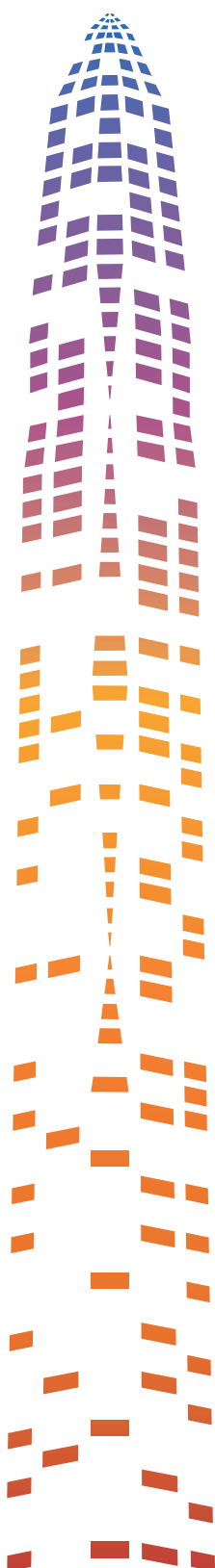


PINGAN

Insurance · Banking · Investment



PINGAN



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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 including the words or phrases "potential", "estimates", "expects", "anticipates", "objective", "intends", "plans", "believes", "will", "may", "should", and similar expressions or variations on such expressions may be considered forward-looking statements.

Readers should be cautioned that a variety of factors, many of which are beyond the Company's control, affect the performance, operations and results of the Company, and could cause actual results to differ materially from the expectations expressed in any of the Company's forward-looking statements. These factors include, but are not limited to, exchange rate fluctuations, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions and other risks and factors beyond our control. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. In addition, the Company undertakes no obligation to publicly update or revise any forward-looking statement that is contained in this report as a result of new information, future events or otherwise. None of the Company, or any of its employees or affiliates is responsible for, or is making, any representations concerning the future performance of the Company.

**Ping An strives to become a world-leading personal financial services provider.** We provide 403 million internet users and 143 million customers with insurance, banking, asset management and internet finance products and services by exploiting local advantages in line with global standards for corporate governance under an integrated financial business model of “one customer, multiple products and one-stop services”.

- In the first half of 2017, net profit attributable to shareholders of the parent company rose 6.5% year on year to RMB43,427 million (up 38.8% year on year if RMB9,497 million of profit from Puhui’s restructuring for the first half of 2016 is excluded). Net assets attributable to shareholders of the parent company amounted to RMB425,780 million, up 11.0% from the beginning of the year. The Group’s ROE (not annualized) and ROEV (not annualized) were 10.6% and 15.4% respectively.
- Ping An is raising its cash dividends by 150.0% compared with same period last year. An interim dividend of RMB0.50 per share for the six months ended June 30, 2017 will be distributed to the shareholders of the Company.
- Core finance businesses of Ping An had an overall individual customer base of 143 million, up 9.3% from the start of the year. 26.1% of Ping An’s individual customers held multiple contracts with different subsidiaries. As at June 30, 2017, the number of contracts per customer at the group level rose by 3.2% from the start of the year to 2.28. The Group’s profit per customer reached RMB241.66, 18.5% higher year on year.
- New business value generated by the life and health insurance business maintained sustainable growth, up 46.2% year on year. The number of life insurance sales agents rose 19.3% from the beginning of the year to 1,325 thousand while first year written premium per agent grew by 18.2% year on year. In the first half of the year, Ping An Life realized a 34.8% year on year rise in net profit to RMB22,598 million and a 38.7% year on year rise in residual margin release to RMB23,987 million.
- Ping An Property & Casualty’s premium income climbed 23.5%, and its market share rose 1.5 percentage points year on year. First half 2017 business quality was good overall with Ping An P&C delivering a 96.1% combined ratio and a 10.5% ROE (not annualized).
- Encouraging signs were seen from Ping An Bank’s transformation towards retail banking as its income and scale were motoring ahead. In the first half of 2017, Ping An Bank’s retail business income accounted for 40% of its total income versus 29% in the first half year of 2016, and its personal deposits and retail loans grew by 16.0% and 21.5% respectively.
- Ping An Securities ROE and net profit trend was superior to industry average in first half 2017. Ping An Asset Management grew steadily and its AUM rose to RMB2.49 trillion by the end of the first half of the year, up 10.0% from the start of the year.

# Introduction

- Lufax Holding maintained fast growth in wealth management, consumer finance and institutional trading of financial assets. The first half of 2017 saw a 65.0% increase in the trading volume of wealth management; its institutional trading volume soared 45.4% compared with the same period last year.
- Ping An continued with its technology driven business transformation and

made tangible progress in artificial intelligence, big data, cloud computing and blockchain. As at June 30, 2017, the number of patent applications filed by Ping An was 1,458. Its face recognition technology topped the world with 99.8% accuracy, and it has been applied to more than 200 scenarios within or outside the Group.

## Net profit attributable to shareholders of the parent company (in RMB million)



## Equity attributable to shareholders of the parent company (in RMB million)



## Total income (in RMB million)



## Value of new business (in RMB million)



## Earnings per share (in RMB)



## Embedded value (in RMB million)



## Total assets (in RMB million)



## Dividend per share (in RMB)



# Financial Highlights

(in RMB million)	For the six months ended June 30 2017/ As at June 30 2017	For the six months ended June 30 2016/ As at December 31 2016	Change (%)
<b>CUSTOMER DEVELOPMENT</b>			
Number of internet users (in thousand)	<b>403,040</b>	346,300	16.4 YTD
Number of individual customers (in thousand)	<b>143,280</b>	131,070	9.3 YTD
Number of contracts per customer (contract)	<b>2.28</b>	2.21	3.2 YTD
Profit per customer (in RMB)	<b>241.66</b>	203.97	18.5 YoY
Number of monthly active users (in thousand)	<b>65,310</b>	37,080	76.1 YoY
Proportion of users on mobile (%)	<b>71.5</b>	67.4	4.1 pps YTD
Proportion of customers holding multiple contracts with different subsidiaries (%)	<b>26.1</b>	24.0	2.1 pps YTD
<b>GROUP</b>			
Operating return on embedded value (not annualized, %)	<b>15.4</b>	14.6	0.8 pps YoY
Embedded value	<b>739,144</b>	637,703	15.9 YTD
Weighted average ROE (not annualized, %)	<b>10.6</b>	11.6	-1.0 pps YoY
Equity attributable to shareholders of the parent company	<b>425,780</b>	383,449	11.0 YTD
Net profit attributable to shareholders of the parent company	<b>43,427</b>	40,776	6.5 YoY
Basic earnings per share (in RMB)	<b>2.43</b>	2.28	6.6 YoY
Dividend per share (in RMB)	<b>0.50</b>	0.20	150.0 YoY
Group comprehensive solvency margin ratio (%)	<b>211.1</b>	210.0	1.1 pps YTD
<b>LIFE AND HEALTH INSURANCE BUSINESS</b>			
Operating return on embedded value (not annualized, %)	<b>21.8</b>	17.6	4.2 pps YoY
Value of first half year's new business	<b>38,551</b>	26,370	46.2 YoY
Embedded value	<b>446,600</b>	360,312	23.9 YTD
Net profit	<b>23,806</b>	17,470	36.3 YoY
Net assets	<b>148,615</b>	114,566	29.7 YTD
Ping An Life's residual margin	<b>545,329</b>	454,677	19.9 YTD
Comprehensive solvency margin ratio - Ping An Life (%)	<b>232.6</b>	225.9	6.7 pps YTD
<b>PROPERTY AND CASUALTY INSURANCE BUSINESS</b>			
ROE (not annualized, %)	<b>10.5</b>	11.3	-0.8 pps YoY
Net profit	<b>6,895</b>	6,868	0.4 YoY
Net assets	<b>67,191</b>	63,649	5.6 YTD
Combined ratio (%)	<b>96.1</b>	95.3	0.8 pps YoY
Comprehensive solvency margin ratio (%)	<b>245.4</b>	267.3	-21.9 pps YTD
<b>BANKING BUSINESS</b>			
ROE (not annualized, %)	<b>6.2</b>	7.4	-1.2 pps YoY
Net profit	<b>12,554</b>	12,292	2.1 YoY
Net assets	<b>211,454</b>	202,171	4.6 YTD
Net interest margin (annualized, %)	<b>2.45</b>	2.83	-0.38 pps YoY
Non-performing loan ratio (%)	<b>1.76</b>	1.74	0.02 pps YTD
Provision coverage ratio (%)	<b>161.32</b>	155.37	5.95 pps YTD
Capital adequacy ratio (%)	<b>11.23</b>	11.53	-0.30 pps YTD
<b>TRUST BUSINESS</b>			
ROE (not annualized, %)	<b>11.5</b>	5.0	6.5 pps YoY
Net profit	<b>2,262</b>	898	151.9 YoY
Net assets	<b>20,584</b>	18,904	8.9 YTD
Assets held in trust	<b>632,641</b>	677,221	(6.6) YTD
<b>SECURITIES BUSINESS</b>			
ROE (not annualized, %)	<b>4.6</b>	5.0	-0.4 pps YoY
Net profit	<b>1,187</b>	1,219	(2.6) YoY
Net assets	<b>26,450</b>	25,649	3.1 YTD

(1) In the first half of 2017, the Company realigned its business segments according to its operations and business activities, and certain comparative figures have been reclassified or restated to conform to relevant period's presentation.

# Chairman's Statement

In the near future, we hope to transform Ping An from a capital-driven enterprise into a technology-driven one.



- 1. Ping An Life**  
In the first half of 2017, Ping An Life fully upgraded its new life initiative to promote "walking + reading". Nearly 40 million people took part in the "Appointment with Ping An - Walk for Health" program. Four "Ping An Grand Slam" online marathons were staged, attracting over 2 million participants.
- 2. Ping An Property & Casualty**  
In February 2017, Ping An Property & Casualty became the lead insurance underwriter for operations of the world's first ultra-deepwater double-derrick semi-submersible drilling rig "Bluewhale 1" owned by CIMC Raffles. "Bluewhale 1" completed China's first offshore pilot excavation of natural gas hydrates on May 18.
- 3. Ping An Bank**  
In June 2017, Ping An Bank held a general meeting of shareholders. Under the strategy of "driven by technology, breakthroughs in retail banking, and excellent corporate banking," Ping An Bank considerably improved many indicators of retail banking in the first half of 2017: the number of "Ping An Pocket Bank" app users exceeded 31 million; the number of credit cards in circulation grew to nearly 30 million; the daily average amount granted of Xin Yi Dai unsecured personal loans exceeded RMB600 million.
- 4. Ping An Health**  
In May 2017, as Ping An launched the "Superfast Services" concept in its "2017 Year of Services" initiative, Ping An Health launched the "Smart Claims System" to enable automation of the whole claims process and superfast settlement through the mobile app, reducing the claims turnaround time to 15 minutes in some cases.

In the first half of 2017, as the global economy continued to improve, China's economy maintained steady growth. Ping An closely followed the pace of national strategies, took various measures to prevent and manage financial risks, served the real economy, and provided strong technological support for financial reforms. We upheld the strategy of "One Positioning, Two Focuses and Four Service Ecosystems." Aiming to be a "world-leading personal financial services provider", we focused on pan financial assets and pan health care, and applied innovative technologies to our four ecosystems: financial services, health care, auto services and real estate finance. In the first half of 2017, we made significant progress in our major core financial businesses, health care, technological innovation, and fulfillment of corporate social responsibilities.

In the first half of 2017, net profit attributable to shareholders of the parent company rose 6.5% year on year to RMB43,427 million (up 38.8% year on year if RMB9,497 million of profit from Puhui's restructuring for the first half of 2016 is excluded). As at June 30, 2017, the equity attributable to shareholders of the parent company was RMB425,780 million, up 11.0% compared with the beginning of 2017; the company's total assets stood at about RMB5.98 trillion, up 7.2% compared with the beginning of 2017. We are increasing cash dividends, and will pay an interim dividend of RMB0.50 per share in cash to shareholders, up 150.0% year on year. Ping An now ranks among the top 40 companies on the Fortune Global 500 list. By market capitalization as at June 30, 2017, Ping An ranked 58th among listed companies, 14th among financial groups, and 1st among insurance groups across the world.

In the first half of 2017, we achieved sustainable, healthy growth by serving nearly 143 million customers and 403 million internet users. Our core financial business maintained steady, healthy growth: the life and health insurance business boosted its new business value by 46.2% year on year and delivered an operating ROEV of 21.8% (not annualized); Ping An Property & Casualty increased its premium income by 23.5% while expanding its market share by 1.5 percentage points; there were encouraging signs from Ping An Bank's strategic transformation towards retail banking with retail business operating revenue accounting for 40% of its total operating revenue versus 29% in the same period last year. We expanded investment in fintech, focused on four core areas - artificial intelligence, blockchain, cloud computing and big data - and made significant progress. We established robust service models in healthtech, and built closed loops among patients, providers and payers.

Our long-term value creation strategy and protection-oriented product philosophy enabled us to seize targeted growth opportunities and boost our insurance business revenue and embedded value. As insurance products become increasingly consumption-oriented, demand for insurance is growing due to preferential industry policies, an ageing population, and rising personal income. In line with its long-term "value creation" strategy, Ping An has always focused on long-term protection products. The upgraded Ping An Fu and Kid's Ping An Fu provide customers with strong health protection, reflecting Ping An's protection-oriented product philosophy. Leveraging on the strength of Ping An's integrated financial and technological services, we constantly boosted the size, per capita productivity and per capita income of the sales agents, laying a solid foundation for sustainable, healthy growth.

Under our integrated finance model of "One Customer, Multiple Products and One-stop Services" which has been upheld for nearly 20 years and has generated immense benefits, we have prioritized the development of business with individual customers and aimed to make our services more professional and convenient via cross-selling of different offerings. In the first half of 2017, the individual customer base of our core finance subsidiaries grew by 9.3% to 143 million persons, including 106 million online customers; the number of internet users increased by 16.4% to 403 million; the number of contracts per customer of the Group was 2.28; the profit per customer of the Group was RMB241.66, 18.5% up on a year ago. Drawing on the excellent customer base attracted by our integrated finance model, we steadily increased the value of our individual business and enhanced our competitive edge in the retail financial business in China.

As one of the earliest embracers of fintech in China, Ping An is committed to becoming a leader in the era of smart technology. Over the past ten years, we have established technology-driven business models, invested billions of RMB in research of fintech and healthtech each year, and used innovative technologies such as artificial intelligence (AI) to disrupt traditional financial business models and service models.

Today, Ping An has one of the largest big data platforms among Chinese financial institutions. Ping An has over 500 big data scientists, over 20,000 technological R&D staff members, and many world-leading technologies, such as human face recognition, voiceprint recognition, prediction AI technologies, prescription AI technologies and blockchain, which have been applied to hundreds of scenarios.

In the fintech area, we have constantly upgraded business models, built "open platforms + open marketplaces", and incubated fintech service platforms such as Lufax, Finance One Account, and E-wallet. In the healthtech area, we have established robust service models, built closed loops among patients, providers and payers, and successfully incubated healthtech service platforms such as Ping An Good Doctor, City One Account, and Wanjia Healthcare. With the advancement of technologies and diversification of application scenarios, we have explored ways to use new technologies and solutions to widen our scope of services. We have achieved good social effects by collaborating with local governments on innovative projects such as smart social health insurance, urban disease forecasting as well as smart fiscal and government investment/financing management.

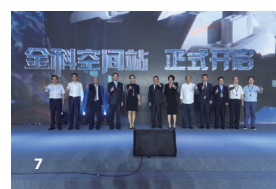
As our technological capabilities increase, our ability and means to fulfill our corporate social responsibilities have been constantly changed. We established the Rural Financial Services Development Committee, made great efforts to promote inclusive finance, and provided micro-businesses, "agriculture, rural areas and farmers" and remote areas with greater access to financial services. We conducted poverty relief and served the real economy via financial services. We launched the "AI + Ping An Hope Primary Schools" program to help rural children gain access to high-quality educational resources by means of technologies.

In the forthcoming era of smart technology, the future belongs to those with winning technologies. In the near future, we hope to transform Ping An from a capital-driven enterprise into a technology-driven one, achieve better, faster business growth, create value for customers, and reward investors with better results.



Chairman and Chief Executive Officer

Shenzhen, China  
August 17, 2017



5. Chongqing Financial Assets Exchange  
In June 2017, China's first "Smart Cloud Platform for Public Asset and Liability Management" built by the Chongqing Financial Assets Exchange went live in Nanning, Guangxi. As a major fintech innovation of Ping An in the last decade, this platform will be a "financial think tank" that provides the local governments with the basis to make policy concerning debt management and deepening of state-owned enterprise reforms.
6. Ping An Technology  
According to the latest test results released on May 9, 2017 by LFW, an international authoritative open test dataset for face recognition, Ping An Technology's face recognition technology ranked first in the world with a recognition accuracy degree of 99.8% and the smallest fluctuation range among renowned companies across the world. This historic result was displayed on a big screen in Times Square, New York.
7. Finance One Account  
In May 2017, Finance One Account launched FinTech Space Station, an open fintech self-service platform aimed at small/medium-sized banks. This platform enables self-service purchase, flexible matching, and discretionary connection. It provides small/medium-sized banks and non-bank financial institutions with fintech products and services in addition to one-stop platform support for setting up and developing their accounts on the platform.

# Customer Development

- Ping An has served 143 million individual customers<sup>(1)</sup>; each customer holds 2.28 contracts on average.
- Ping An provides services to 403 million internet users<sup>(2)</sup> with 65.31 million average monthly active users, using 2.04 online services per capita.
- The Group's individual business realized RMB34,626 million in net profit, or 79.7% of Ping An's net profit; the profit per customer was RMB241.66.

## CUSTOMER DEVELOPMENT STRATEGY

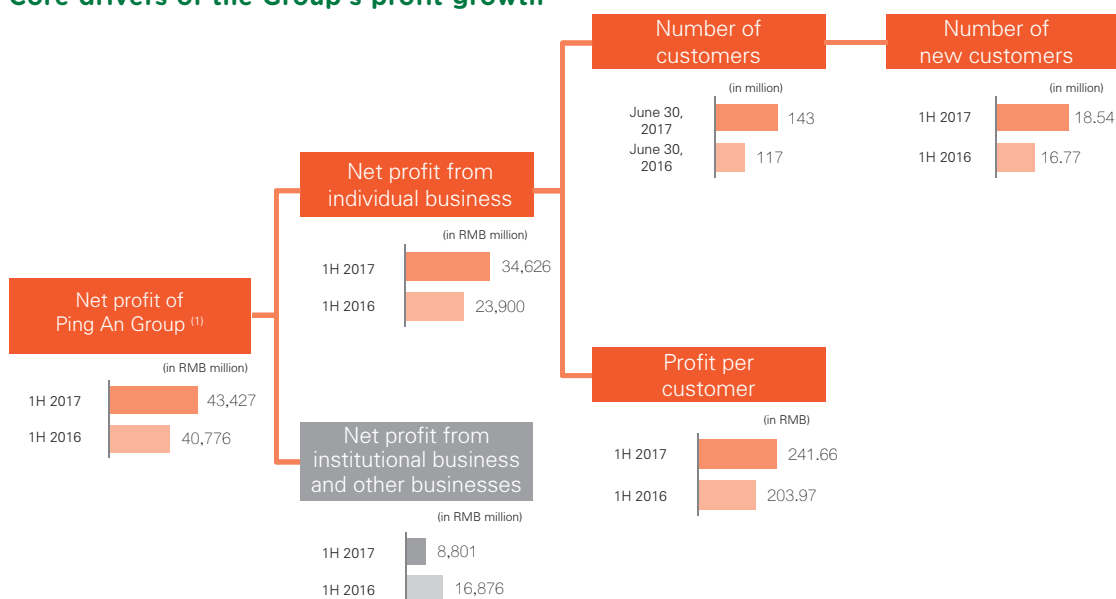
Ping An adheres to the concept of “one customer, multiple products and one-stop services”. Centering on services revolving around “financial services, health care, auto services and real estate finance”, it provides diversified products and quality services, with all businesses growing steadily. In the first half of 2017, the Group's net profit attributable to shareholders of the parent company stood at RMB43,427 million, including profit from individual business of RMB34,626 million, or 79.7% of Ping An's net profit, up 21.1 pps year on year. The value of our individual business has been on a firm growth trajectory, reflecting a steadfast increase in the number of individual customers, together with continued exploitation of customer value.

As at June 30, 2017, the number of individual customers of the Group reached 143 million, growing 9.3% from the start of the year. The number of new customers increased by 10.6% year on year to 18.54 million, among which 6.67 million were converted from internet users. Expansion of Ping An's customer base is now strongly driven by development of internet users.

Progress of Ping An's integrated financial strategies was accompanied by improved cross-selling among customers. As at June 30, 2017, the number of contracts per customer of the Group amounted to 2.28, up 3.2% from the beginning of the year. 37.34 million individual customers held multiple contracts with different subsidiaries, accounting for 26.1% of all customers. What is more, all main product lines maintained sound and sustainable profitability. In the first half of 2017, profit per customer of the Group reached RMB241.66, up 18.5% compared with the same period last year.

- (1) Customers refer to individual customers who hold in-force financial products from core financial companies in the Group.  
 (2) Users refer to registered internet users with accounts on internet service platforms of internet financial companies and core financial companies (including web platforms and mobile apps) in the Group.

## Core drivers of the Group's profit growth



- (1) Net profit of Ping An Group is the net profit attributable to shareholders of the parent company.  
 (2) The number of customers as at June 30, 2016 and the number of new customers acquired in 1H 2016 were restated in accordance with current standards.



## CUSTOMER DEVELOPMENT RESULTS

- Individual customers of the Group totaled 143 million, up 9.3% from the start of the year. New customers acquired in the first half of 2017 reached 18.54 million, up 10.6% year on year.
- Internet users of the Group reached 403 million, growing 16.4% from the beginning of the year. Monthly average active users<sup>(1)</sup> totaled 65.31 million, up 76.1% year on year.

(1) The number of average monthly active users refers to the average of monthly active users as of the end of the period of 12 months, and monthly active users refer to those who have more than 1 login in the month.

## Individual customers

As at the end of June 2017, overall customers of the Group totaled 143 million, while the number of online customers reached 106 million. 18.54 million new customers were acquired in the first half of 2017, up 10.6% year on year.

## Individual Customer Structure (Table 1)

(in thousand)	Total customers			New customers		
	June 30 2017	December 31 2016	Change (%)	1H 2017	1H 2016	Change (%)
Life insurance	<b>49,560</b>	46,230	7.2	<b>4,710</b>	3,440	36.9
Auto insurance	<b>36,880</b>	34,240	7.7	<b>7,850</b>	6,950	12.9
Retail banking	<b>45,030</b>	40,470	11.3	<b>4,970</b>	3,070	61.9
Credit card	<b>26,340</b>	23,310	13.0	<b>4,200</b>	3,730	12.6
Securities, fund and trust	<b>21,090</b>	17,420	21.1	<b>5,010</b>	4,310	16.2
Others	<b>28,310</b>	22,610	25.2	<b>8,980</b>	6,790	32.3
<b>The Group</b>	<b>143,280</b>	131,070	9.3	<b>18,540</b>	16,770	10.6

(1) Customers who purchased multiple financial products are counted more than once. The figures do not add up to the total due to the elimination of repeated customers.

(2) The number of customers as at June 30, 2017 is not equal to the sum of the number of customers at the end of 2016 and new customers in the reporting period, due to customer attrition.

(3) The number of customers of insurance companies is counted based on the number of holders of in-force policies.

(4) "Others" include internet finance, other loans and other insurance product lines.

(5) The data for January-June, 2016 was updated in accordance with current standards.

Ping An has facilitated development of different channels for the purpose of offering highly convenient and better services and experience to customers. As at the end of June 2017, the number of sales agents reached 1.325 million, the number of bank outlets reached 1,081, and the number of agents in the call center registered 60,200. Our diversified online platform services meet customer needs anytime, anywhere.

# Customer Development

## Internet users

The strength in the Group's customer base was boosted by efficiency in development of internet users. As at the end of June 2017, internet users and app users of the Group reached 403 million and 288 million, respectively. 41.32 million users migrated among internet platforms, up 20.2% year on year. On average, each internet user uses 2.04 services of Ping An, up 5.2% from the start of the year. Meanwhile, user activity improved steadily. As at the end of June 2017, the Company had 65.31 million monthly average active users, up 76.1% year on year, in which highly active users<sup>(1)</sup> accounted for 21.9%. User stickiness continued to improve.

(1) Highly active users refer to those who have more than 4 logins per month.

## Number of Internet Users (Table 2)

(in thousand)	June 30 2017	December 31 2016	Change (%)
<b>Number of internet users</b>	<b>403,040</b>	346,300	16.4
Internet finance companies	<b>305,320</b>	264,910	15.3
Core finance companies	<b>270,410</b>	218,660	23.7
<b>App user base</b>	<b>288,120</b>	233,360	23.5
Internet finance companies	<b>175,270</b>	151,200	15.9
Core finance companies	<b>179,460</b>	130,090	38.0

(1) Overall internet users and app users of the Group included users of internet finance companies and core finance companies, with duplication removed.

## THE GROUP SAW A STEADY INCREASE IN CUSTOMER VALUE, WHILE PROFIT PER CUSTOMER REACHED RMB241.66

- The number of customers who held multiple contracts with different subsidiaries was 37.34 million. Profit per customer hit RMB241.66, up 18.5% year on year.

In the first half of 2017, 37.34 million customers held multiple contracts with different subsidiaries, accounting for 26.1% of all customers. By exploiting advantages in core financial business, we improved the service efficiency of product lines, increased customer value, and achieved steady growth in profitability across major product lines. In the first half of 2017, the Group recorded profit per customer of RMB241.66, 18.5% higher year on year.

In the first half of 2017, cross-selling of insurance business has borne fruit. New premiums of Ping An Property & Casualty, Ping An Annuity and Ping An Health captured via the agent channel increased by 19.1% year on year to RMB20,213 million.

## New Business Acquired via Cross-selling (Table 3)

(in RMB million)	1H 2017 Amount	Business contribution percentage (%)	1H 2016 Amount	Business contribution percentage (%)
<b>Ping An Property &amp; Casualty</b>				
Premium income	<b>16,260</b>	<b>15.7</b>	13,899	16.6
<b>Short-term group insurance business of Ping An Annuity</b>				
Premium income	<b>3,618</b>	<b>42.0</b>	3,029	41.2
<b>Ping An Health</b>				
Premium income	<b>335</b>	<b>34.1</b>	43	13.7

## Customer Profiling

Ping An constantly deepens understanding of customers via big data analysis. 70.6% of the Group's customers are in Eastern China, Southern China and Northern China that are economically developed; customers are quite young, with an average age of only 38.1, 5.3 years lower than the social average. 39.2% of them have junior college or higher degrees. The more wealth customers have, the more contracts they hold and the more valuable they are.

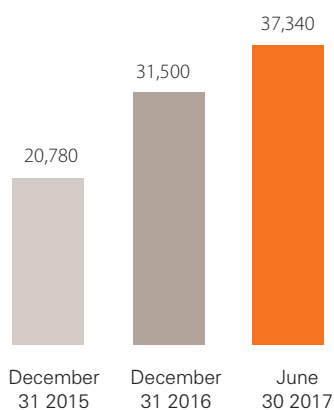
## Customer Wealth Structure (Table 4)

	Customers (in thousand)	Number of contracts per customer (contract)
HNWIs	140	10.06
Affluent	26,880	3.49
Middle-class	56,310	2.28
Mass	59,950	1.73
The Group	143,280	2.28

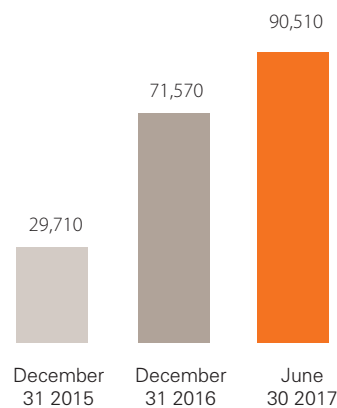
(1) Mass customers are those with annual income below RMB100,000, middle-class customers RMB100,000-240,000, and affluent customers above RMB240,000. HNWIs have personal assets of RMB10 million or more.

A better understanding of customer profiles and needs creates the capacity to diversify and customize products and services and improve customer relationships. Improved customer relationships mean that customers are more likely to pay for products and use more convenient online services. All these things have been strongly driving organic growth in customer value.

**Number of customers who held multiple contracts with different subsidiaries**  
(in thousand)



**Number of customers who are also app users**  
(in thousand)



Going forward, Ping An will continue to promote the development of its individual business to become a world-leading personal financial services provider. While enhancing the advantages in traditional channels, increasing the user base of internet services and expanding the customer base at a faster pace, Ping An will also diversify its personal financial products and services, optimize customer experience, and steadily increase individual customer value.

# Business Analysis Overview

- Net profit attributable to shareholders of the parent company for the first half of 2017 reached RMB43,427 million, up by 6.5% year on year, up 38.8% year on year if RMB9,497 million of profit from Puhui's restructuring for the first half of 2016 is excluded.
- New business value generated by the life and health insurance business grew rapidly. Quality of the property and casualty insurance business was good overall. Ping An Bank's retail business income increased as a proportion of its total income. Ping An Securities's results were superior to industry average. Ping An Asset Management grew steadily.
- The internet finance business continued to pursue its strategic goals and improve products and services.

Via different distribution channels under a uniform brand, we offer a wide range of financial products and services through the three core finance businesses of insurance, banking and asset management comprised of 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, as well as the internet finance business comprised of Lufax Holding, Ping An Good Doctor, Finance One Account.

In the first half of 2017, the net profit attributable to shareholders of the parent company rose to RMB43,427 million by 6.5% year on year, up 38.8% year on year if RMB9,497 million of profit from Puhui's restructuring for the first half of 2016 is excluded; as at June 30, 2017, the equity attributable to shareholders of the parent company was RMB425,780 million, up 11.0% compared with the beginning of the year; the Company's total assets grew to RMB5.98 trillion by 7.2% from the beginning of the year.

## CONSOLIDATED RESULTS

(in RMB million)	June 30 2017	December 31 2016	Change (%)
Total assets	<b>5,978,688</b>	5,576,903	7.2
Total liabilities	<b>5,445,990</b>	5,090,442	7.0
Shareholders' equity	<b>532,698</b>	486,461	9.5
Equity attributable to shareholders of the parent company	<b>425,780</b>	383,449	11.0

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Total income	<b>503,143</b>	407,828	23.4
Including: premium income	<b>341,390</b>	256,873	32.9
Total expenses	<b>(437,595)</b>	(351,766)	24.4
Profit before tax	<b>65,548</b>	56,062	16.9
Net profit	<b>49,093</b>	46,308	6.0
Net profit attributable to shareholders of the parent company	<b>43,427</b>	40,776	6.5

## SEGMENT REPORTING

For the first half of 2017, the Company reviewed and redefined its business segments according to business operations in order to provide clear and concise information. The life and health insurance business represents business results of Ping An Life, Ping An Annuity, and Ping An Health. The property and casualty insurance business represents business results of Ping An Property & Casualty. The banking business represents business results of Ping An Bank. The trust business represents business results of Ping An Trust and Ping An New Capital. The securities business represents business results of Ping An Securities. The other asset management business represents business results of other subsidiaries that engage in asset management business such as Ping An Asset Management and Ping An Financial Leasing. The internet finance business represents the share of profits and losses of Lufax Holding and the business results of internet subsidiaries such as Ping An Good Doctor and Finance One Account. Eliminations include offsets against cross-shareholding among business lines. The data for 2016 were restated for comparison purposes.

