	-	-	3,731	-	-	-	-	-	3,731
Others	5	-	-	23	-	-	-	-	190	218
As at 31 December 2013	83,873	(5,517)	934	3,389	6,982	395	111	84,626	56,996	231,789

34. RESERVES AND RETAINED PROFITS (CONTINUED)

GROUP (CONTINUED)

(in RMB million)	Share premium	Available-for-sale investment reserve	Shadow accounting adjustments	Others	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Retained profits	Non-controlling interests	Total equity
As at 1 January 2012	83,506	(14,412)	2,673	132	6,982	395	129	43,546	40,475	163,426
Profit for the year	–	–	–	–	–	–	–	20,050	6,700	26,750
Other comprehensive income for the year	–	14,945	(2,558)	(19)	–	–	(29)	–	(266)	12,073
Total comprehensive income for the year	–	14,945	(2,558)	(19)	–	–	(29)	20,050	6,434	38,823
Dividend declared (Note 16)	–	–	–	–	–	–	–	(3,166)	–	(3,166)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(512)	(512)
Acquisitions of subsidiaries	–	–	–	–	–	–	–	–	4,312	4,312
Disposals of subsidiaries	–	–	–	–	–	–	–	–	(1,006)	(1,006)
Equity transactions with non-controlling interests	–	–	–	(601)	–	–	–	–	(105)	(706)
Others	–	–	–	128	–	–	–	–	434	562
As at 31 December 2012	83,506	533	115	(360)	6,982	395	100	60,430	50,032	201,733

Out of the Group's retained profits, RMB15,297 million as at 31 December 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, RMB14,285 million as at 31 December 2013 (31 December 2012: RMB10,466 million) represents the Company's share of its subsidiaries' general reserve which cannot be used for profit distribution.

34. RESERVES AND RETAINED PROFITS (CONTINUED)

COMPANY

(in RMB million)	Share premium	Available-for-sale investment reserve	Others	Surplus reserve fund	General reserve	Retained profits	Total
As at 1 January 2013	**83,506**	**(76)**	**-**	**6,982**	**395**	**26,819**	**117,626**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**8,632**	**8,632**
Other comprehensive income	**-**	**(61)**	**-**	**-**	**-**	**-**	**(61)**
Dividend declared	**-**	**-**	**-**	**-**	**-**	**(3,958)**	**(3,958)**
Acquisition of subsidiary	**(94)**	**-**	**-**	**-**	**-**	**-**	**(94)**
Issue of convertible bonds	**-**	**-**	**3,731**	**-**	**-**	**-**	**3,731**
As at 31 December 2013	**83,412**	**(137)**	**3,731**	**6,982**	**395**	**31,493**	**125,876**
As at 1 January 2012	83,506	(216)	–	6,982	395	22,630	113,297
Profit for the year	–	–	–	–	–	7,355	7,355
Other comprehensive income	–	140	–	–	–	–	140
Dividend declared	–	–	–	–	–	(3,166)	(3,166)
As at 31 December 2012	83,506	(76)	–	6,982	395	26,819	117,626

According to the Company's articles of association, the Company shall set aside 10% of its net profit determined in its statutory financial statements, prepared in accordance with PRC Accounting Standards, to a statutory surplus reserve fund. The Company can cease such profit appropriation to this fund if its balance reaches 50% of the Company's registered share capital. The Company may also make appropriations from its net profit to the discretionary surplus reserve fund provided the appropriation is approved by a resolution of the shareholders. These reserves cannot be used for purposes other than those for which they are created. Profits are used to offset prior year losses before allocations to such reserves.

Capital reserve mainly represents share premiums arising from the issuance of shares.

Subject to resolutions passed in shareholders' meetings, the statutory surplus reserve fund, discretionary surplus reserve fund and capital reserve can be transferred to share capital. The balance of the statutory surplus reserve fund after transfers to share capital shall not be less than 25% of the registered capital.

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance, banking, trust, securities, futures and fund businesses. The Group's respective entities engaged in such businesses would need to make appropriations for such reserves based on their respective year-end profit or risk assets, as determined in accordance with PRC Accounting Standards, and based on the applicable PRC financial regulations, in their annual financial statements. Such reserves are not available for profit distribution or transfer to capital.

In accordance with the relevant regulations, the net profit after tax of the Company for profit distribution is deemed to be the lower of (i) the retained profits determined in accordance with PRC Accounting Standards and (ii) the retained profits determined in accordance with IFRSs.

35. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	31 December 2013	31 December 2012
Deposits from other banks and financial institutions	**473,155**	390,847
Due to the Central Bank	**2,264**	16,168
Short term borrowings	**10,391**	3,566
Long term borrowings	**23,656**	9,734
	509,466	420,315

Refer to Notes 20, 23, 29 and 31 for the assets pledged as collateral to support the above borrowings.

36. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(in RMB million)	31 December 2013	31 December 2012
Bonds	**113,666**	145,728
Discounted bills	**2,261**	4,215
Beneficial right in equity	**4,725**	4,837
Shares	**990**	197
	121,642	154,977

As at 31 December 2013, beneficial right in equity with a carrying amount of RMB4,726 million (31 December 2012: RMB5,513 million) were pledged as assets sold under agreements to repurchase.

Refer to Notes 20 and 23 for assets pledged as collateral of the assets sold under agreements to repurchase with bonds and discounted bills.

37. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

(in RMB million)	31 December 2013	31 December 2012
Customer deposits		
Current and savings accounts		
– Corporate customers	**269,687**	246,709
– Individual customers	**104,500**	85,212
Term deposits		
– Corporate customers	**427,214**	319,125
– Individual customers	**98,965**	88,348
Guarantee deposits	**242,338**	204,353
Time deposits from the Central Bank	**–**	13,170
Fiscal deposits	**36,212**	19,017
Remittance payables and outward remittance	**2,556**	3,391
	1,181,472	979,325
Payables to brokerage customers		
– Corporate customers	**4,097**	588
– Individual customers	**5,946**	7,023
	10,043	7,611
	1,191,515	986,936

Refer to Note 20 for assets pledged as collateral of time deposits from the Central Bank.

38. ACCOUNTS PAYABLE

(in RMB million)	31 December 2013	31 December 2012
Payables under factoring	**2,024**	2,068
Others	**594**	1,547
	2,618	3,615

39. INSURANCE CONTRACT LIABILITIES

(in RMB million)	31 December 2013	31 December 2012
Policyholders' reserves	**620,448**	531,639
Policyholder contract deposits	**276,044**	236,250
Policyholder account liabilities in respect of insurance contracts	**35,502**	32,417
Unearned premium reserves	**60,987**	50,801
Claim reserves	**37,231**	31,486
Total	**1,030,212**	882,593

	31 December 2013		
(in RMB million)	Insurance contract liabilities	Reinsurers' share	Net
Long term life insurance contracts	**931,994**	**(1,380)**	**930,614**
Short term life insurance contracts	**4,635**	**(283)**	**4,352**
Property and casualty insurance contracts	**93,583**	**(12,176)**	**81,407**
	1,030,212	**(13,839)**	**1,016,373**

	31 December 2012		
(in RMB million)	Insurance contract liabilities	Reinsurers' share	Net
Long term life insurance contracts	800,306	(557)	799,749
Short term life insurance contracts	4,097	(83)	4,014
Property and casualty insurance contracts	78,190	(8,701)	69,489
	882,593	(9,341)	873,252

(in RMB million)	31 December 2013	31 December 2012
Current portion*		
Long term life	**4,695**	(7,665)
Short term life	**4,697**	4,070
Property and casualty	**59,703**	48,749
Non-current portion		
Long term life	**927,299**	807,971
Short term life	**(62)**	27
Property and casualty	**33,880**	29,441
Total	**1,030,212**	882,593

* Estimated net cash flows within 12 months from the end of the reporting period.

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39. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) LONG TERM LIFE INSURANCE CONTRACTS

(in RMB million)	31 December 2013	31 December 2012
Policyholders' reserves	**620,448**	531,639
Policyholder contract deposits	**276,044**	236,250
Policyholder account liabilities in respect of insurance contracts	**35,502**	32,417
	931,994	800,306

The policyholders' reserves are analyzed as follows:

(in RMB million)	2013	2012
As at 1 January	**531,639**	461,521
Increase during the year	**148,230**	124,759
Decrease during the year		
– Claims and benefits paid	**(45,380)**	(43,719)
– Surrender	**(14,979)**	(12,354)
– Others	**938**	1,432
As at 31 December	**620,448**	531,639

The policyholder contract deposits are analyzed as follows:

(in RMB million)	2013	2012
As at 1 January	**236,250**	195,381
Premiums received	**66,815**	64,041
Accretion of investment income	**10,873**	8,966
Liabilities released for benefits paid	**(22,912)**	(17,220)
Policy administration fees and surrender charges deducted	**(88)**	(150)
Others	**(14,894)**	(14,768)
As at 31 December	**276,044**	236,250

39. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(2) SHORT TERM LIFE INSURANCE CONTRACTS

(in RMB million)	31 December 2013	31 December 2012
Unearned premium reserves	**2,596**	2,413
Claim reserves	**2,039**	1,684
	4,635	4,097

The unearned premium reserves of short term life insurance are analyzed as follows:

	2013			2012		
(in RMB million)	Gross	Reinsurers share	Net	Gross	Reinsurers share	Net
As at 1 January	**2,413**	**(58)**	**2,355**	2,213	(54)	2,159
Premiums written during the year	**10,985**	**(4,443)**	**6,542**	8,936	(175)	8,761
Premiums earned during the year	**(10,802)**	**4,271**	**(6,531)**	(8,736)	171	(8,565)
As at 31 December	**2,596**	**(230)**	**2,366**	2,413	(58)	2,355

The claim reserves of short term life insurance are analyzed as follows:

	2013			2012		
(in RMB million)	Gross	Reinsurers share	Net	Gross	Reinsurers share	Net
As at 1 January	**1,684**	**(25)**	**1,659**	1,399	(55)	1,344
Claims incurred during the year	**5,076**	**(2,538)**	**2,538**	4,251	(81)	4,170
Claims paid during the year	**(4,721)**	**2,510**	**(2,211)**	(3,966)	111	(3,855)
As at 31 December	**2,039**	**(53)**	**1,986**	1,684	(25)	1,659

