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PING AN

Insurance · Banking · Investment

中国平安保险(集团)股份有限公司

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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2318)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

The Board of Directors (the "Board of Directors") of Ping An Insurance (Group) Company of China, Ltd. ("Ping An" or the "Company") announces the unaudited results (the "Third Quarterly Results") of the Company and its subsidiaries (the "Group") for the nine months ended September 30, 2014 (the "Reporting Period"). The Board of Directors and its Audit and Risk Management Committee have reviewed the Third Quarterly Results.

1. KEY FINANCIAL INFORMATION

During the Reporting Period, the key financial data prepared under International Financial Reporting Standards ("IFRS") are as follows:

(in RMB million)	September 30, 2014	December 31, 2013
Total assets	3,859,496	3,360,312
Total liabilities	3,577,663	3,120,607
Total equity	281,833	239,705
Equity attributable to shareholders of the parent company	<u>218,678</u>	<u>182,709</u>

(in RMB million)	For the three months ended September 30		For the nine months ended September 30	
	2014	2013	2014	2013
Total income	126,013	100,337	392,358	316,194
Net profit	12,810	7,681	38,674	29,452
Net profit attributable to shareholders of the parent company	10,325	5,429	31,687	23,339
Basic earnings per share (in RMB)	<u>1.30</u>	<u>0.69</u>	<u>4.00</u>	<u>2.95</u>

2. TOTAL NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF TOP TEN SHAREHOLDERS AS AT THE END OF THE REPORTING PERIOD

During the Reporting Period, the total number of shares of the Company increased by 67,756 shares due to the conversion of the Company's A Share Convertible Corporate Bonds (including Subordinated Terms) (the "A Share Convertible Bonds"). As at September 30, 2014, the total share capital of the Company was 7,916,209,848 shares, of which 4,786,477,392 were A shares and 3,129,732,456 were H shares.

Total number of shareholders as at the end of Reporting Period		Total number of shareholders was 251,794, of which 246,548 were holders of A shares and 5,246 were holders of H shares.				
Shareholdings of top ten shareholders						
Name of shareholder	Nature of shareholder	Share-holding percentage (%)	Total number of shares held (Shares)	Type of shares	Number of selling-restricted shares held (Shares)	Number of pledged or frozen shares (Shares)
Shenzhen Investment Holdings Co., Ltd.	State	6.08	481,359,551	A share	–	Pledged 190,030,000
All Gain Trading Limited	Overseas legal person	4.98	394,500,996	H share	–	Pledged 394,500,996
Business Fortune Holdings Limited	Overseas legal person	3.11	246,563,123	H share	–	Pledged 246,563,123
Bloom Fortune Group Limited	Overseas legal person	3.02	239,089,199	H share	–	Pledged 239,089,199
Shum Yip Group Limited	State-owned legal person	1.94	153,865,065	A share	–	–
Gongbujiangda Jiangnan Industrial Development Co., Ltd.	Domestic non-state-owned legal person	1.24	98,112,886	A share	–	Pledged 98,000,000
Huaxia Life Insurance Co., Ltd. – Universal Insurance Products	Others	1.20	95,223,983	A share	–	–
TEMASEK FULLERTON ALPHA PTE LTD.	Others	1.17	92,753,762	A share	–	–
Linzhi New Horse Investment Development Co., Ltd.	Domestic non-state-owned legal person	1.08	85,355,857	A share	–	Pledged 85,000,000
CSOP Asset Management Limited – CSOP FTSE China A50ETF	Others	0.84	66,364,721	A share	–	–

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

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

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

3. A SHARE CONVERTIBLE BONDS

Top ten holders of A Share Convertible Bonds at the end of Reporting Period

As at September 30, 2014, there were 10,846 holders of A Share Convertible Bonds in total, and the top ten holders of A Share Convertible Bonds are set out below:

Name of owners of A Share Convertible Bonds	Holding amount at the end of Reporting Period (RMB)	Percentage to the balance of A Share Convertible Bonds (%)	Amount of pledged or frozen bonds (RMB)
Industrial Bank Co., Ltd. – Industrial Trend Investment Hybrid Securities Investment Fund	1,154,228,000	4.44	Pledged 1,154,227,000
UBS AG	959,342,000	3.69	–
GIC PRIVATE LIMITED	896,259,000	3.45	–
China Construction Bank – Yinhua – Dow Jones China 88 Select Equity Fund	534,231,000	2.05	–
Huaxia Life Insurance Co., Ltd – Universal Insurance Products	507,645,000	1.95	–
LI Li	488,366,000	1.88	Pledged 488,366,000
Aegon-Industrial Fund – Industrial Bank – Shanghai Branch of Industrial Bank Co., Ltd.	458,227,000	1.76	Pledged 374,128,000
China Pacific Life Insurance Co., Ltd. – Conventional – General Insurance Products	396,629,000	1.53	–
Industrial Bank Co., Ltd. – Industrial Global View Securities Investment Fund	377,296,000	1.45	Pledged 298,371,000
Industrial and Commercial Bank of China Ltd. – Industrial Convertible Bond Hybrid Securities Investment Fund	355,173,000	1.37	Pledged 340,000,000

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

Guarantor of A Share Convertible Bonds

There is no guarantor for A Share Convertible Bonds.