## Net Profit

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Life and health insurance business	<b>23,806</b>	17,470	36.3
Property and casualty insurance business	<b>6,895</b>	6,868	0.4
Banking business	<b>12,554</b>	12,292	2.1
Asset management business	<b>7,198</b>	4,062	77.2
Including: Trust business	<b>2,262</b>	898	151.9
Securities business	<b>1,187</b>	1,219	(2.6)
Other asset management business	<b>3,749</b>	1,945	92.8
Internet finance business	<b>314</b>	7,537	(95.8)
Other businesses and elimination	<b>(1,674)</b>	(1,921)	(12.9)
<b>The Group</b>	<b>49,093</b>	46,308	6.0

## Net Profit Attributable to Shareholders of the Parent Company

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Life and health insurance business	<b>23,576</b>	17,243	36.7
Property and casualty insurance business	<b>6,861</b>	6,834	0.4
Banking business	<b>7,281</b>	7,130	2.1
Asset management business	<b>6,959</b>	3,928	77.2
Including: Trust business	<b>2,260</b>	897	152.0
Securities business	<b>1,142</b>	1,178	(3.1)
Other asset management businesses	<b>3,557</b>	1,853	92.0
Internet finance business	<b>420</b>	7,905	(94.7)
Other businesses and elimination	<b>(1,670)</b>	(2,264)	(26.2)
<b>The Group</b>	<b>43,427</b>	40,776	6.5

## Equity Attributable to Shareholders of the Parent Company

(in RMB million)	June 30 2017	December 31 2016	Change (%)
Life and health insurance business	<b>141,308</b>	107,558	31.4
Property and casualty insurance business	<b>66,869</b>	63,340	5.6
Banking business	<b>122,643</b>	117,259	4.6
Asset management business	<b>95,212</b>	92,799	2.6
Including: Trust business	<b>20,560</b>	18,882	8.9
Securities business	<b>25,210</b>	24,487	3.0
Other asset management business	<b>49,442</b>	49,430	0.02
Internet finance business	<b>20,291</b>	19,056	6.5
Other businesses and elimination	<b>(20,543)</b>	(16,563)	24.0
<b>The Group</b>	<b>425,780</b>	383,449	11.0

## ROE (Not Annualized)

For the six months ended June 30(%)	2017	2016	Change (pps)
Life and health insurance business	<b>18.1</b>	15.5	2.6
Property and casualty insurance business	<b>10.5</b>	11.3	(0.8)
Banking business	<b>6.2</b>	7.4	(1.2)
Asset management business	<b>7.4</b>	5.2	2.2
Including: Trust business	<b>11.5</b>	5.0	6.5
Securities business	<b>4.6</b>	5.0	(0.4)
Other asset management business	<b>7.2</b>	5.4	1.8
Internet finance business	<b>1.2</b>	45.3	(44.1)
Other businesses and elimination	<b>NA</b>	NA	NA
<b>The Group</b>	<b>10.6</b>	11.6	(1.0)

For analysis of the business segments' results, please refer to the following sections. The internet finance business saw a year-on-year decrease in profit due to the recognition of RMB9,497 million in net profit from Puhui Financial's restructuring (Ping An Overseas Holdings transferred the 100% equity in Gem Alliance Limited to Lufax Holding) for the first half of 2016.

# Business Analysis

## Life and Health Insurance Business

- The new business value maintained robust growth of 46.2% over the same period last year.
- The agent force's scale and quality were both improved. The number of life sales agents rose 19.3% from the beginning of the year to 1,325 thousand while first year written premium per agent grew by 18.2% year on year; agents' per capita income per month grew by 14.0% year on year.
- In the first half of 2017, Ping An Life realized RMB22,598 million in net profit, up 34.8% year on year. Its residual margin amounted to RMB545,329 million, growing 19.9% from the end of 2016.
- As at June 30, 2017, the "Jin Guan Jia" app had more than 120 million registered users with increasingly diversified scenarios.

### BUSINESS OVERVIEW

The Company conducts life and health insurance business through Ping An Life, Ping An Annuity, and Ping An Health.

Stable macro-economic growth, continued financial reform and increasingly healthy market growth in the first half of 2017 created opportunities for the insurance industry to return to protection and enhance its quality and efficiency. We firmly believed in compliance and risk prevention. At the heart of our business is customer development and value creation. We made efforts to synergize the development of different channels such as sales agents, bancassurance, tele-marketing and internet marketing, and built "Product +" and "Technology +" into our core competitive advantages, aiming for sustainable, sound, stable growth in our embedded value and scale. In the first half of 2017, the new business value generated by the life and health insurance business grew by 46.2% year on year to RMB38,551 million; the new business value of the agent channel grew by 44.0% year on year to RMB35,084 million.

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

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
<b>Written premium<sup>(1)</sup></b>			
Ping An Life	<b>275,639</b>	208,481	32.2
Ping An Annuity	<b>10,333</b>	9,367	10.3
Ping An Health	<b>1,144</b>	344	232.6
<b>Total</b>	<b>287,116</b>	218,192	31.6
<b>Premium income<sup>(2)</sup></b>			
Ping An Life	<b>226,516</b>	163,347	38.7
Ping An Annuity	<b>10,207</b>	9,237	10.5
Ping An Health	<b>982</b>	314	212.7
<b>Total</b>	<b>237,705</b>	172,898	37.5
<b>New business value</b>	<b>38,551</b>	26,370	46.2
Including: agent channel	<b>35,084</b>	24,363	44.0
<b>Market share of premium income (%)</b>			
Ping An Life	<b>12.7</b>	11.5	1.2 pps

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

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

Ping An Life provides individual and group customers with personal insurance products through its nationwide service network of 42 branches (including 7 telemarketing centers) and over 3,300 business outlets. In the first half of 2017, Ping An Life realized RMB22,598 million in net profit, up 34.8% over the same period last year. Its residual margin release was RMB23,987 million, which was up 38.7% compared with the same period of last year. As at June 30, 2017, Ping An Life's residual margin grew by 19.9% from the end of last year to RMB545,329 million, fueled by robust new business growth.

(in RMB million)	June 30 2017	December 31 2016	Change (%)
Residual margin	<b>545,329</b>	454,677	19.9

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Released residual margin	<b>23,987</b>	17,296	38.7

Growth in the number of life insurance sales agents remained steadfast. Income of sales agents increased as a result of our improvement of offerings and utilization of technologies. In the first half of 2017, the written premium of new regular premium business grew rapidly due to the value-oriented transformation of the bancassurance channel. The telemarketing channel ranked first by market share in the industry, while the internet marketing channel maintained rapid growth in written premium on the basis of a massive user base which benefited from Ping An Life's own platform as well as the Group's internal and external platforms.

Upholding our protection-oriented philosophy, Ping An Life focused on development and promotion of protection-oriented products, upgrading Kid's Ping An Fu in the first half of 2017. Following the "Product +" strategy, it further facilitated product innovation and continued to upgrade the "Ping An Fu + Ping An Run" wellness program. It also diversified incentives so as to increase customer stickiness.

As at June 30, 2017, the "Jin Guan Jia" app had more than 120 million registered users with over 23.00 million monthly active users. While it was diversifying scenarios on the "Jin Guan Jia" app, Ping An Life was also promoting customer development and serving various needs of customers from aspects of finance, health, lifestyles, policies and activities.

Ping An Life's operating data are as follows:

	June 30 2017	December 31 2016	Change (%)
<b>Number of customers (in thousand)</b>			
Individuals <sup>(1)</sup>	<b>49,072</b>	46,141	6.4
Corporate	<b>1,951</b>	1,825	6.9
<b>Total</b>	<b>51,023</b>	47,966	6.4

#### Distribution network

Number of individual life insurance sales agents	<b>1,325,477</b>	1,110,805	19.3
Number of group insurance sales representatives	<b>4,783</b>	4,768	0.3
Number of bancassurance relation managers	<b>2,888</b>	3,094	(6.7)
Number of telemarketing agents	<b>27,857</b>	29,626	(6.0)

For the six months ended June 30	2017	2016	Change (%)
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#### Productivity and income of sales agents

First-year written premium per agent (RMB per agent per month)	<b>12,438</b>	10,522	18.2
New individual life insurance policies per agent (policies per agent per month)	<b>1.39</b>	1.32	5.3
Income of sales agents (RMB per agent per month)	<b>7,218</b>	6,333	14.0

#### Policy persistency ratio (%)

13 months	<b>93.7</b>	93.1	0.6 pps
25 months	<b>90.1</b>	88.1	2.0 pps

(1) The number of individual customers refers to the number of valid customers measured by the number of policyholders. As at June 30, 2017, the number of individual policyholders and insured customers totaled 82.63 million.

# Business Analysis

## Life and Health Insurance Business

### FINANCIAL ANALYSIS

In the first half of 2017, the Company reviewed and redefined its business segments according to business operations. The life and health insurance business represents business results of Ping An Life, Ping An Annuity, and Ping An Health. The data for 2016 were restated for comparison purposes.

### Results of Operation

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Written premium	<b>287,116</b>	218,192	31.6
Less: Premium deposits of policies without significant insurance risk transfer	<b>(2,118)</b>	(1,688)	25.5
Less: Premium deposits from universal and unit-linked products	<b>(47,293)</b>	(43,606)	8.5
Premium income	<b>237,705</b>	172,898	37.5
Earned premium	<b>233,680</b>	169,224	38.1
Claims and policyholders' benefits	<b>(190,042)</b>	(136,468)	39.3
Commission expense of insurance business	<b>(42,996)</b>	(28,557)	50.6
Administrative expenses	<b>(20,420)</b>	(18,195)	12.2
Total investment income <sup>(1)</sup>	<b>53,103</b>	34,076	55.8
Other net income and expenses	<b>(976)</b>	(460)	112.2
Profit before tax	<b>32,349</b>	19,620	64.9
Income tax	<b>(8,543)</b>	(2,150)	297.3
Net profit	<b>23,806</b>	17,470	36.3

(1) Total investment income includes investment income and share of profits or losses of associates under the segmented income statement.

### Written Premium

The written premium of the life and health insurance business is analyzed below by policyholder type and channel:

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
<b>Individual business</b>			
<b>New business</b>			
Agent channel	<b>92,150</b>	62,559	47.3
Including:			
regular premium	<b>87,002</b>	58,167	49.6
Bancassurance channel	<b>5,991</b>	9,566	(37.4)
Including:			
regular premium	<b>3,465</b>	1,898	82.6
Telemarketing, internet marketing and others	<b>7,462</b>	4,086	82.6
Including:			
regular premium	<b>6,263</b>	4,062	54.2
<b>Subtotal</b>	<b>105,603</b>	76,211	38.6
<b>Renewed business</b>			
Agent channel	<b>157,881</b>	123,169	28.2
Bancassurance channel	<b>3,814</b>	2,827	34.9
Telemarketing, internet marketing and others	<b>8,419</b>	5,330	58.0
<b>Subtotal</b>	<b>170,114</b>	131,326	29.5
<b>Total of individual business</b>	<b>275,717</b>	207,537	32.9
<b>Group business</b>	<b>11,399</b>	10,655	7.0
New business	<b>11,387</b>	10,639	7.0
Renewed business	<b>12</b>	16	(25.0)
<b>Total</b>	<b>287,116</b>	218,192	31.6

(1) As policyholders are individuals or groups, the Company has classified its life and health insurance business into individual business and group business.



The written premium of the life and health insurance business is analyzed below by product type:

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Participating insurance	<b>135,567</b>	97,129	39.6
Universal insurance	<b>56,017</b>	51,151	9.5
Traditional life insurance	<b>40,203</b>	23,463	71.3
Long-term health insurance	<b>31,913</b>	20,832	53.2
Casualty & short-term health insurance	<b>18,631</b>	14,689	26.8
Annuity	<b>3,822</b>	9,835	(61.1)
Investment-linked insurance	<b>963</b>	1,093	(11.9)
<b>Total</b>	<b>287,116</b>	218,192	31.6

The written premium of the life and health insurance business is analyzed below by region:

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Guangdong	<b>50,626</b>	37,726	34.2
Shandong	<b>17,739</b>	13,117	35.2
Jiangsu	<b>16,255</b>	12,605	29.0
Zhejiang	<b>16,126</b>	12,366	30.4
Beijing	<b>15,911</b>	12,862	23.7
Sub-total	<b>116,657</b>	88,676	31.6
<b>Total</b>	<b>287,116</b>	218,192	31.6

### Claims and Policyholders' Benefits

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Surrenders	<b>13,242</b>	10,075	31.4
Claim expenses of insurance contracts			
Claims paid	<b>5,760</b>	4,921	17.0
Annuities	<b>3,085</b>	2,724	13.3
Maturity and survival benefits	<b>17,460</b>	14,342	21.7
Death, injury and medical care benefits	<b>8,796</b>	6,611	33.1
Reinsurer's share of claim expenses of insurance contracts	<b>(807)</b>	(1,498)	(46.1)
Policyholder dividends	<b>8,403</b>	7,071	18.8
Net increase in insurance reserves	<b>123,337</b>	85,692	43.9
Interest credited to policyholder contract deposits	<b>10,766</b>	6,530	64.9
<b>Total</b>	<b>190,042</b>	136,468	39.3

Claims paid grew by 17.0% year on year, primarily due to continued growth in casualty & short-term health insurance business.

Maturity and survival benefits grew by 21.7% year on year because survival benefits of some insurance products reached its peak in the first half of 2017.

Death, injury and medical care benefits were 33.1% higher year on year, driven by growth in long-term health insurance business.

Policyholder dividends climbed 18.8% year on year as a result of growth in the participating insurance business.

Net increase in insurance reserves increased by 43.9% compared with the prior year, mostly due to business growth, business structure changes, together with movement of the benchmarking yield curve for measuring reserves for insurance contracts.

Interest credited to policyholder contract deposits was up 64.9% year on year as higher investment income increased interest payment on universal insurance accounts.

# Business Analysis

## Life and Health Insurance Business

### Commission Expenses of Insurance Business

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Health insurance	12,829	7,876	62.9
Accident insurance	3,752	2,703	38.8
Life insurance and others	26,415	17,978	46.9
<b>Total</b>	<b>42,996</b>	<b>28,557</b>	<b>50.6</b>

In the first half of 2017, commission expense (mainly paid to the Company's sales agents) increased by 50.6% year on year due to the growth of the insurance business.

### Administrative Expenses

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Taxes and surcharges	343	619	(44.6)
Operating expenses	20,057	17,556	14.2
Impairment losses on receivables and others	20	20	-
<b>Total</b>	<b>20,420</b>	<b>18,195</b>	<b>12.2</b>

In the first half of 2017, the taxes and surcharges dropped by 44.6% as a result of the reform of replacing business tax with value-added tax. The operating expenses increased by 14.2% year on year mainly due to expansion of the insurance business and higher operating costs such as labor and office expenses.

### Total Investment Income

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Net investment income <sup>(1)</sup>	54,249	52,919	2.5
Net realized and unrealized gains <sup>(2)</sup>	(908)	(18,403)	(95.1)
Impairment losses of investment assets	(238)	(440)	(45.9)
<b>Total</b>	<b>53,103</b>	<b>34,076</b>	<b>55.8</b>
Annualized net investment yield (%) <sup>(3)</sup>	4.9	5.7	-0.8 pps
Annualized total investment yield (%) <sup>(3)</sup>	4.9	4.3	0.6 pps

- (1) Net investment income includes interest income from deposits and bonds, dividend income from equity investments, and rents from investment properties.
- (2) Net realized and unrealized gains include capital gains from security investments and profit or losses from fair value changes.
- (3) Net foreign exchange gains or losses on investment assets denominated in foreign currencies are excluded from the calculation of the above yields. Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method.

In the first half of 2017, the annualized net investment yield of the life and health insurance business was 4.9%, down 0.8 pps, largely due to lower dividend income from equity investment.

As realized capital losses from stocks and funds decreased due to improved capital markets, the total investment income of the life and health insurance business grew 55.8% year on year, and the annualized total investment yield was 4.9%, up 0.6 pps year on year.

### Income Tax

The income tax increased sharply year on year, due to higher taxable profit as a result of reduced tax-exempt income as well as commission overruns caused by premium growth.

## Solvency Margin

(in RMB million)	Ping An Life			Ping An Annuity			Ping An Health		
	June 30 2017	December 31 2016	Change (%)	June 30 2017	December 31 2016	Change (%)	June 30 2017	December 31 2016	Change (%)
Core capital	<b>601,697</b>	501,710	19.9	<b>7,773</b>	6,306	23.3	<b>535</b>	251	113.1
Actual capital	<b>624,697</b>	533,710	17.0	<b>7,773</b>	6,306	23.3	<b>535</b>	251	113.1
Minimum capital	<b>268,560</b>	236,304	13.7	<b>2,935</b>	2,529	16.1	<b>301</b>	170	77.1
Core solvency margin ratio (%) (regulatory requirement ≥50%)	<b>224.0</b>	212.3	11.7 pps	<b>264.8</b>	249.3	15.5 pps	<b>177.5</b>	147.4	30.1 pps
Comprehensive solvency margin ratio (%) (regulatory requirement ≥100%)	<b>232.6</b>	225.9	6.7 pps	<b>264.8</b>	249.3	15.5 pps	<b>177.5</b>	147.4	30.1 pps

(1) Core solvency margin ratio = core capital/minimum capital; comprehensive solvency margin ratio = actual capital/minimum capital.

(2) For details of subsidiaries' solvency margin, please visit the Company's website ([www.pingan.cn](http://www.pingan.cn)).

(3) Figures may not match the calculation due to the rounding.

# Business Analysis

## Property and Casualty Insurance Business

- Ping An Property & Casualty registered an increase of 23.5% in premium income in the first half of 2017, increasing its market share by 1.5 pps.
- First half 2017 business quality was good overall with Ping An P&C delivering a 96.1% combined ratio and a 10.5% ROE (not annualized).
- It launched the first ever “510 City Superfast Onsite Investigation” service in 334 prefecture and higher-level cities across the country.

### BUSINESS OVERVIEW

The Company conducts property and casualty insurance business mainly through Ping An Property & Casualty. Its business scope covers all lawful property & casualty insurance businesses such as auto insurance, corporate property and casualty insurance, engineering insurance, cargo insurance, liability insurance, credit insurance, home content insurance, accident & health insurance, and international reinsurance business.

The first half of 2017 witnessed firmer macro-economic data as well as an upturn in the upstream sectors like infrastructure, equipment manufacturing, and manufacturing and marketing of commercial vehicles, bringing growth opportunities to the property and casualty insurance industry. Owing to proactive market strategies, Ping An Property & Casualty achieved rapid growth in business scale. As the reform of commercial auto insurance premium rates and the China Risk Oriented Solvency System (C-ROSS) further advanced, the industry further enhanced the risk management capabilities. Benefiting from experience gained from risk screening technologies, Ping An Property & Casualty constantly improved its cost competitiveness, and maintained sound profitability.

Adhering to a customer-centric model, Ping An Property & Casualty outpaced its peers in China by customer satisfaction, and has been honored as China’s “No.1 Brand” of auto insurance and property and casualty insurance for the seventh consecutive year. In 2017, it launched the first ever “510 City Superfast Onsite Investigation” service, and Ping An Property & Casualty inspectors will arrive within 5-10 minutes in more than 90% of the cases that need onsite

investigation during the daytime. This service has been provided on a pilot basis in 334 prefecture and higher-level cities. Supported by the “online + offline” claim service model, it is dedicated to offering the most convenient, transparent, considerate and trustworthy services.

Ping An Property & Casualty stepped up efforts to develop internet insurance, and invested heavily in cutting-edge technologies. It regards the “Ping An Auto Owner” app as a major business platform, aiming to develop a customer-centric and open platform for online operations and auto life services by promoting offline-to-online customer migration and improving user experience with technology. As at June 30, 2017, 23.30 million customers linked their auto use with the “Ping An Auto Owner” app and the number of monthly active users of the app reached 6.48 million, which enabled it to keep the leading position among auto utility apps.

### Premium and Market Share

The premium income and market share of Ping An Property & Casualty are as follows. Ping An Property & Casualty is the second-largest property and casualty insurance company in China by premium income.

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Premium income	<b>103,443</b>	83,785	23.5
Including: auto insurance	<b>80,260</b>	70,628	13.6
Market share (%) <sup>(1)</sup>	<b>19.6</b>	18.1	1.5 pps
Including: market share of auto insurance (%)	<b>22.3</b>	21.5	0.8 pps

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

## Number of Customers and Distribution Network

	June 30 2017	December 31 2016	Change (%)
<b>Number of customers (in thousand)</b>			
Individuals	<b>44,870</b>	40,571	10.6
Corporate	<b>2,857</b>	2,804	1.9
<b>Total</b>	<b>47,727</b>	43,375	10.0
<b>Distribution network</b>			
Number of direct sales representatives	<b>7,817</b>	7,658	2.1

Ping An Property & Casualty distributed its products mainly through its network of 41 branches and over 2,440 sub-branches across China. Main distribution channels included in-house sales representatives, sales agents, insurance brokers, telemarketing, online marketing and cross-selling.

## Reinsurance Arrangement

Ping An Property & Casualty maintained a proactive approach to reinsurance, which strengthened its underwriting capabilities, diversified operating risks and ensured long-term healthy and steady growth. It stepped up efforts to partner with more reinsurers to increase ceding channels. The reinsurance business of Ping An Property & Casualty received strong support in key reinsurance markets in Europe, the U.S., Bermuda and Asia. It has been in close cooperation with nearly 100 reinsurance companies and reinsurance brokers worldwide, including China Property & Casualty Re, Swiss Re, Munich Re and Hannover Re.

	For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Ceded premium	<b>8,076</b>	8,028	0.6	
Auto insurance	<b>3,754</b>	4,450	(15.6)	
Non-auto insurance	<b>4,294</b>	3,562	20.6	
Accident and health insurance	<b>28</b>	16	75.0	
Inward reinsurance premium	<b>84</b>	45	86.7	
Non-auto insurance	<b>84</b>	45	86.7	

## FINANCIAL ANALYSIS

In the first half of 2017, the Company reviewed and redefined its business segments according to business operations. The property and casualty insurance business represents business results of Ping An Property & Casualty, while Ping An Hong Kong has been put under another business segment named "other businesses and elimination". To be comparable, figures in 2016 have been restated accordingly.

## Results of Operation

	For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Premium income	<b>103,443</b>	83,785	23.5	
Inward reinsurance premium	<b>84</b>	45	86.7	
<b>Total premiums</b>	<b>103,527</b>	83,830	23.5	
Net earned premiums	<b>87,386</b>	74,287	17.6	
Claim expenses	<b>(51,410)</b>	(40,747)	26.2	
Commission expenses of insurance operations	<b>(15,926)</b>	(11,718)	35.9	
Administrative expenses	<b>(20,294)</b>	(21,077)	(3.7)	
Reinsurance commission income	<b>3,653</b>	2,761	32.3	
Underwriting profit	<b>3,409</b>	3,506	(2.8)	
Combined ratio (%)	<b>96.1</b>	95.3	0.8 pps	
Including: Combined ratio of natural catastrophes (%)	<b>0.003</b>	0.1	-0.097 pps	
Total investment income <sup>(1)</sup>	<b>5,411</b>	4,906	10.3	
Average investment assets	<b>202,296</b>	175,058	15.6	
Total investment yield (%)	<b>2.7</b>	2.8	-0.1 pps	
Annualized total investment yield (%)	<b>4.7</b>	4.9	-0.2 pps	
Other net income and expenses	<b>(136)</b>	(23)	491.3	
Profit before tax	<b>8,684</b>	8,389	3.5	
Income tax	<b>(1,789)</b>	(1,521)	17.6	
<b>Net profit</b>	<b>6,895</b>	6,868	0.4	

(1) Total investment income includes investment income and share of profits or losses of associates in the segmented income statement.

# Business Analysis

## Property and Casualty Insurance Business

### Premium Income

Below is a breakdown of premium income for our property and casualty insurance business by product type:

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Auto insurance	<b>80,260</b>	70,628	13.6
Non-auto insurance	<b>20,158</b>	10,624	89.7
Accident and health insurance	<b>3,025</b>	2,533	19.4
Premium income in total	<b>103,443</b>	83,785	23.5

Auto insurance. Its premium income grew by 13.6% on a year-on-year basis, which was contributed by our efforts to provide good customer services in a favorable market environment with innovative technologies, and the continuous and steady growth in premium income from cross-selling and car dealers.

Non-auto insurance. The premium income delivered a YoY increase of 89.7%. In the first half of 2017, the premium income of guarantee insurance jumped to RMB9,515 million from RMB1,332 million for the same period last year, boosted by adjustments to product structures and business activities of guarantee insurance, together with advancement of the online guarantee insurance business model. The premium income from the special risk insurance, the liability insurance and the home content insurance grew 45.1%, 14.7% and 62.5% year on year respectively.

Accident and health insurance. The accident and health insurance business developed steadily, with a year-on-year increase of 19.4% in premium income.

Below is a breakdown of premium income for our property and casualty insurance business by channel:

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Telemarketing and online channels	<b>27,482</b>	26,221	4.8
Cross-selling	<b>16,259</b>	13,899	17.0
Car dealers	<b>21,531</b>	18,387	17.1
Others	<b>38,171</b>	25,278	51.0
Premium income in total	<b>103,443</b>	83,785	23.5

Below is a breakdown of premium income for our property and casualty insurance business by region:

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Guangdong	<b>15,814</b>	12,740	24.1
Jiangsu	<b>7,253</b>	5,583	29.9
Shanghai	<b>7,211</b>	5,086	41.8
Sichuan	<b>6,741</b>	5,489	22.8
Zhejiang	<b>5,799</b>	5,022	15.5
Sub-total	<b>42,818</b>	33,920	26.2
Premium income in total	<b>103,443</b>	83,785	23.5

### Combined Ratio

For the six months ended June 30	2017	2016	Change
Expense ratio <sup>(1)</sup> (%)	<b>37.3</b>	40.4	-3.1 pps
Loss ratio <sup>(2)</sup> (%)	<b>58.8</b>	54.9	3.9 pps
Combined ratio (%)	<b>96.1</b>	95.3	0.8 pps

(1) Expense ratio = (commission expenses of insurance business + administrative expenses - reinsurance commission income) / net earned premiums.

(2) Loss ratio = claim expenses / net earned premiums.

Ping An Property & Casualty persisted in innovation and development. It made an ongoing effort to improve its professional and technical expertise, while maintaining sound profitability.

### Operating Data by Product Type

Among all insurance products offered by Ping An Property & Casualty, the top five contributors to premium income were auto insurance, guarantee insurance, liability insurance, corporate property and casualty insurance, and accidental injury insurance, the total premium income of which accounted for 95.3% of the premium income of Ping An Property & Casualty in the first half of 2017.

(in RMB million)	Insured amount	Premium income	Earned premium	Claim expenses	Underwriting profit	Combined ratio	Insurance contract liabilities
Auto insurance	18,959,067	80,260	73,996	43,627	2,167	97.1%	121,667
Guarantee insurance	140,263	9,515	5,230	3,477	446	91.5%	25,314
Liability insurance	8,007,648	3,126	2,235	1,241	240	89.3%	5,771
Corporate property and casualty insurance	7,770,126	3,100	1,351	761	110	91.9%	6,108
Accidental injury insurance	227,617,898	2,578	2,194	651	664	69.7%	3,417

### Claim Expenses

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Auto insurance	43,627	35,856	21.7
Non-auto insurance	6,765	3,970	70.4
Accident and health insurance	1,018	921	10.5
Total claim expenses	51,410	40,747	26.2

In the first half of 2017, claim expenses rose by 26.2% on a year-on-year basis mainly due to continued expansion of insurance business.

### Commission Expenses of Insurance Operations

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Auto insurance	13,661	9,186	48.7
Non-auto insurance	1,626	2,028	(19.8)
Accident and health insurance	639	504	26.8
Total commission expenses	15,926	11,718	35.9
Commission expenses as a percentage of premium income (%)	15.4	14.0	1.4 pps

# Business Analysis

## Property and Casualty Insurance Business

In the first half of 2017, commission expenses of insurance operations grew by 35.9% year on year, while their proportion in premium income climbed by 1.4 pps, mainly due to premium income growth and intensified competition.

### Administrative Expenses

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

	2017	2016	Change (%)
Administrative expenses	19,317	17,409	11.0
Tax and surcharges	711	3,397	(79.1)
Impairment losses on receivables and others	266	271	(1.8)
<b>Total</b>	<b>20,294</b>	<b>21,077</b>	<b>(3.7)</b>

In the first half of 2017, administrative expenses dropped by 3.7% over the same period in 2016. The falling was attributed to some reduction in tax and surcharges as a result of the reform of replacing business tax with value-added tax.

### Investment Income

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

	2017	2016	Change
Net investment income <sup>(1)</sup>	7,072	6,358	11.2
Net realized and unrealized gains or losses <sup>(2)</sup>	(1,660)	(1,445)	14.9
Impairment losses	(1)	(7)	(85.7)
<b>Total</b>	<b>5,411</b>	<b>4,906</b>	<b>10.3</b>
Annualized net investment yield <sup>(3)</sup> (%)	5.5	5.8	-0.3 pps
Annualized total investment yield <sup>(3)</sup> (%)	4.7	4.9	-0.2 pps

- (1) Net investment income includes interest income from deposits and bonds, dividend income from equity investments, and rents from investment properties.
- (2) Net realized and unrealized gains or losses include capital gains from security investments and profit or losses from fair value changes.
- (3) Net foreign currency gains or losses on investment assets denominated in foreign currencies are excluded from the calculation of the above yields. Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method.

In the first half of 2017, the net investment income increased by 11.2% year on year, boosted by growth in dividend income from equity investment. The annualized net investment yield was 5.5%. Given volatile capital market conditions as well as impacts from the bond market, capital gains from funds and bonds fell, resulting in some reduction in realized gains. In the first half of 2017, total investment income of the property and casualty insurance business increased by 10.3% year on year, and its annualized total investment yield was 4.7%.

### Income Tax

In the first half of 2017, income tax of the property and casualty insurance business grew by 17.6% year on year, largely due to an increase of taxable profit.

### Solvency Margin of Ping An Property & Casualty

(in RMB million)	June 30 2017	December 31 2016	Change (%)
Core capital	67,142	63,439	5.8
Actual capital	75,142	71,439	5.2
Minimum capital	30,616	26,725	14.6
Core solvency margin ratio (%) (regulatory requirement ≥50%)	219.3	237.4	-18.1 pps
Comprehensive solvency margin ratio (%) (regulatory requirement ≥100%)	245.4	267.3	-21.9 pps

(1) Core solvency margin ratio = core capital/minimum capital; comprehensive solvency margin ratio = actual capital/minimum capital.

(2) For details of subsidiaries' solvency margin, please visit the Company's website ([www.pingan.cn](http://www.pingan.cn)).



# Business Analysis

## Investment Portfolio of Insurance Funds

- The annualized total investment yield on insurance funds for the first half of 2017 was 4.9%, higher than the industry average.

The investment portfolio of insurance funds is comprised of funds available for investment from the Group's holding company, life and health insurance business, and property and casualty insurance business.

In the first half of 2017, as the world's major economies continued to recover, China's economy maintained steady growth while financial regulation tightened. In capital markets, A-share market showed mixed performance and bond yields soared due to tighter liquidity and financial regulation. On the basis of in-depth macro-economic research, the Company seized opportunities in bond adjustments and equity volatility, improved investment in the Hong Kong stock market via the Shanghai-Hong Kong Stock Connect Program, and enhanced risk diversification via flexible asset allocation.

For the investment risk management of insurance funds, the Company continued to improve the internal controls for investment risk management. Firstly, the Company proactively strengthened the market and credit risk management capabilities under the C-ROSS. Secondly, the Company enhanced the management and monitoring framework for operations of insurance funds, improved the standard internal credit rating system, improved the credit rating procedure and the counterparty management procedure, and strengthened the ex-ante, in-the-process and ex-post investment risk management processes. Thirdly, the Company strictly implemented risk management efforts such as five-category asset classification and internal audits of insurance funds operations, ensured close monitoring of investment risk profiles, and took countermeasures in a timely manner.

### INVESTMENT PORTFOLIO

(in RMB million)	June 30 2017		December 31 2016	
	Carrying value	%	Carrying value	%
<b>By category</b>				
Fixed-income investments	<b>1,620,592</b>	<b>73.0</b>	1,470,798	74.6
Term deposits	<b>160,176</b>	<b>7.2</b>	206,548	10.5
Bond investments	<b>1,067,771</b>	<b>48.1</b>	910,968	46.2
Debt plan investments	<b>133,858</b>	<b>6.0</b>	135,781	6.9
Wealth management products <sup>(1)</sup>	<b>156,605</b>	<b>7.1</b>	124,004	6.3
Other fixed-income investments <sup>(2)</sup>	<b>102,182</b>	<b>4.6</b>	93,497	4.7
Equity investments	<b>452,990</b>	<b>20.4</b>	333,894	16.9
Stocks	<b>209,034</b>	<b>9.5</b>	136,350	6.9
Equity funds	<b>50,984</b>	<b>2.3</b>	30,096	1.5
Bond funds	<b>9,177</b>	<b>0.4</b>	12,544	0.7
Preferred stocks	<b>71,751</b>	<b>3.2</b>	74,721	3.8
Wealth management products <sup>(1)</sup>	<b>69,317</b>	<b>3.1</b>	42,114	2.1
Unlisted equity investment	<b>42,727</b>	<b>1.9</b>	38,069	1.9
Investment properties	<b>48,276</b>	<b>2.2</b>	43,442	2.2
Cash, cash equivalents and others	<b>97,800</b>	<b>4.4</b>	123,664	6.3
<b>Total investments</b>	<b>2,219,658</b>	<b>100.0</b>	1,971,798	100.0
<b>By purpose</b>				
Financial assets carried at fair value through profit or loss	<b>55,311</b>	<b>2.5</b>	64,461	3.3
Available-for-sale financial assets	<b>616,287</b>	<b>27.8</b>	471,914	23.9
Held-to-maturity	<b>846,940</b>	<b>38.2</b>	721,527	36.6
Loans and receivables	<b>640,351</b>	<b>28.8</b>	662,058	33.6
Others	<b>60,769</b>	<b>2.7</b>	51,838	2.6
<b>Total investments</b>	<b>2,219,658</b>	<b>100.0</b>	1,971,798	100.0

(1) Wealth management products include trust plans of trust companies and wealth management products of commercial banks.