(3) PROPERTY AND CASUALTY INSURANCE CONTRACTS

(in RMB million)	31 December 2013	31 December 2012
Unearned premium reserves	**58,392**	48,388
Claim reserves	**35,191**	29,802
	93,583	78,190

The unearned premium reserves of property and casualty insurance are analyzed as follows:

	2013			2012		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**48,388**	**(4,413)**	**43,975**	40,075	(3,849)	36,226
Premiums written during the year	**115,673**	**(16,586)**	**99,087**	99,089	(12,224)	86,865
Premiums earned during the year	**(105,669)**	**14,389**	**(91,280)**	(90,776)	11,660	(79,116)
As at 31 December	**58,392**	**(6,610)**	**51,782**	48,388	(4,413)	43,975

39. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(3) PROPERTY AND CASUALTY INSURANCE CONTRACTS (CONTINUED)

The claim reserves of property and casualty insurance are analyzed as follows:

	2013			2012		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**29,802**	**(4,288)**	**25,514**	24,355	(3,377)	20,978
Claims incurred during the year	**63,126**	**(7,976)**	**55,150**	53,419	(6,410)	47,009
Claims paid during the year	**(57,737)**	**6,699**	**(51,038)**	(47,972)	5,499	(42,473)
As at 31 December	**35,191**	**(5,565)**	**29,626**	29,802	(4,288)	25,514

40. INVESTMENT CONTRACT LIABILITIES FOR POLICYHOLDERS

(in RMB million)	31 December 2013	31 December 2012
Policyholder account liabilities in respect of investment contracts	**4,101**	3,824
Investment contract reserves	**34,252**	30,845
	38,353	34,669

The investment contract liabilities are analyzed as follows:

(in RMB million)	2013	2012
As at 1 January	**34,669**	32,811
Premiums received	**8,243**	7,235
Accretion of investment income	**916**	1,199
Liabilities released for benefits paid	**(6,408)**	(5,802)
Policy administration fees and surrender charges deducted	**(33)**	(89)
Others	**966**	(685)
As at 31 December	**38,353**	34,669

As at 31 December 2012 and 2013, all reinsurance contracts of the Group transferred significant insurance risk.

41. BONDS PAYABLE

Issuer	Type	Guarantee type	Maturity	Early redemption option	Par value	Issued year	Interest type	Coupon rate (per annum)	**31 December 2013**	31 December 2012
Value Success International Limited	Offshore RMB bonds	Guaranteed (Note 1)	3 years	None	2,000	2011	Fixed	2.08%	**1,999**	1,998
Value Success International Limited	Offshore RMB bonds	Guaranteed (Note 1)	3 years	None	1,500	2013	Fixed	4.00%	**1,496**	-
Value Success International Limited	Offshore RMB bonds	Guaranteed (Note 1)	5 years	None	2,100	2013	Fixed	4.75%	**2,088**	-
Ping An Property & Casualty	Subordinated Bonds	None	10 years	End of the fifth year	2,000	2009	Fixed	First 5 years: 4.20% Next 5 years: 6.20% (If not redeemed)	**2,094**	2,081
Ping An Property & Casualty	Subordinated Bonds	None	10 years	End of the fifth year	2,500	2010	Fixed	First 5 years: 4.65% Next 5 years: 6.65% (If not redeemed)	**2,586**	2,567
Ping An Property & Casualty	Subordinated Bonds	None	10 years	End of the fifth year	3,000	2012	Fixed	First 5 years: 4.65% Next 5 years: 6.65% (If not redeemed)	**3,022**	2,995
Ping An Life	Subordinated Bonds	None	10 years	End of the fifth year	4,000	2011	Fixed	First 5 years: 5.70% Next 5 years: 7.70% (If not redeemed)	**4,071**	4,032
Ping An Life	Subordinated Bonds	None	10 years	End of the fifth year	9,000	2012	Fixed	First 5 years: 5.00% Next 5 years: 7.00% (If not redeemed)	**9,103**	9,019
Ping An Bank	Subordinated Bonds	None	10 years	End of the fifth year	1,150	2009	Fixed	First 5 years: 4.40% Next 5 years: 7.40% (If not redeemed)	**1,151**	1,148

41. BONDS PAYABLE (CONTINUED)

Issuer	Type	Guarantee type	Maturity	Early redemption option	Par value	Issued year	Interest type	Coupon rate (per annum)	31 December 2013	31 December 2012
Ping An Bank	Subordinated Bonds	None	10 years	End of the fifth year	1,850	2009	Floating	First 5 years: one year deposit interest plus 1.65% Next 5 years: one year deposit interest plus 4.65% (If not redeemed)	**1,845**	1,845
Ping An Bank	Subordinated bonds	None	10 years	End of the fifth year	6,000	2008	Fixed	First 5 years: 6.10% Next 5 years: 9.10% (If not redeemed)	**-**	5,997
Ping An Bank	Subordinated bonds	None	10 years	End of the fifth year	500	2008	Floating	First 5 years: three months SHIBOR plus 1.40% Next 5 years: three months SHIBOR plus 4.40% (If not redeemed)	**-**	500
Ping An Bank	Subordinated bonds	None	10 years	End of the fifth year	1,500	2008	Fixed	First 5 years: 5.30% Next 5 years: 8.30% (If not redeemed)	**-**	1,498
Ping An Bank	Hybrid capital debt instrument	None	15 years	End of the tenth year	1,500	2009	Fixed	First 10 years: 5.70% Next 5 years: 8.70% (If not redeemed)	**1,463**	1,463
Ping An Bank	Hybrid capital debt instrument	None	15 years	End of the tenth year	3,650	2011	Fixed	7.50%	**3,650**	3,650
The Company	Convertible Bonds	None	6 years	Note 2	26,000	2013	Step-up	First year: 0.80% Second year: 1.00% Third year: 1.20% Fourth year: 1.80% Fifth year: 2.20% Sixth year: 2.60%	**22,188**	-
									56,756	38,793

41. BONDS PAYABLE (CONTINUED)

Note 1:

The bonds are guaranteed by China Ping An Insurance Overseas (Holdings) Limited, which is the holding company of Value Success International Limited

Note 2:

Pursuant to the approval by relevant PRC authorities, on 22 November 2013, the Company issued A-share convertible bonds with a total principal amount of RMB26 billion. The convertible bonds have a maturity term of six years from 22 November 2013 and bear a fixed interest rate of 0.80% for the first year, with an annual increase to 2.60% through the remaining term. The convertible bond holders are entitled to current period interest calculated by the total par value of convertible bonds held on each anniversary date after the issuance date. The convertible bond holders may exercise their rights to convert the convertible bonds into the Company's A shares at the stipulated conversion price during the period ("Conversion Period") beginning six months after the date of issuance until the maturity date. Within 5 trading days after maturity, the Company shall redeem the outstanding convertible bonds at 108% of par value, including interest for the sixth year.

During the Conversion Period, if the closing price of the Company's A Shares is not lower than or equal to 130% of the prevailing conversion price in at least 15 trading days out of any 30 consecutive trading days, the Company has the right to redeem all or part of the outstanding convertible bonds at par value plus accrued interest on the first day on which the redemption criteria is met.

Subject to the board approval, the Company also has the right to redeem all the convertible bonds at par value plus accrued interest should the total outstanding amount be less than RMB30 million.

The conversion price of the convertible bonds will be adjusted, subject to terms and formulae provided for in the bond contracts, to adjust for the dilutive effects of distributions of cash dividends and specified increases in share capital. During the term of the convertible bonds, if the closing price of the A Shares in 15 trading days out of any 30 consecutive trading days is lower than 80% of the prevailing conversion price of the convertible bonds, the board may also propose downward adjustments to the conversion price for the shareholders' approval.

The Company has not paid interest related to the convertible bonds for the year ended 31 December 2013.

The details of convertible bonds are as follows:

Initial recognition	
Par value as at 22 November 2013	**26,000**
Less: Issuance cost	**(184)**
Equity component (Note 34)	**(3,731)**
Liability component	**22,085**
Initial recognition of liability component at inception	**22,085**
Accretion	**103**
Liability component as at 31 December 2013	**22,188**

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42. DEFERRED TAX ASSETS AND LIABILITIES

(in RMB million)	31 December 2013	31 December 2012
Deferred tax assets	**15,253**	10,680
Deferred tax liabilities	**(6,238)**	(5,599)
Net	**9,015**	5,081

(1) THE DEFERRED TAX ASSETS ARE ANALYZED AS FOLLOWS:

(in RMB million)	2013						
	As at 1 January	Acquisitions of subsidiaries	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	**5**	**-**	**152**	**-**	**-**	**157**	**(628)**
Fair value adjustments and impairment losses on available-for-sale investments	**6,276**	**-**	**(285)**	**2,184**	**(7)**	**8,168**	**(32,672)**
Insurance contract liabilities	**(64)**	**-**	**272**	**(271)**	**-**	**(63)**	**252**
Loan loss provisions	**1,988**	**-**	**1,116**	**-**	**-**	**3,104**	**(12,416)**
Others	**2,475**	**640**	**882**	**-**	**(110)**	**3,887**	**(15,548)**
	10,680	**640**	**2,137**	**1,913**	**(117)**	**15,253**	**(61,012)**

(in RMB million)	2012						
	As at 1 January	Acquisitions of subsidiaries	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	30	–	(25)	–	–	5	(20)
Fair value adjustments and impairment losses on available-for-sale investments	11,046	–	18	(4,788)	–	6,276	(25,104)
Insurance contract liabilities	(1,105)	–	186	855	–	(64)	256
Loan loss provisions	1,956	–	32	–	–	1,988	(7,952)
Others	1,456	27	714	289	(11)	2,475	(9,900)
	13,383	27	925	(3,644)	(11)	10,680	(42,720)

42. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(2) THE DEFERRED TAX LIABILITIES ARE ANALYZED AS FOLLOWS:

	2013						
(in RMB million)	As at 1 January	Acquisitions of subsidiaries	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	-	-	(3)	-	-	(3)	12
Fair value adjustments and impairment losses on available-for-sale investments	(222)	-	(91)	201	-	(112)	448
Intangible assets-core deposits	(3,487)	-	189	-	-	(3,298)	13,197
Others	(1,890)	(827)	(127)	-	19	(2,825)	11,300
	(5,599)	(827)	(32)	201	19	(6,238)	24,957

	2012						
(in RMB million)	As at 1 January	Acquisitions of subsidiaries	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	(18)	–	18	–	–	–	–
Fair value adjustments and impairment losses on available-for-sale investments	(161)	–	–	(73)	12	(222)	888
Intangible assets-core deposits	(3,676)	–	189	–	–	(3,487)	13,951
Others	(757)	(1,233)	239	(289)	150	(1,890)	7,560
	(4,612)	(1,233)	446	(362)	162	(5,599)	22,399

42. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(3) UNRECOGNIZED TAX LOSSES:

As at 31 December 2013, unrecognized tax losses of the Group were RMB1,666 million (31 December 2012: RMB2,397 million).