Accumulated Converted Shares from A Share Convertible Bonds during the Reporting Period

The conversion period of A Share Convertible Bonds issued by the Company in 2013 commenced on May 23, 2014 and will end on November 22, 2019. As at September 30, 2014, there were 67,756 shares issued as a result of conversion from A Share Convertible Bonds. The details are set as below:

Short name of A Share Convertible Bonds	Balance amount of A Share Convertible Bonds at January 1, 2014 (RMB)	Changes during the Reporting Period				Shares converted during the Reporting Period (Shares)	Accumulated shares converted (Shares)	Accumulated converted shares/ Company's total issued shares before the conversion	Balance amount of A Share Convertible Bonds at September 30, 2014 (RMB)	Unconverted balance/total issued A Share Convertible Bonds
		Converted (RMB)	Redeemed (RMB)	Bought back (RMB)	Others (RMB)					
Ping An Convertible Bonds	26,000,000,000	2,774,000	-	-	-	67,756	67,756	0.000856%	25,997,226,000	99.98933%

Adjustment of Conversion Price of A Share Convertible Bonds during the Reporting Period

The A Share Convertible Bonds issued by the Company in 2013 have an initial conversion price of RMB41.33 per share. The details of the conversion price adjustment of A Share Convertible Bonds during the Reporting Period are set as below:

Conversion price adjustment date	Conversion price after adjustment	Time of disclosure	Explanation on conversion price adjustment	Disclosure through the Media
June 27, 2014	RMB40.88 per share	June 20, 2014	Final dividend distribution of 2013	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
September 12, 2014	RMB40.63 per share	September 5, 2014	Interim dividend distribution of 2014	
Latest conversion price as at the end of the Reporting Period		RMB40.63 per share		

The Credit Rating of the A Share Convertible Bonds

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

4. BUSINESS REVIEW FOR THE REPORTING PERIOD

In the third quarter of 2014, China’s economic growth stabilized while external demand and the country’s development made steady progress under a stable and loose macroeconomic policy, paving the way for the smooth implementation of structural adjustments. The Company continued to execute its strategy of placing equal emphasis on safety and efficiency, advancing both its traditional and internet finance businesses. The insurance business achieved a stable growth with a sound quality, while the banking business maintained steady development and saw profitability rise significantly. Integrated finance continued to make further inroads in its business development, driven by technological innovation. We kept strengthening our internet finance business by boosting the functions of products such as Lufax and Wanlitong Loyalty Points Program, and improving user experience. With greater user participation, our internet finance platform saw a significant increase in transaction volume.

Over the first three quarters of 2014, the Company achieved outstanding performance in the following areas:

The Company maintained a stable and healthy growth in terms of its overall performance. The Company’s net profit attributable to shareholders of the parent company for the first three quarters of 2014 reached RMB31,687 million, up by 35.8% over the same period last year. As at September 30, 2014, equity attributable to shareholders of the parent company was RMB218,678 million, up by 19.7% over the beginning of the year. Total assets were about RMB3.86 trillion, up by 14.9% over the beginning of the year.

Our life insurance business maintained its stable and healthy growth. In particular, our individual life insurance business, which enjoys higher profitability, achieved rapid growth. Our property and casualty insurance business kept its stable growth and sound business quality. The net investment yield of our insurance funds rose steadily.

Ping An Life has always focused on the customer and followed the philosophy of experience-driven and value-focused operations, in striving for the sustainable and healthy growth of both businesses and embedded value. The individual life insurance business pursued its core operating philosophy of focusing on the agency team’s development. Along with the steady growth of the number of agency sales force, Ping An Life made major efforts to boost productivity and the income of the sales agents, and to strengthen the supervision in terms of

their conduct. This helped to manage risks and assure the healthy development of the agency sales force. The bancassurance business grew in step with the market, and continuously optimized its business structure to meet the requirements of sales channels. While reinforcing the advantages of existing channels, Ping An Life took the initiative to explore and popularize new channels of marketing such as internet marketing and telemarketing, with a view to expanding its sales channels and developing additional source of growth.

Written premiums of Ping An Life reached RMB191,724 million, up by 15.4% over the same period last year. Of this, the more profitable individual life insurance business grew quickly in both the scale and value of business. Written premiums for individual life insurance business reached RMB177,976 million, up by 14.3% over the same period last year. Of this, new businesses achieved written premiums of RMB42,325 million, up by 19.9% over the same period last year. Written premiums of the bancassurance business reached RMB12,303 million, up by 35.8% over the same period last year, with a great year-on-year increase in regular premiums of new policies with maturity of 10 years or above. Written premiums from telemarketing continued to grow rapidly and reached RMB6,735 million in the first three quarters, up by 41.6% over the same period last year, enabling the Ping An Life to maintain its industry lead in telemarketing in terms of market share.