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

# Business Analysis

## Investment Portfolio of Insurance Funds

### INVESTMENT INCOME

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

	2017	2016	Change (%)
Net investment income <sup>(1)</sup>	<b>61,829</b>	59,752	3.5
Net realized and unrealized gains <sup>(2)</sup>	<b>(2,515)</b>	(21,277)	(88.2)
Impairment losses	<b>(239)</b>	(447)	(46.5)
Total investment income	<b>59,075</b>	38,028	55.3
Annualized net investment yield (%) <sup>(3)</sup>	<b>5.0</b>	5.7	-0.7 pps
Annualized total investment yield (%) <sup>(3)</sup>	<b>4.9</b>	4.4	0.5 pps

- (1) Net investment income includes interest from deposits and bonds, dividends from equity investments and rents from investment properties.
- (2) Net realized and unrealized gains include realized capital gains from securities investments and profits/losses from fair value changes.
- (3) Net foreign currency gains/losses on investment assets denominated in foreign currencies are excluded from the above investment incomes. Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method.

In the first half of 2017, net investment income of our investment portfolio of insurance funds rose by 3.5% year on year, mainly due to growth in interest income from fixed-income investments. Annualized net investment yield dropped by 0.7 pps to 5.0% as a result of lower dividend income from fund investment.

As realized capital losses from stocks and funds decreased due to domestic capital market recoveries, total investment income of our investment portfolio of insurance funds grew by 55.3% year on year in the first half of 2017, while annualized total investment yield increased by 0.5 pps year on year to 4.9%.

### Non-standard Debt Assets

As at June 30, 2017, our non-standard debt assets totaled RMB290,463 million. Please refer to the following table for the structure of our non-standard debt portfolio. We manage risks in non-standard debts from three aspects. The first one is asset allocation. We have developed a set of effective, objective asset allocation models. While following the risk appetite of insurance funds and keeping the overall risk within the risk appetite, the Company formulated strategic asset allocation plans for each account and set upper and lower limits on the non-standard debt investments. The second is asset selection. The Company requires trustees to select target assets in strict accordance with internal and external standards; besides, investments need to be approved by trustees and the Group's Investment Management Committee (IMC). The third is post-investment management. Our post-investment management team constantly tracks the assets. We established warning mechanisms for overall and specific risks covering investment areas, assets and instruments to ensure that all risks in the whole investment process are fully assessed and controlled.

### Structure and yield distribution of the non-standard debt portfolio

Industry	Investment proportion (%)	Nominal yield	Maturity (year)	Remaining maturity (year)
<b>Infrastructure</b>	<b>56.9</b>	<b>5.93%</b>	<b>8.50</b>	<b>5.29</b>
Urban construction	20.2	6.03%	8.10	5.06
Expressway	19.2	6.03%	9.49	6.60
Electric power	8.0	5.63%	7.68	3.49
Coal mining	4.5	6.09%	7.43	3.17
Others	5.0	5.48%	8.61	5.93
<b>Non-bank FIs</b>	<b>27.7</b>	<b>5.83%</b>	<b>8.41</b>	<b>6.71</b>
<b>Real estate</b>	<b>12.3</b>	<b>6.37%</b>	<b>5.67</b>	<b>3.73</b>
Real estate development	11.3	6.28%	5.65	3.76
Others	1.0	7.46%	5.89	3.42
<b>Others</b>	<b>3.1</b>	<b>6.26%</b>	<b>4.65</b>	<b>2.50</b>
<b>Total</b>	<b>100.0</b>	<b>5.97%</b>	<b>8.01</b>	<b>5.40</b>

There has been no default event related to non-standard debts held by the Company, and overall risks are controllable. In terms of credit status, such assets are of high credit quality. Over 95% of the debt plans and trust plans held by the Company have AAA external ratings, and about 5% of them have AA+ or AA external ratings. While some high-credit entities do not need credit enhancement for their financing, most projects have guarantees or collaterals. Over 80% of the projects have full-coverage cash flow. In terms of industry and region, we avoid high-risk industries and regions, and our underlying assets are mainly in the non-banking financial industry, urban construction, and expressways in developed and coastal regions such as Beijing, Shanghai and Guangdong. In terms of investment timing and yield, Ping An seized time windows of large supplies of high-quality projects to effectively boost investment yields of the portfolio.

# Business Analysis

## Banking Business

- Ping An Bank realized a net profit of RMB12,554 million by maintaining stable business growth and constantly enhancing operating efficiency. Its cost-to-income ratio was 24.76%, up by 4.04 percentage points year on year.
- Encouraging signs from the strategic transformation towards retail banking were seen as Ping An Bank's income and scale grew rapidly. Its retail business income accounted for 40% of its total income and 64% of its profit before tax, and its personal deposits and retail loans grew by 16.0% and 21.5% respectively in the first half of 2017.

### BUSINESS OVERVIEW

The Company engages in banking business through Ping An Bank, which is a national joint-stock commercial bank headquartered in Shenzhen, and is listed on the Shenzhen Stock Exchange (short name: Ping An Bank; stock code: 000001). Ping An Bank provides corporate, retail, and government clients with multiple financial services through 1,081 outlets across the country.

In the first half of 2017, China's economic growth held steady. The government pushed ahead with the "One Belt, One Road" strategy, and the supply-side reform started to take effect. Ping An Bank placed strong emphasis on technology innovations and applications while pursuing technology-driven breakthroughs in retail banking and enhancement of corporate banking. It promoted the transformation into a smart retail bank as well as an asset-light and capital-light corporate bank. It also strengthened management of operating risks and scaled up collection. All these efforts began to bear fruit.

#### Ping An Bank maintained stable healthy growth.

The bank's net profit and total assets grew steadily. In the first half of 2017, Ping An Bank's total income fell 1.3% year on year to RMB54,073 million (rose 3.8% year on year without VAT reform effects).

(in RMB million)	June 30 2017	December 31 2016	Change (%)
<b>Deposit and loan business</b>			
Deposits	<b>1,912,333</b>	1,921,835	(0.5)
Including: personal deposits	<b>312,073</b>	269,022	16.0
Loans and advances	<b>1,594,281</b>	1,475,801	8.0
Including: retail loans (including credit card loans)	<b>657,035</b>	540,944	21.5
<b>For the six months ended June 30 (in RMB million)</b>			
	<b>2017</b>	2016	Change (%)
<b>Operating results</b>			
Net profit	<b>12,554</b>	12,292	2.1
Net interest income <sup>(1)</sup>	<b>37,361</b>	37,595	(0.6)
Net non-interest income	<b>16,712</b>	17,174	(2.7)
<b>Operational efficiency</b>			
Cost-to-income ratio (%)	<b>24.76</b>	28.80	-4.04 pps
Net interest margin (annualized) (%)	<b>2.45</b>	2.83	-0.38 pps

(1) In 2016, Ping An Bank re-classified the net income of precious metal leasing from net non-interest income into net interest income.

In the first half of 2017, Ping An Bank's loan yields fell significantly year on year due to China's VAT reform from May 1, 2016, while its average cost ratio of interest-bearing liabilities rose year on year due to higher interest rates in the interbank market; as a result, its net interest margin narrowed and its net interest income dropped 0.6% year on year.

**Ping An Bank promoted transformation into a smart retail bank.** Ping An Bank continued its transformation into a smart retail bank centering on "SAT" (social media + app + tele). By integrating apps and upgrading their functions, the bank achieved online leadership by the number of monthly active users. It rebuilt its offline outlets, aiming for a smart bank without long waiting lines. Meanwhile, it utilized smart technologies and remote service teams to integrate online and offline processes and offer seamless experience. All these efforts helped Ping An Bank maintain rapid growth in retail customers, retail customers' assets under management (AUM), and retail loans (including credit card loans). The retail business realized an income of RMB21,769 million for the first half of 2017, accounting for 40% of the bank's total income, and profit before tax of RMB10,597 million, accounting for 64% of the bank's total profit before tax.

	June 30 2017	December 31 2016	Change (%)
<b>Customer structure</b>			
Number of retail customers <sup>(1)</sup> (in thousand)	<b>58,430</b>	52,390	11.5
Contribution to the number of the Group's retail customers (%)	<b>40.8</b>	40.0	0.8 pps
Number of customers holding products from other subsidiaries of the Group (in thousand)	<b>24,400</b>	20,150	21.1
Number of customers holding Ping An Life's products (in thousand)	<b>13,960</b>	11,560	20.8
<b>Retail customers' assets under management (AUM, in RMB million)</b>	<b>950,970</b>	797,600	19.2
<b>Retail loans (including credit card loans, in RMB million)</b>	<b>657,035</b>	540,944	21.5
<b>Number of credit cards in circulation (in thousand)</b>	<b>29,630</b>	25,610	15.7

(1) The number of retail customers includes the number of debit card and credit card clients with duplication removed, based on which the number of retail customers by the end of 2016 was restated.

**Ping An Bank enhanced its corporate banking, and promoted business growth under the philosophy of being asset-light, capital-light, and industry-oriented.** Ping An Bank reinforced its expertise strength in certain sectors, and focused primarily on financial services with good growth potential such as health care, culture, tourism, and electronic information. In order to practise the philosophy of being asset-light and capital-light, it insisted on development of investment banking and asset custody. In the first half of 2017, the bonds underwritten by the bank amounted to RMB45.2 billion. By the end of June 2017, the bank's net asset value under custody amounted to RMB5.69 trillion, and it realized RMB1,857 million in asset custody fee income in the first half of 2017.

**Ping An Bank managed risks in a proactive, orderly manner.** Ping An Bank actively managed external risks, and maintained stable asset quality. It scaled up provisions for non-performing assets (NPAs) and strengthened collection and disposal. Its loan loss provision ratio and provision coverage ratio both increased. In the first half of 2017, it recovered NPAs of RMB4,401 million, 66.5% higher year on year; 90% of the amount of recovered NPAs was collected in cash, while the rest in kind.

# Business Analysis

## Banking Business

### Loan Quality

(in RMB million)	June 30 2017	December 31 2016	Change (%)
Pass	<b>1,500,235</b>	1,389,396	8.0
Special mention	<b>66,009</b>	60,703	8.7
Sub-standard	<b>13,760</b>	13,833	(0.5)
Doubtful	<b>4,977</b>	4,494	10.7
Loss	<b>9,300</b>	7,375	26.1
Total loans and advances	<b>1,594,281</b>	1,475,801	8.0
Total non-performing loans	<b>28,037</b>	25,702	9.1
Non-performing loan ratio (%)	<b>1.76</b>	1.74	0.02 pps
Percentage of special mention (%)	<b>4.14</b>	4.11	0.03 pps
Impairment provision balance	<b>(45,229)</b>	(39,932)	13.3
Loan loss provision ratio (%)	<b>2.84</b>	2.71	0.13 pps
Provision coverage ratio (%)	<b>161.32</b>	155.37	5.95 pps
Provision coverage ratio for loans overdue for a period of more than 90 days (%)	<b>104.67</b>	98.51	6.16 pps

In the first half of 2017, affected by internal and external factors such as the current economic and financial situation as well as their own operational capabilities, some companies were faced with operating difficulties and decreasing financing capacity with the emergence of overdue loans and interest, causing the non-performing and special mention loans to climb. Ping An Bank took proactive measures to manage existing loans. Meanwhile, it strictly controlled incremental business to prevent the asset quality from declining, and maintained stable asset quality.

### Ping An Bank made significant progress in improvement of quality and efficiency.

While pursuing flat, efficient and direct organization management, Ping An Bank was active in streamlining the organization structure to improve management efficiency. It proactively sought internet technology, product and marketing talents in credit card, consumer finance, auto financing and big data platforms to achieve rapid growth in retail performance.

Meanwhile, Ping An Bank continued to built smart outlets and developed a robust network of outlets. In the first half of 2017, it opened 9 new business outlets (including 4 branches in Tangshan, Xuzhou, Guiyang and Zibo). As at the end of June 2017, Ping An Bank had 64 branches and 1,081 business outlets.

### Capital Adequacy Ratio

(in RMB million)	June 30 2017	December 31 2016	Change (%)
Net core tier 1 capital	<b>176,695</b>	170,088	3.9
Net tier 1 capital	<b>196,648</b>	190,041	3.5
Net capital	<b>243,956</b>	234,387	4.1
Total risk weighted assets	<b>2,172,742</b>	2,033,715	6.8
Core tier 1 capital adequacy ratio (%)			
(regulatory requirement >=7.5%)	<b>8.13</b>	8.36	-0.23 pps
Tie 1 capital adequacy ratio (%)			
(regulatory requirement >=8.5%)	<b>9.05</b>	9.34	-0.29 pps
Capital adequacy ratio (%)			
(regulatory requirement >=10.5%)	<b>11.23</b>	11.53	-0.30 pps

Note: Capital requirements regarding credit risk, market risk and operational risk are measured by the weighted method, standard method and basic index method, respectively.

**FINANCIAL ANALYSIS****Results of Operation**

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Net interest income	<b>37,361</b>	37,595	(0.6)
Average balance of interest-earning assets	<b>3,070,356</b>	2,674,326	14.8
Net interest margin (%) <sup>(1)</sup>	<b>1.22</b>	1.41	-0.19 pps
Net interest margin (annualized) (%)	<b>2.45</b>	2.83	-0.38 pps
Net Non-interest income	<b>16,712</b>	17,174	(2.7)
Including: net fees and commission income	<b>15,748</b>	15,049	4.6
Other net non-interest income	<b>964</b>	2,125	(54.6)
Total Revenue	<b>54,073</b>	54,769	(1.3)
General and administrative expenses	<b>(13,386)</b>	(15,774)	(15.1)
Cost-to-income ratio (%) <sup>(2)</sup>	<b>24.76</b>	28.80	-4.04 pps
Loan impairment losses	<b>(22,856)</b>	(19,714)	15.9
Average balance of loans (including bill discount)	<b>1,555,091</b>	1,268,061	22.6
Credit costs (%) <sup>(3)</sup>	<b>1.47</b>	1.55	-0.08 pps
Credit costs (annualized) (%)	<b>2.94</b>	3.11	-0.17 pps
Other expenses	<b>(1,399)</b>	(3,127)	(55.3)
Profit before tax	<b>16,432</b>	16,154	1.7
Income tax	<b>(3,878)</b>	(3,862)	0.4
Net profit	<b>12,554</b>	12,292	2.1

(1) Net interest margin = net interest income/average balance of interest-earning assets.

(2) Cost-to-income ratio = general and administrative expenses/total revenue.

(3) Credit costs = loan impairment losses/average balance of loans (including bill discount).

**Net Interest Income**

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
<b>Interest income</b>			
Due from the PBOC	<b>2,085</b>	2,069	0.8
Due from financial institutions	<b>4,663</b>	4,693	(0.6)
Loans and advances	<b>45,912</b>	42,044	9.2
Interest income from investment	<b>17,144</b>	14,631	17.2
Others	<b>1,844</b>	1,647	12.0
Total interest income	<b>71,648</b>	65,084	10.1
<b>Interest expenses</b>			
Due to the PBOC	<b>(774)</b>	(456)	69.7
Due to financial institutions	<b>(9,515)</b>	(4,243)	124.3
Deposits	<b>(17,542)</b>	(18,440)	(4.9)
Bonds payable	<b>(6,456)</b>	(4,350)	48.4
Total interest expenses	<b>(34,287)</b>	(27,489)	24.7
Net interest income	<b>37,361</b>	37,595	(0.6)

# Business Analysis

## Banking Business

### NET FEES AND COMMISSION INCOME

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

	2017	2016	Change (%)
<b>Fees and commission income</b>			
Settlement fees income	1,274	1,162	9.6
Wealth management fees income	2,242	2,424	(7.5)
Agency commissions income	1,660	1,665	(0.3)
Bank card fees income	7,642	5,652	35.2
Consultancy fees income	1,752	2,059	(14.9)
Account management fees income	82	90	(8.9)
Asset custody fees income	1,857	2,000	(7.2)
Others	1,360	1,531	(11.2)
<b>Total fees and commission income</b>	<b>17,869</b>	<b>16,583</b>	<b>7.8</b>

### Fees and commission expenses

Agency expenses	(165)	(143)	15.4
Bank card fees expenses	(1,791)	(1,249)	43.4
Others	(165)	(142)	16.2
<b>Total fees and commission expenses</b>	<b>(2,121)</b>	<b>(1,534)</b>	<b>38.3</b>

<b>Net fees and commission income</b>	<b>15,748</b>	<b>15,049</b>	<b>4.6</b>
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### OTHER NET NON-INTEREST INCOME

Other net non-interest income is comprised of investment income, gains and losses from fair value changes, foreign exchange gains and losses, other business income, and other incomes. For the first half of 2017, other net non-interest income was RMB964 million, down 54.6% year on year, mainly due to the reduced profit from bill trading.

### Cost-To-Income Ratio

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

	2017	2016	Change (%)
General and administrative expenses	13,386	15,774	(15.1)
<b>Cost-to-income ratio (%)</b>	<b>24.76</b>	<b>28.80</b>	<b>-4.04 pps</b>

In the first half of 2017, Ping An Bank optimized its organizational and employee structures and improved operating efficiency. Its cost-to-income ratio optimized by 4.04 percentage points as compared with the prior year.

### Loan Impairment Losses

In the first half of 2017, loan impairment losses grew 15.9% year on year, primarily due to the increase in loan loss provision of Ping An Bank.

### Income Tax

For the six months ended June 30

	2017	2016	Change
<b>Effective tax rate (%)</b>	<b>23.60</b>	<b>23.91</b>	<b>-0.31 pps</b>



# Business Analysis

## Asset Management Business

- Ping An Trust reinforced its risk management, and continued its “wealth + fund” transformation.
- Ping An Securities developed its differential advantages, outperforming industry average.
- Ping An Asset Management recorded steady AUM growth. The assets under investment management by the end of the first half of 2017 totaled RMB2,486.4 billion, up 10.0% from the beginning of the year.

### TRUST BUSINESS Business Overview

The Company offers investment and financing services through Ping An Trust and Ping An New Capital to high-net-worth individuals (HNWIs), institutional clients, interbank clients and other subsidiaries of the Company.

In the first half of 2017, Ping An Trust continued to reinforce the “wealth + fund” model in its efforts to strive for a combination of individual wealth management, institutional asset management and private equity investment banking. Through providing direct financing services, it aimed to serve the real economy and to facilitate economic transition by holding fast to the philosophy of “investment + investment banking”. It served to meet funding needs of wealth management and investment in an attempt to help private sector and real economy thrive. Ping An Trust established China’s first “China Ping An Charity Trust Product Platform” as it has been committed to its social responsibilities. It aims to give back to society through development of charity trust plans.

In developing personal wealth management, Ping An Trust served the Group’s HNWIs on the Group’s integrated finance platform as well as internet platform. It focused on building up a good reputation by virtue of differential

advantages coming from trust services that are specialized and safe, product lines that are excellent and abundant, and customer experience that is convenient and considerate. By the end of June 2017, it served 65.5 thousand active wealth customers, 24.7% higher from the beginning of the year. Ping An Trust diversified its family trust product line, especially by launching insurance trust plans with Ping An Life, to combine wealth inheritance, asset allocation, and insurance protection. Moreover, it differentiated its personal wealth management services by offering charity trust plans to wealth management customers.

In developing institutional asset management business and private equity investment banking, Ping An Trust made the most of the “investment + investment banking” advantages and continued to improve its integrated financial service capabilities, catering for asset allocation needs of institutional investors. As at the end of the first half of 2017, Ping An Trust provided professional investment services to nearly 50 insurers and annuity companies as well as over 40 banks. Meanwhile, it provided leading companies with various means of direct finance such as equity, debt, mezzanine financing and fund services, and had positive effects on funding such government-backed areas as urbanization, supply-side reform, industry upgrading, and the “One Belt, One Road” strategy.

# Business Analysis

## Asset Management Business

Ping An Trust continued to enhance the risk management framework featured by full participation, full-process control and full coverage of business. It strictly controlled asset admission, and enhanced risk identification and mitigation methods. It has established a multi-level architecture tracking progress in project implementation. It kept innovating risk disposal methods, and enhancing inspections on compliance related to product designing and promotion. All these measures were used to ensure its business risks are under control.

### Results Of Operation

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

	2017	2016	Change (%)
Fees and commission income	2,153	2,043	5.4
Monthly average assets held in trust	663,636	614,623	8.0
Fee rate of assets held in trust (%) <sup>(1)</sup>	0.32	0.33	-0.01 pps
Fees and commission expenses	(88)	(356)	(75.3)
Net fees and commission income	2,065	1,687	22.4
Administrative expenses	(603)	(804)	(25.0)
Total investment income <sup>(2)</sup>	1,470	432	240.3
Other net income and expenses	(37)	(170)	(78.2)
Profit before tax	2,895	1,145	152.8
Income tax	(633)	(247)	156.3
Net profit	2,262	898	151.9

- (1) Fee rate of assets held in trust = fees and commission income/monthly average assets held in trust.  
(2) Total investment income includes investment income and share of profits and losses of associates and jointly controlled entities under the segmented income statement.

In the first half of 2017, the net profit of the trust business soared 151.9% year on year, supported by strong year-on-year growth in investment income.

### Asset held in trust

(in RMB million)	June 30 2017	December 31 2016	Change (%)
<b>Investment category</b>			
Securities investment	23,480	30,129	(22.1)
Financial institutions' investment	58,377	48,824	19.6
Other investments <sup>(1)</sup>	51,535	62,358	(17.4)
Subtotal	133,392	141,311	(5.6)
<b>Financing category</b>			
Infrastructure industry financing	16,026	18,257	(12.2)
Real estate industry financing	32,064	27,163	18.0
Corporate loans	92,587	86,334	7.2
Other financing <sup>(2)</sup>	9,799	13,061	(25.0)
Subtotal	150,476	144,815	3.9
<b>Administrative category <sup>(3)</sup></b>	<b>348,773</b>	391,095	(10.8)
Total	632,641	677,221	(6.6)

- (1) Other investments refer to investments other than the above, including structured equity investment, industrial investment, and other investment businesses.  
(2) Other financing refers to financing other than the above, including financing by acquiring securities, financial assets and other debts.  
(3) An administrative trust refers to a trust scheme under which a trust company, acting as the trustee, provides the trustor (beneficiary) with administrative and executive services for specified purposes.

As at June 30, 2017, Ping An Trust had RMB632,641 million in assets under management, 6.6% lower than that at the end of 2016.

## Fees and commission income

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

	2017	2016	Change (%)
Fees and commission income	<b>2,153</b>	2,043	5.4
Investment category	<b>1,138</b>	826	37.8
Financing category	<b>745</b>	989	(24.7)
Administrative category	<b>270</b>	228	18.4
Fee rate of assets held in trust (%)	<b>0.32</b>	0.33	-0.01 pps
Investment category (%)	<b>0.86</b>	0.52	0.34 pps
Financing category (%)	<b>0.50</b>	0.65	-0.15 pps
Administrative category (%)	<b>0.07</b>	0.08	-0.01 pps

(1) Fee rate of assets held in trust = fees and commission income/average assets held in trust.

In the first half of 2017, the fees and commission income from the trust business amounted to RMB2,153 million, 5.4% higher year on year.

## Total investment income

In the first half of 2017, the total investment income of the trust business grew 240.3% year on year, mainly due to exit from investment projects.

## SECURITIES BUSINESS Business Overview

The Company provides securities brokerage, futures brokerage, investment banking, asset management, and financial advisory services through Ping An Securities and its subsidiaries, i.e. Ping An Futures, Ping An Caizhi, Ping An Securities (Hong Kong), and Ping An Pioneer Capital.

The first half of 2017 witnessed stricter risk-control rules as well as de-leveraging policies, economic stabilization, resulting in significant impacts on capital markets. Ping An Securities has been pursuing transformation so as to respond to changes in the market. Its net profit slightly declined 2.6% compared with the prior year but better than industry average.

In terms of internet brokerage business, backed by internet technologies and research expertise, Ping An Securities has been dedicated to development of the Group's huge individual customer base, and enhancement of cooperation between internal and external platforms. Ping An Securities ranked No.1 in the industry in terms of brokerage customer

base, while boosting customer activity and market share in brokerage volumes. The Ping An Securities app enjoyed steady growth in its active users, with the number of monthly active users ranking No. 3 among securities firms. Its market share in brokerage volumes was motoring ahead. The app's smart asset allocation function enabled customized product and investment options. It's product sales were growing strongly, with a balance of RMB66,138 million, up 12.7% from the beginning of the year.

	June 30 2017	December 31 2016	Change (%)
<b>Brokerage business</b>			
Number of customers (in thousand)	<b>11,210</b>	10,090	11.1
Number of daily active customers (in thousand)	<b>1,310</b>	870	50.6
Market share in brokerage volumes (%)	<b>2.32</b>	2.04	0.28 pps

In institutional business, Ping An Securities was active in transforming its fixed-income business so as to seek breakthroughs given corrections in bond market. It developed its underwriting business by increasing project reserves of SOE bonds and convertible bonds as well as enhancing cooperation with Ping An Bank to address a huge drop in issuing volumes of corporate bonds and support customers with integrated solutions. The bond underwriting volume ranked 5th in the industry, 1 place higher than in 2016. For trading business, with focus on the asset-light and low-risk strategic trading business, Ping An Securities steadily increased trading volumes of bonds and interest rate swap market making. The interest rate swap market making ranked the 1st among securities companies, with income from strategic trading and market making soaring 1,600%. In terms of asset management business, given stricter regulatory rules and pressure on business volume, Ping An Securities advanced transformation of its active management businesses with respect to channels, products and investments. It further managed liquidity risks, and the income from actively managed AUM rose 45.2% year on year. It proactively developed asset-backed securitization business, with the new business volume reaching RMB19 billion in the first half of 2017. The underwriting of ABS supervised by the CSRC ranked 6th

# Business Analysis

## Asset Management Business

in the industry. It made breakthroughs in implementation of large equity investment projects. It also worked to acquire business opportunities from bank customers and made progress in projects in pipeline.

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
<b>Fixed-income business</b>			
Trading volumes of interest rate swap market making	<b>416,455</b>	261,630	59.2
Trading volumes of spot bond market making	<b>73,608</b>	12,230	501.9

In the first half of 2017, given the changing market environment, Ping An Securities stepped up efforts to manage business risks and credit risks, aiming to avoid any material risk events.

### Results of Operation

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Fees and commission income	<b>1,903</b>	2,562	(25.7)
Fees and commission expenses	<b>(334)</b>	(309)	8.1
Net fees and commission income	<b>1,569</b>	2,253	(30.4)
Total investment income <sup>(1)</sup>	<b>2,024</b>	1,325	52.8
Other income <sup>(2)</sup>	<b>667</b>	302	120.9
Operating income	<b>4,260</b>	3,880	9.8
Administrative expenses	<b>(1,793)</b>	(2,019)	(11.2)
Cost-to-income ratio (%)	<b>42.1</b>	52.0	-9.9 pps
Financial expenses	<b>(350)</b>	(238)	47.1
Other expenses	<b>(702)</b>	(190)	269.5
Profit before tax	<b>1,415</b>	1,433	(1.3)
Income tax	<b>(228)</b>	(214)	6.5
Net profit	<b>1,187</b>	1,219	(2.6)

(1) Total investment income includes investment income and share of profits and losses of associates and jointly controlled entities in the segmented income statement. Investment income excludes impairment loss of investment assets and rents from investment properties.

(2) Other income includes other income and other gains and foreign exchange gains or losses under the segment income statement. Other income and other gains exclude non-operating income.

### Fees and commission income

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Brokerage business income	<b>1,071</b>	1,117	(4.1)
Brokerage volumes	<b>2,403,928</b>	2,397,282	0.3
Brokerage commission rate (%)	<b>0.04</b>	0.05	-0.01 pps
Underwriting business income	<b>305</b>	755	(59.6)
Underwriting business size	<b>30,164</b>	77,646	(61.2)
Underwriting commission rate (%)	<b>1.01</b>	0.97	0.04pps
Assets management income	<b>208</b>	148	40.5
Monthly average AUM	<b>217,509</b>	176,033	23.6
Assets management business fee rate (%) <sup>(1)</sup>	<b>0.10</b>	0.08	0.02 pps
Other fees and commission income	<b>319</b>	542	(41.1)
Total fees and commission income	<b>1,903</b>	2,562	(25.7)

(1) Assets management business fee rate= asset management income/monthly average AUM.

In the first half of 2017, the commission income of Ping An Securities' brokerage business was slightly lower compared with the prior year due to the lackluster trading in the A-share secondary market and the decreased commission rate; the commission income of its underwriting business decreased sharply year on year due to a significant drop in the bond underwriting volume; the income of its asset management business grew year on year due to an increase in AUM and a higher proportion of actively-managed AUM which boosted the asset management fee rate.

### Investment income

In the first half of 2017, Ping An Securities's investment income delivered remarkable growth compared with the prior year, following exit from Ping An Caizhi's PE project as well as good performance in the strategic trading business.

### Cost-to-income ratio

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Administrative expenses	<b>1,793</b>	2,019	(11.2)
Cost-to-income ratio (%) <sup>(1)</sup>	<b>42.1</b>	52.0	-9.9 pps

(1) Cost-to-income ratio = administrative expenses/operating income.

Ping An Securities' cost-control initiatives started to take effect as the cost-to-income ratio fell sharply year on year.

## OTHER ASSET MANAGEMENT BUSINESSES

### Ping An Asset Management

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

Ping An Asset Management has always adhered to its prudent investment style and professional investment operation. In addition, it stringently managed risks and acted effectively in investment operations. All these efforts help it take every investment opportunity to realize wealth protection and appreciation. In the first half of 2017, growth in the asset management industry declined due to regulators' strict rules and financial de-leveraging. The third-party asset management fees income had some reduction compared with the prior year as stocks showed mixed performance, and the bond market continued weakening. Going forward, Ping An Asset Management will continue its innovation efforts, and insist on expanding product lines. By combining its

core investment capability with extensive experience, it aims to provide investors with comprehensive, one-stop asset management services and solutions, catering for customers' needs and creating value for customers.

### Summary of operating data

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Net profit	<b>1,330</b>	1,047	27.0
Third-party asset management fees income	<b>958</b>	1,052	(8.9)

(in RMB million)	June 30 2017	December 31 2016	Change (%)
Assets under investment management	<b>2,486,407</b>	2,259,435	10.0
Third-party assets under management	<b>295,079</b>	280,035	5.4

### Ping An Financial Leasing

Ping An Financial Leasing was founded in September 2012. Leveraging on the Group's solid capital strength, outstanding brand influence and synergies of the full financial licenses, as well as the integrated financial services platform, Ping An Financial Leasing strives to become the specialized leader in the fields of SME customer and professional market with unique commercial vitality and extension capabilities in the industry, providing customers with more flexible and diversified financial products and more comprehensive value-added services.

By the end of June 2017, Ping An Financial Leasing's total assets reached RMB140.3 billion, up 23.1% from the beginning of the year. In the first half of 2017, its income reached RMB4,153 million, up by 46.9% over the same period last year; its net profit reached RMB852 million, up by 46.1% over the same period last year. Meanwhile, Ping An Financial Leasing maintained a stable level of asset quality with a non-performing asset ratio of 0.98%.

# Business Analysis

## Internet Finance Business

- Lufax Holding maintained fast growth in wealth management, consumer finance and institutional trading, and further strengthened its leadership in the market.
- Ping An Good Doctor has provided health management services for 160 million users, with a daily peak of 460,000 inquiries.
- The Finance One Account platform had 203 million registered users. It is already working with 406 banks and 1,493 non-banking financial and quasi-financial institutions.

The Company conducts the internet finance business via companies such as Lufax Holding, Ping An Good Doctor, and Finance One Account.

### LUFAX HOLDING

Lufax Holding is focusing efforts to make good use of technologies and innovations. With extensive financial experience and knowledge, it caters for increasingly diversified wealth management needs of the general public. It has become a leading one-stop internet finance transaction information service platform in China featured by independence and openness. In the first half of 2017, Lufax Holding became profitable and achieved fast growth in wealth management, consumer finance, and institutional trading of financial assets.