The following table shows unrecognized tax losses based on its expected expiry date:

(in RMB million)	31 December 2013	31 December 2012
2013	–	1,015
2014	9	9
2015	217	217
2016	827	830
2017	320	326
2018	293	–
	1,666	2,397

43. OTHER LIABILITIES

(in RMB million)	31 December 2013	31 December 2012
Other payables	13,765	6,335
Payable to holders of trust schemes and banking wealth management products	12,481	1,962
Salaries and welfare payable	12,060	9,567
Interest payable	17,106	11,497
Other tax payable	3,897	3,464
Receipts in advance	5,014	4,331
Contingency provision	1,095	608
Insurance guarantee fund	457	395
Accruals	2,714	1,563
Deferred income	1,600	1,058
Others	3,070	1,340
	73,259	42,120

44. FIDUCIARY ACTIVITIES

(in RMB million)	31 December 2013	31 December 2012
Assets under trust schemes	277,420	196,385
Assets under corporate annuity schemes	72,290	58,114
Assets under asset management schemes	187,477	50,476
Entrusted loans of banking operation	95,246	27,538
Entrusted investments of banking operation	123,140	83,196
	755,573	415,709

All of the above are off-balance sheet items.

45. RISK AND CAPITAL MANAGEMENT

(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' behavior and decisions.

The Group limits its exposure to losses from insurance operations mainly through participation in reinsurance arrangements. More detailed discussion on reinsurance is disclosed in Note 45. (1) (c).

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 39.

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities

(a) Long term life insurance contracts

Assumptions

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

Sensitivities

The Group has measured the impact on long term life insurance contract liabilities using sensitivity analysis, of varying independently certain assumptions under reasonable and possible circumstances. The following changes in assumptions have been considered:

- discount rate/investment return assumption increased by 10 basis points every year;
- discount rate/investment return assumption decreased by 10 basis points every year;
- a 10% increase in morbidity rates, mortality of life insurance policies and annuity policies before the payment period, and a 10% decrease in mortality of annuity policies in the payment period;
- a 10% increase in policy lapse rates; and
- a 5% increase in maintenance expense rates.

		31 December 2013			
(in RMB million)	**Change in assumptions**	**Impact on gross policyholders' reserves Increase/(decrease)**	**Impact on net policyholders' reserves Increase/(decrease)**	**Impact on profit before tax Increase/(decrease)**	**Impact on equity before tax Increase/(decrease)**
Discount rate/investment return	**+10bps**	**(3,918)**	**(3,838)**	**3,838**	**3,838**
Discount rate/investment return	**-10bps**	**5,053**	**4,944**	**(4,944)**	**(4,944)**
Morbidity/mortality rates	**Before annuity payment period +10%, During annuity payment period -10%**	**8,026**	**7,528**	**(7,528)**	**(7,528)**
Policy lapse rates	**+10%**	**3,446**	**3,460**	**(3,460)**	**(3,460)**
Maintenance expense rates	**+5%**	**1,423**	**1,423**	**(1,423)**	**(1,423)**

		31 December 2012			
(in RMB million)	Change in assumptions	Impact on gross policyholders' reserves Increase/(decrease)	Impact on net policyholders' reserves Increase/(decrease)	Impact on profit before tax Increase/(decrease)	Impact on equity before tax Increase/(decrease)
Discount rate/investment return	+10bps	(3,779)	(3,773)	3,773	3,773
Discount rate/investment return	-10bps	4,882	4,875	(4,875)	(4,875)
Morbidity/mortality rates	Before annuity payment period +10%, During annuity payment period -10%	6,749	6,256	(6,256)	(6,256)
Policy lapse rates	+10%	3,142	3,157	(3,157)	(3,157)
Maintenance expense rates	+5%	1,332	1,332	(1,332)	(1,332)

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

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

Assumptions

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.

Sensitivities

The property and casualty and short term life insurance claim reserves are sensitive to the above key assumptions. The sensitivity of certain variables including legislative change, uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim reserves are not known with certainty at the end of the reporting period.

Reproduced below is an exhibit that shows the development of gross claim reserves of property and casualty insurance by the accident year:

(in RMB million)	2009	2010	2011	2012	**2013**	Total
Estimated cumulative claims paid:						
As at end of current year	17,480	26,796	38,655	51,312	**60,361**	
One year later	17,649	26,648	38,360	51,966	**-**	
Two years later	17,755	26,767	37,780	–	**-**	
Three years later	17,882	26,417	–	–	**-**	
Four years later	17,801	–	–	–	**-**	
Estimated cumulative claims	17,801	26,417	37,780	51,966	**60,361**	194,325
Cumulative claims paid	(17,469)	(25,446)	(35,123)	(45,226)	**(38,030)**	(161,294)
Subtotal						33,031
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						2,160
Unpaid claim expenses						35,191

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45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

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

Sensitivities (continued)

Reproduced below is an exhibit that shows the development of net claim reserves of property and casualty insurance by the accident year:

(in RMB million)	2009	2010	2011	2012	**2013**	Total
Estimated cumulative claims paid:						
As at end of current year	15,285	23,977	34,486	45,307	**52,810**	
One year later	15,242	23,977	33,912	45,702	**-**	
Two years later	15,401	23,954	33,363	–	**-**	
Three years later	15,497	23,636	–	–	**-**	
Four years later	15,384	–	–	–	**-**	
Estimated cumulative claims	15,384	23,636	33,363	45,702	**52,810**	170,895
Cumulative claims paid	(15,175)	(22,840)	(31,252)	(40,145)	**(33,809)**	(143,221)
Subtotal						27,674
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						1,953
Unpaid claim expenses						29,627

Reproduced below is an exhibit that shows the development of gross claim reserves of short term life insurance by the accident year:

(in RMB million)	2009	2010	2011	2012	**2013**	Total
Estimated cumulative claims paid:						
As at end of current year	3,492	3,326	3,739	4,301	**4,877**	
One year later	3,378	3,358	3,547	4,173	**-**	
Two years later	3,400	3,384	3,534	–	**-**	
Three years later	3,400	3,383	–	–	**-**	
Four years later	3,400	–	–	–	**-**	
Estimated cumulative claims	3,400	3,383	3,534	4,173	**4,877**	19,367
Cumulative claims paid	(3,400)	(3,383)	(3,534)	(4,089)	**(3,393)**	(17,799)
Subtotal						1,568
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						472
Unpaid claim expenses						2,040

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

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

Sensitivities (continued)

Reproduced below is an exhibit that shows the development of net claim reserves of short term life insurance by the accident year:

(in RMB million)	2009	2010	2011	2012	**2013**	Total
Estimated cumulative claims paid:						
As at end of current year	2,456	2,371	3,495	4,181	**4,717**	
One year later	2,404	2,386	3,286	4,042	**-**	
Two years later	2,340	2,442	3,300	–	**-**	
Three years later	2,340	2,442	–	–	**-**	
Four years later	2,340	–	–	–	**-**	
Estimated cumulative claims	2,340	2,442	3,300	4,042	**4,717**	16,841
Cumulative claims paid	(2,340)	(2,442)	(3,300)	(3,961)	**(3,282)**	(15,325)
Subtotal						1,516
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						471
Unpaid claim expenses						1,987

To illustrate the sensitivities of ultimate claims costs, for example, a respective percentage change in the average claim costs alone results in a similar percentage change in claim reserves:

	31 December 2013				
(in RMB million)	**Change in assumptions**	**Impact on gross liabilities Increase/ (decrease)**	**Impact on net liabilities Increase/ (decrease)**	**Impact on profit before tax Increase/ (decrease)**	**Impact on equity before tax Increase/ (decrease)**
Average claim costs					
Property and casualty insurance	**+5%**	**1,760**	**1,481**	**(1,481)**	**(1,481)**
Short term life insurance	**+5%**	**102**	**99**	**(99)**	**(99)**

	31 December 2012				
(in RMB million)	Change in assumptions	Impact on gross liabilities Increase/ (decrease)	Impact on net liabilities Increase/ (decrease)	Impact on profit before tax Increase/ (decrease)	Impact on equity before tax Increase/ (decrease)
Average claim costs					
Property and casualty insurance	+5%	1,490	1,276	(1,276)	(1,276)
Short term life insurance	+5%	84	83	(83)	(83)

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45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

(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.