Lufax helps individuals manage and increase their wealth online, and strives to provide them with one-stop financial services nationwide. In the first half of 2017, assets traded on Lufax's platforms maintained strong growth and mobile transactions accounted for over 96% of retail transactions. Lufax has become a convenient wealth management platform preferred by internet users.

As one of China's largest providers of consumer finance and micro-finance services, it meets financing needs of individuals and micro businesses. As at June 30 2017, the consumer finance business had 491 offline lending and

service outlets, and had granted loans of RMB431,619 million in total since establishment, in which unsecured loans and secured loans reached RMB284,053 million and RMB147,566 million respectively.

In addition to catering for financial asset trading needs of institutions, work is also underway to develop Lufax's cross-border business and asset-fund matching among institutions. Since its establishment, Lufax Holding's institutional trading volume had amounted to RMB8,967,836 million by the end of June 2017.

### Number of users

(in thousand)	June 30 2017	December 31 2016	Change (%)
Lufax's registered users	<b>31,230</b>	28,380	10.0
Investor users	<b>8,970</b>	8,130	10.3
Active investor users	<b>7,660</b>	7,400	3.5
Borrowers	<b>5,540</b>	3,770	46.9

### Trading volume

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Wealth management	<b>1,098,539</b>	665,896	65.0
New loans	<b>159,623</b>	60,493	163.9
Institutional trading	<b>3,687,231</b>	2,536,035	45.4

**Asset under management**

(in RMB million)	June 30 2017	December 31 2016	Change (%)
Assets under management	<b>511,370</b>	438,379	16.7
Balance of loans under management	<b>225,116</b>	146,640	53.5

**PING AN GOOD DOCTOR**

Ping An Good Doctor focuses on providing a healthcare ecosystem featuring one-stop and whole-process O2O services. At the heart of the ecosystem is online medical service. With inclusion of standard pan medical products and health management services, it provides all-round medical services aligned with customer requirements. In May 2017, Ping An Good Doctor established its first online hospital in Qingdao. As of the end of June 2017, Ping An Good Doctor built a medical team of nearly 1,000 members, providing 24/7 advisory services online. More than 60,000 contracted external doctors provide follow-up advice. Appointment making at about 2,300 hospitals is available on the app, which has also been in cooperation with over 700 checkup institutions in 191 cities nationwide. Moreover, Ping An Good Doctor has B2C medicine distribution nationwide, and O2O medicine delivery within 1 hour in 13 tier-1 cities. More than 50,000 common drugs and dietary supplements are available on the app. It has provided health management services for 160 million users. The peak number of monthly active users hit 20 million, while that of daily inquiries reached 460,000.

**FINANCE ONE ACCOUNT**

Finance One Account, committed to providing comprehensive services for individuals and institutions, stepped up efforts to develop an open platform in the ecosystem of serving financial institutions. Targeting individual users, Finance One Account continued to develop scenarios of account, wealth, credit and life management. It had 203 million users, up 9.7% from the beginning of the year. Sales of financial products soared 111.5% to RMB36,800 million year on year. Besides, through its cloud service platform, it provides e-banking, unified payment, credit reference, and interbank trading services for such financial institutions as small- and medium-sized banks. In the first half of 2017, it worked with 406 banks and 1,493 non-banking financial and quasi-financial institutions. The interbank trading volume grew by RMB2.62 trillion. With over 356 million credit inquiries, its credit reference system has become an effective supplement to the PBOC's Credit Reference Center.

# Business Analysis

## Technology-Powered Business Transformation

- As at June 30 2017, Ping An had filed 1,458 patent applications in total.
- Ping An has built the largest proprietary cloud platform in the financial industry – Ping An FinCloud, which meets the highest financial security standards; over 70% of the Group’s core business systems have been connected into Ping An FinCloud.
- Ping An’s world-leading face recognition technology has an accuracy rate as high as 99.8%, and has been successfully applied to over 200 scenarios within or outside the Group.

### THE GROUP’S TECHNOLOGY-POWERED TRANSFORMATION STRATEGY

On the way to the technological innovation and exploration, Ping An has always been a pioneer in the industry. In recent years, Ping An used advanced technologies to support and drive the transformation of its core business activities, and successfully incubated a series of industry-leading innovative businesses such as Lufax Holding and Finance One Account.

Ping An attaches great importance to R&D and talent development. The Group has over 20,000 R&D staff members, and 19% of the employees hold a master’s or higher degree. Moreover, the Group has cooperated with top universities and renowned research institutes across the world (e.g. Massachusetts Institute of Technology and National Institutes of Health in the U.S.) to develop new fintechs and healthtechs.

The significant attention and resource devoted to technologies has generated high-quality R&D output. Ping An’s innovative technologies such as artificial intelligence (AI), big data, cloud computing and blockchain have been applied to health care, dining, housing, travel, entertainment and financial scenarios within or outside the Group. As at June 30, 2017, Ping An had filed 1,458 patent applications in total, covering various technologies such as big data, mobile connectivity, AI, cloud, and risk monitoring.

### TECHNOLOGY-POWERED BUSINESS TRANSFORMATION

Strategically positioned as a world-leading personal financial services provider, Ping An has focused its innovative technologies on pan financial assets and pan health care, and applied them to four ecosystems, i.e. the financial services ecosystem, the health care ecosystem, the auto services ecosystem, and the real estate finance ecosystem.

#### Financial Services Ecosystem

After years of innovation and exploration, Ping An has built fintech-powered business models, connected assets to funds via “open platforms + open marketplaces,” and successfully developed various innovative financial businesses such as Lufax Holding, Lu International, Finance One Account, and Qianhai Credit. On June 30, 2017, Chongqing Financial Assets Exchange under Lufax Holding launched China’s first “smart cloud platform for public asset and liability management” in cooperation with Nanning Government to address pain points in local public asset and liability management.

#### Health Care Ecosystem

In the health care ecosystem, Ping An has built a comprehensive, robust “patient-provider-payer” model. Via the online “Ping An Good Doctor” health management platform and the offline “Ping An Wanjia Healthcare” health service chain, Ping An has connected hospitals, clinics, doctors, drug stores, checkup centers and other medical institutions to provide patients with comprehensive health care services. Moreover, Ping An has built an industry-leading smart Social Health Insurance management platform to help governments cut insurance costs, improve services, and manage risks.



### Auto Services Ecosystem

In the auto services ecosystem, Ping An serves large numbers of auto-related individual financial customers and internet users via Autohome, Ping An Property & Casualty, and the “Ping An Auto Owner” app. Moreover, via the car dealer platform, new car and second-hand car trading platforms, and spare part platform, Ping An serves large numbers of auto service businesses including most auto assembly plants and car dealers in China as well as leading second-hand car dealers and garages.

### Real Estate Finance Ecosystem

In the real estate finance ecosystem, Ping An cooperates with developers, property owners and real estate chains via Ping An Haofang and Real Estate Exchange, and constantly simplifies trading processes to provide various parties with more convenient financing and housing loan services.

## TECHNOLOGY-POWERED INNOVATION

Ping An is transforming from a traditional capital-powered model to a technology-powered model, and is building core infrastructure platforms with innovative technologies such as AI, big data, blockchain and cloud computing to support transformation of its core business activities.

### Core drivers

#### Scenarios

As a financial conglomerate with deep understanding of customers, Ping An uses advanced technologies to serve customers in various scenarios covering health care, dining, housing, travel, entertainment and finance. Moreover, Ping An has fundamentally reformed business models from customer acquisition to marketing, product development, risk management and data processing. Over 70% of the Group’s core business systems have been connected into Ping An FinCloud; 12 block chain-based financial and health care scenarios are being explored; the face recognition technology has been applied by subsidiaries of the Group to over 80 scenarios.

#### Data

Ping An has one of the largest big data platforms among Chinese financial institutions, with 8.5PB of data and 20,000 single user data labels. As China’s largest personal big data credit reference platform, Qianhai Credit helps over 2,200 institutions to manage risks with world-leading technologies and models.

#### Speed

Ping An FinCloud is a proprietary financial cloud platform developed by Ping An. Focused on vertical financial areas, it provides multi-tier one-stop solutions and value-added services in comprehensive financial business scenarios to meet diverse customer demands. It now ranks first by size in the financial industry.

- Ping An FinCloud meets the world’s highest Tier-4 design and construction

standards, and has been recognized by PBOC, CBRC, CIRC and CSRC.

- The basic environment of Ping An FinCloud can be deployed within 150 seconds, allowing an institution to finish most deployment jobs within one day.
- 59% of product/system updates can be completed within 14 days; 89% of product/system updates can be completed within 30 days.
- Via its “multi-location, multi-center” layout, Ping An FinCloud provides traditional financial and internet finance systems with production, development, testing and disaster recovery environments.

### AI

Currently, AI is the core of Ping An Group’s R&D. Ping An Technology is investing more than half of its time in AI research and development.

Perception AI technologies: With an accuracy rate of 98.8%, Ping An’s face recognition technology has been widely recognized across the world. It can process over 30,000 human faces per minute. It has been used over 300 million times, and has been applied to over 200 scenarios within or outside the Group. With a text-dependent accuracy rate of 99%, Ping An’s voiceprint technology can complete voice recognition within 3 seconds and complete registration within 9 seconds; with a text-independent accuracy rate of 93%, the technology can complete voice recognition within 10 seconds and complete registration within 18 seconds; the technology supports testing and verification by 1V1, 1VN, and multiple channels.

Prediction AI Technologies: Ping An Technology has worked with Chongqing Center for Disease Control and Prevention to develop the world’s first “AI + big data” flu forecasting model, which forecasts flu trends precisely and helps public health authorities to monitor the disease and give warnings.

Prescription AI technologies: Ping An has pioneered image-based loss verification in the industry, using images and deep learning to provide superfast claims services. Launched in 2016, the technology has increased the speed of loss verification for auto insurance by 4,000 times compared with traditional practices. It now supports division of 14 parts on the external appearance and verification of four loss degrees.

Going forward, Ping An will further develop leading technologies and continue the technology-powered business transformation and innovation to increase efficiency, improve customer experience, and boost results. Besides applications within the Group, Ping An will seek opportunities to supply technological capabilities to external parties and build new service ecosystems.

# Analysis of Embedded Value

In order to provide investors with an additional tool to understand our economic value and business performance results, the Company has disclosed information regarding embedded value (EV) in this section. The embedded value represents the shareholders' adjusted net asset value (ANA) plus the value of the Company's in-force life and health insurance business (L&H) adjusted for the cost of holding the required capital. The embedded value excludes the value of future new business.

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 analysis of embedded value as at June 30, 2017.

The calculation of the analysis of embedded value relies on a number of assumptions with respect to future experience. 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.

The "Standards for Actuarial Practice: Valuation Standard for Embedded Value of Life Insurance" (the "Standards") issued by the China Association of Actuaries became effective in November 2016. The Company has disclosed the interim embedded value for 2017 in accordance with the standards and C-ROSS. The quoted interim results of 2016 have been restated according to current assumptions and method.

## KEY DATA SUMMARY

(in RMB million)	For the six months ended June 30 2017 /June 30 2017	For the six months ended June 30 2016 /December 31 2016	Change(%)
EV of Group	<b>739,144</b>	637,703	15.9 YTD
Operating Return on EV (Operating ROEV) of Group (not annualized)	<b>15.4%</b>	14.6%	0.8 pps YoY
EV of L&H	<b>446,600</b>	360,312	23.9 YTD
Operating ROEV of L&H (not annualized)	<b>21.8%</b>	17.6%	4.2 pps YoY
Value of first half year's new business after cost of capital (NBEV)	<b>38,551</b>	26,370	46.2 YoY
Residual margin	<b>545,329</b>	454,677	19.9 YTD
Release of Residual margin	<b>23,987</b>	17,296	38.7 YoY
Ultimate investment return rate	<b>5%</b>	5%	-
Risk discount rate	<b>11%</b>	11%	-

## COMPONENTS OF ECONOMIC VALUE

(in RMB million)	June 30 2017	December 31 2016
Adjusted net asset value	<b>460,505</b>	407,340
Including: Adjusted net asset value of L&H	<b>167,961</b>	129,949
Value of in-force insurance business written prior to June 1999	<b>16,870</b>	16,515
Value of in-force insurance business written since June 1999	<b>301,120</b>	249,382
Cost of capital	<b>(39,351)</b>	(35,535)
<b>EV of Group</b>	<b>739,144</b>	637,703
Including: EV of L&H	<b>446,600</b>	360,312
<hr/>		
(in RMB million)	June 30 2017	December 31 2016
Value of one year's new business	<b>81,698</b>	66,321
Cost of capital	<b>(18,712)</b>	(15,516)
<b>Value of one year's new business after cost of capital</b>	<b>62,986</b>	50,805
<b>Value of first half year's new business after cost of capital</b>	<b>38,551</b>	26,370

Note: Figures may not match totals due to rounding.

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

### KEY ASSUMPTIONS

The assumptions used in the embedded value calculation as at June 30, 2017 are the same as those used in 2016 year-end valuation.

# Analysis of Embedded Value

## VALUE OF NEW BUSINESS

The new business volumes measured by first year premium(FYP) and its new business value by segment for the first half of the year are as follows:

For the six months ended June 30 (in RMB million)	FYP used to calculate value of new business			Value of new business		
	2017	2016	Change(%)	2017	2016	change(%)
<b>Individual business</b>	<b>97,169</b>	70,418	38.0	<b>38,431</b>	26,254	46.4
<b>Agency</b>	<b>84,596</b>	56,771	49.0	<b>35,084</b>	24,363	44.0
Long-term protection	<b>29,518</b>	22,665	30.2	<b>25,518</b>	18,208	40.1
Saving (short-PPP)	<b>48,465</b>	27,247	77.9	<b>7,446</b>	4,196	77.4
Saving (long-PPP)	<b>2,951</b>	3,808	(22.5)	<b>1,047</b>	1,134	(7.6)
Short-term	<b>3,663</b>	3,051	20.1	<b>1,074</b>	826	30.1
<b>Tele, internet and others</b>	<b>6,781</b>	4,088	65.9	<b>2,906</b>	1,826	59.2
<b>Bancassurance</b>	<b>5,792</b>	9,559	(39.4)	<b>440</b>	65	580.6
<b>Group business</b>	<b>14,978</b>	13,543	10.6	<b>119</b>	116	3.2
<b>Total</b>	<b>112,147</b>	83,961	33.6	<b>38,551</b>	26,370	46.2

- Note: (1) Figures may not match totals due to rounding.  
(2) "PPP" stands for Premium Payment Period.  
(3) Long-term protection products cover whole-life, term life, critical illness and long term accident insurance. Saving products (short-PPP) cover endowment and annuity products with PPP below 10 years. Saving products (long-PPP) cover endowment and annuity products with PPP of 10 years and above.  
(4) In the table above, the assumptions and method used to calculate the value of the first half year's new business in 2016 are the same as current assumptions and method used to calculate the new business value. If the 2016 mid-year valuation's assumptions and method were used, the value of first half year's new business in 2016 would be RMB24,017 million.  
(5) Tele, internet and others includes telemarketing, internet marketing and Ping An Health's individual business.  
(6) The differences between FYP used to calculate value of new business and FYP disclosed in Business Analysis are explained in the appendix.

The profit margin of new business by segment:

For the six months ended June 30	By FYP		By ANP	
	2017	2016	2017	2016
<b>Individual business</b>	<b>39.6%</b>	37.3%	<b>41.6%</b>	42.9%
<b>Agency</b>	<b>41.5%</b>	42.9%	<b>42.8%</b>	45.0%
Long-term protection	<b>86.4%</b>	80.3%	<b>85.9%</b>	80.6%
Saving (short-PPP)	<b>15.4%</b>	15.4%	<b>16.3%</b>	16.9%
Saving (long-PPP)	<b>35.5%</b>	29.8%	<b>38.5%</b>	32.0%
Short-term	<b>29.3%</b>	27.1%	<b>29.5%</b>	27.2%
<b>Tele, internet and others</b>	<b>42.9%</b>	44.7%	<b>43.2%</b>	41.5%
<b>Bancassurance</b>	<b>7.6%</b>	0.7%	<b>11.9%</b>	2.5%
<b>Group business</b>	<b>0.8%</b>	0.9%	<b>1.1%</b>	1.1%
<b>Total</b>	<b>34.4%</b>	31.4%	<b>37.2%</b>	37.0%

Note: ANP (Annualised new premium) is calculated as the sum of 100 per cent of annualised first year premiums and 10 per cent of single premiums.

## EMBEDDED VALUE MOVEMENT

The table below shows how the Company's embedded value changes from the opening balance of RMB637,703 million to RMB739,144 million as at June 30, 2017.

(in RMB million)		2017	Note
<b>Opening EV of L&amp;H</b>	[1]	<b>360,312</b>	
Expected return on opening EV	[2]	<b>17,641</b>	Expected embedded value growth in the first half year of 2017
NBEV post-risk diversified, including:	[3]	<b>48,544</b>	Business written in the first half year of 2017
NBEV pre-risk diversified		<b>38,551</b>	Cost of capital calculated at the policy level
Risk diversification effects		<b>9,993</b>	Cost of capital is lower calculated at company level
Operating assumptions and model changes	[4]	<b>90</b>	
Operating variances and others	[5]	<b>12,380</b>	Operating experience variances
<b>EV operating profit of L&amp;H</b>	[6]= [2]+...+[5]	<b>78,654</b>	
Economic assumptions changes	[7]	<b>0</b>	
Market value adjustment	[8]	<b>(2,125)</b>	Change in market value from the beginning to the end of the period
Investment return variance	[9]	<b>15,981</b>	Actual investment return calculated on the basis of comprehensive income is higher than the assumed return in the first half year of 2017
<b>EV profit of L&amp;H</b>	[10]= [6]+...+[9]	<b>92,511</b>	
Shareholder dividends		<b>(6,223)</b>	The effect of dividends paid by Ping An Life to the Company
<b>Closing EV of L&amp;H</b>		<b>446,600</b>	
<b>Opening ANA of other business</b>	[11]	<b>277,391</b>	
<b>Net profit of other business</b>	[12]	<b>19,851</b>	
Market value adjustment and other variances		<b>(867)</b>	
<b>Closing ANA of other business before capital changes</b>		<b>296,375</b>	
Dividends received		<b>6,223</b>	Dividends paid by Ping An Life to the Company
Dividends payout		<b>(10,054)</b>	Dividends paid by the Company to shareholders
<b>Closing ANA of other business</b>		<b>292,544</b>	
<b>Closing EV</b>		<b>739,144</b>	
<b>EV per share (in RMB)</b>		<b>40.43</b>	

Note: Figures may not match totals due to rounding.

# Analysis of Embedded Value

For the half year ended 30 June 2017, EV operating profit of Group is RMB98,506 million, which is comprised of RMB78,654 million of EV operating profit of L&H and 19,851 million of net profit of other business. The main source of EV operating profit of L&H is value of new business and expected return on opening EV. Operating ROEV of Group (not annualized) and Operating ROEV of L&H (not annualized) are 15.4% and 21.8% respectively.

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

2017

EV operating profit of Group	[13]=[6]+[12]	<b>98,506</b>
EV operating profit of L&H	[6]	<b>78,654</b>
Operating ROEV of Group (not annualized)	[14]=[13]/([1]+[11])	<b>15.4%</b>
Operating ROEV of L&H (not annualized)	[15]=[6]/[1]	<b>21.8%</b>

## SENSITIVITY ANALYSIS

The Company has estimated the effect, on the embedded value of Group, embedded value of the life and health insurance 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:

- Investment return and risk discount rate
- A 10% increase in mortality, morbidity, and accident rate
- A 10% increase in policy discontinuance rates
- A 10% increase in maintenance expenses
- A 5% increase in the policyholders' dividend payout ratio
- A 10% decrease in fair value of equity asset

### Sensitivity of EV of Group to investment return and risk discount rate

#### Risk discount rate

(in RMB million)	10.5%	11.0%	11.5%
Investment return increased by 50bps per annum	787,443	773,983	761,581
Central case	750,772	739,144	728,421
Investment return decreased by 50bps per annum	713,953	704,162	695,121

### Sensitivity of EV of L&H to investment return and risk discount rate

#### Risk discount rate

(in RMB million)	10.5%	11.0%	11.5%
Investment return increased by 50bps per annum	494,899	481,439	469,037
Central case	458,228	446,600	435,877
Investment return decreased by 50bps per annum	421,409	411,618	402,578

### Sensitivity of value of one year's new business to investment return and risk discount rate

#### Risk discount rate

(in RMB million)	10.5%	11.0%	11.5%
Investment return increased by 50bps per annum	72,824	68,915	65,287
Central case	66,518	62,986	59,701
Investment return decreased by 50bps per annum	60,186	57,031	54,091

Sensitivity to other assumptions (in RMB million)	EV of Group	EV of L&H	Value of one year's new business
Central case	739,144	446,600	62,986
10% increase in mortality, morbidity, and accident rates	725,576	433,032	58,068
10% increase in policy discontinuance rates	731,954	439,410	60,369
10% increase in maintenance expenses	736,565	444,021	62,420
5% increase in the policyholders' dividend payout ratio	731,343	438,799	61,988
10% decrease in fair value of equity asset	725,151	434,454	NA

In the final part of this section, the residual margin of Ping An Life is disclosed to assist investors in assessment of Ping An Life's ability to continuously create value for shareholders.

### RESIDUAL MARGIN OF PING AN LIFE

According to the "No.2 Interpretation of Accounting Standards for Business Enterprises" (Cai Kuai [2008] No.11) and "Regulations regarding the Accounting Treatment of Insurance Contracts" (Cai Kuai [2009] No.15) issued by the Ministry of Finance, as well as general actuarial principles, the profit of a life insurance company consists of 4 components, which are release of residual margin, investment return variance, operating variances(including release of risk margin), and changes in accounting estimate. Among which, the release of residual margin is the most significant source of the accounting profit. The residual margin is the present value of future profits with the release pattern locked-in at the time of policy issuance, resulting in stable release and immunity to capital market volatility.

As at June 30, 2017, Ping An Life's residual margin is RMB545,329 million, which rose by 19.9% from the end of 2016 due to strong growth of new business. The release of residual margin in the first half year of 2017 is RMB23,987 million, which is up by 38.7% from the same period of 2016.

(in RMB million)	For the six months ended June 30 2017 / June 30 2017	For the six months ended June 30 2016 / December 31 2016	Change(%)
Residual margin	<b>545,329</b>	454,677	19.9 YTD
Release of Residual margin	<b>23,987</b>	17,296	38.7 YoY

### APPENDIX

The differences between FYP used to calculate value of new business and FYP disclosed in Business Analysis are explained below.

For the six months ended June 30 2017 (in RMB million)	FYP used to calculate value of new business	FYP disclosed in Business Analysis	Difference	Reasons
<b>Individual business</b>	97,169	105,603	(8,434)	Guaranteed renewal and other short term products' renewal premiums are included in FYP disclosed in Business Analysis but not included in FYP used to calculate value of new business
<b>Group business</b>	14,978	11,387	3,591	In compliance with current accounting standards, group investment contracts are not included in FYP disclosed in Business Analysis, but included in FYP used to calculate value of new business due to their contribution to value of new business
<b>Total</b>	<b>112,147</b>	<b>116,990</b>	<b>(4,843)</b>	

# Liquidity and Capital Resources

- The Company manages its liquidity and capital resources from the perspective of the Group as a whole.
- As at June 30, 2017, the Group's solvency was adequate with a comprehensive solvency margin ratio of 211.1%, up 1.1 pps YTD and above the regulatory requirement of 100%.

## 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 resource allocation and capital structure to maximise shareholders return.

The Company manages its liquidity and capital resources from the perspective of the Group as a whole. Overseeing these essentials at group level are the Budget Management Committee, Risk Management Execution Committee, and Investment Management Committee 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 management 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 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.

## CAPITAL STRUCTURE

As at June 30, 2017, the Group's equity attributable to shareholders of the parent company was RMB425,780 million, up by 11.0% over the end of 2016.

The Group's long-term capital stability stems from the profit continuously generated by its various businesses. The parent company's capital mainly comprised contributions from shareholders as well as proceeds from issuance of H shares and A shares. Further, the Group ensures capital adequacy by using capital market and debt market instruments, issuing equity securities, subordinated debts, hybrid capital bonds and tier-2 capital bonds to raise capital. Adjustments were made to surplus capital through dividend distribution.



The following table indicates the balances of subordinated debts, capital supplement bonds, hybrid capital bonds and tier-2 capital bonds issued by main subsidiaries of the Group as at June 30, 2017:

Issuer	Type	Par value (in RMB million)	Coupon rate (per annum)	Issued year	Maturity
Ping An Life	Subordinated bonds	8,000	First 5 years: 5.90% Next 5 years: 7.90% (If not redeemed)	2014	10 years
Ping An Life	Capital supplement bonds	5,000	First 5 years: 3.90% Next 5 years: 4.90% (If not redeemed)	2015	10 years
Ping An Life	Capital supplement bonds	10,000	First 5 years: 3.82% Next 5 years: 4.82% (If not redeemed)	2016	10 years
Ping An Property & Casualty	Subordinated bonds	3,000	First 5 years: 4.65% Next 5 years: 6.65% (If not redeemed)	2012	10 years
Ping An Property & Casualty	Capital supplement bonds	5,000	First 5 years: 4.79% Next 5 years: 5.79% (If not redeemed)	2015	10 years
Ping An Bank	Hybrid capital debt instrument	1,500	First 10 years: 5.70% Next 5 years: 8.70% (If not redeemed)	2009	15 years
Ping An Bank	Hybrid capital debt instrument	3,650	7.50%	2011	15 years
Ping An Bank	Tier-2 Capital bonds	6,000	6.50%	2014	10 years
Ping An Bank	Tier-2 Capital bonds	9,000	6.80%	2014	10 years
Ping An Bank	Tier-2 Capital bonds	10,000	3.85%	2016	10 years

# Liquidity and Capital Resources

## AVAILABLE CAPITAL OF THE PARENT COMPANY

The available capital of the parent company includes bonds, equity securities, bank deposits and cash equivalents that the parent company holds. It can be invested into subsidiaries or used in daily operations. As at June 30, 2017, the parent company's available capital was RMB34,391 million, down by RMB1,179 million compared with the beginning of the year.

(in RMB million)	June 30 2017	December 31 2016	Change (%)
Available capital	<b>34,391</b>	35,570	(3.3)

In the first half of 2017, the inflows of available capital mainly include dividend distributions from subsidiaries of RMB4,510 million, and the outflows of available capital mainly include investment in the equity of subsidiaries of RMB1,350 million and repayment of bank loans of RMB3,000 million.

## LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the risk of the Company being unable to obtain sufficient cash in time, or being unable to obtain sufficient cash in time at a reasonable cost, to repay debts that have become due or fulfil other payment obligations.

In accordance with domestic and international regulatory requirements such as those for the Global Systemically Important Insurers (G-SIIs) and those under C-ROSS, the Group has developed and regularly updated the Liquidity Risk Management Plan of Ping An Insurance (Group) Company of China, Ltd. (LRMP), and established a robust liquidity risk management framework covering risk appetites and limits, risk strategies, risk monitoring, stress testing, emergency management, appraisal and accountability, and relevant policies. Ping An has constantly improved its management procedures and processes for better identification, evaluation, and management of the liquidity risk at the group and subsidiary levels. Moreover, within the LRMP framework, the Group has established a detailed plan for execution to ensure effective liquidity risk identification, evaluation, monitoring and mitigation, applying comprehensive liquidity gap analysis as a core tool.

Under the Group's principles and guidelines for liquidity risk management, the subsidiaries have developed their own liquidity risk appetites, risk indicators, and risk limits according to the applicable regulations, industry practices, and features of their business activities. The Group and its subsidiaries have established robust liquidity risk information systems and liquidity monitoring and reporting procedures for adequate identification, accurate measurement, continuous monitoring, and effective control of the liquidity risk in various business activities. The Group and its subsidiaries regularly evaluate liquid assets and maturing debts, conduct stress tests of cash flows, and carry out forward-looking analysis to identify the potential liquidity risk and take measures to control liquidity gaps.

The Group and its subsidiaries have established liquidity reserve policies and maintains stable, convenient, and diversified sources of financing to ensure that they have adequate liquidity to tackle possible impacts from adverse situations; meanwhile, the Group and its major subsidiaries have developed robust liquidity contingency plans for handling any significant liquidity events. The Group has set up internal firewalls to prevent intra-group contagion of the liquidity risk.

## CASH FLOW ANALYSIS

For the six months ended June 30 (in RMB million)	2017	2016	Change (%)
Net cash flows from operating activities	<b>(13,975)</b>	65,998	NA
Net cash flows from investing activities	<b>(239,994)</b>	(266,396)	(9.9)
Net cash flows from financing activities	<b>113,946</b>	171,472	(33.5)

Net cash inflows from operating activities decreased year on year mainly due to the decreases in cash inflows from Ping An Bank's deposits and inter-bank businesses.

Net cash outflows from investing activities decreased year on year mainly due to reduced cash outflows from investments of Ping An Bank.

Net cash inflows from financing activities decreased year on year mainly due to reduced net cash inflows from Ping An Bank and other subsidiaries' financing activities.

**CASH AND CASH EQUIVALENTS**

(in RMB million)	June 30 2017	December 31 2016	Change (%)
Cash	<b>192,518</b>	301,557	(36.2)
Bonds to mature within 3 months	<b>13,214</b>	7,229	82.8
Financial assets purchased under reverse repo agreements to mature within 3 months	<b>20,198</b>	58,766	(65.6)
<b>Total cash and cash equivalents</b>	<b>225,930</b>	367,552	(38.5)

The Company believes that the liquid assets currently held, together with net cash generated from future operations and the availability of short-term borrowings, will be sufficient to meet the foreseeable 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, jointly controlled entities and associates were a single reporting entity. The group solvency margin ratio is an important regulatory measure of an insurance group's capital adequacy.

The related solvency data under C-ROSS of the Group are as follows:

(in RMB million)	June 30 2017	December 31 2016	Change (%)
Core capital	<b>1,004,854</b>	889,883	12.9
Actual capital	<b>1,035,854</b>	929,883	11.4
Minimum capital	<b>490,627</b>	442,729	10.8
Core solvency margin ratio (regulatory requirement >=50%)	<b>204.8%</b>	201.0%	3.8 pps
Comprehensive solvency margin ratio (regulatory requirement >=100%)	<b>211.1%</b>	210.0%	1.1 pps

Note: Core solvency margin ratio = core capital/minimum capital; comprehensive solvency margin ratio = actual capital/minimum capital.

A stable solvency position ensures that the Company meets capital requirements specified by external institutions such as regulators and rating agencies, and supports the Company in developing business and creating value for shareholders.

Stress testing results on Ping An Group, Ping An Life and Ping An P&C's solvency margin ratios as at June 30 2017 is disclosed as below:

	Comprehensive Solvency margin ratio		
	Ping An Group	Ping An Life	Ping An P&C
Central case	211.1%	232.6%	245.4%
50bps decline in interest rate	204.5%	221.1%	246.2%
30% decrease in fair value of equity asset	204.6%	222.4%	241.1%

# 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, 2017		Changes during the Reporting Period					June 30, 2017	
	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	10,832,664,498	59.26	-	-	-	-	-	10,832,664,498	59.26
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	7,447,576,912	40.74	-	-	-	-	-	7,447,576,912	40.74
4. Others	-	-	-	-	-	-	-	-	-
Total	18,280,241,410	100.00	-	-	-	-	-	18,280,241,410	100.00
III. Total number of shares	18,280,241,410	100.00	-	-	-	-	-	18,280,241,410	100.00

Notes: (1) There was no change in the total number of shares and shareholding structure of the Company during the six months ended June 30, 2017 (the "Reporting Period").

(2) As at the end of the Reporting Period, the Company had no staff shares.