(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.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the pre-tax impact on profit and equity (due to changes in fair value of foreign currency denominated non-monetary assets and liabilities measured at fair value, as well as monetary assets and liabilities). The correlation of variables will have a significant effect on determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

		31 December 2013		31 December 2012	
(in RMB million)	Change in variables	**Decrease/ (increase) in profit before tax**	**Decrease/ (increase) in equity before tax**	Decrease/ (increase) in profit before tax	Decrease/ (increase) in equity before tax
USD	-5%	**132**	**195**	297	299
HKD	-5%	**204**	**899**	677	865
Other currencies	-5%	**15**	**175**	5	117
		351	**1,269**	979	1,281

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(a) Foreign currency risk (continued)

The main monetary assets and liabilities of the Group (excluding balances of investment-linked contracts) and non-monetary assets and liabilities measured at fair value are analyzed as follows by currency:

	31 December 2013				
(in RMB millions)	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	RMB equivalent total
Assets					
Cash and amounts due from banks and other financial institutions	333,012	10,887	7,021	2,411	353,331
Balances with the Central Bank and statutory deposits	232,897	4,019	238	-	237,154
Fixed maturity investments	1,454,161	476	-	-	1,454,637
Equity investments	138,657	1,275	13,940	3,196	157,068
Loans and advances to customers	790,657	67,432	3,452	229	861,770
Premium receivables	23,503	657	45	-	24,205
Accounts receivable	8,033	-	-	-	8,033
Reinsurers' share of insurance liabilities	12,283	1,402	154	-	13,839
Other assets	53,511	1,096	87	-	54,694
	3,046,714	87,244	24,937	5,836	3,164,731
Liabilities					
Due to banks and other financial institutions	471,044	23,996	677	13,749	509,466
Assets sold under agreements to repurchase	121,504	-	138	-	121,642
Other financial liabilities held for trading	3,692	-	-	-	3,692
Customer deposits and payables to brokerage customers	1,091,895	91,143	6,100	2,377	1,191,515
Accounts payable	2,618	-	-	-	2,618
Insurance payables	37,716	543	40	2	38,301
Insurance contract liabilities	992,367	1,974	355	14	994,710
Investment contract liabilities for policyholders	34,245	6	-	1	34,252
Policyholder dividend payable	25,223	8	-	1	25,232
Bonds payable	56,756	-	-	-	56,756
Other liabilities	48,202	748	36	69	49,055
	2,885,262	118,418	7,346	16,213	3,027,239
Net position		(31,174)	17,591	(10,377)	(23,960)
Notional amount of foreign exchange derivative financial instruments		35,076	396	13,868	49,340
		3,902	17,987	3,491	25,380
Off-balance sheet credit commitments		20,165	410	680	21,255

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45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(a) Foreign currency risk (continued)

	31 December 2012				
(in RMB millions)	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	RMB equivalent total
Assets					
Cash and amounts due from banks and other financial institutions	402,328	28,599	16,878	3,609	451,414
Balances with the Central Bank and statutory deposits	223,670	2,923	479	–	227,072
Fixed maturity investments	1,108,506	666	76	–	1,109,248
Equity investments	110,986	19	3,700	2,248	116,953
Loans and advances to customers	666,560	41,076	1,626	140	709,402
Premium receivables	18,018	685	53	–	18,756
Accounts receivable	8,966	13	–	–	8,979
Reinsurers' share of insurance liabilities	4,017	798	55	–	4,870
Other assets	45,406	1,377	208	37	47,028
	2,588,457	76,156	23,075	6,034	2,693,722
Liabilities					
Due to banks and other financial institutions	403,010	16,450	855	–	420,315
Assets sold under agreements to repurchase	154,977	–	–	–	154,977
Other financial liabilities held for trading	1,722	–	–	–	1,722
Customer deposits and payables to brokerage customers	925,394	51,346	6,023	4,173	986,936
Accounts payable	3,609	6	–	–	3,615
Insurance payables	26,664	402	44	1	27,111
Insurance contract liabilities	798,067	1,132	162	14	799,375
Investment contract liabilities for policyholders	30,838	6	–	1	30,845
Policyholder dividend payable	21,674	6	–	1	21,681
Bonds payable	38,793	–	–	–	38,793
Other liabilities	29,005	924	83	74	30,086
	2,433,753	70,272	7,167	4,264	2,515,456
Net position		5,884	15,908	1,770	23,562
Notional amount of foreign exchange derivative financial instruments		94	1,395	560	2,049
		5,978	17,303	2,330	25,611
Off-balance sheet credit commitments		12,747	141	705	13,593

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(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.

The Group uses a 10-day market price value-at-risk ("VaR") technique to estimate its risk exposure for listed equity securities and equity investments funds. The Group adopts 10-day as the holding period on the assumption that not all the investments can be sold in one day. Moreover, the VaR calculation is made based on normal market conditions and a 99% confidence interval.

The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the normal distribution assumption. The VaR may also be under or over estimated due to the assumption placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence interval.

In practice, the actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions.

The analysis below is the estimated impact for listed stocks and equity investment funds with 10-day reasonable market fluctuation in using the VaR module in the normal market.

(in RMB million)	**31 December 2013**	31 December 2012
Listed stocks and equity investment funds	**8,265**	6,573

The Group expects that current listed stocks and equity investments funds will not lose more than RMB8,265 million due to market price movements in a 10-trading-day holding period on 99% of occasions.

(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.

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (continued)

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.

The analysis below is performed for reasonably possible movements in interest rate with all other variables held constant, for the following financial instruments, showing the pre-tax impact on the Group's profit (fair value change on held for trading bonds) and equity (fair value change on held for trading bonds and available-for-sale bonds).

		31 December 2013		31 December 2012	
(in RMB million)	Change in interest rate	Decrease in profit before tax	Decrease in equity before tax	Decrease in profit before tax	Decrease in equity before tax
Bonds carried at fair value through profit or loss and available-for-sale	+50 basis points	**100**	**2,385**	113	3,723

The following sensitivity analysis is based on the assumption that the floating rate bonds, floating rate term deposits, loans and advances and customer deposits have a static structure of interest rate risk. The analysis only measured interest rate changes within one year, reflecting the impact on interest income and interest expenses from the re-pricing of financial assets and liabilities within a year with the following assumptions: firstly, the interest rate of the floating rate bonds, floating rate term deposits/loans and advances is re-priced after the end of the reporting period; secondly, the yield curve moved in parallel with the changes in the interest rate; and thirdly, there are no other changes in the portfolio of financial assets and liabilities. Regarding the above assumptions, the pre-tax impact on the Group's profit and equity as a result of actual increases or decreases in interest rates may differ from that of the following sensitivity analysis.

		31 December 2013		31 December 2012	
(in RMB million)	Change in interest rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax
Floating interest rate bonds	+50 basis points	**464**	**464**	574	574
Floating rate term deposits	+50 basis points	**110**	**110**	196	196
Loans and advances to customers	+50 basis points	**2,569**	**2,569**	2,405	2,405
Customer deposits and payables to brokerage customers	+50 basis points	**(3,937)**	**(3,937)**	(3,524)	(3,524)

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (continued)

The following table sets out the Group's term deposits (excluding balances of investment-linked contracts) by maturity:

(in RMB million)	31 December 2013	31 December 2012
Fixed interest rate		
Less than 3 months (including 3 months)	**11,926**	6,693
3 months to 1 year (including 1 year)	**3,549**	22,667
1-2 years (including 2 years)	**54,400**	–
2-3 years (including 3 years)	**28,575**	54,050
3-4 years (including 4 years)	**62,510**	28,465
4-5 years (including 5 years)	**17,084**	62,410
More than 5 years	**7,500**	3,500
Floating interest rate	**20,840**	39,156
	206,384	216,941

The following table sets out the Group's bonds, debt schemes and banking wealth management products (excluding balances of investment-linked contracts) by maturity:

	31 December 2013				
(in RMB million)	Loans and receivables	Held-to-maturity	Available-for-sale	Carried at fair value through profit or loss	Total
Fixed interest rate					
Less than 3 months (including 3 months)	**80,027**	**5,331**	**2,707**	**4,951**	**93,016**
3 months to 1 year (including 1 year)	**79,776**	**23,486**	**6,177**	**5,716**	**115,155**
1-2 years (including 2 years)	**22,606**	**44,911**	**10,373**	**568**	**78,458**
2-3 years (including 3 years)	**2,930**	**32,157**	**13,330**	**855**	**49,272**
3-4 years (including 4 years)	**3,460**	**32,331**	**12,137**	**781**	**48,709**
4-5 years (including 5 years)	**2,310**	**48,612**	**13,399**	**512**	**64,833**
More than 5 years	**33,747**	**484,658**	**35,293**	**31**	**553,729**
Floating interest rate	**51,476**	**72,584**	**1,109**	**2,109**	**127,278**
	276,332	**744,070**	**94,525**	**15,523**	**1,130,450**

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (continued)

	31 December 2012				
(in RMB million)	Loans and receivables	Held-to-maturity	Available-for-sale	Carried at fair value through profit or loss	Total
Fixed interest rate					
Less than 3 months (including 3 months)	12,271	1,876	1,652	1,342	17,141
3 months to 1 year (including 1 year)	59,642	29,423	11,494	2,746	103,305
1-2 years (including 2 years)	21,024	25,753	9,151	1,062	56,990
2-3 years (including 3 years)	150	38,798	18,941	963	58,852
3-4 years (including 4 years)	134	18,059	10,997	858	30,048
4-5 years (including 5 years)	2,450	25,216	18,831	2,035	48,532
More than 5 years	13,377	393,122	63,776	935	471,210
Floating interest rate	26,952	33,762	52,653	457	113,824
	136,000	566,009	187,495	10,398	899,902

Interest rates on floating rate term deposits and floating rate bonds are repriced at intervals of less than one year. Interest rates on fixed rate term deposits and fixed rate bonds are fixed before maturity.

(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, 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 ("CBRC"), and applies different management policies to the loans in accordance with their respective loan categories. With the implementation of the New Capital Accord, the banking business will gradually establish a more scientific rating system in accordance with industry and regulatory requirements.

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

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.

The Group's debt securities investment mainly includes domestic government bonds, Central Bank bills, financial institution bonds and corporate bonds. As at 31 December 2013, 99.91% (31 December 2012: 100.00%) of the financial institution bonds held by the Group either had a credit rating of A or above, or were issued by national commercial banks. As at 31 December 2013, 99.85% (31 December 2012: 98.47%) of the corporate bonds and short term corporate financing bonds held by the Group had a credit rating of AA and A-1 or above. The bond credit ratings are assigned by qualified appraisal institutions in the PRC.

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

Credit quality of amounts due from banks and other financial institutions

The following table sets forth aggregated amounts due from banks and other financial institutions placed with the PBOC and major commercial banks in the PRC held by the Group. The following analysis excludes balances of investment-linked contracts.

(in RMB million)	31 December 2013
PBOC	**226,193**
Top five commercial banks	
China Merchants Bank Co., Ltd.	**31,901**
China Everbright Bank Co., Ltd.	**27,841**
China Minsheng Banking Corp. Ltd.	**27,727**
Bank of China Limited	**27,719**
Shanghai Pudong Development Bank Co., Ltd.	**22,070**
Other major banks and financial institutions	
Agricultural Bank of China Limited	**22,066**
China CITIC Bank	**20,810**
Industrial and Commercial Bank of China Limited	**19,206**
Bank of Communications Co., Ltd.	**17,439**
Industrial Bank Co., Ltd.	**14,547**
Others	**132,966**
	590,485

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

Credit quality of amounts due from banks and other financial institutions (continued)

(in RMB million)	31 December 2012
PBOC	216,114
Top five commercial banks	
Industrial and Commercial Bank of China Limited	47,415
Agricultural Bank of China Limited	35,312
Industrial Bank Co., Ltd.	35,226
Bank of Communications Co., Ltd.	34,029
China Minsheng Banking Corp. Ltd.	33,880
Other major banks and financial institutions	
China Merchants Bank Co., Ltd.	28,965
Shanghai Pudong Development Bank Co., Ltd.	25,496
Bank of China Limited	21,523
The Hongkong and Shanghai Banking Corp., Ltd.	759
China Construction Bank Corporation	19,262
Others	163,898
	661,879

Credit exposure

The carrying amounts of the financial assets, which are not recorded at fair value, represent the maximum credit risk exposure. The carrying amounts of the financial assets, which are recorded at fair value, represent the current risk exposure but not the maximum risk exposure that could arise in the future as a result of the change in fair values. The Group also assumes credit risk due to credit commitments. The details are disclosed in Note 53. (3).