### Shareholders' Information

#### Number of shareholders and their shareholdings

#### Total number of shareholders as at the end of the Reporting Period

288,802 shareholders (including 284,142 domestic shareholders)

## Shareholdings of top ten shareholders as at the end of the Reporting Period

Name of shareholder	Nature of shareholder <sup>(1)</sup>	Shareholding percentage (%)	Total number of shares held <sup>(2)</sup>	Type of shares	Changes during the Reporting Period (+, -)	Number of selling-restricted shares held	Number of pledged or frozen shares
Hong Kong Securities Clearing Company Nominees Limited <sup>(3)</sup>	Overseas legal person	33.54	6,131,389,517	H Share	+264,692,845	-	unknown
Shenzhen Investment Holdings Co., Ltd.	State	5.27	962,719,102	A Share	-	-	380,060,000 pledged shares
Huaxia Life Insurance Co., Ltd. -Universal Insurance Products	Others	4.31	788,319,315	A Share	-	-	-
China Securities Finance Corporation Limited	Others	3.65	667,894,558	A Share	-24,377,241	-	-
Business Fortune Holdings Limited	Overseas legal person	3.29	601,665,535	H Share	+340,083,807	-	422,723,813 pledged shares
Bloom Fortune Group Limited	Overseas legal person	2.77	505,772,634	H Share	-	-	505,772,634 pledged shares
Central Huijin Asset Management Ltd.	Others	2.65	483,801,600	A Share	-	-	-
Hong Kong Securities Clearing Company Limited <sup>(4)</sup>	Others	1.78	325,401,043	A Share	+104,374,457	-	-
Shum Yip Group Limited	State-owned legal person	1.41	257,728,008	A Share	-	-	-
All Gain Trading Limited	Overseas legal person	1.01	184,773,836	H Share	-604,228,156	-	184,773,836 pledged shares

- Notes:
- (1) Nature of A shareholders represents the nature of account held by A shareholders registered on the Shanghai branch of China Securities Depository and Clearing Corporation Limited.
  - (2) As the shares of the Company could be used as underlying securities for margin financing and securities lending, the shareholdings of the shareholders are the aggregate of all the shares and interests held in ordinary securities accounts and margin accounts.
  - (3) Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees Limited") is the nominee holder of the shares held by non-registered H shareholders. The shares owned by Business Fortune Holdings Limited, Bloom Fortune Group Limited and All Gain Trading Limited have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by these three companies have been deducted from the shares held by HKSCC Nominees Limited.
  - (4) The shares held by Hong Kong Securities Clearing Company Limited refer to the shares held by non-registered shareholders of the Northbound Trading of the Shanghai-Hong Kong Stock Connect Program.

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

Business Fortune Holdings Limited, Bloom Fortune Group Limited and All Gain Trading Limited are the wholly-owned subsidiaries of Charoen Pokphand Group Company Limited, and they are of connected relationship and acting-in-concert relationship since they are under common control.

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

# Changes in the Share Capital and Shareholders' Profile

## Particulars of controlling shareholder and de facto controller

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

## INFORMATION 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 Directors or Supervisors of the Company, as at June 30, 2017, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

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

Name of substantial shareholder	H/A Shares	Capacity	Notes	Number of H/A Shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
Charoen Pokphand Group Company Limited ("CP Group Ltd")	H	Interest of controlled corporations		2,375,776,955	Long position	31.90	13.00
		Party to s317 agreement		100,000,000	Long position	1.34	0.55
		Total:	(1), (2)	2,475,776,955		33.24	13.54
		Interest of controlled corporations	(1)	588,510,019	Short position	7.90	3.22
Dhanin Chearavanont	H	Party to s317 agreement		2,375,776,955	Long position	31.90	13.00
		Interest of controlled corporations		100,000,000	Long position	1.34	0.55
		Total:	(1), (2)	2,475,776,955		33.24	13.54
		Party to s317 agreement	(2)	588,510,019	Short position	7.90	3.22
King Ace International Limited	H	Party to s317 agreement		2,375,776,955	Long position	31.90	13.00
		Interest of controlled corporations		100,000,000	Long position	1.34	0.55
		Total:	(1), (2)	2,475,776,955		33.24	13.54
		Party to s317 agreement	(2)	588,510,019	Short position	7.90	3.22

## Interests and short positions of other substantial shareholders

Name of substantial shareholder	H/A Shares	Capacity	Notes	Number of H/A Shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
Business Fortune Holdings Limited	H	Beneficial owner	(1)	601,665,535	Long position	8.08	3.29
Easy Boom Developments Limited	H	Beneficial owner	(1)	588,510,019	Long position	7.90	3.22
				588,510,019	Short position	7.90	3.22
Bloom Fortune Group Limited	H	Beneficial owner	(1)	505,772,634	Long position	6.79	2.77
JPMorgan Chase & Co.	H	Beneficial owner		478,070,559	Long position	6.42	2.62
		Investment Manager		283,602,376	Long position	3.81	1.55
		Trustee		19,006	Long position	0.00	0.00
		Custodian		181,780,878	Lending Pool	2.44	0.99
		Total:	(3)	943,472,819		12.67	5.16
		Beneficial owner	(3)	122,817,549	Short position	1.65	0.67
UBS AG	H	Beneficial owner		667,735,354	Long position	8.97	3.65
		Person having a security interest in shares		165,093,247	Long position	2.22	0.90
		Interest of controlled corporations	(4)	101,096,520	Long position	1.36	0.55
		Total:	(4)	933,925,121		12.54	5.11
		Beneficial owner	(4)	1,189,596,046	Short position	15.97	6.51
UBS Group AG	H	Person having a security interest in shares		194,493,276	Long position	2.61	1.06
		Interest of controlled corporations	(5)	1,072,721,991	Long position	14.40	5.87
		Total:	(5)	1,267,215,267		17.02	6.93
		Interest of controlled corporations	(5)	1,401,959,856	Short position	18.82	7.67
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		962,719,102	Long position	8.89	5.27

# Changes in the Share Capital and Shareholders' Profile

Notes:

- (1) CP Group Ltd. was deemed to be interested in a total of 2,375,776,955 H shares (Long position) and 588,510,019 H shares (Short position) in the Company by virtue of its control over several corporations.

According to the disclosure form filed by CP Group Ltd. on June 9, 2017, the following interests in H shares were held by CP Group Ltd. through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
CPG Overseas Company Limited	Chareon Pokphand Group Company Limited	100.00	N	Long position	2,375,776,955
CT Bright Group Company Limited (Formerly known as Chia Tai Resources Holdings Limited)	CPG Overseas Company Limited	100.00	N	Long position	2,375,776,955
Chia Tai Giant Far Limited	CT Bright Group Company Limited (Formerly known as Chia Tai Resources Holdings Limited)	100.00	N	Long position	2,375,776,955
Chia Tai Primrose Holdings Limited	Chia Tai Giant Far Limited	100.00	Y	Long position	5,068,600
Chia Tai Primrose Holdings Limited	Chia Tai Giant Far Limited	100.00	N	Long position	2,370,708,355
Chia Tai Primrose Investment Limited	Chia Tai Primrose Holdings Limited	100.00	N	Long position	2,370,708,355
Easy Boom Developments Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position Short position	588,510,019 588,510,019
All Gain Trading Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	184,773,836
Business Fortune Holdings Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	601,665,535
Bloom Fortune Group Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	505,772,634
Jubilee Success Holdings Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	47,352,072
Majestic Jubilee Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	20,730,730
Ewealth Global Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	76,858,634
King Beyond Global Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	42,673,646
Oriental Power Developments Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	4,893,000
Excel Trade Developments Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	71,211,068
Golden Magic Holdings Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	57,006,059
New Orient Ventures Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	169,261,122

The interests of CP Group Ltd. in the Company included 588,510,019 H shares (Short position) which were held through derivatives, the category of which was through physically settled unlisted securities. In addition, CP Group Ltd. was also deemed to be interested in 100,000,000 H shares (Long position) by virtue of section 317 of the SFO.

- (2) Boom Dragon Limited and Long Growth Global Limited held 88,000,000 H shares (Long position) and 12,000,000 H shares (Long position) in the Company, respectively; both companies were wholly owned by King Ace International Limited, which was in turn wholly owned by Dhanin Chearavanont. In addition, King Ace International Limited and Dhanin Chearavanont were also deemed to be interested in 2,375,776,955 H shares (Long position) and 588,510,019 H shares (Short position) by virtue of section 317 of the SFO.



- (3) JPMorgan Chase & Co. was deemed to be interested in a total of 943,472,819 H shares (Long position) and 122,817,549 H shares (Short position) in the Company by virtue of its control over several corporations.

According to the disclosure form filed by JPMorgan Chase & Co. on June 28, 2017, the following interests in H shares of the Company were held by JPMorgan Chase & Co. through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
J.P. Morgan Securities LLC	J.P. Morgan Broker-Dealer Holdings Inc	100.00	Y	Long position Short position	84,327,848 19,000
JF International Management Inc.	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position Short position	473,500 0
JF Asset Management Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position Short position	70,436,000 0
JPMorgan Asset Management (Japan) Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position Short position	2,704,500 0
JPMorgan Asset Management (Taiwan) Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position Short position	5,240,500 0
J.P. Morgan Investment Management Inc.	JPMorgan Asset Management Holdings Inc	100.00	Y	Long position Short position	95,567,982 0
J.P. Morgan GT Corporation	JPMorgan Chase & Co.	100.00	Y	Long position Short position	2,827,000 0
J.P. Morgan Trust Company of Delaware	J.P. Morgan Equity Holdings, Inc.	100.00	Y	Long position Short position	15,410 0
Bank One International Holdings Corporation	J.P. Morgan International Inc.	100.00	N	Long position Short position	742,504,049 203,598,028
J.P. Morgan International Inc.	JPMorgan Chase Bank, N.A.	100.00	N	Long position Short position	742,504,049 203,598,028
J.P. Morgan Chase International Holdings	J.P. Morgan Chase (UK) Holdings Limited	100.00	N	Long position Short position	351,588,338 80,799,479
J.P. Morgan Whitefriars LLC	J.P. Morgan Overseas Capital LLC	100.00	Y	Long position Short position	38,703,861 39,249,070
J.P. Morgan Securities plc	J.P. Morgan Capital Financing Limited	0.59	Y	Long position Short position	351,588,338 80,799,479
J.P. Morgan Securities plc	J.P. Morgan Chase International Holdings	99.41	Y	Long position Short position	351,588,338 80,799,479
JPMorgan Chase Bank, N.A.	JPMorgan Chase & Co.	100.00	Y	Long position Short position	203,204,468 0
J.P. Morgan Chase Bank Berhad	J.P. Morgan International Finance Limited	100.00	Y	Long position Short position	623,512 2,750,000
JPMorgan Asset Management (UK) Limited	JPMorgan Asset Management Holdings (UK) Limited	100.00	Y	Long position Short position	83,338,400 0
China International Fund Management Co Ltd	JPMorgan Asset Management (UK) Limited	49.00	Y	Long position Short position	4,421,500 0

# Changes in the Share Capital and Shareholders' Profile

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
J.P. Morgan Capital Financing Limited	JPMorgan Chase & Co.	100.00	N	Long position Short position	351,588,338 80,799,479
J.P. Morgan Broker-Dealer Holdings Inc	JPMorgan Chase & Co.	100.00	N	Long position Short position	84,327,848 19,000
J.P. Morgan Capital Holdings Limited	J.P. Morgan Overseas Capital LLC	27.27	N	Long position Short position	351,588,338 80,799,479
J.P. Morgan Capital Holdings Limited	J.P. Morgan International Finance Limited	72.73	N	Long position Short position	351,588,338 80,799,479
JPMorgan Asset Management Holdings Inc	JPMorgan Chase & Co.	100.00	N	Long position Short position	262,182,382 0
JPMorgan Asset Management (Asia) Inc.	JPMorgan Asset Management Holdings Inc	100.00	N	Long position Short position	78,854,500 0
J.P. Morgan Chase (UK) Holdings Limited	J.P. Morgan Capital Holdings Limited	100.00	N	Long position Short position	351,588,338 80,799,479
JPMorgan Asset Management Holdings (UK) Limited	JPMorgan Asset Management International Limited	100.00	N	Long position Short position	87,759,900 0
J.P. Morgan Overseas Capital LLC	J.P. Morgan International Finance Limited	100.00	N	Long position Short position	390,292,199 120,048,549
JPMorgan Asset Management International Limited	JPMorgan Asset Management Holdings Inc	100.00	N	Long position Short position	87,759,900 0
JPMorgan Chase Bank, N.A.	JPMorgan Chase & Co.	100.00	N	Long position Short position	742,504,049 203,598,028
J.P. Morgan Equity Holdings, Inc.	JPMorgan Chase & Co.	100.00	N	Long position Short position	15,410 0
J.P. Morgan International Finance Limited	Bank One International Holdings Corporation	100.00	N	Long position Short position	742,504,049 203,598,028
JPMorgan Asset Management (UK) Limited	JPMorgan Asset Management Holdings (UK) Limited	100.00	N	Long position Short position	4,421,500 0

The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 181,780,878 H shares (Long position). Besides, 294,711,078 H shares (Long position) and 106,358,062 H shares (Short position) were held through derivatives as follows:

- 41,537,693 H shares (Long position) and 16,084,017 H shares (Short position) - through physically settled listed securities
- 3,506,500 H shares (Long position) and 25,259,700 H shares (Short position) - through cash settled listed securities
- 206,278,861 H shares (Long position) and 38,201,821 H shares (Short position) - through physically settled unlisted securities
- 43,388,024 H shares (Long position) and 26,812,524 H shares (Short position) - through cash settled unlisted securities

- (4) UBS AG was deemed to be interested in a total of 101,096,520 H shares (Long position) in the Company through a number of its direct wholly-owned subsidiaries.

According to the disclosure form filed by UBS AG on July 30, 2015, the following interests in H shares were held by UBS AG through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
UBS Fund Management (Switzerland) AG	UBS AG	100.00	Y	Long position Short position	13,347,500 0
UBS Fund Services (Luxembourg) S.A.	UBS AG	100.00	Y	Long position Short position	22,604,966 0
UBS Global Asset Management (Americas) Inc.	UBS AG	100.00	Y	Long position Short position	2,503,000 0
UBS Global Asset Management (Australia) Ltd	UBS AG	100.00	Y	Long position Short position	370,000 0
UBS Global Asset Management (Canada) Inc.	UBS AG	100.00	Y	Long position Short position	4,440,000 0
UBS Global Asset Management (Hong Kong) Limited	UBS AG	100.00	Y	Long position Short position	12,470,936 0
UBS Global Asset Management (Japan) Ltd	UBS AG	100.00	Y	Long position Short position	1,964,104 0
UBS Global Asset Management (Singapore) Ltd	UBS AG	100.00	Y	Long position Short position	26,022,000 0
UBS Global Asset Management Trust Company	UBS AG	100.00	Y	Long position Short position	64,000 0
UBS Global Asset Management (UK) Ltd	UBS AG	100.00	Y	Long position Short position	16,052,000 0
UBS Global Asset Management (Deutschland) GmbH	UBS AG	100.00	Y	Long position Short position	29,000 0
UBS Financial Services Inc.	UBS AG	100.00	Y	Long position Short position	34,814 0
UBS Bank (Canada)	UBS AG	100.00	Y	Long position Short position	13,700 0
UBS Swiss Financial Advisers AG	UBS AG	100.00	Y	Long position Short position	510,000 0
UBS Global Asset Management Life Ltd	UBS AG	100.00	Y	Long position Short position	12,000 0
UBS Switzerland AG	UBS AG	100.00	Y	Long position Short position	622,000 0
UBS O' Connor Limited	UBS AG	100.00	Y	Long position Short position	36,500 0

Besides, 644,518,785 H shares (Long position) and 1,089,909,472 H shares (Short position) were held through derivatives as follows:

- 9,955,876 H shares (Long position) and 9,967,000 H shares (Short position) - through physically settled listed securities
- 1,252,878 H shares (Long position) and 29,279,768 H shares (Short position) - through cash settled listed securities
- 182,785,280 H shares (Long position) and 51,911,643 H shares (Short position) - through physically settled unlisted securities
- 450,524,751 H shares (Long position) and 998,751,061 H shares (Short position) - through cash settled unlisted securities

# Changes in the Share Capital and Shareholders' Profile

- (5) UBS Group AG was deemed to be interested in a total of 1,072,721,991 H shares (Long position) and 1,401,959,856 H shares (Short position) in the Company by virtue of its control over several corporations.

According to the disclosure form filed by UBS Group AG on July 5, 2017, the following interests in H shares were held by UBS Group AG through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of Interest	Number of shares
UBS AG	UBS Group AG	100.00	Y	Long position Short position	918,321,430 1,401,959,856
UBS Asset Management (Americas) Inc.	UBS Group AG	100.00	Y	Long position Short position	2,993,984 0
UBS Asset Management (Australia) Ltd	UBS Group AG	100.00	Y	Long position Short position	231,000 0
UBS Asset Management (Canada) Inc.	UBS Group AG	100.00	Y	Long position Short position	5,512,000 0
UBS Asset Management (Deutschland) GmbH	UBS Group AG	100.00	Y	Long position Short position	204,000 0
UBS Asset Management (France) SA	UBS Group AG	100.00	Y	Long position Short position	282,500 0
UBS Asset Management (Hong Kong) Ltd	UBS Group AG	100.00	Y	Long position Short position	18,361,666 0
UBS Asset Management (Japan) Ltd	UBS Group AG	100.00	Y	Long position Short position	1,722,604 0
UBS Asset Management Life Limited	UBS Group AG	100.00	Y	Long position Short position	886,500 0
UBS Asset Management (Singapore) Ltd	UBS Group AG	100.00	Y	Long position Short position	37,379,000 0
UBS Asset Management Trust Company	UBS Group AG	100.00	Y	Long position Short position	3,701,500 0
UBS Asset Management (UK) Limited	UBS Group AG	100.00	Y	Long position Short position	22,805,000 0
UBS Fund Management (Luxembourg) S.A.	UBS Group AG	100.00	Y	Long position Short position	35,981,800 0
UBS Fund Management (Switzerland) AG	UBS Group AG	100.00	Y	Long position Short position	16,516,500 0
UBS O' Connor Limited	UBS Group AG	100.00	Y	Long position Short position	10,500 0
UBS Third Party Management Company S.A.	UBS Group AG	100.00	Y	Long position Short position	30,000 0
UBS Switzerland AG	UBS Group AG	100.00	Y	Long position Short position	7,957,180 0
UBS Financial Services Inc.	UBS Group AG	100.00	Y	Long position Short position	17,942 0
UBS Bank (Canada)	UBS Group AG	100.00	Y	Long position Short position	61,385 0
UBS Gestion S.G.I.I.C., SA	UBS Group AG	100.00	Y	Long position Short position	19,000 0
UBS Swiss Financial Advisers AG	UBS Group AG	100.00	Y	Long position Short position	126,500 0

Besides, 962,598,866 H shares (Long position) and 1,237,847,650 H shares (Short position) were held through derivatives as follows:

18,634,257 H shares (Long position) and 19,754,427 H shares (Short position)	-	through physically settled listed securities
6,623,000 H shares (Long position) and 18,899,500 H shares (Short position)	-	through cash settled listed securities
323,131,551 H shares (Long position) and 186,675,044 H shares (Short position)	-	through physically settled unlisted securities
614,210,058 H shares (Long position) and 1,012,518,679 H shares (Short position)	-	through cash settled unlisted securities

(6) Percentage figures may not add up to the totals due to rounding.

Save as disclosed above, the Directors and Supervisors of the Company are not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interest or short position in the shares and underlying shares of the Company as at June 30, 2017 which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

# Directors, Supervisors and Senior Management

## SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at June 30, 2017, the interests of the current Directors, Supervisors and Senior Management of the Company and those who resigned during the Reporting Period in the shares of the Company which shall be disclosed pursuant to the “Standard No. 3 Concerning the Contents and Formats of Information Disclosure by Listed Companies – The Contents and Formats of Interim Report (Revised in 2016)” 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:

### Changes in the number of 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	Beneficial owner	A	176,710	893,966	+717,256	Share purchase plan	Long position	0.00825	0.00489
		Interest of his spouse	H	20,000	20,000	-	-	Long position	0.00027	0.00011
Sun Jianyi	Vice Chairman and Executive Vice President	Beneficial owner	A	3,844,368	4,007,565	+163,197	Share purchase plan	Long position	0.03700	0.02192
Ren Huichuan	Executive Director and President	Beneficial owner	A	247,808	371,372	+123,564	Share purchase plan	Long position	0.00343	0.00203
Yao Jason Bo	Executive Director, Executive Vice President, Chief Financial Officer and Chief Actuary	Beneficial owner	A	11,921	60,144	+48,223	Share purchase plan	Long position	0.00056	0.00033
		Beneficial owner	H	24,000	24,000	-	-	Long position	0.00032	0.00013
		Interest of his spouse	H	44,000	44,000	-	-	Long position	0.00059	0.00024
Lee Yuansiong	Executive Director, Executive Vice President, Chief Insurance Business Officer	Beneficial owner	A	-	40,601	+40,601	Share purchase plan	Long position	0.00037	0.00022
Cai Fangfang	Executive Director, Chief Human Resource Officer	Beneficial owner	A	8,157	24,687	+16,530	Share purchase plan	Long position	0.00023	0.00014
Lin Lijun	Non-executive Director	Beneficial owner	A	-	1,140	+1,140	Share purchase plan	Long position	0.00001	0.00001
Xiong Peijin	Non-executive Director	Interest of his spouse	A	102,000	102,000	-	-	Long position	0.00094	0.00056

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 (%)
Pan Zhongwu	Employee Representative Supervisor	Beneficial owner	A	2,581	8,378	+5,797	Share purchase plan	Long position	0.00008	0.00005
Gao Peng <sup>(1)</sup>	Employee Representative Supervisor	Beneficial owner	A	6,165	20,040	+13,875	Share purchase plan	Long position	0.00018	0.00011
IP So Lan	Senior Vice President, Chief Internal Auditor, Compliance Officer, Person-in-charge of Auditing	Beneficial owner	A	5,822	36,714	+30,892	Share purchase plan	Long position	0.00034	0.00020
Chen Kexiang	Senior Vice President	Beneficial owner	A	6,211	43,196	+36,985	Share purchase plan	Long position	0.00040	0.00024
Cao Shifan	Senior Vice President	Beneficial owner	A	6,211	52,132	+45,921	Share purchase plan	Long position	0.00048	0.00029
Yao Jun	Chief Legal Officer, Company Secretary	Beneficial owner	A	5,822	36,714	+30,892	Share purchase plan	Long position	0.00034	0.00020
Sheng Ruisheng	Secretary of the Board	Beneficial owner	A	6,832	26,888	+20,056	Share purchase plan	Long position	0.00025	0.00015
Jin Shaoliang	Resigned Secretary of the Board	Beneficial owner	A	6,211	26,909	+20,698	Share purchase plan	Long position	0.00025	0.00015
		Beneficial owner	H	20,000	20,000	-	-	Long position	0.00027	0.00011

(1) Mr. Gao Peng has ceased to serve as the Employee Representative Supervisor of the Company since August 6, 2017.

During the Reporting Period, there were no share options held by or restricted shares granted to the current Directors, Supervisors and Senior Management of the Company and those who resigned during the Reporting Period.

#### Change in the number of shares held in associated corporations of the Company

Name	Position	Associated Corporation	Capacity	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 in associated corporation (%)
Xiong Peijin	Non-executive Director	Ping An Bank	Interest of his spouse	190,886	190,886	-	-	Long position	0.00111

Save as disclosed above, as at June 30, 2017, 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.

# Directors, Supervisors and Senior Management

## APPOINTMENT OR REMOVAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. As the 6-year term of office of Mr. Woo Ka Biu Jackson as the Independent Non-executive Director expired, he tendered his resignation as Independent Non-executive Director of the Company. The resolution regarding the appointment of Mr. Ouyang Hui as the Independent Non-executive Director of the Company to replace Mr. Woo Ka Biu Jackson was passed at the 2016 Annual General Meeting held by the Company on June 16, 2017. The qualification of Mr. Ouyang Hui as the Director of the Company was approved by CIRC on August 6, 2017, on which day the appointment of Mr. Ouyang Hui as the Independent Non-executive Director of the Company to replace Mr. Woo Ka Biu Jackson became effective.
2. Mr. Gao Peng tendered his resignation as the Employee Representative Supervisor of the Company due to personal work arrangement. The resolution regarding the appointment of Mr. Wang Zhiliang as an Employee Representative Supervisor of the Company to replace Mr. Gao Peng was passed at the employees' representatives meeting held by the Company on June 20, 2017. The qualification of Mr. Wang Zhiliang as a Supervisor of the Company was approved by CIRC on August 6, 2017, on which day the appointment of Mr. Wang Zhiliang as the Employee Representative Supervisor of the Company to replace Mr. Gao Peng became effective.
3. Mr. Jin Shaoliang applied for ceasing to act as the Secretary of the board of directors of the Company (the "Board of Directors") due to personal reasons. The resolution regarding the appointment of Mr. Sheng Ruisheng as the secretary of the Board of Directors to replace Mr. Jin Shaoliang was passed at the 11th meeting of the 10th session of the Board of Directors held by the Company on March 22, 2017. Mr. Sheng Ruisheng's qualification for the position was approved by the CIRC on April 22, 2017, and he became the Secretary of the Board of Directors on April 26, 2017 in place of Mr. Jin Shaoliang.

## CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

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

1. Mr. Sun Jianyi, an Executive Director of the Company, has ceased to serve as the non-executive director of China Vanke Co., Ltd. since June 2017.
2. Mr. Ren Huichuan, an Executive Director of the Company, has served as a member of Council of the Shenzhen Finance Institute since January 2017.
3. Mr. Soopakij Chearavanont, a Non-executive Director of the Company, has been redesignated as the chairman of the CP Group (previously the executive vice chairman) since January 2017.
4. Mr. Yang Xiaoping, a Non-executive Director of the Company, has been redesignated as the senior vice chairman of the CP Group (previously the vice chairman) since January 2017.
5. Mr. Yip Dicky Peter, an Independent Non-executive Director of the Company, has served as the independent non-executive director of S.F. Holding Co., Ltd. since February 2017, and has ceased to serve as the independent non-executive director of DSG International (Thailand) PLC since August 2017.
6. Mr. Sun Dongdong, an Independent Non-executive Director of the Company, has ceased to serve as the independent non-executive director of Zhejiang DIAN Diagnostics Co., Ltd. since July 2017.
7. Mr. Ge Ming, an Independent Non-executive Director of the Company, has served as the independent non-executive director of Asia Investment Finance Group Limited since May 2017.

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



# Significant Events

## CORPORATE GOVERNANCE

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

During the Reporting Period, one general meeting was held by the Company; three meetings were held by the Board of Directors; and two meetings were held by the Supervisory Committee. The general meeting, the Board of Directors, the Supervisory Committee and senior management have been exercising their rights and performing their respective responsibilities granted by the Articles of Association without any occurrence of incidents in breach of laws and regulations.

The Company discloses important information in a truthful, accurate, complete, timely and impartial manner in accordance with the laws, regulations and the Articles of Association and ensures that every shareholder has equal chance to obtain the information. The Company endeavors to maintain a high level of corporate governance and believes that sound corporate governance can further enhance the effectiveness and reliability of the management of the Company and is crucial to the maximization of the shareholders' value.

## IMPLEMENTATION OF PROFIT DISTRIBUTION PROPOSAL DURING THE REPORTING PERIOD

The profit distribution proposal of the Company for 2016 was approved at the 2016 Annual General Meeting held on June 16, 2017, according to which the 2016 final cash dividend of RMB0.55 (tax inclusive) per share was proposed to be distributed to all shareholders based on 18,280,241,410 shares, in a total amount of RMB10,054,132,775.50. The remaining undistributed profit would be carried forward to 2017. The implementation of the distribution proposal has been completed.

## INTERIM RESULTS AND PROFIT DISTRIBUTION

The Group's results for the first half of 2017 are set out in the section titled "FINANCIAL STATEMENTS". The Board of Directors declared that an interim dividend of RMB0.50 (tax inclusive, equivalent to HK\$0.58619) per share for the six months ended June 30, 2017, in a total amount of RMB9,140,120,705.00, based on the total 18,280,241,410 shares, will be distributed to the shareholders of the Company. The dividend payment will have no material impact on the Group's solvency margin ratio; after the dividend payment, the Group's solvency margin ratio will still meet regulatory requirements.

According to the Articles of Association, dividends will be denominated and declared in Renminbi. Dividends on A shares will be paid in Renminbi and dividends on H shares will be paid in Hong Kong dollar. The relevant exchange rate is the average middle exchange rate of Renminbi to Hong Kong dollar as announced by PBOC for the week prior to the date of declaration of interim dividend (RMB0.85296 equivalent to HK\$1.00).

The decision-making procedure and mechanism of the above profit distribution proposals are complete, and the dividend payout standard and proportion are clear. The above profit distribution proposals are in line with the Articles of Association and relevant deliberation procedures, and have fully protected the legitimate interests of minority shareholders. The Independent Non-executive Directors of the Company have given consent independent opinions on the profit distribution proposals.

The expected timetable for, inter alia, the distribution of cash dividend as set out below is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate:

Record date for the A shareholders	Friday, September 1, 2017
Payment of cash dividend for A shares	Monday, September 4, 2017
Latest time for lodging transfers of the H shares to qualify for the entitlement of the cash dividend	4:30 p.m. on Tuesday, September 5, 2017
Closure of register for the H shareholders	Wednesday, September 6, 2017 to Monday, September 11, 2017 (both days inclusive)
Record date for the H shareholders	Monday, September 11, 2017
Payment of cash dividend for H shares	Monday, October 16, 2017

No transfer of H shares will be registered between Wednesday, September 6, 2017 and Monday, September 11, 2017 (both days inclusive). To qualify for the cash dividend, all properly completed transfer documents together with the relevant share certificates must be lodged for registration with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m., on Tuesday, September 5, 2017.

# Significant Events

## GENERAL ANALYSIS OF EXTERNAL INVESTMENT

Ping An is an integrated financial services group, and investment business is one of its 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. For details of the asset allocation of the investment portfolio of the Company's insurance funds, please refer to relevant sections in the "Management Discussion and Analysis".

### Material Equity Investment

During the Reporting Period, there was no material equity investment that was required to be disclosed.

### Material Non-equity Investment

During the Reporting Period, there was no material non-equity investment that was required to be disclosed.

### Financial Instruments Measured at Fair Value

Details of the Company's financial instruments measured at fair value are set out in note 37 to the financial statements.

### Sale of Major Assets and Equities

During the Reporting Period, there was no sale of major assets or equities that was required to be disclosed.

### Major Subsidiaries and Associates of the Company

The details of major subsidiaries and associates of the Company are set out in note 4 to the financial statements.

### Structured Entities controlled by the Company

There is no significant change in the details of structured entities controlled by the Company compared with the year of 2016.

## IMPLEMENTATION OF SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS EFFECTS

During the Reporting Period, the Company had not implemented any share incentive scheme based on the Company's shares.

### SHARE INCENTIVE SCHEME OF AUTOHOME

On June 16, 2017, the shareholders of the Company approved the share incentive scheme of Autohome, involving the grant of options ("Autohome Options") to, or for the benefit of, specified participants to subscribe for Class A Ordinary Shares of Autohome ("Autohome Shares").

The details and movements of the share incentive scheme of Autohome in relation to the Autohome Options during the Reporting Period are as follows:

Type of grantees	Date of grant	Exercise period	Exercise price (per Autohome Share, US\$)	The Number of Options				
				Balance as at January 1 2017	Granted during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Balance as at June 30 2017
Employee	June 30, 2017	10 years	22.61-29.55	0	326,000	0	0	326,000

Autohome, as a company listed on the New York Stock Exchange, files its quarterly financial results with the U.S. Securities and Exchange Commission under the relevant regulatory rules of the U.S. Considering the consistency of the information disclosure, the Company would not herein disclose the value of the Autohome Options granted to the participants during the Reporting Period.

## IMPLEMENTATION OF THE KEY EMPLOYEE SHARE PURCHASE PLAN OF THE COMPANY

As deliberated at the 16th Meeting of the 9th Board of Directors held on October 28, 2014 and approved at the 1st Extraordinary General Meeting for 2015 held on February 5, 2015, the Key Employee Share Purchase Plan (the “Plan”) of the Company has been officially implemented. Since the implementation of the Plan, the Company has had stable operations; the shareholders, the Company, and the employees have shared benefits and risks, providing a strong foundation for further improvement of the Company’s governance structure as well as establishing and improving the long-term incentive and restraint mechanisms to facilitate long-term sustainable and healthy development of the Company.

As at the end of the Reporting Period, three phases of the Plan had been implemented.

### Implementation in 2015

The participants were 839 key employees of the Company and its subsidiaries including, among others, the directors, employee representative supervisors, and senior management. The sources of funding were legitimate salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Co., Ltd. (changed to China Merchants Securities Asset Management Co., Ltd. on September 9, 2015 due to establishment of the subsidiary) from March 20, 2015 to March 26, 2015 in the secondary market; 4,050,253 A shares of the Company in total were purchased for a total price of RMB312,047,645 (expenses inclusive), accounting for 0.044% of the total share capital of the Company at that time. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase under the 2015 Key Employee Share Purchase Plan published by the Company on the websites of the HKEx and the SSE on March 27, 2015 and March 30, 2015 respectively.

As the Company’s profit distribution for 2014 included the conversion of capital reserve into share capital in a proportion of 10 shares for every 10 shares held, the total number of shares held under the Plan for this phase had changed to 8,100,506 shares.

During the Reporting Period, one third of the shares under the Plan for this phase were unlocked and vested in batches to 701 employees. As to the remaining 64 employees who did not qualify for the vesting, 299,622 shares were forfeited.

### Implementation in 2016

The participants were 773 key employees of the Company and its subsidiaries including, among others, the directors, employee representative supervisors, and senior management. The sources of funding were legitimate salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Asset Management Co., Ltd. from March 17, 2016 to March 21, 2016 in the secondary market, 14,803,850 A shares of the Company in total were purchased for a total price of RMB481,578,936.53 (expenses inclusive) and an average price of RMB32.53 per share, accounting for 0.081% of the total share capital of the Company at that time. These shares are subject to a lock-up period from March 23, 2016 to March 22, 2017. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase under the 2016 Key Employee Share Purchase Plan published by the Company on the websites of the HKEx and the SSE on March 22, 2016 and March 23, 2016 respectively.

During the Reporting Period, one third of the shares under the Plan for this phase were unlocked and vested in batches to 721 employees. As to the remaining 52 employees who did not qualify for the vesting, 582,029 shares were forfeited.

# Significant Events

## Implementation in 2017

The participants were 1,157 key employees of the Company and its subsidiaries including, among others, the directors, employee representative supervisors, and senior management. The sources of funding were legitimate salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Asset Management Co., Ltd. from March 23, 2017 to March 27, 2017 in the secondary market, 16,419,990 A shares of the Company in total were purchased for a total price of RMB603,498,822.25 (expenses inclusive) and an average price of RMB36.74 per share, accounting for 0.090% of the total share capital of the Company at that time. These shares are subject to a lock-up period from March 29, 2017 to March 28, 2018. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase under the 2017 Key Employee Share Purchase Plan published by the Company on the websites of the HKEx and the SSE on March 28, 2017 and March 29, 2017 respectively. During the Reporting Period, there was no change in equity as a result of disposal by holders of the Plan.

The manager of the Plan is China Merchants Securities Asset Management Co., Ltd., and was not changed during the Reporting Period.

## MATERIAL CONNECTED TRANSACTIONS

During the Reporting Period, there was no material connected transaction that was required to be disclosed.

## MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

### Guarantee

(in RMB million)	<b>External guarantee of the Company and its subsidiaries (excluding the guarantee in favor of its subsidiaries)</b>	
Total external guarantee incurred during the Reporting Period	-	-
Total external guarantee balance as at the end of the Reporting Period	-	-
<b>Guarantee of the Company and its subsidiaries in favor of subsidiaries</b>		
Total guarantee in favor of subsidiaries incurred during the Reporting Period		(24)
Total guarantee balance in favor of subsidiaries as at the end of the Reporting Period		37,465
<b>Total guarantee of the Company (including the guarantee in favor of its subsidiaries)</b>		
Total guarantee		37,465
Total guarantee as a percentage of the Company's net assets (%)		8.8
Including: Direct and indirect guarantee for the targets		
with debt to total assets ratios over 70% (as at June 30, 2017)		32,952
The amount that the Company and its subsidiaries' total guarantee balance exceeded 50% of the Company's consolidated net assets		-

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

## Entrustment, Contracting, Lease, Asset under Management, Entrusted Loan and Other Material Contracts

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

## MATERIAL LITIGATIONS AND ARBITRATIONS

During the Reporting Period, the Company had no material litigations or arbitrations required to be disclosed.

## FOREIGN CURRENCY RISK

Foreign currency-denominated assets and liabilities held by the Group are exposed to foreign currency risk. These assets include deposits, bonds, stocks, funds and derivative financial instruments denominated in foreign currencies. These foreign currency-denominated liabilities include monetary liabilities, such as borrowings, customer's deposits, claim reserves and non-monetary liabilities measured at fair value.

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

As at June 30 2017 (in RMB million)	Decrease in profit before tax	Decrease in equity before tax
Net exposure to fluctuations in exchange rates assuming a simultaneous and uniform 5% depreciation against the Renminbi of all foreign currency-denominated monetary assets and monetary liabilities as well as all non-monetary assets and non-monetary liabilities measured at fair value	375	2,100

## FULFILLMENTS OF UNDERTAKINGS

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

- (1) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, and in respect of the businesses or commercial opportunities similar to those of Shenzhen Development Bank that the Company and the enterprises under its control intend to carry out or have substantially obtained whereby the assets and businesses arising from such business or commercial opportunities may possibly form potential competition with those of Shenzhen Development Bank, the Company and the enterprises under its control shall not engage 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.
- (2) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and in respect of the transactions between the Company and the enterprises under its control and Shenzhen Development Bank which constitute the connected transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into transaction with Shenzhen Development Bank following the principle of "openness, fairness and justness" at fair and reasonable 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.
- (3) The Company undertakes that, after the completion of the major asset restructuring and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, the Company shall maintain the independence of Shenzhen Development Bank and ensure that Shenzhen Development Bank is independent from the Company and the enterprises under its control in respect of personnel, assets, finance, organization and business.

As at June 30, 2017, the above undertakings were still in the process of performance and there was no violation of the above undertakings.

# Significant Events

## **Undertaking in Respect of the Issuance of Ping An Convertible Bonds**

During the period of issuing Ping An Convertible Bonds by the Company, in terms of certain subsidiaries engaged in construction of properties for self-use purposes and retirement communities, the Company undertakes that, now and in the future, it will strictly comply with relevant regulations in relation to the insurance funds used in real estate investment and the principle that the insurance funds should only be applied to specific property without property speculation or sale in an inappropriate form. It will not develop or sell commercial housing by means of investment in retirement communities and real estate for self-use purposes.

As at June 30, 2017, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

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

In relation to the subscription for 1,323,384,991 new shares of Ping An Bank through non-public issuance, the Company undertakes that it shall not transfer the shares within 36 months since the date of listing of the new shares (January 9, 2014), excluding the transfer among 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 lock-up period, the Company will be free to dispose of such shares pursuant to the requirements of CSRC and Shenzhen Stock Exchange.

As at June 30, 2017, the above undertaking had been fulfilled.

## **Undertaking in Respect of the Subscription for 210,206,652 New Shares of Ping An Bank through Non-public Issuance**

In relation to the subscription for 210,206,652 new shares of Ping An Bank through non-public issuance, the Company undertakes that it shall not transfer the shares within 36 months since the date of listing of the new shares (May 21, 2015). Such shares shall not be disposed of and transferred among its non-connected parties, nor transferred and disposed of among its connected parties during the lock-up period. In addition, no arrangement of any other disposal of interests shall be entered into with respect to such shares subject to the lock-up period.

As at June 30, 2017, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

## **USE OF PROCEEDS**

An aggregate of 594,056,000 new H Shares have been successfully allotted and issued by the Company under general mandate on December 8, 2014 and the gross proceeds raised from the placing were HK\$36,831,472,000. The proceeds raised from the placing were used to develop the main business and replenish the equity and working capital of the Company, and the use of the proceeds raised was consistent with the use approved by the Board of Directors. As at June 30, 2017, HK\$7,862 million raised was kept in the fund-raising account, and the rest had been used as intended.

## **APPOINTMENT OF AUDITORS**

According to the resolution of the 2016 Annual General Meeting, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers were appointed as auditors of the Company's financial statements under CAS and IFRS, respectively for the year 2017. The interim financial statements of the Company are unaudited.

## PUNISHMENTS AND RECTIFICATIONS

During the Reporting Period, neither the Company nor the Directors, Supervisors, or senior management of the Company, were investigated by competent authorities, subjected to coercive measures by judicial authorities or disciplinary authorities, transferred to judicial authorities or investigated for criminal liabilities, or punished, barred from the market or disqualified by the CSRC, subjected to major administrative punishments by environmental protection, work safety, tax or other administrative authorities, or denounced by any stock exchanges.

## INTEGRITY CONDITIONS OF THE COMPANY

There was no non-performance of judicial judgement by the Company during the Reporting Period. For those who were still on the discredited blacklist as at June 30, 2017, the Company had grounds for the belief that liabilities resulting therefrom will not have a material adverse effect on the financial position or operating results of the Company or its subsidiaries.

## PURCHASE, SALE OR REDEMPTION 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 securities from January 1, 2017 to June 30, 2017.

## AUDIT AND RISK MANAGEMENT COMMITTEE

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

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

As at the date of this report, the Audit and Risk Management Committee comprised four Independent Non-executive Directors and one Non-executive Director and is chaired by Mr. Ge Ming, an Independent Non-executive Director, who possesses the professional qualifications of accounting and related financial management expertise.

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

The Company has also established the Strategy and Investment Committee, the Remuneration Committee and the Nomination Committee. Further details of the roles and functions, and summary of the work of these committees under the Board of Directors were set out under the section headed "The specialized committees under the Board" in the Corporate Governance Report on pages 97 to 100 of the Company's 2016 annual report of A shares and on pages 108 to 112 of the Company's 2016 annual report of H shares. The terms of reference and modus operandi of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee have been published on the websites of the Company and the HKEx.

# Significant Events

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE BY THE COMPANY**

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions set out in the Corporate Governance Code for any part of the period from January 1, 2017 to June 30, 2017, save as disclosed below:

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

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

Further details of the Company's arrangements and reasons for the Company's intention not to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer of the Company were set out under the paragraph headed "Our Compliance with the Corporate Governance Code" in the Corporate Governance Report on pages 118 to 119 of the Company's 2016 annual report of H shares.

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

In August 2007, the Company adopted a code of conduct regarding securities transactions by Directors and Supervisors of the Company ("Code of Conduct"), which was amended in April 2014, on terms no less exacting than the required standard set out in the Model Code. Specific enquiry has been made to all Directors and Supervisors of the Company who have confirmed that they had complied with the required standard set out in the Model Code and the Code of Conduct for the period from January 1, 2017 to June 30, 2017.

## **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 implementation rules, the Company shall be obligated to withhold 10% enterprise income tax when it distributes 2017 interim dividend to non-resident enterprise holders of H shares, including Hong Kong Securities Clearing Company Nominees Limited, as listed on the Company's register of members of H shares on Monday, September 11, 2017 (the "Record Date").

If any resident enterprise (as defined in the Enterprise Income Tax Law of the People's Republic of China) listed on the Company's register of members of H shares which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not 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 Tuesday, September 5, 2017 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. The legal opinion shall be handed on by the Company to the applicable tax authorities for approval, and then excess portions of the tax amounts withheld can be refunded.



### Individual Income Tax Withholding of Overseas Individual Shareholders

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 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 or regions where they belong 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 relative tax regulations, the Company shall generally be obligated to withhold individual income tax at the tax rate of 10% when it distributes 2017 interim dividend to individual holders of H shares appearing on the Company's register of members of H shares on the Record Date. However, if the tax regulations and relevant tax agreements state otherwise, the Company will withhold and pay the 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 are citizens from the countries or regions applying a tax rate of less than 10% under tax agreements, they are not applicable in relation to the withheld individual tax at the rate of 10% by the Company, and 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 (Notice of the State Administration of Taxation [2015] No. 60). Qualified shareholders are required to submit to Computershare Hong Kong Investor Services Limited at or before 4:30 p.m. on Tuesday, September 5, 2017 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 portions 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 PRC.

### Income Tax Withholding for H Shareholders via the Hong Kong Stock Connect Program

For Mainland investors (including enterprises and individuals) investing in the Company's H Shares via the Hong Kong Stock Connect Program, China Securities Depository and Clearing Corporation Limited, as the nominee holding H Shares for investors via the Hong Kong Stock Connect Program, will receive the interim dividend distributed by the Company and distribute such interim dividend to the relevant investors through its depository and clearing system. The interim dividend to be distributed to the investors via the Hong Kong Stock Connect Program will be paid in Renminbi. Pursuant to the Notice on Tax Policies for Pilot Mechanism of Shanghai-Hong Kong Stock Connect Program (Cai Shui [2014] No. 81) and the Notice on Tax Policies for Pilot Mechanism of Shenzhen - Hong Kong Stock Connect Program (Cai Shui [2016] No. 127):

For Mainland individual investors who invest in the H Shares of the Company via the Hong Kong Stock Connect Program, the Company will withhold individual income tax at the rate of 20% in the distribution of the interim dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Corporation Limited for tax refund relating to the withholding tax already paid abroad. For Mainland securities investment funds that invest in the H Shares of the Company via the Hong Kong Stock Connect Program, the Company will withhold individual income tax in the distribution of the interim dividend pursuant to the above provisions;

# Significant Events

For Mainland enterprise investors that invest in the H Shares of the Company via the Hong Kong Stock Connect Program, the Company will not withhold income tax in the distribution of the interim dividend and the Mainland enterprise investors shall declare and pay the tax on their own.

## **Income Tax Withholding for A Shareholders via the Shanghai Stock Connect Program**

For Hong Kong investors (including enterprises and individuals) investing in the Company's A Shares via the Shanghai Stock Connect Program, the interim dividend will be paid in Renminbi by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to Hong Kong Securities Clearing Company Limited, and the Company will withhold income tax at the rate of 10% as stipulated in the Notice on Tax Policies for Pilot Mechanism of Shanghai-Hong Kong Stock Connect Program (Cai Shui [2014] No. 81).

For investors via the Shanghai Stock Connect Program who are tax residents of other countries or regions (excluding Hong Kong), which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, those enterprises or individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate under such tax treaty will be refunded.

All investors are requested to read this part carefully. Shareholders are recommended to consult their tax advisors for tax effects regarding their holding and disposing of the shares of the Company, involving the PRC, Hong Kong and other countries and regions.

## **OTHER SIGNIFICANT EVENTS**

No further significant events of the Company were required to be disclosed during the Reporting Period.

# Report on Review of Interim Condensed Consolidated Financial Information

To the shareholders of  
**Ping An Insurance (Group) Company of China, Ltd.**  
(Incorporated in mainland China with limited liability)

## INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 74 to 124, which comprises the interim consolidated statement of financial position of Ping An Insurance (Group) Company of China, Ltd. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2017 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

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

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong  
17 August 2017

# Interim Consolidated Statement of Income

For the six-month period ended 30 June 2017

For the six-month period ended 30 June (in RMB million)	Notes	2017 (Unaudited)	2016 (Unaudited)
Gross written premiums	6	341,390	256,873
Less: Premiums ceded to reinsurers		(9,442)	(9,289)
Net written premiums	6	331,948	247,584
Change in unearned premium reserves		(10,777)	(3,961)
Net earned premiums		321,171	243,623
Reinsurance commission income		3,709	2,917
Interest income from banking operations	7	71,474	65,171
Fees and commission income from non-insurance operations	8	21,667	21,021
Investment income	9	63,739	55,570
Share of profits and losses of associates and jointly controlled entities		1,329	(257)
Other income and other gains	10	20,054	19,783
<b>Total income</b>		<b>503,143</b>	407,828
Gross claims and policyholders' benefits	11	(246,410)	(182,836)
Less: Reinsurers' share and policyholders' benefits	11	4,907	5,564
Claims and policyholders' benefits		(241,503)	(177,272)
Commission expenses on insurance operations		(57,802)	(38,745)
Interest expenses on banking operations	7	(33,457)	(26,725)
Fees and commission expenses on non-insurance operations	8	(2,735)	(2,078)
Loan loss provisions, net of reversals	12, 21	(22,848)	(19,819)
Foreign exchange (losses)/gains		(256)	316
General and administrative expenses		(64,940)	(70,155)
Finance costs		(5,198)	(6,318)
Other expenses		(8,856)	(10,970)
<b>Total expenses</b>		<b>(437,595)</b>	(351,766)
Profit before tax	12	65,548	56,062
Income tax	13	(16,455)	(9,754)
<b>Profit for the period</b>		<b>49,093</b>	46,308
<b>Attributable to:</b>			
- Owners of the parent		43,427	40,776
- Non-controlling interests		5,666	5,532
		<b>49,093</b>	46,308
		<b>RMB</b>	<b>RMB</b>
<b>Earnings per share attributable to ordinary equity holders of the parent:</b>			
- Basic	16	2.43	2.28
- Diluted	16	2.43	2.28

# Interim Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2017

For the six-month period ended 30 June (in RMB million)	Note	2017 (Unaudited)	2016 (Unaudited)
<b>Profit for the period</b>		<b>49,093</b>	46,308
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets		<b>20,089</b>	(18,295)
Shadow accounting adjustments		<b>(4,067)</b>	5,188
Exchange differences on translation of foreign operations		<b>(603)</b>	478
Share of other comprehensive income of associates and jointly controlled entities		<b>(90)</b>	(39)
Income tax relating to components of other comprehensive income		<b>(5,402)</b>	3,539
<b>Other comprehensive income for the period, net of tax</b>	14	<b>9,927</b>	(9,129)
<b>Total comprehensive income for the period</b>		<b>59,020</b>	37,179
<b>Attributable to:</b>			
- Owners of the parent		<b>53,153</b>	31,679
- Non-controlling interests		<b>5,867</b>	5,500
		<b>59,020</b>	37,179

# Interim Consolidated Statement of Financial Position

As at 30 June 2017

(in RMB million)	Notes	30 June 2017 (Unaudited)	31 December 2016 (Audited)
<b>Assets</b>			
Cash and amounts due from banks and other financial institutions	17	495,916	561,143
Balances with the Central Bank and statutory deposits	18	298,744	318,860
Fixed maturity investments	19	2,402,817	2,156,291
Equity and other investments	20	515,746	426,908
Derivative financial assets		5,970	8,836
Loans and advances to customers	21	1,553,818	1,458,291
Premium receivables	22	42,381	35,325
Accounts receivable	23	32,627	22,353
Reinsurers' share of insurance liabilities		16,874	15,269
Finance lease receivables	24	95,698	78,056
Policyholder account assets in respect of insurance contracts	25	37,537	39,706
Policyholder account assets in respect of investment contracts	25	4,108	4,084
Investments in associates and jointly controlled entities	26	55,025	48,955
Investment properties		40,340	36,568
Property and equipment		42,234	40,143
Intangible assets		60,339	63,017
Deferred tax assets		34,623	28,292
Other assets	27	243,891	234,806
<b>Total assets</b>		<b>5,978,688</b>	<b>5,576,903</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	28	18,280	18,280
Reserves	29	198,705	188,910
Retained profits	29	208,795	176,259
Equity attributable to owners of the parent		425,780	383,449
Non-controlling interests	29	106,918	103,012
Total equity		532,698	486,461
<b>Liabilities</b>			
Due to banks and other financial institutions	31	649,422	584,794
Other financial liabilities held for trading		17,172	25,883
Assets sold under agreements to repurchase	32	164,278	89,166
Derivative financial liabilities		5,933	8,715
Customer deposits and payables to brokerage customers	33	1,865,703	1,894,377
Accounts payable		5,355	8,565
Income tax payable		17,971	22,003
Insurance payables		80,615	113,387
Insurance contract liabilities	34	1,815,005	1,625,473
Investment contract liabilities for policyholders		47,803	44,930
Policyholder dividend payable		43,320	39,216
Bonds payable	35	436,104	349,825
Deferred tax liabilities		16,637	11,274
Other liabilities		280,672	272,834
Total liabilities		5,445,990	5,090,442
<b>Total equity and liabilities</b>		<b>5,978,688</b>	<b>5,576,903</b>

MA Mingzhe  
Director

SUN Jianyi  
Director

YAO Jason Bo  
Director

# Interim Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2017

For the six-month period ended 30 June 2017 (in RMB million)	Equity attributable to owners of the parent							
	Share capital (Unaudited)	Capital reserves (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
As at 1 January 2017	18,280	139,492	11,366	36,799	1,253	176,259	103,012	486,461
Profit for the period	-	-	-	-	-	43,427	5,666	49,093
Other comprehensive income for the period	-	10,315	-	-	(589)	-	201	9,927
Total comprehensive income for the period	-	10,315	-	-	(589)	43,427	5,867	59,020
Dividend declared (Note 15)	-	-	-	-	-	(10,054)	-	(10,054)
Appropriations to surplus reserves	-	-	798	-	-	(798)	-	-
Appropriations to general reserves	-	-	-	39	-	(39)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,654)	(1,654)
Equity transactions with non-controlling interests	-	(709)	-	-	-	-	(780)	(1,489)
Contributions from non-controlling interests	-	(9)	-	-	-	-	372	363
Share purchase scheme	-	(306)	-	-	-	-	-	(306)
Others	-	256	-	-	-	-	101	357
As at 30 June 2017	18,280	149,039	12,164	36,838	664	208,795	106,918	532,698

For the six-month period ended 30 June 2016 (in RMB million)	Equity attributable to owners of the parent							
	Share capital (Unaudited)	Capital reserves (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
As at 1 January 2016	18,280	143,798	8,498	28,248	86	135,338	79,323	413,571
Profit for the period	-	-	-	-	-	40,776	5,532	46,308
Other comprehensive income for the period	-	(9,577)	-	-	480	-	(32)	(9,129)
Total comprehensive income for the period	-	(9,577)	-	-	480	40,776	5,500	37,179
Dividend declared (Note 15)	-	-	-	-	-	(6,398)	-	(6,398)
Appropriations to surplus reserves	-	-	1,385	-	-	(1,385)	-	-
Appropriations to general reserves	-	-	-	6	-	(6)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	(974)	(974)
Acquisition of subsidiaries	-	-	-	-	-	-	5,424	5,424
Equity transactions with non-controlling interests	-	(1,604)	-	-	-	-	(2,935)	(4,539)
Contributions from non-controlling interests	-	1,900	-	-	-	-	2,070	3,970
Share purchase scheme	-	(293)	-	-	-	-	-	(293)
Other equity instruments issued by subsidiaries	-	-	-	-	-	-	10,236	10,236
Others	-	4,416	-	-	-	-	-	4,416
As at 30 June 2016	18,280	138,640	9,883	28,254	566	168,325	98,644	462,592

# Interim Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2017

For the six-month period ended 30 June (in RMB million)	Note	2017 (Unaudited)	2016 (Unaudited)
<b>Net cash flows from operating activities</b>		<b>(13,975)</b>	65,998
<b>Cash flows from investing activities</b>			
Purchases of investment properties, property and equipment, and intangible assets		<b>(8,683)</b>	(9,890)
Proceeds from disposal of investment properties, property and equipment, and intangible assets		<b>430</b>	24
Proceeds from disposal of investments		<b>942,323</b>	1,539,761
Purchases of investments		<b>(1,282,401)</b>	(1,846,599)
Term deposits withdrawn/(placed), net		<b>38,885</b>	(3,323)
Acquisition of non-controlling interests in subsidiaries		<b>(1,528)</b>	(4,733)
Acquisition and disposal of subsidiaries, net		<b>(145)</b>	(11,733)
Interest received		<b>57,903</b>	53,377
Dividends received		<b>21,360</b>	22,915
Rentals received		<b>1,152</b>	793
Others		<b>(9,290)</b>	(6,988)
<b>Net cash flows used in investing activities</b>		<b>(239,994)</b>	(266,396)
<b>Cash flows from financing activities</b>			
Capital injected into subsidiaries by non-controlling interests		<b>363</b>	14,451
Proceeds from bonds issued		<b>547,856</b>	448,107
Increase/(Decrease) in assets sold under agreements to repurchase of non-banking and non-securities operations, net		<b>35,746</b>	(20,875)
Proceeds from borrowed funds		<b>148,986</b>	107,229
Repayment of borrowed funds		<b>(612,301)</b>	(381,971)
Interest paid		<b>(8,507)</b>	(7,493)
Dividends paid		<b>(515)</b>	(974)
Others		<b>2,318</b>	12,998
<b>Net cash flows from financing activities</b>		<b>113,946</b>	171,472
<b>Net decrease in cash and cash equivalents</b>		<b>(140,023)</b>	(28,926)
Net foreign exchange differences		<b>(1,599)</b>	1,720
Cash and cash equivalents at beginning of the period		<b>367,552</b>	333,325
<b>Cash and cash equivalents at end of the period</b>	39	<b>225,930</b>	306,119



# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 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 47th, 48th, 109th, 110th, 111th and 112th Floors, Ping An Finance Center, No. 5033 Yitian Road, Futian District, Shenzhen Guangdong Province, China.

## 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.

IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: 1) amortized cost, 2) fair value through other comprehensive income and 3) fair value through profit and loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedge item and hedging instrument and for the ‘hedge ratio’ to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The Group will adopt IFRS 9 for financial years commencing on 1 January 2018.

The changes arising from applying IFRS 9 are likely to have a material impact on the Group and the Group is currently assessing IFRS 9’s full impact. The adoption of the new standard will mainly result in more financial instruments being classified as fair value through profit and loss and will lead to a change in the measurement of these financial instruments. In addition, the new expected credit losses model mentioned above will alter the current IAS 39 approach and impact the accounting of the financial instruments.

IFRS 15, ‘Revenue from contracts with customers’ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for financial years commencing on 1 January 2018. The Group has started to assess IFRS 15’s full impact.

IFRS 16, ‘Leases’ addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 ‘Leases’, and related interpretations. The new standard is mandatory for financial years commencing on or after 1 January 2019. The Group has started to assess IFRS 16’s full impact.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 2. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS') (CONTINUED)

IFRS 17, 'Insurance Contracts', was published on 18 May 2017. IFRS 17 established principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin representing the unearned profit of the contract. The new standard is mandatory for financial years commencing on or after 1 January 2021. The Group has started to assess IFRS 17's full impact.

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. BASIS OF PREPARATION

This interim condensed consolidated financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting". This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2016.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### (1) CHANGES IN ACCOUNTING POLICIES

Except as listed below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 'Income tax', and
- Disclosure initiative – amendments to IAS 7 'Statement of cash flow'.

The adoption of the above amendments has had no significant effect on the condensed interim financial statements for the six-month period ended 30 June 2017.

### (2) CHANGES IN ACCOUNTING ESTIMATES

Material judgment is required in determining insurance contract liabilities and in choosing discount rates/investment return, mortality, morbidity, lapse rates, policy dividend, and expenses assumptions relating to long term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group has changed the above assumptions based on current information available as at 30 June 2017 (mainly due to decrease of the benchmarking yield curve for the measurement of insurance contract liabilities and refined the structure of the benchmarking yield curve as well as corresponding comprehensive premium adjustments following regulatory requirements), and updated the estimate of future cash flows, with the corresponding impact on insurance contract liabilities taken into the current period's statement of income. As a result of such changes in assumptions, long term life insurance policyholders' reserves were increased by RMB15,417 million as at 30 June 2017 and the profit before tax for the six-month period ended 30 June 2017 was decreased by RMB15,417 million.

### (3) CHANGES IN MAIN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

For the six-month period ended 30 June 2017, there was no significant change in principal subsidiaries, associates and jointly controlled entities.

## 5. SEGMENT REPORTING

In 2017, the Group reassessed the composition of operating segments in accordance with business operation and management reporting process. In view of the fast growing business in the other asset management segment and internet finance business segment and their increasing significance to the Group, management has concluded that other asset management segment and internet finance business segment should be separately reported. The overall presentation of the segment information was also enhanced. The segment businesses are separately presented as the insurance segment, the banking segment, the trust segment, the securities segment, the other asset management segment, the internet financial segment and the other businesses, based on the products and service offerings. The insurance segment is divided into the life insurance and health insurance and the property and casualty insurance segment in line with the nature of products, risk and asset portfolios. The types of products and services from which reportable segments derive revenue are listed below:

- The life and health 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 health care and medical insurance, reflecting performance of life insurance, annuity insurance and health insurance subsidiaries;
- 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, reflecting performance of property and casualty insurance subsidiary;
- The banking segment undertakes loan and intermediary business with corporate customers and retail customers as well as wealth management and credit card services with individual customers, reflecting performance of banking subsidiary;
- The trust segment provides trust services and undertake investing activities;
- The securities segment undertakes brokerage, trading, investment banking and asset management services;
- The other asset management business segment provides investment management services and financial lease business, reflecting performance of asset management and financial leasing and the other asset management subsidiaries;
- The internet finance segment provides various financial and daily-life services through internet platforms such as financial transaction information service platform, health care service platform, reflecting performance of internet finance subsidiaries, associates and jointly controlled entities.