Please refer to Note 23. (2) and (5) for an analysis of concentration of loans and advances by industry and geographical region.

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.; and
- for retail lending, residential properties mortgages.

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

Collateral and other credit enhancements (continued)

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

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

Aging analysis of financial assets

	31 December 2013						
		Past due but not impaired					
(in RMB million)	Not due and not impaired	Less than 30 days	31 to 90 days	More than 90 days	Total past due but not impaired	Impaired	Total
Cash and amounts due from banks and other financial institutions – due from and placements with banks and other financial institutions	99,171	-	-	-	-	58	99,229
Assets purchased under agreements to resell	298,072	-	-	-	-	43	298,115
Loans and advances to customers	850,323	5,602	3,930	9,527	19,059	7,797	877,179
Including:							
Corporate loans	531,418	2,791	2,552	9,316	14,659	4,994	551,071
Personal loans	318,905	2,811	1,378	211	4,400	2,803	326,108
Premium receivables	22,099	140	344	570	1,054	1,384	24,537
Due from reinsurers	5,926	62	2,523	106	2,691	324	8,941
Gross total	1,275,591	5,804	6,797	10,203	22,804	9,606	1,308,001

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

Aging analysis of financial assets (continued)

	31 December 2012						
		Past due but not impaired					
(in RMB million)	Not due and not impaired	Less than 30 days	31 to 90 days	More than 90 days	Total past due but not impaired	Impaired	Total
Cash and amounts due from banks and other financial institutions – due from and placements with banks and other financial institutions	159,727	–	–	–	–	59	159,786
Assets purchased under agreements to resell	190,776	–	–	–	–	47	190,823
Loans and advances to customers	704,174	5,407	2,127	2,777	10,311	7,761	722,246
Including:							
Corporate loans	483,902	2,199	1,415	2,777	6,391	5,951	496,244
Personal loans	220,272	3,208	712	–	3,920	1,810	226,002
Premium receivables	17,453	627	321	371	1,319	154	18,926
Due from reinsurers	5,102	279	223	496	998	20	6,120
Gross total	1,077,232	6,313	2,671	3,644	12,628	8,041	1,097,901

Of the aggregate amount of gross past due but not impaired loans and advances to customers, the fair value of collateral that the Group held as at 31 December 2013 was RMB14,644 million (31 December 2012: RMB11,453 million).

Of the aggregate amount of corporate loans and advances individually determined to be impaired, the fair value of collateral that the Group held as at 31 December 2013 was RMB3,807 million (31 December 2012: RMB2,249 million).

The carrying amount of loans and advances that would otherwise be past due or impaired and whose terms have been renegotiated is as follows:

(in RMB million)	**31 December 2013**	31 December 2012
Loans and advances to customers	**2,081**	676

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK

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

The Group is exposed to liquidity risk on insurance policies that permit surrender, withdrawal or other forms of early termination. The Group seeks to manage its liquidity risk by matching to the extent possible the duration of its investment assets with the duration of its insurance policies and to ensure that the Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis. The banking business of the Group is exposed to potential liquidity risk. The Group monitors the sourcing and usage of funds, deposit to loan ratio, and quick ratio on a daily basis. Moreover, when adopting various liquidity risk management measurement benchmarks, the Group will compare the expected results against the ones derived from stress tests, critically assess the potential impact to the future liquidity risk, and formulate remedial actions according to specific situations. The Group seeks to mitigate the liquidity risk of the banking business by optimizing the assets and liabilities structure, maintaining stable deposits, etc.

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

	31 December 2013						
(in RMB million)	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Cash and amounts due from banks and other financial institutions	**70,551**	**70,625**	**27,079**	**210,426**	**12,181**	**5,238**	**396,100**
Balances with the Central Bank and statutory deposits	**19,488**	**138**	**490**	**12,415**	**–**	**206,713**	**239,244**
Fixed maturity investments	**7,914**	**259,166**	**233,377**	**556,006**	**926,393**	**–**	**1,982,856**
Equity investments	**3,720**	**5,191**	**1,024**	**3,954**	**–**	**145,214**	**159,103**
Loans and advances to customers	**9,968**	**228,770**	**335,597**	**267,306**	**154,179**	**–**	**995,820**
Premium receivables	**1,812**	**9,851**	**5,966**	**6,535**	**41**	**–**	**24,205**
Accounts receivable	**277**	**3,404**	**2,267**	**3,195**	**23**	**–**	**9,166**
Other assets	**8,852**	**6,036**	**9,759**	**1,052**	**46**	**–**	**25,745**
	122,582	**583,181**	**615,559**	**1,060,889**	**1,092,863**	**357,165**	**3,832,239**

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45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

	31 December 2013						
(in RMB million)	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Due to banks and other financial institutions	**30,426**	**253,640**	**204,831**	**36,200**	**6,027**	**-**	**531,124**
Assets sold under agreements to repurchase	**-**	**117,154**	**5,067**	**418**	**-**	**-**	**122,639**
Other financial liabilities held for trading	**-**	**3,692**	**-**	**-**	**-**	**-**	**3,692**
Customer deposits and payables to brokerage customers	**529,759**	**273,621**	**276,412**	**156,794**	**75**	**-**	**1,236,661**
Accounts payable	**15**	**761**	**227**	**1,924**	**-**	**-**	**2,927**
Insurance payables	**30,241**	**6,020**	**2,033**	**7**	**-**	**-**	**38,301**
Investment contract liabilities for policyholders	**-**	**1,121**	**3,190**	**11,030**	**22,742**	**-**	**38,083**
Policyholder dividend payable	**25,232**	**-**	**-**	**-**	**-**	**-**	**25,232**
Bonds payable	**-**	**50**	**7,572**	**31,496**	**31,207**	**-**	**70,325**
Other liabilities	**5,920**	**3,196**	**7,458**	**3,061**	**254**	**-**	**19,889**
	621,593	**659,255**	**506,790**	**240,930**	**60,305**	**-**	**2,088,873**
Derivative cash flows							
Derivative financial instruments settled on a net basis	**-**	**87**	**237**	**472**	**-**	**-**	**796**
Derivative financial instruments settled on a gross basis							
– Cash inflow	**-**	**187,851**	**279,358**	**2,800**	**-**	**-**	**470,009**
– Cash outflow	**-**	**(187,634)**	**(268,505)**	**(2,287)**	**-**	**-**	**(458,426)**
	-	**217**	**10,853**	**513**	**-**	**-**	**11,583**
Credit commitments	**32,441**	**230,380**	**179,616**	**54,901**	**3,844**	**-**	**501,182**

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

	31 December 2012						
(in RMB million)	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
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

	31 December 2012						
(in RMB million)	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
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
Credit commitments	63,996	176,634	161,166	9,175	–	–	410,971

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45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

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

The assets and liabilities related to investment-linked contracts which are regarded as insurance contracts are presented as policyholder account assets and liabilities in respect of insurance contracts. The assets and liabilities related to investment-linked contracts which are regarded as investment contracts are presented as policyholder account assets and liabilities in respect of investment contracts. The assets and liabilities of each investment-linked fund are segregated from each other and from the rest of the Group's invested assets for record keeping purposes. As the investment risks of investment-linked contracts were fully borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of risk management. Investment-linked contracts are repayable on demand. The Group manages liquidity risk related to the investment-linked contracts by investing mainly in assets with high liquidity, as disclosed in Note 27.

(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 31 December 2013 and no changes were made to its capital base, objectives, policies and processes from the previous year.

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(7) CAPITAL MANAGEMENT (CONTINUED)

The table below summarizes the minimum regulatory capital for the Group and its major insurance subsidiaries and the regulatory capital held against each of them.

(in RMB million)	31 December 2013 Regulatory capital held	31 December 2013 Minimum regulatory capital	31 December 2013 Solvency margin ratio	31 December 2012 Regulatory capital held	31 December 2012 Minimum regulatory capital	31 December 2012 Solvency margin ratio
The Group	**264,163**	**151,452**	**174.4%**	226,512	122,027	185.6%
Ping An Life	**70,256**	**40,865**	**171.9%**	67,678	35,502	190.6%
Ping An Property & Casualty	**24,714**	**14,793**	**167.1%**	23,166	12,983	178.4%

The Group's solvency ratio is calculated based on the relevant regulations promulgated by the CIRC, which is an indicator of the overall solvency position of a financial conglomerate.

Starting from this reporting period, the banking business measures the capital adequacy ratio in accordance with the "Capital Rules for Commercial Banks (Provisional)" issued by the CBRC in June 2012. According to the requirements, credit risk weighted assets are measured using weighted method, market risk weighted assets are measured using standard method, and operational risk weighted assets are measured using basic indicator method.

As the banking business began to use the aforementioned new rules to measure the capital adequacy ratio, relevant changes have been introduced, which included incorporating operational risks into the scope, making adjustments on certain aspects such as the definition of capital, risk weights of on and off balance sheet assets, and conversion parameters of off-balance sheet assets' credit risk. Such changes have resulted in corresponding effects on the banking business's capital adequacy ratio.

As at 31 December 2013, the Company's core Tier 1 capital adequacy ratio, Tier 1 capital adequacy ratio and capital adequacy ratio are shown below:

	31 December 2013
Core Tier 1 capital adequacy ratio	**8.56%**
Tier 1 capital adequacy ratio	**8.56%**
Capital adequacy ratio	**9.90%**

As at 31 December 2013, the core capital adequacy ratio and capital adequacy ratio, calculated according to the previously effective "Rules for Regulating the Capital Adequacy Requirement of Commercial Banks" issued by the CBRC and other related regulations, were 9.41% (31 December 2012: 8.59%) and 11.04% (31 December 2012: 11.37%), respectively.

45. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(8) GROUP'S MAXIMUM EXPOSURE TO STRUCTURED ENTITIES

The Group uses structured entities in the normal course of business for a number of purposes, for example, structured transactions for customers, to provide finance to public and private section infrastructure projects, and to generate fees from managing assets on behalf of third-party investors. These structured entities are financed through the issue of notes or units to investors. Refer to Note 4.(10) for the Group's consolidation consideration related to structured entities.

The following table shows the total assets of the various types of unconsolidated structured entities and the amount of funding provided by the Group to these unconsolidated structured entities. The table also shows the Group's maximum exposure to the unconsolidated structured entities representing the Group's maximum possible risk exposure that could occur as a result of the Group's arrangements with structured entities. The maximum exposure is contingent in nature and approximates the sum of funding provided by the Group.

As at 31 December 2013, the size of unconsolidated structured entities and Group's funding and maximum exposure are shown below:

	Unconsolidated structured entities			
(in RMB million)	Size	Funding provided by the Group	Group's maximum exposure	Interest held by Group
Conduits	**7,015**	**-**	**-**	Service fee
Securitization	**17,227**	**11**	**11**	Investment income
Assets management products manage by affiliated party	**242,383**	**40,686**	**40,686**	Investment income and service fee
Assets management products manage by third party	**Note 1**	**288,151**	**288,151**	Investment income
Wealth management products manage by affiliated party	**35,517**	**10**	**10**	Investment income and service fee
Wealth management products manage by third party	**Note 1**	**52,657**	**52,657**	Investment income
Others	**22,573**	**-**	**-**	Service fee
Total	**324,715**	**381,515**	**381,515**	

Note 1: These assets management products and wealth management products are sponsored by third party financial institutions and the information related to size of these structured entities were not publicly available.

The Group's interest in unconsolidated structured entities are recorded as under other equity investments/bonds, debt schemes, wealth management products under fixed maturity investments and beneficial right of loans and receivables purchased under trust schemes under assets purchased under agreements to resell.

46. 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.

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

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

	Carrying values		Fair values	
(in RMB million)	**31 December 2013**	31 December 2012	**31 December 2013**	31 December 2012
Financial assets				
Available-for-sale				
Bonds	**94,525**	187,495	**94,525**	187,495
Funds	**34,088**	25,769	**34,088**	25,769
Stocks	**93,303**	79,444	**93,303**	79,444
Others	**14,947**	3,268	**14,947**	3,268
Carried at fair value through profit or loss				
Bonds	**15,523**	10,398	**15,523**	10,398
Funds	**12,638**	9,671	**12,638**	9,671
Stocks	**1,251**	553	**1,251**	553
Others	**841**	7,133	**841**	7,133
Derivative financial assets	**3,402**	972	**3,402**	972
Held-to-maturity				
Bonds	**744,070**	566,009	**688,797**	556,665
Loans and receivables				
Cash and amounts due from banks and other financial institutions	**353,331**	445,765	**353,331**	445,765
Balances with the Central Bank and statutory deposits	**237,154**	227,072	**237,154**	227,072
Loans and advances to customers	**861,770**	709,402	**862,129**	709,402
Bonds	**6,970**	8,234	**6,970**	8,437
Debt schemes	**84,906**	37,428	**84,906**	37,467
Policy loans	**26,107**	18,558	**26,107**	18,558
Assets purchased under agreements to resell	**298,080**	190,788	**298,080**	190,788
Wealth management products	**184,456**	90,338	**184,456**	90,338
Premium receivables	**24,205**	18,756	**24,205**	18,756
Accounts receivable	**8,033**	8,979	**8,033**	8,979
Other assets	**54,694**	47,028	**54,694**	47,028
Total financial assets	**3,154,294**	2,693,060	**3,099,380**	2,683,958
Financial liabilities				
Derivative financial liabilities	**2,918**	952	**2,918**	952
Other financial liabilities				
Due to banks and other financial institutions	**509,466**	420,315	**509,466**	420,315
Assets sold under agreements to repurchase	**121,642**	154,977	**121,642**	154,977
Other financial liabilities held for trading	**3,692**	1,722	**3,692**	1,722
Customer deposits and payables to brokerage customers	**1,191,515**	986,936	**1,191,515**	986,936
Accounts payable	**2,618**	3,615	**2,618**	3,615
Insurance payables	**38,301**	27,111	**38,301**	27,111
Investment contract liabilities for policyholders	**34,252**	30,845	**34,252**	30,845
Policyholder dividend payable	**25,232**	21,681	**25,232**	21,681
Bonds payable	**56,756**	38,793	**56,024**	38,633
Other liabilities	**36,995**	30,086	**36,995**	30,086
Total financial liabilities	**2,023,387**	1,717,033	**2,022,655**	1,716,873

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

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

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements, i.e., held-to-maturity and loans and receivables.

Financial assets and liabilities for which fair value approximates to carrying value

For financial assets and financial liabilities that have a short term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair values. This assumption is also applied to term deposits, and savings accounts without a specific maturity. For other variable rate instruments, an adjustment is also made to reflect the change in the required credit spread since the instrument was first recognized.

Loans and advances to customers of the Group are repriced within one year, and the interest rates are adjusted according to the statutory interest rate announced by the PBOC. Thus, the carrying amounts approximate to their fair values.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortized cost is estimated by comparing market interest rates when they were first recognized with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted debts issued the fair values are determined based on quoted market prices. For those debts issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

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

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

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques:

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

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

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

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

Valuation methods for Level 2 and Level 3 financial instruments

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

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

46. 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:

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

46. 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	Level 2	Level 3	Total fair value
Financial assets				
Carried at fair value through profit or loss				
Bonds	1,158	9,180	60	10,398
Equity investment funds	9,671	–	–	9,671
Equity securities	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
Equity investment funds	25,039	730	–	25,769
Equity securities	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

46. 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 not recorded at fair value but for which fair value is disclosed by level of the fair value hierarchy:

	31 December 2013			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Held-to-maturity				
Bonds	**36,462**	**652,335**	**-**	**688,797**
Loans and receivables				
Loans and advances to customers	**-**	**-**	**862,129**	**862,129**
Total financial assets	**36,462**	**652,335**	**862,129**	**1,550,926**
Financial liabilities				
Bonds payable	**-**	**56,024**	**-**	**56,024**
Total financial liabilities	**-**	**56,024**	**-**	**56,024**

Financial assets and liabilities for which fair value approximates to carry value are not included in the above disclosure of financial instruments not recorded at fair value but for which fair value is disclosed by level of the fair value hierarchy.

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

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows:

	Carried at fair value through profit or loss		Carried at fair value through profit or loss	
	Debt securities		Equity securities	
(in RMB million)	2013	2012	2013	2012
At 1 January	**60**	58	**-**	–
Additions	**-**	–	**139**	–
Total gains/(losses) in investment income in the statement of income	**(60)**	2	**12**	–
Total losses in other comprehensive income	**-**	–	**-**	–
At 31 December	**-**	60	**151**	–

	Available-for- sale financial assets		Available-for- sale financial assets	
	Debt securities		Equity securities	
(in RMB million)	2013	2012	2013	2012
At 1 January	**-**	–	**34**	170
Additions	**11**	–	**3,250**	–
Total gains/(losses) in investment income in the statement of income	**-**	–	**-**	(109)
Total losses in other comprehensive income	**-**	–	**(12)**	(27)
At 31 December	**11**	–	**3,272**	34

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

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

The gains or losses of level 3 financial instruments included in the statement of income for the year are presented as follows:

	2013		
(in RMB million)	**Realized losses**	**Unrealized gains/(losses)**	**Total**
Carried at fair value through profit or loss	**–**	**12**	**12**
Available-for-sale financial assets	**–**	**–**	**–**
	–	**12**	**12**

	2012		
(in RMB million)	Realized losses	Unrealized gains/(losses)	Total
Carried at fair value through profit or loss	–	2	2
Available-for-sale financial assets	–	(109)	(109)
	–	(107)	(107)

Transfers

During the year 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

47. TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognized financial assets to third parties or to structured entities. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognize the transferred assets.

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements. The counterparties are allowed to sell or repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to pay additional cash collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them. In addition, it recognizes a financial liability for cash received as collateral.

47. TRANSFERRED FINANCIAL ASSETS (CONTINUED)

The following table analyses the carrying amount of the abovementioned financial assets transferred to third parties that did not qualify for derecognition and their associated financial liabilities:

	31 December 2013		31 December 2012	
(in RMB million)	**Carrying amount assets**	**Carrying amount associated liabilities**	Carrying amount assets	Carrying amount associated liabilities
Repurchase transactions	**646**	**495**	3,341	3,404

48. CASH AND CASH EQUIVALENTS

(in RMB million)	**31 December 2013**	31 December 2012
Cash and amounts due from banks and other financial institutions		
Cash on hand	**3,738**	3,239
Term deposits	**6,005**	4,831
Due from banks and other financial institutions	**83,104**	107,629
Placements with banks and other financial institutions	**22,287**	23,777
Balances with the Central Bank	**26,652**	55,152
Assets purchased under agreements to resell and others	**103,091**	52,258
Total	**244,877**	246,886

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

49. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to net cash flows from operating activities:

(in RMB million)	2013	2012
Profit before tax	**46,224**	32,338
Adjustments for:		
Depreciation	**2,822**	2,760
Amortization of intangible assets	**1,657**	1,633
Gains on disposal of investment properties, property and equipment, intangible assets and settled assets	**(22)**	(31)
Investment income	**(73,373)**	(44,040)
Fair value gains on investments at fair value through profit or loss	**(596)**	(105)
Fair value losses on available-for-sale equity investments (transfer from equity)	**1,502**	6,585
Finance costs	**3,202**	1,758
Foreign exchange losses	**381**	(255)
Provision for doubtful debts and others, net	**185**	100
Loan loss provisions, net of reversals	**6,709**	3,048
Operating (loss)/profit before working capital changes	**(11,309)**	3,791
Changes in operating assets and liabilities:		
Increase in balances with the Central Bank and statutory deposits	**(38,578)**	(23,898)
Decrease/(Increase) in amounts due from banks and other financial institutions	**56,929**	(73,879)
Increase in premium receivables	**(5,611)**	(6,711)
Decrease in accounts receivable	**945**	162,136
Increase in inventories	**(645)**	(419)
Increase in reinsurers' share of insurance liabilities	**(4,495)**	(1,449)
Increase in loans and advances to customers	**(159,077)**	(100,969)
Increase in assets purchased under agreements to resell of the banking and securities business	**(50,231)**	(121,344)
Increase in other assets	**(21,793)**	(7,914)
Increase in amounts due to banks and other financial institutions	**68,404**	225,448
Increase in customer deposits and payables to brokerage customers	**202,147**	151,507
Increase in insurance payables	**16,066**	10,319
Increase in insurance contract liabilities	**104,732**	81,322
Increase in investment contract liabilities for policyholders	**43,201**	42,297
Increase in policyholder dividend payable	**3,551**	3,702
(Decrease)/Increase in assets sold under agreements to repurchase of the banking and securities business	**(9,826)**	9,691
Increase/(decrease) in other liabilities	**30,510**	(67,793)
Cash generated from operations	**224,920**	285,837
Income tax paid	**(7,782)**	(4,940)
Net cash flows from operating activities	**217,138**	280,897

50. COMPENSATION OF KEY MANAGEMENT PERSONNEL

(1) KEY MANAGEMENT PERSONNEL COMPRISE THE COMPANY'S DIRECTORS, SUPERVISORS, AND SENIOR OFFICERS AS DEFINED IN THE COMPANY'S ARTICLES OF ASSOCIATION

The summary of compensation of key management personnel for the year is as follows:

(in RMB million)	**2013**	2012
Salaries and other short term employee benefits after tax	**57**	59
Individual income tax	**38**	38

The estimated amount of total compensation has been provided in the Group's 2013 financial statements. The total compensation for certain key management personnel has not yet been finalized in accordance with relevant policies. The remaining compensation will be disclosed in a separate announcement when approved.

The long-term benefits attributed to year 2010 for certain key management personnel were paid in 2013 as the required payment conditions had been fulfilled. The amount paid after tax was RMB12.45 million and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 29 August 2013.

The long-term benefits attributed to year 2009 for certain key management personnel were paid in 2012 as the required payment conditions had been fulfilled. The amount paid after tax was RMB10.16 million and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 23 August 2012.

Part of compensation of key management personnel is subject to deferred payment requirement for a period of 3 years in accordance with the "Guidance of insurance company's compensation management" issued by CIRC. Unpaid balances subject to deferred payment requirement were included in the total compensation payable to the key management personnel.

50. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(2) DIRECTORS' AND SUPERVISORS' REMUNERATION

	2013					
(in RMB thousand)	Fees after tax	Salaries, allowances and other benefits after tax	Bonus after tax	Contributions to pension schemes	Salaries and other short term employee benefits after tax	Individual income tax
Directors						
MA Mingzhe (i)	–	2,834	3,314	90	6,238	4,662
SUN Jianyi (ii)	–	1,513	1,663	21	3,197	2,244
REN Huichuan (ii)	–	1,521	1,559	88	3,168	2,152
KU Man (ii)	–	2,713	2,471	25	5,209	3,865
YAO Jason Bo (ii)	–	2,016	1,927	25	3,968	2,849
LEE Yuansiong (ii) (iii)	–	2,474	2,276	25	4,775	3,509
FAN Mingchun	–	–	–	–	–	–
LIN Lijun	–	432	81	84	597	132
LI Zhe	–	–	–	–	–	–
Soopakij CHEARAVANONT (iii)	–	–	–	–	–	–
YANG Xiaoping (iii)	–	–	–	–	–	–
LU Hua (iii)	–	–	–	–	–	–
TANG Yunwei	275	–	–	–	275	55
LEE Carmelo Ka Sze	282	–	–	–	282	58
WOO Ka Biu Jackson	282	–	–	–	282	58
Stephen Thomas Meldrum	282	–	–	–	282	58
YIP Dicky Peter (iii)	150	–	–	–	150	32
WONG Oscar Sai Hung (iii)	150	–	–	–	150	32
SUN Dongdong (iii)	158	–	–	–	158	34
NG Sing Yip (iv)	–	–	–	–	–	–
GUO Limin (iv)	–	–	–	–	–	–
ZHANG Hongyi (iv)	126	–	–	–	126	24
CHEN Su (iv)	126	–	–	–	126	24
XIA Liping (iv)	126	–	–	–	126	24
Subtotal	1,957	13,503	13,291	358	29,109	19,812
Supervisors						
GU Liji	242	–	–	–	242	48
PENG Zhijian	67	–	–	–	67	13
LIN Li	–	–	–	–	–	–
ZHANG Wangjin (iii)	–	–	–	–	–	–
SUN Jianping	–	1,194	848	87	2,129	1,085
ZHAO Fujun	–	937	1,025	72	2,034	1,240
PAN Zhongwu	–	455	204	80	739	189
SUN Fuxin (iv)	25	–	–	–	25	5
Subtotal	334	2,586	2,077	239	5,236	2,580
Total	2,291	16,089	15,368	597	34,345	22,392

50. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(2) DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

	2012					
(in RMB thousand)	Fees after tax	Salaries, allowances and other benefits after tax	Bonus after tax	Contributions to pension schemes	Salaries and other short term employee benefits after tax	Individual income tax
Directors						
MA Mingzhe (i)	–	2,833	2,763	81	5,677	4,212
SUN Jianyi (v)	–	1,519	1,515	81	3,115	2,116
REN Huichuan (vi)	–	1,520	1,283	76	2,879	1,925
KU Man (vi)	–	2,705	1,300	8	4,013	2,907
YAO Jason Bo (v)	–	2,715	1,115	8	3,838	2,764
FAN Mingchun (vi)	–	–	–	–	–	–
LIN Lijun	–	400	174	71	645	156
NG Sing Yip (iv)	–	–	–	–	–	–
LI Zhe	–	–	–	–	–	–
GUO Limin (iv)	–	–	–	–	–	–
ZHANG Hongyi (iv)	252	–	–	–	252	48
CHEN Su (iv)	252	–	–	–	252	48
XIA Liping (iv)	252	–	–	–	252	48
TANG Yunwei	252	–	–	–	252	48
LEE Carmelo Ka Sze	252	–	–	–	252	48
WOO Ka Biu Jackson	252	–	–	–	252	48
Stephen Thomas Meldrum (vi)	114	–	–	–	114	23
WANG Liping (v)(vii)	–	1,471	1,014	28	2,513	1,355
CHEN Hongbo (vii)	–	–	–	–	–	–
CHUNG Yu Wo Danny (vii)	126	–	–	–	126	24
CHEUNG Chi Yan Louis (vii)	126	–	–	–	126	24
WONG Tung Shun Peter (vii)	–	–	–	–	–	–
CHENG Siu Hong (vi)(vii)	–	–	–	–	–	–
Subtotal	1,878	13,163	9,164	353	24,558	15,794
Supervisors						
GU Liji	210	–	–	–	210	40
SUN Fuxin(iv)	50	–	–	–	50	10
PENG Zhijian	21	–	–	–	21	4
LIN Li (vi)	–	–	–	–	–	–
SUN Jianping	–	1,073	1,079	81	2,233	1,268
ZHAO Fujun (vi)	–	565	357	33	955	442
PAN Zhongwu (vi)	–	219	81	37	337	77
DING Xinmin (vii)	–	176	1,679	53	1,908	1,130
XIAO Jiyan (vii)	–	310	715	40	1,065	457
Subtotal	281	2,343	3,911	244	6,779	3,428
Total	2,159	15,506	13,075	597	31,337	19,222

50. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(2) DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(i) MA Mingzhe is the Chief Executive Officer of the Company.

(ii) The long-term benefits attributed to year 2010 for SUN Jianyi, REN Huichuan, KU Man, YAO Jason Bo and LEE Yuansiong were paid in 2013 as the required payment conditions had been fulfilled. The amount after tax paid to SUN Jianyi, REN Huichuan KU Man, YAO Jason Bo and LEE Yuansiong were RMB4,125 thousand, RMB825 thousand, RMB660 thousand, RMB825 thousand and RMB800.3 thousand respectively and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 29 August 2013.

(iii) LEE Yuansiong, Soopakij CHEARAVANONT, YANG Xiaoping, LU Hua, YIP Dicky Peter, WONG Oscar Sai Hung, SUN Dongdong were appointed as Directors on 17 June 2013. ZHANG Wangjin was appointed as Supervisor on 17 June 2013.

(iv) NG Sing Yip resigned as Director on 4 February 2013; GUO Limin resigned, and ZHANG Hongyi, CHEN Su, XIA Liping retired as Directors on 17 June 2013. SUN Fuxin resigned as Supervisor on 17 June 2013.

(v) The long-term benefits attributed to year 2009 for SUN Jianyi, WANG Liping and YAO Jason Bo were paid in 2012 as the required payment conditions had been fulfilled. The amount after tax paid to SUN Jianyi, WANG Liping and YAO Jason Bo was RMB4,125 thousand, RMB495 thousand and RMB412.5 thousand respectively and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 23 August 2012.

(vi) FAN Mingchun was appointed as Director on 8 March 2012; REN Huichuan, KU Man, CHENG Siu Hong and Stephen Thomas Meldrum were appointed as Directors on 17 July 2012. LIN Li, ZHAO Fujun and PAN Zhongwu were appointed as Supervisors on 17 July 2012.

(vii) CHEN Hongbo resigned as Director on 8 March 2012; CHUNG Yu Wo Danny, CHEUNG Chi Yan Louis and WANG Liping resigned as Directors on 27 June 2012; WONG Tung Shun Peter and CHENG Siu Hong resigned as Directors on 7 December 2012. DING Xinmin and XIAO Jiyan resigned as Supervisors on 17 July 2012.

(3) COMPENSATION OF KEY MANAGEMENT PERSONNEL OTHER THAN DIRECTORS AND SUPERVISORS IS AS FOLLOWS:

(in RMB million)	**2013**	2012
Salaries and other short term employee benefits after tax	**23**	28
Individual income tax	**16**	19

The number of key management personnel other than directors and supervisors whose compensation after tax fell within the following bands is as follows:

	2013	2012
RMB1,000,001 – RMB1,500,000	**1**	1
RMB1,500,001 – RMB2,000,000	**2**	1
RMB2,000,001 – RMB2,500,000	**3**	3
RMB2,500,001 – RMB3,000,000	**–**	1
RMB3,000,001 – RMB3,500,000	**–**	2
RMB3,500,001 – RMB4,000,000	**1**	–
RMB4,000,001 – RMB4,500,000	**–**	1
RMB4,500,001 – RMB5,000,000	**–**	1
RMB7,000,001 – RMB7,500,000	**1**	–
	8	10

Under PRC tax regulations, individual income tax is calculated at progressive rates with a cap of 45%. The effective income tax rates of the above key management personnel other than directors and supervisors of the Group were approximately 35.13% – 43.15% (2012: 29.89% – 42.87%) for 2013 and the average effective tax rate was approximately 40.58% (2012: 40.27%).

51. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group include 4 (2012: 4) key management members whose emoluments were reflected in the analysis presented in Note 50.

Details of emoluments of the remaining highest paid individuals are as follows:

(in RMB million)	2013	2012
Salaries and other short term employee benefits after tax	**8**	8
Individual income tax	**7**	6

The number of non-key management personnel whose emoluments after tax fell within the following bands is as follows:

	2013	2012
RMB8,000,001 – RMB8,500,000	**1**	1

Under PRC tax regulations, individual income tax is calculated at progressive rates with a cap of 45%.The effective income tax rates of the five highest paid individuals in the Group were approximately 42.36% – 43.81% (2012: 42.02% – 43.51%) for 2013 and the average effective tax rate was approximately 43.05% (2012: 42.69%).

52. 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 equity interests in the Company. The transaction was completed on 6 February 2013. Starting from 6 February 2013, HSBC discontinued being a related party of the Group.

As at 31 December 2013, CP Group held 13.51% equity interests in the Company and was the largest shareholder of the Company.

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

52. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

(in RMB million)	**2013**	2012
Interest expense paid to		
HSBC	**10**	25
Goods purchased from		
Newheight Information Technology (Shanghai) Co., Ltd. (the "Newheight Shanghai")	**669**	1,248
Premiums income from		
CP Group	**4**	–
Claims expenses to		
CP Group	**2**	–
Rental income from		
CP Group	**17**	–
Newheight Shanghai	**1**	–

A resolution regarding Continuing Daily Connected Transactions between Ping An Group and the connected party was approved in the general meeting of the Group.

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

(in RMB million)	**31 December 2013**	31 December 2012
HSBC (Note)		
Cash and amounts due from banks and other financial institutions	**-**	759
Due to banks and other financial institutions	**-**	212
Bonds payable	**-**	2
CP Group		
Customer deposits and payables to brokerage customers	**427**	–
Newheight Shanghai		
Other liabilities	**83**	111

Note: Starting from 6 February 2013, HSBC discontinued being a related party of the Group and as such the balances with HSBC was not disclosed as at 31 December 2013.

53. COMMITMENTS

(1) CAPITAL COMMITMENTS

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

(in RMB million)	31 December 2013	31 December 2012
Contracted, but not provided for	**6,900**	9,551
Authorized, but not contracted for	**3,975**	7,945
	10,875	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)	31 December 2013	31 December 2012
Within 1 year	**3,557**	3,160
1-5 years	**8,090**	6,370
More than 5 years	**2,157**	1,297
	13,804	10,827

(3) CREDIT COMMITMENTS

(in RMB million)	31 December 2013	31 December 2012
Financial guarantee contracts		
Bank acceptances	**359,583**	315,436
Guarantees issued	**39,472**	25,958
Letters of credit issued	**49,288**	19,071
Subtotal	**448,343**	360,465
Unused limit of credit cards and irrevocable loan commitments	**52,839**	50,506
Total	**501,182**	410,971
Credit risk weighted amounts of credit commitments	**181,995**	171,952

As at 31 December 2013, apart from the above irrevocable credit commitments, revocable loan commitments granted by the Group amounted to RMB1,855.4 billion (31 December 2012: RMB1,383 billion). Since these commitments are revocable under certain conditions or would be automatically revoked should the creditworthiness of the borrower deteriorates, the total commitment amount does not necessarily represent future cash requirements.

53. 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)	31 December 2013	31 December 2012
Within 1 year	**1,163**	1,093
1-5 years	**2,552**	2,219
More than 5 years	**3,862**	2,635
	7,577	5,947

54. EMPLOYEE BENEFITS

(1) PENSION

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by relevant government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

(2) HOUSING BENEFITS

The employees of the Group are entitled to participate in and make contributions to various government sponsored funds for housing purposes. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(3) MEDICAL BENEFITS

The Group makes monthly contributions for medical benefits to the local authorities in accordance with relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

55. CONTINGENT LIABILITIES

Owing to the nature of the insurance and financial services business, the Group is involved in 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 any 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 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.

56. EVENTS AFTER THE REPORTING PERIOD

(1) The Company's subsidiary, Ping An Life issued subordinated bonds with a total principal amount of RMB8 billion on 5 March 2014. The bonds have a maturity term of 10 years and bear a fixed interest rate. As at the reporting date, all raised funds have been transferred into Ping An Life's bank account.

(2) The Company's subsidiary, Ping An Bank issued tier-2 capital bonds in the inter-bank market on 6 March 2014 with a total principal amount of RMB9 billion. The tier-2 capital bonds have a maturity term of 10 years and bear a fixed interest rate. As at the reporting date, all raised funds have been transferred into Ping An Bank's bank account.

(3) On 13 March 2014, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2013, and declared a final cash dividend in the amount of RMB0.45 per share as disclosed in Note 16.

There is no other material event after the reporting periods need to be disclosed except above events.

57. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform to the current year's presentation.

58. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors of the Company on 13 March 2014.

Definition

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

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

Definition

Ping An Pioneer Capital	Ping An Pioneer Capital Co., Ltd., a subsidiary of Ping An Securities
Ping An Securities (Hong Kong)	Ping An of China Securities (Hong Kong) Company Limited, a subsidiary of Ping An Securities
Ping An New Capital	Shenzhen Ping An New Capital Investment Co., Ltd., a subsidiary of Ping An Trust
Ping An Technology	Ping An Technology (Shenzhen) Co., Ltd., a subsidiary of Ping An Overseas Holdings
Ping An Processing & Technology	Ping An Processing & Technology (Shenzhen) Co., Ltd., a subsidiary of Ping An Overseas Holdings
Ping An Financial Technology	Shenzhen Ping An Financial Technology Consulting Co., Ltd., a subsidiary of Ping An New Capital
Ping An 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
Lufax	Shanghai Lujiazui International Financial Assets Commodity Exchange Co., Ltd., a subsidiary of Ping An New Capital
Ping An Pay	Ping An Pay Intelligence Technology Co., Ltd., an associate of Ping An Financial Technology
PAhaoche	Shanghai Ping An Automobile E-commerce Co., Ltd., a subsidiary of Ping An Financial Technology
MIT	Mobile Integrated Terminal
Discovery	Discovery Holdings Limited
CAS	The Accounting Standards for Business Enterprises and the other relevant regulations issued by the Ministry of Finance of PRC
No. 2 Interpretation	The "No. 2 Interpretation of Accounting Standards for Business Enterprises" (Cai Kuai [2008] No. 11) issued by the Ministry of Finance
IFRS	International Financial Reporting Standards issued by International Accounting Standards Board
Written Premiums	All premiums received from the policies underwritten by the Company, which 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	The Shanghai Stock Exchange
HSBC Holdings	HSBC Holdings plc
HSBC	The Hongkong and Shanghai Banking Corporation Limited
HSBC Insurance	HSBC Insurance Holdings Limited
CP Group	Charoen Pokphand Group
CP Group Ltd.	Charoen Pokphand Group Company Limited, the flagship company of CP Group, through which CP Group controlled its diversified business
HKEx Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE Listing Rules	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
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.
A Share Convertible Bonds	the RMB26 billion A Share convertible corporate bonds (including subordinated terms) issued by the Company on November 22, 2013

Corporate Information

REGISTERED NAMES
Full name of the Company (Chinese/English)
中國平安保險（集團）股份有限公司
Ping An Insurance (Group) Company of China, Ltd.

Short name of the Company (Chinese/English)
中國平安
Ping An of China

LEGAL REPRESENTATIVE
MA Mingzhe

TYPE OF SECURITY AND LISTING PLACE
A share The Shanghai Stock Exchange
H share The Stock Exchange of Hong Kong Limited
A share convertible corporate bonds The Shanghai Stock Exchange

SECURITY NAME AND STOCK CODE
A share Ping An of China 601318
H share Ping An of China 2318
A share convertible corporate bonds Ping An Convertible Bonds 113005

A SHARE CONVERTIBLE CORPORATE BONDS JOINT SPONSOR
China International Capital Corporation Limited
Credit Suisse Founder Securities Limited

AUTHORIZED REPRESENTATIVES
SUN Jianyi
YAO Jun

SECRETARY OF THE BOARD OF DIRECTORS
JIN Shaoliang

COMPANY SECRETARY
YAO Jun

REPRESENTATIVE OF SECURITIES AFFAIRS
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POSTAL CODE
518048

COMPANY WEBSITE
www.pingan.com

DESIGNATED NEWSPAPERS FOR INFORMATION DISCLOSURE OF A SHARE
China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily

WEBSITES FOR THE PUBLICATION OF THE REGULAR REPORT 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 PLACE 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 ADVISORS
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

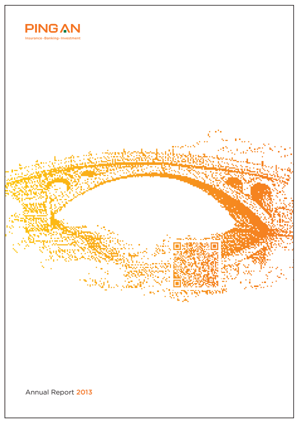
Tax registration number
Shen Shui Deng Zi No. 440300100012316

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.



Serving as a metaphor to link places and objects, a bridge can also represent the opportunities that arise from leveraging technology in communications. In the previous year, Ping An focused on its strategy to jointly develop traditional finance and innovative businesses and endeavored to incorporate financial services into the very fabric of everyday life: health, food, housing, transportation and entertainment. We strove to become a “leading personal integrated financial services provider in China”.

The cover of this year’s annual report will feature an image of a bridge derived from QR codes. The combination perfectly represents our boldness and determination to embrace technology reforms, our efforts to entrench professionalism and implement internet finance businesses, as well as our commitment to create value for our customers.

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