Except for the above business segments, the other segments did not have material impact on the Group's operating outcome, and as such are not separately presented. The comparative figures have been restated accordingly.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 5. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2017 is as follows:

(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Trust (Unaudited)	Securities (Unaudited)	Other asset management business (Unaudited)	Internet finance business (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Gross written premiums	237,705	103,527	-	-	-	-	-	158	341,390
Less: Premiums ceded to reinsurers	(1,315)	(8,076)	-	-	-	-	-	(51)	(9,442)
Change in unearned premium reserves	(2,710)	(8,065)	-	-	-	-	-	(2)	(10,777)
Net earned premiums	233,680	87,386	-	-	-	-	-	105	321,171
Reinsurance commission income	46	3,653	-	-	-	-	-	10	3,709
Interest income from banking operations	-	-	71,648	-	-	-	-	(174)	71,474
Fees and commission income from non-insurance operations	-	-	17,869	2,153	1,903	703	51	(1,012)	21,667
Including: Inter-segment fees and commission income from non-insurance operations	-	-	799	276	5	24	-	(1,104)	-
Investment income	51,894	5,383	64	1,423	2,006	3,996	145	(1,172)	63,739
Including: Inter-segment investment income	1,248	102	-	32	53	481	137	(2,053)	-
Including: Impairment loss of investment assets	(238)	(1)	(710)	-	(18)	(39)	-	27	(979)
Share of profits and losses of associates and jointly controlled entities	1,209	28	-	47	1	136	1,109	(1,201)	1,329
Other income and other gains	10,475	488	158	44	673	8,267	6,836	(6,887)	20,054
Including: Inter-segment other income	5,996	11	5	24	-	867	1,358	(8,261)	-
Including: Non-operation income	77	83	15	3	5	5	108	(96)	200
<b>Total income</b>	<b>297,304</b>	<b>96,938</b>	<b>89,739</b>	<b>3,667</b>	<b>4,583</b>	<b>13,102</b>	<b>8,141</b>	<b>(10,331)</b>	<b>503,143</b>
Claims and policyholders' benefits	(190,042)	(51,410)	-	-	-	-	-	(51)	(241,503)
Commission expenses on insurance operations	(42,996)	(15,926)	-	-	-	-	-	1,120	(57,802)
Interest expenses on banking operations	-	-	(34,287)	-	-	-	-	830	(33,457)
Fees and commission expenses on non-insurance operations	-	-	(2,121)	(88)	(334)	(141)	-	(51)	(2,735)
Loan loss provisions, net of reversals	-	-	(22,856)	-	-	-	-	8	(22,848)
Foreign exchange (losses)/gains	120	(84)	52	(1)	(1)	(99)	(75)	(168)	(256)
Investment expenses	(766)	(106)	-	-	-	-	-	872	-
Administrative expenses	(20,420)	(20,294)	(14,039)	(603)	(1,793)	(3,515)	(3,910)	(366)	(64,940)
Including: Taxes and surcharges	(343)	(711)	(503)	(42)	(15)	(105)	(81)	(27)	(1,827)
Including: Impairment loss of other assets	(20)	(266)	(150)	(15)	3	(274)	(2)	(24)	(748)
Finance costs	(1,028)	(245)	-	(83)	(350)	(2,318)	(82)	(1,092)	(5,198)
Other expenses	(9,823)	(189)	(56)	3	(690)	(2,293)	(3,513)	7,705	(8,856)
<b>Total expenses</b>	<b>(264,955)</b>	<b>(88,254)</b>	<b>(73,307)</b>	<b>(772)</b>	<b>(3,168)</b>	<b>(8,366)</b>	<b>(7,580)</b>	<b>8,807</b>	<b>(437,595)</b>
Profit before tax	32,349	8,684	16,432	2,895	1,415	4,736	561	(1,524)	65,548
Income tax	(8,543)	(1,789)	(3,878)	(633)	(228)	(987)	(247)	(150)	(16,455)
<b>Profit for the period</b>	<b>23,806</b>	<b>6,895</b>	<b>12,554</b>	<b>2,262</b>	<b>1,187</b>	<b>3,749</b>	<b>314</b>	<b>(1,674)</b>	<b>49,093</b>

## 5. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2016 is as follows:

(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Trust (Unaudited)	Securities (Unaudited)	Other asset management business (Unaudited)	Internet finance business (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Gross written premiums	172,898	83,830	-	-	-	-	-	145	256,873
Less: Premiums ceded to reinsurers	(1,213)	(8,028)	-	-	-	-	-	(48)	(9,289)
Change in unearned premium reserves	(2,461)	(1,515)	-	-	-	-	-	15	(3,961)
Net earned premiums	169,224	74,287	-	-	-	-	-	112	243,623
Reinsurance commission income	147	2,761	-	-	-	-	-	9	2,917
Interest income from banking operations	-	-	65,084	-	-	-	-	87	65,171
Fees and commission income from non-insurance operations	-	-	16,583	2,043	2,562	330	445	(942)	21,021
Including: Inter-segment fees and commission income from non-insurance operations	-	-	619	96	106	-	-	(821)	-
Investment income	32,666	4,784	1,600	334	1,327	3,294	10,346	1,219	55,570
Including: Inter-segment investment income	1,103	17	2	12	98	24	2	(1,258)	-
Including: Impairment loss of investment assets	(440)	(7)	(156)	-	-	-	-	(24)	(627)
Share of profits and losses of associates and jointly controlled entities	1,410	122	25	98	(1)	(209)	48	(1,750)	(257)
Other income and other gains	8,185	329	89	97	405	7,754	7,993	(5,069)	19,783
Including: Inter-segment other income	3,686	7	1	-	-	389	696	(4,779)	-
Including: Non-operation income	68	85	29	1	102	51	24	34	394
<b>Total income</b>	<b>211,632</b>	<b>82,283</b>	<b>83,381</b>	<b>2,572</b>	<b>4,293</b>	<b>11,169</b>	<b>18,832</b>	<b>(6,334)</b>	<b>407,828</b>
Claims and policyholders' benefits	(136,468)	(40,747)	-	-	-	-	-	(57)	(177,272)
Commission expenses on insurance operations	(28,557)	(11,718)	-	-	-	-	-	1,530	(38,745)
Interest expenses on banking operations	-	-	(27,488)	-	-	-	-	763	(26,725)
Fees and commission expenses on non-insurance operations	-	-	(1,534)	(356)	(309)	(49)	-	170	(2,078)
Loan loss provisions, net of reversals	-	-	(19,714)	3	-	-	(79)	(29)	(19,819)
Foreign exchange (losses)/gains	(23)	17	283	-	(1)	(19)	9	50	316
Investment expenses	(476)	(54)	-	-	-	-	-	530	-
Administrative expenses	(18,195)	(21,077)	(18,743)	(804)	(2,019)	(3,280)	(4,965)	(1,072)	(70,155)
Including: Taxes and surcharges	(619)	(3,397)	(2,839)	(89)	(115)	(283)	(156)	(96)	(7,594)
Including: Impairment loss of other assets	(20)	(271)	(130)	-	4	(365)	(17)	(23)	(822)
Finance costs	(1,165)	(217)	-	(266)	(238)	(2,695)	(112)	(1,625)	(6,318)
Other expenses	(7,128)	(98)	(31)	(4)	(293)	(1,514)	(6,516)	4,614	(10,970)
<b>Total expenses</b>	<b>(192,012)</b>	<b>(73,894)</b>	<b>(67,227)</b>	<b>(1,427)</b>	<b>(2,860)</b>	<b>(7,557)</b>	<b>(11,663)</b>	<b>4,874</b>	<b>(351,766)</b>
Profit before tax	19,620	8,389	16,154	1,145	1,433	3,612	7,169	(1,460)	56,062
Income tax	(2,150)	(1,521)	(3,862)	(247)	(214)	(1,667)	368	(461)	(9,754)
<b>Profit for the period</b>	<b>17,470</b>	<b>6,868</b>	<b>12,292</b>	<b>898</b>	<b>1,219</b>	<b>1,945</b>	<b>7,537</b>	<b>(1,921)</b>	<b>46,308</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 5. SEGMENT REPORTING (CONTINUED)

The segment assets, liabilities and equity as at 30 June 2017 and 31 December 2016 are as follows:

	At 30 June 2017								
(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Trust (Unaudited)	Securities (Unaudited)	Other asset management business (Unaudited)	Internet finance business (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Segment assets	2,112,460	313,724	3,092,142	28,723	95,072	345,556	53,477	(62,466)	5,978,688
Segment liabilities	1,963,845	246,533	2,880,688	8,139	68,622	293,470	26,128	(41,435)	5,445,990
Segment equity	148,615	67,191	211,454	20,584	26,450	52,086	27,349	(21,031)	532,698

	At 31 December 2016								
(in RMB million)	Life and health insurance (Audited)	Property and casualty insurance (Audited)	Banking (Audited)	Trust (Audited)	Securities (Audited)	Other asset management business (Audited)	Internet finance business (Audited)	Other businesses and elimination (Audited)	Total (Audited)
Segment assets	1,895,088	283,623	2,953,434	27,216	91,079	303,434	54,561	(31,532)	5,576,903
Segment liabilities	1,780,522	219,974	2,751,263	8,312	65,430	251,571	27,674	(14,304)	5,090,442
Segment equity	114,566	63,649	202,171	18,904	25,649	51,863	26,887	(17,228)	486,461

## 6. GROSS AND NET WRITTEN PREMIUMS

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
Gross written premiums and premium deposits	<b>390,801</b>	302,167
Less: Premium deposits of policies without significant insurance risk transfer	<b>(2,118)</b>	(1,688)
Premium deposits separated out from universal life and investment-linked products	<b>(47,293)</b>	(43,606)
<b>Gross written premiums</b>	<b>341,390</b>	256,873
Long term life business gross written premiums	<b>224,363</b>	161,462
Short term life business gross written premiums	<b>13,342</b>	11,436
Property and casualty business gross written premiums	<b>103,685</b>	83,975
<b>Gross written premiums</b>	<b>341,390</b>	256,873
<b>Gross written premiums</b>		
Life insurance		
Individual business	<b>227,831</b>	163,338
Group business	<b>9,874</b>	9,560
	<b>237,705</b>	172,898
Property and casualty insurance		
Automobile insurance	<b>80,341</b>	70,695
Non-automobile insurance	<b>20,315</b>	10,745
Accident and health insurance	<b>3,029</b>	2,535
	<b>103,685</b>	83,975
<b>Gross written premiums</b>	<b>341,390</b>	256,873
<b>Net of reinsurance premiums ceded</b>		
Life insurance		
Individual business	<b>226,623</b>	161,793
Group business	<b>9,768</b>	9,892
	<b>236,391</b>	171,685
Property and casualty insurance		
Automobile insurance	<b>76,565</b>	66,228
Non-automobile insurance	<b>15,993</b>	7,153
Accident and health insurance	<b>2,999</b>	2,518
	<b>95,557</b>	75,899
<b>Net written premiums</b>	<b>331,948</b>	247,584

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 7. NET INTEREST INCOME FROM BANKING OPERATIONS

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
<b>Interest income from banking operations</b>		
Due from the Central Bank	2,085	2,069
Due from financial institutions	4,663	4,693
Loans and advances to customers		
Corporate loans and advances to customers	21,040	20,963
Individual loans and advances to customers	24,420	20,993
Discounted bills	106	174
Bonds	17,160	14,632
Others	2,000	1,647
Subtotal	71,474	65,171
<b>Interest expenses on banking operations</b>		
Due to the Central Bank	774	456
Due to financial institutions	9,223	4,244
Customer deposits	17,004	17,675
Bonds payable	6,456	4,350
Subtotal	33,457	26,725
Net interest income from banking operations	38,017	38,446

The interest income accrued on impaired financial assets for the period ended 30 June 2017 amounted to RMB336 million (for the period ended 30 June 2016: RMB244 million).

## 8. NET FEES AND COMMISSION INCOME FROM NON-INSURANCE OPERATIONS

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
<b>Fees and commission income from non-insurance operations</b>		
Fees and commission income from banking business	17,070	15,966
Trust service fees income	2,022	1,879
Brokerage fees	1,070	1,117
Underwriting commission income	305	751
Others	1,200	1,308
Subtotal	21,667	21,021
<b>Fees and commission expenses on non-insurance operations</b>		
Fees and commission expenses on banking business	2,114	1,527
Brokerage fees paid	298	280
Others	323	271
Subtotal	2,735	2,078
Net fees and commission income from non-insurance operations	18,932	18,943



## 9. INVESTMENT INCOME

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
Net investment income	<b>65,155</b>	64,619
Realized losses	<b>(1,312)</b>	(9,098)
Unrealized gains	<b>875</b>	676
Impairment losses	<b>(979)</b>	(627)
<b>Total investment income</b>	<b>63,739</b>	55,570

### (1) NET INVESTMENT INCOME

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
Interest income from non-banking operations on fixed maturity investments		
Bonds and debt schemes		
- Held-to-maturity	<b>17,536</b>	15,586
- Available-for-sale	<b>4,204</b>	3,924
- Carried at fair value through profit or loss	<b>497</b>	330
- Loans and receivables	<b>9,020</b>	8,818
Term deposits		
- Loans and receivables	<b>4,292</b>	5,064
Current accounts		
- Loans and receivables	<b>382</b>	328
Others		
- Available-for-sale	<b>1,716</b>	2,236
- Carried at fair value through profit or loss	<b>75</b>	68
- Loans and receivables	<b>4,779</b>	3,493
Dividend income on equity and other investments		
Security investment funds		
- Available-for-sale	<b>15,538</b>	18,176
- Carried at fair value through profit or loss	<b>990</b>	3,524
Equity securities		
- Available-for-sale	<b>5,881</b>	2,926
- Carried at fair value through profit or loss	<b>479</b>	343
Operating lease income from investment properties	<b>1,152</b>	793
Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	<b>(1,386)</b>	(990)
	<b>65,155</b>	64,619

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 9. INVESTMENT INCOME (CONTINUED)

### (2) REALIZED LOSSES

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
Fixed maturity investments		
- Available-for-sale	(245)	937
- Carried at fair value through profit or loss	19	5
- Loans and receivables	81	(34)
Equity and other investments		
- Available-for-sale	(4,622)	(19,648)
- Carried at fair value through profit or loss	1,536	(3,193)
- Subsidiaries, associates and jointly controlled entities	855	11,446
Derivative financial instruments		
- Carried at fair value through profit or loss	341	8
Gain on disposals of bills	321	1,068
Income from precious metal transactions	402	313
	<b>(1,312)</b>	<b>(9,098)</b>

### (3) UNREALIZED GAINS

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
Fixed maturity investments		
- Carried at fair value through profit or loss	94	(118)
Equity and other investments		
- Carried at fair value through profit or loss	800	356
Derivative financial instruments		
- Carried at fair value through profit or loss	(19)	438
	<b>875</b>	<b>676</b>

### (4) IMPAIRMENT LOSSES

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
Fixed maturity investments		
- Held-to-maturity	(10)	-
- Loan and receivables	(700)	(160)
Equity and other investments		
- Available-for-sale	(269)	(467)
	<b>(979)</b>	<b>(627)</b>

## 10. OTHER INCOME AND OTHER GAINS

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
Sales income	6,827	3,662
Management income from investment-linked products and income from investment contracts	1,212	1,594
Expressway toll fee income	541	581
Annuity management fee income	285	391
Consulting income	2,982	2,964
Finance leasing income	3,431	2,516
Income from financial guarantees	751	3,900
Income from customer loyalty service	879	828
Others	3,146	3,347
	<b>20,054</b>	<b>19,783</b>

## 11. CLAIMS AND POLICYHOLDERS' BENEFITS

(1)

For the six-month period ended 30 June (in RMB million)	2017		
	Gross (Unaudited)	Reinsurers' share (Unaudited)	Net (Unaudited)
Claims and claim adjustment expenses	69,946	(4,718)	65,228
Surrenders	13,242	-	13,242
Annuities	3,085	-	3,085
Maturities and survival benefits	17,460	-	17,460
Policyholder dividends	8,403	-	8,403
Increase in policyholders' reserves	123,508	(189)	123,319
Interest credited to policyholder contract deposits	10,766	-	10,766
	<b>246,410</b>	<b>(4,907)</b>	<b>241,503</b>

For the six-month period ended 30 June (in RMB million)	2016		
	Gross (Unaudited)	Reinsurers' share (Unaudited)	Net (Unaudited)
Claims and claim adjustment expenses	56,857	(5,958)	50,899
Surrenders	10,075	-	10,075
Annuities	2,724	-	2,724
Maturities and survival benefits	14,342	-	14,342
Policyholder dividends	7,071	-	7,071
Increase in policyholders' reserves	85,237	394	85,631
Interest credited to policyholder contract deposits	6,530	-	6,530
	<b>182,836</b>	<b>(5,564)</b>	<b>177,272</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 11. CLAIMS AND POLICYHOLDERS' BENEFITS (CONTINUED)

(2)

For the six-month period ended 30 June (in RMB million)	2017		
	Gross (Unaudited)	Reinsurers' share (Unaudited)	Net (Unaudited)
Long term life insurance contract benefits	185,581	(766)	184,815
Short term life insurance claims	5,427	(200)	5,227
Property and casualty insurance claims	55,402	(3,941)	51,461
	<b>246,410</b>	<b>(4,907)</b>	<b>241,503</b>

For the six-month period ended 30 June (in RMB million)	2016		
	Gross (Unaudited)	Reinsurers' share (Unaudited)	Net (Unaudited)
Long term life insurance contract benefits	132,958	(962)	131,996
Short term life insurance claims	4,640	(168)	4,472
Property and casualty insurance claims	45,238	(4,434)	40,804
	182,836	(5,564)	177,272

## 12. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following items:

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
Employee costs	29,739	30,784
Interest expenses on policyholder contract deposits and investment contract reserves	10,766	6,530
Depreciation of investment properties	413	331
Depreciation of property and equipment	2,107	1,724
Amortization of intangible assets	848	730
Impairment loss of other assets	748	822
Provision for loans, net	22,848	19,819
Cost of sales	1,943	1,184

## 13. INCOME TAX

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
Current income tax	22,673	14,924
Deferred income tax	(6,218)	(5,170)
	<b>16,455</b>	9,754

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 of the Group for 2017 was 25% (2016: 25%).

## 14. OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets:		
Changes in fair value	<b>21,585</b>	(37,759)
Reclassification adjustments for (losses)/gains included in the statement of income		
- (Losses)/gains on disposals	<b>(1,718)</b>	19,014
- Impairment losses	<b>222</b>	450
Income tax effect	<b>(6,419)</b>	4,834
	<b>13,670</b>	(13,461)
Shadow accounting adjustments	<b>(4,067)</b>	5,188
Income tax effect	<b>1,017</b>	(1,295)
	<b>(3,050)</b>	3,893
Exchange differences on translation of foreign operations	<b>(603)</b>	478
Share of other comprehensive income of associates and jointly controlled entities	<b>(90)</b>	(39)
	<b>9,927</b>	(9,129)

## 15. DIVIDENDS

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Audited)
In respect of previous year:		
2016 final dividend		
- RMB0.55 (2015: RMB0.35) per ordinary share (i)	<b>10,054</b>	6,398
In respect of current year:		
2017 interim dividend		
- RMB0.50 (2016: RMB0.20) per ordinary share (ii)	<b>9,140</b>	3,656

- (i) On 22 March 2017, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2016, and declared a final cash dividend in the amount of RMB0.55 per share based on the total shares of 18,280,241,410. The amount of the cash dividend for 2016 was RMB10,054 million accordingly. On 16 June 2017, the above profit appropriation plan was approved by the shareholders of the Company at the annual general meeting.
- (ii) On 17 August 2017, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for Interim Dividend of 2017, and declared an interim cash dividend of RMB0.50 per share for 2017. The amount of the interim cash dividend for 2017 would be RMB9,140 million. It was not recognized as a liability as at 30 June 2017.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 16. EARNINGS PER SHARE

### (1) BASIC

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the six-month period ended 30 June 2017.

For the six-month period ended 30 June	2017 (Unaudited)	2016 (Unaudited)
Profit attributable to owners of the parent (in RMB million)	<b>43,427</b>	40,776
Weighted average number of ordinary shares in issue (million shares)	<b>17,837</b>	17,846
Basic earnings per share (in RMB)	<b>2.43</b>	2.28

### (2) DILUTED

Diluted earnings per share was computed by dividing the adjusted profit attributable to the equity holders of the Company based on assuming conversion of all dilutive potential shares for the period by the adjusted weighted average number of ordinary shares in issue. The shares granted by the Company under the share purchase scheme (Note 30) have potential dilutive effect on the earnings per share.

For the six-month period ended 30 June	2017 (Unaudited)	2016 (Unaudited)
Earnings (in RMB million)		
Profit attributable to owners of the parent	<b>43,427</b>	40,776
Profit used to determine diluted earnings per share	<b>43,427</b>	40,776
Weighted average number of ordinary shares (million shares)		
Weighted average number of ordinary shares in issue	<b>17,837</b>	17,846
Adjustments for:		
- Assumed vesting of share purchase scheme	<b>26</b>	17
Weighted average number of ordinary shares for diluted earnings per share	<b>17,863</b>	17,863
Diluted earnings per share (in RMB)	<b>2.43</b>	2.28

## 17. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Cash on hand	3,682	4,499
Term deposits	151,600	191,660
Due from banks and other financial institutions	274,666	267,534
Placements with banks and other financial institutions (i)	65,968	97,450
	<b>495,916</b>	561,143

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

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Placements with banks	61,125	95,998
Placements with other financial institutions	4,865	1,474
Gross	65,990	97,472
Less: Provision for placements with banks and other financial institutions	(22)	(22)
Net	<b>65,968</b>	97,450

As at 30 June 2017, cash and amounts due from banks and other financial institutions of RMB5,147 million (31 December 2016: RMB762 million) were restricted from use.

## 18. BALANCES WITH THE CENTRAL BANK AND STATUTORY DEPOSITS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Statutory reserve deposits with the Central Bank for banking operations-RMB	250,879	250,470
Statutory reserve deposits with the Central Bank for banking operations-Foreign Currencies	4,122	3,646
Statutory reserve deposits with the Central Bank for banking operations (i)	255,001	254,116
Surplus reserve deposits with the Central Bank	27,532	51,187
Fiscal deposits with the Central Bank	3,764	1,459
Statutory deposits for insurance operations (ii)	12,447	12,098
	<b>298,744</b>	318,860

(i) In accordance with relevant regulations, subsidiaries of the Group engaged in bank operations are required to place mandatory reserve deposits with the People's Bank of China for customer deposits in both RMB and foreign currencies. As at 30 June 2017, the mandatory deposits are calculated at 15% (31 December 2016: 14.5%) of customer deposits denominated in RMB and 5% (31 December 2016: 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.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 18. BALANCES WITH THE CENTRAL BANK AND STATUTORY DEPOSITS (CONTINUED)

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

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Ping An Life Insurance Company of China, Ltd. (“Ping An Life”)	6,760	6,760
Ping An Property & Casualty Insurance Company of China, Ltd. (“Ping An Property & Casualty”)	4,520	4,200
Ping An Annuity Insurance Company of China, Ltd.	972	972
Ping An Health Insurance Company of China, Ltd.	190	160
Others	5	6
	<b>12,447</b>	12,098

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

## 19. FIXED MATURITY INVESTMENTS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Bonds	1,539,612	1,350,798
Asset management schemes	331,081	329,256
Debt schemes and trust schemes	360,099	314,924
Policy loans	73,994	64,634
Assets purchased under reverse repurchase agreements	24,116	65,657
Wealth management products	73,915	31,022
	<b>2,402,817</b>	2,156,291



## 19. FIXED MATURITY INVESTMENTS (CONTINUED)

### (1) BONDS:

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Held-to-maturity	1,150,882	1,009,714
Available-for-sale, at fair value	223,421	193,904
Carried at fair value through profit or loss	80,746	70,392
Loans and receivables	84,563	76,788
	<b>1,539,612</b>	1,350,798
Government bonds	569,687	479,637
Finance bonds	576,654	504,479
Corporate bonds	393,271	366,682
	<b>1,539,612</b>	1,350,798
Listed	401,069	372,701
Unlisted	1,138,543	978,097
	<b>1,539,612</b>	1,350,798

During 2013, the Group's subsidiary Ping An Bank Co., Ltd. ("Ping An Bank") reclassified bonds with a fair value of RMB91,675 million from available-for-sale financial investments to held-to-maturity financial assets reflecting its positive intention and ability to hold them until maturity. As at 30 June 2017, the carrying amount of these bonds was RMB51,584 million (31 December 2016: RMB59,371 million) while the corresponding fair value was RMB51,015 million (31 December 2016: RMB59,472 million). If these bonds were not reclassified, unrealized losses of RMB622 million (for the period ended 30 June 2016: unrealized losses of RMB688 million) would have been recognized in the available-for-sale financial assets reserves for the period ended 30 June 2017. During the period, other comprehensive income in the amount of RMB229 million (30 June 2016: RMB323 million) recognized prior to the reclassification was reversed.

### (2) ASSETS PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS:

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Trust beneficial rights	-	1,867
Bonds	16,860	53,449
Bills	911	3,994
Finance lease receivables	7	15
Other equity investments and their beneficial rights	6,351	6,345
Gross	24,129	65,670
Less: Provision for impairment losses	(13)	(13)
Net	<b>24,116</b>	65,657

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 20. EQUITY AND OTHER INVESTMENTS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Security investment funds	93,360	103,394
Equity securities	217,984	142,220
Other investments	204,402	181,294
	<b>515,746</b>	426,908

### (1) SECURITY INVESTMENT FUNDS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Available-for-sale, at fair value	66,325	54,590
Held for trading	27,035	48,804
	<b>93,360</b>	103,394
Listed	15,681	14,595
Unlisted	77,679	88,799
	<b>93,360</b>	103,394

### (2) EQUITY SECURITIES

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Available-for-sale, at fair value	200,394	119,563
Held for trading	17,590	22,657
	<b>217,984</b>	142,220
Listed	216,629	140,433
Unlisted	1,355	1,787
	<b>217,984</b>	142,220

### (3) OTHER INVESTMENTS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Available-for-sale, at fair value	177,755	162,486
Available-for-sale, at cost	5,444	6,698
Carried at fair value through profit or loss		
Held-for-trading	9,124	6,077
Designated at fair value through profit or loss	12,079	6,033
	<b>204,402</b>	181,294
Listed	71,594	69,255
Unlisted	132,808	112,039
	<b>204,402</b>	181,294

## 21. LOANS AND ADVANCES TO CUSTOMERS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Corporate customers		
Loans	<b>937,075</b>	941,937
Discounted bills	<b>4,596</b>	14,846
Individual customers		
Business loans	<b>101,874</b>	97,534
Credit cards	<b>208,238</b>	181,444
Property mortgages	<b>124,479</b>	85,229
Vehicle loans	<b>104,832</b>	95,264
Others	<b>118,099</b>	82,262
Gross	<b>1,599,193</b>	1,498,516
Less: Loan loss provisions	<b>(45,375)</b>	(40,225)
Net	<b>1,553,818</b>	1,458,291

Movement of loan loss provisions is as follows:

(in RMB million)	For the six-month period ended 30 June 2017			For the year ended 31 December 2016		
	Individually assessed (Unaudited)	Collectively assessed (Unaudited)	Total (Unaudited)	Individually assessed (Audited)	Collectively assessed (Audited)	Total (Audited)
As at 1 January	<b>8,445</b>	<b>31,780</b>	<b>40,225</b>	3,501	26,117	29,618
Charge for the period/year	<b>13,266</b>	<b>9,582</b>	<b>22,848</b>	22,719	22,772	45,491
Write-off and transfer out during the period/year	<b>(12,097)</b>	<b>(6,820)</b>	<b>(18,917)</b>	(17,537)	(18,382)	(35,919)
Write-backs during the period/year						
- Recovery of loans written off previously	<b>811</b>	<b>956</b>	<b>1,767</b>	271	1,244	1,515
- Interest accrued on impaired loans and advances	<b>(336)</b>	-	<b>(336)</b>	(544)	-	(544)
Other changes for the period/year	<b>(16)</b>	<b>(196)</b>	<b>(212)</b>	35	29	64
As at 30 June/31 December	<b>10,073</b>	<b>35,302</b>	<b>45,375</b>	8,445	31,780	40,225

As at 30 June 2017, discounted bills with a carrying amount of RMB2,963 million (31 December 2016: RMB3,096 million) were pledged as collateral for amounts due to the Central Bank.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 22. PREMIUM RECEIVABLES

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Premium receivables	44,093	36,783
Less: Provision for doubtful receivables	(1,712)	(1,458)
Premium receivables, net	42,381	35,325
Life insurance	10,643	9,663
Property and casualty insurance	31,738	25,662
Premium receivables, net	42,381	35,325

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

An aging analysis of premium receivables is as follows:

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Within 3 months	39,369	34,287
Over 3 months but within 1 year	3,398	1,554
Over 1 year	1,326	942
	44,093	36,783

## 23. ACCOUNTS RECEIVABLE

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Receivables under factoring	24,158	14,744
Others	8,682	7,759
Gross	32,840	22,503
Less: provision for accounts receivable	(213)	(150)
Net	32,627	22,353

## 24. FINANCE LEASE RECEIVABLES

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Finance lease receivable, net of unearned finance income	97,284	79,411
Less: Provision for impairment losses	(1,586)	(1,355)
Net	95,698	78,056

## 25. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE/ INVESTMENT CONTRACTS

### (1) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE CONTRACTS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Cash and amounts due from banks and other financial institutions	3,496	5,293
Equity and other investments	27,101	26,495
Fixed maturity investments, at fair value	6,300	6,756
Fixed maturity investments, at amortized cost	422	638
Other assets	218	524
	37,537	39,706

### (2) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INVESTMENT CONTRACTS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Cash and amounts due from banks and other financial institutions	179	1,384
Equity and other investments	1,248	1,228
Fixed maturity investments, at fair value	2,461	1,106
Fixed maturity investments, at amortized cost	160	160
Other assets	60	206
	4,108	4,084

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 26. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The Group's investments in associates and jointly controlled entities as at 30 June 2017 are as follows:

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
<b>Associates</b>		
Veolia Water (Kunming) Investment Co., Ltd.	264	266
Veolia Water (Yellow River) Investment Co., Ltd.	223	240
Veolia Water (Liuzhou) Investment Co., Ltd.	117	120
Shanxi Taichang Expressway Co., Ltd.	695	746
Beijing-Shanghai High-Speed Railway Equity Investment Scheme	6,300	6,300
Lufax Holding Ltd.('Lufax')	10,061	9,182
Foshan Huatai Property Development Co., Ltd.	951	908
Massive Idea Investments Limited	790	793
Guangzhou Jinglun Property Development Co., Ltd.	517	523
Shenzhen Jinzheng Science & Technology Co., Ltd.	1,649	1,648
Shenzhen China Merchants-Ping An Asset Management Co., Ltd.	1,170	-
Others	11,655	10,087
Subtotal	34,392	30,813
<b>Jointly controlled entities</b>		
KunYu Highway Development Co., Ltd.	1,119	1,243
Nanjing Mingwan Real Estate Co., Ltd.	1,663	1,689
Beijing ZhaoTai Property Development Co., Ltd.	1,229	1,243
Wuhan DAJT Property Development Co., Ltd.	631	632
Xi'an Languang Meidu Enterprise Management Service Limited	997	-
Others	14,994	13,335
Subtotal	20,633	18,142
Investment in associates and jointly controlled entities	55,025	48,955

Associates and jointly controlled entities above have no significant contingent liabilities for the Group.

## 27. OTHER ASSETS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Interest receivables	48,085	44,980
Other receivables	69,646	66,361
Due from reinsurers	10,065	12,365
Foreclosed assets	4,935	4,505
Prepayments	3,900	4,597
Precious metals held for trading	94,644	93,787
Dividends receivable	1,595	67
Inventories	5,099	5,380
Others	8,142	4,891
	<b>246,111</b>	236,933
Less: Loss provisions		
Interest receivables	(30)	(30)
Other receivables	(1,445)	(1,316)
Due from reinsurers	(24)	(17)
Foreclosed assets	(309)	(300)
Prepayments	(393)	(406)
Inventories	(19)	(34)
Others	-	(24)
	<b>243,891</b>	234,806

## 28. SHARE CAPITAL

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Number of shares registered, issued and fully paid, with a par value of RMB1 each	<b>18,280</b>	18,280

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 29. RESERVES, RETAINED PROFITS AND NON-CONTROLLING INTERESTS

(in RMB million)	Share premium (Unaudited)	Available-for-sale investment reserve (Unaudited)	Shadow accounting adjustments (Unaudited)	Others (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
As at 1 January 2017	115,447	20,525	(3,229)	6,749	11,366	36,799	1,253	176,259	103,012	468,181
Profit for the period	-	-	-	-	-	-	-	43,427	5,666	49,093
Other comprehensive income for the period	-	13,444	(3,039)	(90)	-	-	(589)	-	201	9,927
Total comprehensive income for the period	-	13,444	(3,039)	(90)	-	-	(589)	43,427	5,867	59,020
Dividend declared (Note 15)	-	-	-	-	-	-	-	(10,054)	-	(10,054)
Appropriations to surplus reserves	-	-	-	-	798	-	-	(798)	-	-
Appropriations to general reserves	-	-	-	-	-	39	-	(39)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,654)	(1,654)
Equity transactions with non-controlling interests	(709)	-	-	-	-	-	-	-	(780)	(1,489)
Contributions from non-controlling interests	(9)	-	-	-	-	-	-	-	372	363
Share purchase scheme	-	-	-	(306)	-	-	-	-	-	(306)
Others	229	-	-	27	-	-	-	-	101	357
As at 30 June 2017	114,958	33,969	(6,268)	6,380	12,164	36,838	664	208,795	106,918	514,418

(in RMB million)	Share premium (Unaudited)	Available-for-sale investment reserve (Unaudited)	Shadow accounting adjustments (Unaudited)	Others (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
As at 1 January 2016	115,539	32,768	(6,659)	2,150	8,498	28,248	86	135,338	79,323	395,291
Profit for the period	-	-	-	-	-	-	-	40,776	5,532	46,308
Other comprehensive income for the period	-	(13,410)	3,872	(39)	-	-	480	-	(32)	(9,129)
Total comprehensive income for the period	-	(13,410)	3,872	(39)	-	-	480	40,776	5,500	37,179
Dividend declared (Note 15)	-	-	-	-	-	-	-	(6,398)	-	(6,398)
Appropriations to surplus reserves	-	-	-	-	1,385	-	-	(1,385)	-	-
Appropriations to general reserves	-	-	-	-	-	6	-	(6)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(974)	(974)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	5,424	5,424
Equity transactions with non-controlling interests	(1,604)	-	-	-	-	-	-	-	(2,935)	(4,539)
Contributions from non-controlling interests	1,900	-	-	-	-	-	-	-	2,070	3,970
Share purchase scheme	-	-	-	(293)	-	-	-	-	-	(293)
Other equity instruments issued by subsidiaries	-	-	-	-	-	-	-	-	10,236	10,236
Others	-	-	-	4,416	-	-	-	-	-	4,416
As at 30 June 2016	115,835	19,358	(2,787)	6,234	9,883	28,254	566	168,325	98,644	444,312



### 30. SHARE PURCHASE SCHEME

The Company has adopted an employee share purchase scheme (the “Scheme”) for the key employees (including executive directors and senior management) of the Company and its subsidiaries. Shares shall be vested and awarded to the key employees approved for participation in the Scheme, subject to the achievement of certain performance targets.

Movement of reserves relating to the Scheme is as follows:

For the six-month period ended 30 June 2017 (in RMB million)	Shares held for share purchase scheme (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	(679)	431	(248)
Purchased (i)	(603)	-	(603)
Share-based compensation expenses (ii)	-	264	264
Exercised	244	(244)	-
Expired	33	-	33
As at 30 June	(1,005)	451	(554)

For the six-month period ended 30 June 2016 (in RMB million)	Shares held for share purchase scheme (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	(312)	185	(127)
Purchased (i)	(482)	-	(482)
Share-based compensation expenses (ii)	-	170	170
Exercised	96	(96)	-
Expired	19	-	19
As at 30 June	(679)	259	(420)

- (i) During the period from 23 March 2017 to 27 March 2017, 16,419,990 ordinary A shares were purchased from the market. The average price of shares purchased was RMB36.74 per share.
- During the period from 17 March 2016 to 21 March 2016, 14,803,850 ordinary A shares were purchased from the market. The average price of shares purchased was RMB32.53 per share.
- (ii) The share-based compensation expense of the Scheme and the total value of employee services were RMB264 million during the six-month period ended 30 June 2017 (six-month period ended 30 June 2016: RMB170 million).

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 31. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Deposits from other banks and financial institutions	406,795	437,495
Due to the Central Bank	84,684	19,137
Short term borrowings	70,657	56,904
Long term borrowings	87,286	71,258
	<b>649,422</b>	584,794

## 32. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Bonds	164,078	89,166
Others	200	-
	<b>164,278</b>	89,166

As at 30 June 2017, bonds with par value of RMB90,267 million (31 December 2016: RMB56,633 million) were pledged as collaterals for financial assets sold under agreements to repurchase resulted from repurchase transactions entered into by the Group in the inter-bank market. The collaterals are restricted from trading during the period of the repurchase transaction.

As at 30 June 2017, the bonds with par value of RMB133,818 million (31 December 2016: RMB106,230 million) were deposited in the collateral pool. The collaterals are restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool without delay provided that the value of certain bonds is no less than the balance of related repurchase transactions.

For bonds repurchase transactions through stock exchange, the Group is required to deposit certain exchange traded bonds and/or bonds transferred under new pledged repurchase transaction with fair value converted at a standard rate pursuant to stock exchange's regulation no less than the balance of related repurchase transaction into a collateral pool.

### 33. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Customer deposits		
Current and savings accounts		
- Corporate customers	517,395	609,902
- Individual customers	173,566	160,708
Term deposits		
- Corporate customers	711,343	620,134
- Individual customers	112,207	82,206
Guarantee deposits	246,486	320,255
Term deposits from the Central Bank	37,380	34,661
Fiscal deposits	39,292	33,448
Remittance payables and outward remittance	3,361	6,980
	<b>1,841,030</b>	1,868,294
Payables to brokerage customers		
- Corporate customers	4,776	5,988
- Individual customers	19,897	20,095
	<b>24,673</b>	26,083
	<b>1,865,703</b>	1,894,377

As at 30 June 2017, bonds classified as held-to-maturity with a carrying amount of RMB31,178 million (31 December 2016: RMB29,928 million), and bonds classified as loans and receivables with a carrying amount of RMB9,155 million (31 December 2016: RMB5,542 million) were pledged as collaterals for term deposits from the Central Bank.

### 34. INSURANCE CONTRACT LIABILITIES

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Policyholders' reserves	1,116,439	990,737
Policyholder contract deposits	473,845	431,711
Policyholder account liabilities in respect of insurance contracts	37,537	39,706
Unearned premium reserves	106,990	95,509
Claim reserves	80,194	67,810
	<b>1,815,005</b>	1,625,473

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 35. BONDS PAYABLE

Issuer	Type	Maturity	Par value (in RMB million)	Issued year	Coupon rate (per annum)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Ping An Life	Subordinated bonds	10 years	9,000	2012	First 5 years: 5.00% Next 5 years: 7.00% (If not redeemed)	-	9,385
Ping An Life	Subordinated bonds	10 years	8,000	2014	First 5 years: 5.90% Next 5 years: 7.90% (If not redeemed)	8,227	8,186
Ping An Life	Capital supplement bonds	10 years	5,000	2015	First 5 years: 3.90% Next 5 years: 4.90% (If not redeemed)	5,024	5,012
Ping An Life	Capital supplement bonds	10 years	10,000	2016	First 5 years: 3.82% Next 5 years: 4.82% (If not redeemed)	10,035	10,011
Ping An Life	Offshore USD bonds	3 years	4,592	2016	2.38%	4,719	4,825
Ping An Life	Offshore USD bonds	5 years	3,280	2016	2.88%	3,365	3,443
Ping An Property & Casualty	Subordinated bonds	10 years	3,000	2012	First 5 years: 4.65% Next 5 years: 6.65% (If not redeemed)	3,129	3,112
Ping An Property & Casualty	Capital supplement bonds	10 years	5,000	2015	First 5 years: 4.79% Next 5 years: 5.79% (If not redeemed)	5,030	5,017
Ping An Bank	Hybrid capital debt instrument	15 years	1,500	2009	First 10 years: 5.70% Next 5 years: 8.70% (If not redeemed)	1,466	1,465
Ping An Bank	Hybrid capital debt instrument	15 years	3,650	2011	7.50%	3,650	3,650
Ping An Bank	Tier-2 Capital bonds	10 years	6,000	2014	6.50%	6,000	6,000
Ping An Bank	Tier-2 Capital bonds	10 years	9,000	2014	6.80%	9,000	9,000
Ping An Bank	Tier-2 Capital bonds	10 years	10,000	2016	3.85%	10,000	10,000

### 35. BONDS PAYABLE (CONTINUED)

Issuer	Type	Maturity	Par value (in RMB million)	Issued year	Coupon rate (per annum)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Ping An Bank	Interbank deposits	1-3 years	5,500	2016-2017	2.95%-3.75%	5,552	3,971
Ping An Bank	Interbank deposits	Less than 1 year	319,220	2016-2017	2.85%-5.00%	314,982	229,378
Value Success International Limited	Offshore RMB bonds	5 years	2,100	2013	4.75%	2,100	2,095
Value Success International Limited	Offshore RMB bonds	3 years	850	2014	4.15%	-	850
Value Success International Limited	Offshore RMB bonds	5 years	750	2014	4.95%	751	749
Value Success International Limited	Offshore SGD bonds	5.5 years	1,779	2014	4.13%	1,816	1,755
Value Success International Limited	Offshore HKD bonds	5 years	1,272	2016	3.00%	1,331	1,370
Value Success International Limited	Offshore USD bonds	5 years	1,336	2016	3.20%	1,352	1,384
Value Success International Limited	Offshore USD bonds	5 years	668	2016	3.20%	676	692
Ping An Securities Company Limited ('Ping An Securities')	Subordinated bonds	2 years	3,000	2014	6.50%	-	3,000
Ping An Securities	Corporate bonds	6 months	1,000	2016	3.50%	-	1,000
Ping An Securities	Corporate bonds	3 years	1,500	2016	3.50%	1,500	1,500
Ping An Securities	Corporate bonds	6 months	1,000	2017	3.97%	1,000	-
Ping An Securities	Corporate bonds	3 years	1,300	2017	4.65%	1,300	-

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 35. BONDS PAYABLE (CONTINUED)

Issuer	Type	Maturity	Par value (in RMB million)	Issued year	Coupon rate (per annum)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Ping An Securities	Corporate bonds	5 years	1,200	2017	4.99%	1,200	-
Ping An International Financial Co., Ltd	Private equity notes	3 years	445	2014	4.40%	-	445
Ping An International Financial Leasing Co., Ltd. ('Ping An Financial Leasing')	Private equity notes	3 years	1,500	2016	4.55%	1,500	1,500
Ping An Financial Leasing	Private equity notes	3 years	1,000	2016	3.50%	1,000	1,000
Ping An Financial Leasing	Private equity notes	3 years	1,000	2016	3.35%	1,000	1,000
Ping An Financial Leasing	Private equity notes	3 years	1,500	2016	3.45%	1,500	1,500
Ping An Financial Leasing	Medium term notes	3 years	500	2016	3.45%	500	500
Ping An Financial Leasing	Medium term notes	3 years	1,000	2016	3.34%	1,000	1,000
Ping An Financial Leasing	Medium term notes	3 years	1,000	2016	3.58%	1,000	1,000
Ping An Financial Leasing	Medium term notes	5 years	1,500	2016	3.50%	1,500	1,500
Ping An Financial Leasing	Medium term notes	3 years	2,100	2017	5.50%	2,106	-
Ping An Financial Leasing	Short-term financing bills	1 year	450	2016	3.00%	-	450
Ping An Financial Leasing	Short-term financing bills	1 year	500	2016	2.95%	-	500
Ping An Financial Leasing	Short-term financing bills	1 year	550	2016	2.96%	-	550
Ping An Financial Leasing	Short-term financing bills	270 days	1,000	2016	4.35%	1,000	1,000

## 35. BONDS PAYABLE (CONTINUED)

Issuer	Type	Maturity	Par value (in RMB million)	Issued year	Coupon rate (per annum)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Ping An Financial Leasing	Short-term financing bills	160 days	1,500	2017	4.55%	1,500	-
Ping An Financial Leasing	Short-term financing bills	180 days	1,500	2017	4.20%	1,500	-
Ping An Financial Leasing	Short-term financing bills	210 days	2,000	2017	4.62%	2,000	-
Ping An Financial Leasing	Short-term financing bills	270 days	500	2017	4.91%	500	-
Ping An Financial Leasing	Short-term financing bills	270 days	1,500	2017	4.95%	1,500	-
Ping An Financial Leasing	Short-term financing bills	1 year	500	2017	4.90%	500	-
Ping An Financial Leasing	Short-term financing bills	1 year	1,000	2017	4.98%	1,000	-
Fuqing Investment Management Limited	Offshore RMB bonds	3 years	1,000	2015	4.85%	996	994
Fuxiang Investment Management Limited	Offshore USD medium term notes	3 years	2,079	2016	3.63%	2,020	2,062
Fuxiang Investment Management Limited	Offshore HKD medium term notes	5 years	1,321	2017	3.80%	1,299	-
Ping An Real Estate Co., Ltd. ('Ping An Real Estate')	Medium term notes	3 years	2,000	2016	3.27%	1,994	1,993
Ping An Real Estate	Medium term notes	3 years	2,000	2016	3.60%	1,995	1,993
Ping An Real Estate	Corporate bonds	7 years	4,000	2016	3.28%	3,989	3,988
						<b>436,104</b>	349,825

## 36. FIDUCIARY ACTIVITIES

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Assets under trust schemes	615,622	656,437
Assets under corporate annuity schemes	335,206	317,011
Assets under asset management schemes	556,726	558,374
Entrusted loans of banking operations	431,791	406,922
Entrusted investments of banking operations	589,567	742,477
	<b>2,528,912</b>	2,681,221

All of above are off-balance sheet items.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 37. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

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

### (1) CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

(in RMB million)	Carrying values		Fair values	
	30 June 2017 (Unaudited)	31 December 2016 (Audited)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
<b>Financial assets</b>				
Available-for-sale				
Bonds	223,421	193,904	223,421	193,904
Funds	66,325	54,590	66,325	54,590
Stocks	200,394	119,563	200,394	119,563
Other investments	177,755	162,486	177,755	162,486
Carried at fair value through profit or loss				
Bonds	80,746	70,392	80,746	70,392
Funds	27,035	48,804	27,035	48,804
Stocks	17,590	22,657	17,590	22,657
Other investments	21,203	12,110	21,203	12,110
Derivative financial assets	5,970	8,836	5,970	8,836
Held-to-maturity				
Bonds	1,150,882	1,009,714	1,156,945	1,049,062
Loans and receivables				
Cash and amounts due from banks and other financial institutions	495,916	561,143	495,916	561,143
Balances with the Central Bank and statutory deposits	298,744	318,860	298,744	318,860
Loans and advances to customers	1,553,818	1,458,291	1,554,111	1,460,853
Bonds	84,563	68,856	84,897	68,856
Debt schemes	691,180	648,266	688,940	649,922
Policy loans	73,994	64,634	73,994	64,634
Assets purchased under reverse repurchase agreements	24,116	65,657	24,116	65,657
Wealth management products	73,915	34,868	73,915	34,868
Premium receivables	42,381	35,325	42,381	35,325
Accounts receivable	32,627	22,353	32,627	22,353
Finance lease receivables	95,698	78,056	95,698	78,056
Other assets	128,211	123,169	128,211	123,169
<b>Total financial assets</b>	<b>5,566,484</b>	<b>5,182,534</b>	<b>5,570,934</b>	<b>5,226,100</b>



## 37. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

### (1) CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

(in RMB million)	Carrying values		Fair values	
	30 June 2017 (Unaudited)	31 December 2016 (Audited)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
<b>Financial liabilities</b>				
Derivative financial liabilities	<b>5,933</b>	8,715	<b>5,933</b>	8,715
Other financial liabilities				
Due to banks and other financial institutions	<b>649,422</b>	584,794	<b>649,422</b>	584,794
Assets sold under agreements to repurchase	<b>164,278</b>	89,166	<b>164,278</b>	89,166
Other financial liabilities held for trading	<b>17,172</b>	25,883	<b>17,172</b>	25,883
Customer deposits and payables to brokerage customers	<b>1,865,703</b>	1,894,377	<b>1,865,703</b>	1,894,377
Accounts payable	<b>5,355</b>	8,565	<b>5,355</b>	8,565
Insurance payables	<b>63,717</b>	61,148	<b>63,717</b>	61,148
Investment contract liabilities for policyholders	<b>43,695</b>	40,846	<b>43,695</b>	40,846
Policyholder dividend payable	<b>43,320</b>	39,216	<b>43,320</b>	39,216
Bonds payable	<b>436,104</b>	349,825	<b>436,165</b>	350,868
Other liabilities	<b>216,293</b>	211,181	<b>216,293</b>	211,181
<b>Total financial liabilities</b>	<b>3,510,992</b>	3,313,716	<b>3,511,053</b>	3,314,759

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

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 37. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

The methods used to determine fair values of financial assets and liabilities and the breakdown of fair value hierarchy are disclosed in the 2016 annual report of the Group. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The primary quoted market price used for financial assets held by the group 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 (such as price) or indirectly (such as calculated based on price). 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 (unobservable inputs).

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

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. The fair value of debt investments denominated in RMB is determined based upon the valuation results by the China Central Depository & Clearing Co., Ltd. All significant inputs are observable in the market.

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.

## 37. 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:

(in RMB million)	30 June 2017			Total fair value (Unaudited)
	Level 1 (Unaudited)	Level 2 (Unaudited)	Level 3 (Unaudited)	
<b>Financial assets</b>				
Carried at fair value through profit or loss				
Bonds	3,391	77,355	-	80,746
Security investment funds	21,459	5,257	319	27,035
Equity securities	17,362	228	-	17,590
Other investments	261	15,718	5,224	21,203
	42,473	98,558	5,543	146,574
Derivative financial assets				
Interest rate swaps	-	251	-	251
Currency forwards and swaps	-	2,572	-	2,572
Others	-	3,147	-	3,147
	-	5,970	-	5,970
Available-for-sale financial assets				
Bonds	47,486	175,935	-	223,421
Security investment funds	60,395	5,744	186	66,325
Equity securities	196,106	4,288	-	200,394
Other investments	-	34,266	143,489	177,755
	303,987	220,233	143,675	667,895
Total financial assets	346,460	324,761	149,218	820,439
<b>Financial liabilities</b>				
Derivative financial liabilities				
Interest rate swaps	-	283	-	283
Currency forwards and swaps	-	2,372	-	2,372
Others	-	3,278	-	3,278
	-	5,933	-	5,933
Other financial liabilities held for trading	14,111	2,700	361	17,172
Total financial liabilities	14,111	8,633	361	23,105

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 37. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

(in RMB million)	31 December 2016			Total fair value (Audited)
	Level 1 (Audited)	Level 2 (Audited)	Level 3 (Audited)	
<b>Financial assets</b>				
Carried at fair value through profit or loss				
Bonds	2,206	68,186	-	70,392
Security investment funds	40,710	8,076	18	48,804
Equity securities	22,412	245	-	22,657
Other investments	116	7,291	4,703	12,110
	65,444	83,798	4,721	153,963
Derivative financial assets				
Interest rate swaps	-	422	-	422
Currency forwards and swaps	-	3,434	-	3,434
Others	-	4,980	-	4,980
	-	8,836	-	8,836
Available-for-sale financial assets				
Bonds	41,608	152,296	-	193,904
Security investment funds	49,161	5,429	-	54,590
Equity securities	116,141	3,422	-	119,563
Other investments	-	43,339	119,147	162,486
	206,910	204,486	119,147	530,543
<b>Total financial assets</b>	<b>272,354</b>	<b>297,120</b>	<b>123,868</b>	<b>693,342</b>
<b>Financial liabilities</b>				
Derivative financial liabilities				
Interest rate swaps	-	354	-	354
Currency forwards and swaps	-	4,492	-	4,492
Others	-	3,869	-	3,869
	-	8,715	-	8,715
Other financial liabilities held for trading	22,326	3,361	196	25,883
<b>Total financial liabilities</b>	<b>22,326</b>	<b>12,076</b>	<b>196</b>	<b>34,598</b>

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

During the period, there were no significant transfers between Level 1 and Level 2 fair value measurements, nor significant transfers into or out of Level 3 fair value measurements.

## 38. 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 mitigated 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 mitigated by careful selection and implementation of underwriting strategies and guidelines.

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

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

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

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

#### 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 34.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 38. RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (1) INSURANCE RISK (CONTINUED)

#### Assumptions

##### (a) Long term life insurance contracts

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

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

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

Other key assumptions include delays in settlement, etc.

##### (c) Reinsurance

The Group limits its exposure to losses from insurance operations mainly through participation in reinsurance arrangements. The majority of the business ceded is placed on the quota share basis and the surplus basis with retention limits varying by product lines. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statement of financial position as reinsurers' share of insurance liabilities or 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 fluctuations of market prices, which includes three types of risks from volatility of foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk).

#### (a) Foreign currency risk

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

#### (b) Price risk

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

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

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

## 38. RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (2) MARKET RISK (CONTINUED)

#### (c) Interest rate risk

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

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

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

### (3) CREDIT RISK

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

#### Credit risk of banking business

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

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

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

#### Credit risk of investment business

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

The Group's equity investments mainly include securities, security investment funds, trust products, wealth management products, asset management plans, equity investments and other investments. The Group conducts due diligence review, evaluates counterparties' qualification in order to reduce or manage credit risks of existing equity investments.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 38. RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (3) CREDIT RISK (CONTINUED)

#### Credit risk of insurance business

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

The limit of policy loans is based on the cash value of valid insurance policy, with an appropriate discount, and the validity period of policy loan is within the validity period of insurance policy. The credit risk associated with policy loans did not have a material impact on the Group's consolidated financial statements as at 30 June 2017 and 31 December 2016.

#### Credit exposure

For on-balance sheet assets, the exposures are based on net carrying amounts as reported in the financial statements taking no account of collateral or other credit enhancements. The Group also assumes credit risk due to credit commitments. The details are disclosed in Note 41 (3).

#### Collateral and other credit enhancements

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

The main types of collateral obtained are as follows:

- ▶ for policy loans: cash value of policies;
- ▶ for reverse repurchase transactions: bills, loans and negotiable securities;
- ▶ for commercial lending: charges over real estate properties, inventories, equity investments and trade receivables, etc.;
- ▶ for retail lending: residential properties over mortgages.

Management monitors the market value of the collateral, requests additional collateral when needed according to contracts and performs a valuation for impairment assessment 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.

### (4) LIQUIDITY RISK

Liquidity risk is the risk of not having access to sufficient funds or being unable to realize an asset 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 benchmarks for management of liquidity risk, the Group compares the expected results against the ones derived from stress tests, critically assesses the potential impact to the future liquidity risk, and formulates 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 and maintaining stable deposits, etc.



## 38. RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (4) LIQUIDITY RISK (CONTINUED)

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

(in RMB million)	30 June 2017						Total (Unaudited)
	Repayable on demand (Unaudited)	Less than 3 months (Unaudited)	3 to 12 months (Unaudited)	1 to 5 years (Unaudited)	Over 5 years (Unaudited)	Undated (Unaudited)	
Cash and amounts due from banks and other financial institutions	132,203	125,890	136,530	127,200	6,509	-	528,332
Balances with the Central Bank and statutory deposits	31,411	1,522	461	12,191	-	255,001	300,586
Fixed maturity investments	26,297	356,916	381,454	1,024,158	1,499,361	-	3,288,186
Equity and other investments	1,514	6,808	14,739	12,722	2,235	495,567	533,585
Loans and advances to customers	49,613	381,465	496,046	538,688	314,430	-	1,780,242
Premium receivables	5,794	15,577	12,142	8,815	53	-	42,381
Accounts receivable	185	10,696	13,499	9,780	-	-	34,160
Finance lease receivables	-	8,913	24,105	57,191	5,489	-	95,698
Other assets	21,479	32,950	18,647	8,608	2,979	-	84,663
	<b>268,496</b>	<b>940,737</b>	<b>1,097,623</b>	<b>1,799,353</b>	<b>1,831,056</b>	<b>750,568</b>	<b>6,687,833</b>
Due to banks and other financial institutions	137,909	299,885	154,020	66,301	9,639	-	667,754
Other financial liabilities held for trading	2,605	8,855	5,894	-	-	-	17,354
Assets sold under agreements to repurchase	-	164,153	200	-	-	-	164,353
Customer deposits and payables to brokerage customers	770,848	429,936	398,825	313,844	3,569	-	1,917,022
Accounts payable	121	226	5,008	-	-	-	5,355
Insurance payables	58,491	4,260	711	255	-	-	63,717
Insurance contract liability	-	60,794	(26,495)	(5,364)	4,796,456	-	4,825,391
Insurance and Investment contract liabilities for policyholders	-	1,312	4,754	13,472	31,154	-	50,692
Policyholder dividend payable	43,320	-	-	-	-	-	43,320
Bonds payable	-	182,555	153,763	69,262	36,776	-	442,356
Other liabilities	33,101	117,988	84,172	41,790	1,221	-	278,272
	<b>1,046,395</b>	<b>1,269,964</b>	<b>780,852</b>	<b>499,560</b>	<b>4,878,815</b>	<b>-</b>	<b>8,475,586</b>
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	39	(133)	(151)	-	-	(245)
Derivative financial instruments settled on a gross basis							
- Cash inflow	73,923	259,061	260,350	18,724	-	-	612,058
- Cash outflow	(74,088)	(258,671)	(259,472)	(18,893)	-	-	(611,124)
	<b>(165)</b>	<b>390</b>	<b>878</b>	<b>(169)</b>	<b>-</b>	<b>-</b>	<b>934</b>
Credit Commitments	3,350	194,306	176,451	76,719	80,011	-	530,837

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 38. RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (4) LIQUIDITY RISK (CONTINUED)

(in RMB million)	31 December 2016						Total (Audited)
	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	
Cash and amounts due from banks and other financial institutions	117,588	215,329	142,351	111,867	1,771	-	588,906
Balances with the Central Bank and statutory deposits	52,780	5,527	1,614	6,257	-	254,116	320,294
Fixed maturity investments	26,165	298,335	398,111	928,015	1,323,323	-	2,973,949
Equity investments	6,786	9,992	21,915	11,279	7,133	393,006	450,111
Loans and advances to customers	45,651	349,707	499,454	508,345	252,309	-	1,655,466
Premium receivables	3,760	14,054	10,620	6,818	73	-	35,325
Accounts receivable	19	9,427	4,360	8,798	-	-	22,604
Finance lease receivable	-	3,819	20,641	52,084	1,512	-	78,056
Other assets	20,265	28,100	15,931	10,063	9,778	-	84,137
	273,014	934,290	1,114,997	1,643,526	1,595,899	647,122	6,208,848
Due to banks and other financial institutions	113,534	319,332	90,661	63,331	8,753	-	595,611
Other financial liabilities held for trading	3,454	21,114	1,617	-	-	-	26,185
Assets sold under agreements to repurchase	-	89,266	-	-	-	-	89,266
Customer deposits and payables to brokerage customers	832,094	358,233	433,847	320,893	3,109	-	1,948,176
Accounts payable	7	48	8,510	-	-	-	8,565
Insurance payables	51,302	8,231	1,603	12	-	-	61,148
Insurance contract liabilities	-	53,502	29,091	43,488	4,316,483	-	4,442,564
Investment contract liabilities for policyholders	-	1,242	4,233	13,797	32,296	-	51,568
Policyholder dividend payable	39,216	-	-	-	-	-	39,216
Bonds payable	-	148,046	115,658	79,226	48,714	-	391,644
Other liabilities	20,693	30,119	100,355	52,275	1,725	-	205,167
	1,060,300	1,029,133	785,575	573,022	4,411,080	-	7,859,110
Derivative cash flows							
Derivative financial instruments settled on a net basis	(29)	(587)	(38)	(131)	-	-	(785)
Derivative financial instruments settled on a gross basis							
- Cash inflow	65,778	250,657	196,367	22,833	-	-	535,635
- Cash outflow	(64,984)	(250,622)	(196,763)	(23,105)	-	-	(535,474)
	794	35	(396)	(272)	-	-	161
Credit commitments	3,425	236,106	283,237	71,416	54,930	-	649,114

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 25.

## 38. RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (5) MISMATCHING RISK OF ASSETS AND LIABILITIES

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

### (6) OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failure of proper internal controls on business processes, employees and systems or from uncontrollable external events. Operational risk in this context includes legal risk, but does not include strategic risk and reputational risk. The Group is exposed to many types of operational risks in the conduct of its business. The Group manages operational risk by establishing and continuously improving risk management framework, formalizing policies and standards, using management tools and reporting mechanism, strengthening communication and enhancing training to staff members.

### (7) CAPITAL MANAGEMENT

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

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

The Group complied with the externally imposed capital requirements as at 30 June 2017 and no changes were made to its capital base, capital management objectives, policies and procedures from the previous year.

## 39. CASH AND CASH EQUIVALENTS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Cash and amounts due from banks and other financial institutions		
Cash on hand	3,682	4,499
Term deposits	535	1,710
Due from banks and other financial institutions	120,652	156,883
Placements with banks and other financial institutions	40,117	86,492
Surplus reserve deposits with the Central Bank	27,532	51,973
Bonds	13,214	7,229
Assets purchased under reverse repurchase agreements and others	20,198	58,766
	<b>225,930</b>	367,552

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 40. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Name of related parties	Relationship with the Company
Charoen Pokphand Group Co., Ltd. ("CP Group")	Parent of shareholders
Shenzhen Investment Holdings Co., Ltd.	Shareholder

As at 30 June 2017, CP Group held 9.78% (31 December 2016: 9.59%) equity interests in the Company and is the largest shareholder of the Company.

### (2) OTHER RELATED PARTIES

Name of related party	Relationship with the Company
Lufax	Associate

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

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)	2016 (Unaudited)
CP Group		
Goods purchased from	15	12
Rental income from	13	15
Premiums income from	2	2
Claims expenses to	-	1
Lufax		
Premiums income from	-	6
Interest income from	18	20
Interest expenses to	309	1,036
Other income from	1,033	266
Other expenses to	483	811

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

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
CP Group		
Customer deposits and payables to brokerage	20	5
Lufax		
Customer deposits and payables to brokerage	8,470	11,260
Loans and advances to customers	800	2,800
Other liabilities	8,483	13,246
Other assets	7,391	4,259

## 41. COMMITMENTS

### (1) CAPITAL COMMITMENTS

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

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Contracted, but not provided for	<b>8,240</b>	6,190

### (2) OPERATING LEASE COMMITMENTS

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

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Within 1 year	<b>6,629</b>	6,472
1 to 5 years	<b>12,989</b>	13,042
More than 5 years	<b>1,266</b>	2,101
	<b>20,884</b>	21,615

### (3) CREDIT COMMITMENTS

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Bank acceptances	<b>268,687</b>	364,623
Guarantees issued	<b>59,879</b>	82,107
Letters of credit issued	<b>70,584</b>	103,097
Subtotal	<b>399,150</b>	549,827
Unused limit of credit cards and irrevocable loan commitments	<b>131,687</b>	99,287
Total	<b>530,837</b>	649,114
Credit risk weighted amounts of credit commitments	<b>195,306</b>	217,364

As at 30 June 2017, apart from the above irrevocable credit commitments, revocable loan commitments granted by the Group amounted to RMB2,023.4 billion (31 December 2016: RMB2,148.2 billion). Since these commitments are revocable under certain conditions or would be automatically revoked when the creditability of the borrower deteriorates, the total commitment amounts do not necessarily represent future cash requirements. Credit commitments disclosed in the table above do not include the financial guarantees accounted for as insurance contracts by the Group.

### (4) OPERATING LEASE RENTAL RECEIVABLES

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

(in RMB million)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Within 1 year	<b>2,699</b>	1,521
1 to 5 years	<b>7,158</b>	5,408
More than 5 years	<b>6,283</b>	3,295
	<b>16,140</b>	10,224

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2017

## 42. CONTINGENT LIABILITIES

Owing to the nature of the insurance and financial services business, the Group is involved in assessing estimates for contingencies and legal proceedings in the ordinary course of business, including but not limited to, being the plaintiff or the defendant in litigations and arbitrations. 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 the applicable legal advice.

No provision has been made for pending assessments, lawsuits or possible violations of contracts when the outcome cannot be reasonably estimated or management believes the probability of a loss is low or remote.

For the 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.

## 43. EVENTS AFTER THE REPORTING PERIOD

On 17 August 2017, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for Interim Dividend of 2017, and declared an interim dividend of RMB0.50 per share for 2017 as stated in Note 15.

## 44. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform to the interim condensed consolidated financial information's presentation.

## 45. APPROVAL OF THE FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorized for issue by the Board of Directors of the Company on 17 August 2017.

# Definition

In this report, unless the context otherwise indicates, 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 P&C	Ping An Property & Casualty Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Health	Ping An Health Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Annuity	Ping An Annuity Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Trust	China Ping An Trust Co., Ltd., a subsidiary of the Company
Ping An Securities	Ping An Securities Company, Ltd., a subsidiary of Ping An Trust
Ping An Asset Management	Ping An Asset Management Co., Ltd., a subsidiary of the Company
Ping An Bank	Ping An Bank Co., Ltd., a subsidiary of the Company
SDB, Original SDB, Shenzhen Development Bank	Original Shenzhen Development Bank Co., Ltd., an associate of the Company since May 2010, became a subsidiary of the Company in July 2011. On July 27, 2012, its name was changed to “Ping An Bank Co., Ltd.”
Original Ping An Bank	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 Financial Leasing	Ping An International Financial Leasing Co., Ltd., a subsidiary of the Company
Ping An Financial Technology	Shenzhen Ping An Financial Technology Consulting Co., Ltd., 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 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 Financial Technology
Lufax Holding	Lufax Holding Company Limited, an associate of the Company
Lufax	Shanghai Lujiazui International Financial Asset Exchange Co., Ltd., a subsidiary of Lufax Holding
Gem Alliance Limited	Gem Alliance Company Limited, a subsidiary of Lufax Holding
Puhui Business	The companies under Gem Alliance Limited with the business including financing guarantee, commercial factoring and micro-credit loan
CQFAE	Chongqing Financial Assets Exchange Company Limited, a subsidiary of Lufax Holding
QEX	Shenzhen Qianhai Financial Assets Exchange Company Limited, a subsidiary of Gem Alliance Limited
E-wallet	Ping An E-wallet Electronic Commerce Company Limited, a subsidiary of Ping An Financial Technology
Ping An Good Doctor, Ping An Health Cloud	Ping An Health Cloud Co., Ltd., a subsidiary of Ping An Financial Technology
Finance One Account	Shanghai Yee Account Internet Technology Co., Ltd., a subsidiary of Ping An Financial Technology
Lu International	Lu International (Singapore) Financial Asset Exchange Pte. Ltd., a subsidiary of Lufax Holding
Qianhai Credit Center	Shenzhen Qianhai Credit Centre Co., Ltd., a subsidiary of Ping An Financial Technology
Wanjia Healthcare	Ping An Wanjia Healthcare Investment Management Co., Ltd., a subsidiary of Ping An Financial Technology
Autohome	Autohome Inc., a subsidiary of Ping An Financial Technology
Ping An Healthcare Management, City One Account	Ping An Medical and Healthcare Management Co., Ltd., a subsidiary of Ping An Financial Technology



CP Group Ltd.	Charoen Pokphand Group Company Limited, the flagship company of CP Group
CAS	The Accounting Standards for Business Enterprises and the other relevant regulations issued by the Ministry of Finance of the People's Republic of China
No.2 Interpretation	The "No.2 Interpretation of Accounting Standards for Business Enterprises" (Cai Kuai [2008] No.11) issued by the Ministry of Finance
IFRS	International Financial Reporting Standards issued by International Accounting Standards Board
Written Premium	All premiums received from the policies underwritten by the Company, which are prior to the significant insurance risk testing and separating 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
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.

# 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

## STOCK SHORT NAME AND CODE

A share 中國平安 601318  
H share Ping An of China 2318

## AUTHORIZED REPRESENTATIVES

SUN Jianyi  
YAO Jun

## SECRETARY OF THE BOARD OF DIRECTORS

SHENG Ruisheng

## COMPANY SECRETARY

YAO Jun

## REPRESENTATIVE OF SECURITIES AFFAIRS

LIU Cheng

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## REGISTERED ADDRESS

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Galaxy Development Center,  
Fu Hua No. 3 Road,  
Futian District,  
Shenzhen

## PLACE OF BUSINESS

47th, 48th, 109th, 110th, 111th and 112th Floors,  
Ping An Finance Center,  
No. 5033 Yitian Road,  
Futian District,  
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## POSTAL CODE

518033

## COMPANY WEBSITE

www.pingan.cn

## DESIGNATED MEDIA FOR INFORMATION DISCLOSURE OF A SHARE

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

## WEBSITES FOR THE PUBLICATION OF THE REGULAR REPORTS

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

## LOCATION OF REGULAR REPORTS AVAILABLE FOR INSPECTION

Board Office of the Company

## CONSULTING ACTUARIES

PricewaterhouseCoopers Consultants (Shenzhen) Limited

## AUDITORS AND PLACES OF BUSINESS Domestic Auditor

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## Name of Certified Public Accountants

Charles CHOW  
Kevin Chen HUANG

## International Auditor

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## LEGAL ADVISOR

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## H SHARE REGISTRAR

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## AMERICAN DEPOSITARY SHARES REGISTRAR

The Bank of New York Mellon

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