Ping An Property & Casualty followed its customer-oriented business model, growing steadily through collaborative development and a meticulous approach to management. In the first three quarters of 2014, the premium income of Ping An Property & Casualty rose 25.8% year-on-year to RMB105,103 million. Of this amount, premium income from cross-selling and telemarketing increased by 22.6% to RMB44,355 million, while RMB21,178 million stemmed from the car dealer channel, representing a 27.6% growth over the same period last year. Ping An Property & Casualty constantly raised its professional technical standards and focused on business quality, maintaining sound profitability. The combined ratio of the first three quarters was 94.9%.

The corporate annuity business of Ping An Annuity continued to maintain healthy growth. As at September 30, 2014, the assets entrusted and assets under investment management totaled RMB179,217 million, maintaining a market-leading position.

As at September 30, 2014, our investment portfolio of insurance funds reached RMB1.37 trillion, up by 11.2% over the beginning of the year. Annualized net investment yield for the first three quarters of the year rose steadily to 5.3%, and annualized total investment yield was 4.6%.

The banking business maintained steady growth along with an improving asset and liability structure. It saw a significant rise in profitability and asset quality risks at a manageable level.

Ping An Bank fully capitalized on the advantages of integrated finance and stepped up the reform of the operational and management model, accelerating the key strategic business development of the corporate business, investment banking business, treasury and interbank business, Small and Medium Enterprise (SME) finance business and retail business etc. Ping An Bank also strengthened the development of online financial platforms including Orange e-Bank, Orange Bank, Hang E Tong and Mobile Bank. Ping An Bank focused on improving

the customer experience, strengthening risk management and raising profitability constantly. As at the end of September of 2014, Ping An Bank's total assets reached RMB2,144,358 million, up by 13.4% over the beginning of the year. Deposit balance amounted to RMB1,508,179 million, up by 23.9% over the beginning of the year. The increase in deposit balance was 1.5 times that of the entire 2013, which led its industry peers with growing market share. Loan balance amounted to RMB992,892 million, up by 17.2% over the beginning of the year.

The profitability of Ping An Bank surged with outstanding performance in various revenue and profit indicators. For the first three quarters of 2014, Ping An Bank realized net profit of RMB15,694 million, up by 34.2% over the same period last year, while net non-interest income was RMB16,233 million, up by 95.8% over the same period last year. Net non-interest income as a percentage of revenue rose to 29.7%. Benefiting from the continuous adjustment and optimization of business structure over the past two years, operating efficiency rose significantly. Net interest spread and net interest margin increased by 0.29 percentage points and 0.30 percentage points, respectively as compared with the same period last year. Given the fast growth in revenue and effective cost control, cost/income ratio decreased by 2.87 percentage points to 36.7%.

On asset quality, Ping An Bank followed the principle of "risk management" and steadily strengthened its comprehensive risk management capability. It actively supported the real economy to ensure sound operation. As at the end of September, 2014, non-performing loans balance was RMB9,765 million, up by 29.5% over the beginning of the year. Non-performing loan ratio was 0.98%, up by 0.09 percentage points over the beginning of the year. Loan loss provision ratio was 1.89%, up by 0.10 percentage points over the beginning of the year. Provision coverage ratio was 191.82%, down by 9.24 percentage points over the beginning of the year. In the first three quarters of 2014, some enterprises, especially privately owned SME, experienced poor business with decreasing profitability and financing difficulties due to the economic slowdown and intensifying structural adjustments in the industry, resulting in tightened liquidity, liquidity crisis and insolvency. Ping An Bank's asset quality was affected to a certain extent. By implementing a series of measures, Ping An Bank stepped up its efforts to recover and dispose the non-performing assets through a variety of methods. For the first three quarters of 2014, Ping An Bank recovered and disposed of non-performing assets totaling RMB2,145 million. Subsequently, Ping An Bank will further optimize the credit structure to avoid and minimize potential risks that may arise in connection with existing loans, exercise strict control over new non-performing loans, strengthen the efforts to dispose of non-performing loans and maintain relatively sound asset quality.

The trust business focused on growing its high-end private wealth management business and closely managed risks associated with financing trust schemes.

Ping An Trust's private wealth management business grew steadily. As at September 30, 2014, the number of high net worth customers exceeded 29 thousand, growing by 33.6% over the beginning of the year. Assets held in trust reached RMB377,147 million, up by 29.9% over the beginning of the year. In particular, the percentage of collective trust was 72.5%, representing a more favorable business structure than that of its peers.

Given the industry growth trends and current conditions, Ping An Trust continued to improve the comprehensive risk management system established in accordance with the requirements of Basel II. Through reasonable allocation of risk capital according to risk preference, Ping An Trust effectively utilized the tools of credit rating and risk quantification to manage its risks. It assigned main ratings to over 1,300 counterparties and carried out risk assessment for each investment project as the fundamental basis for project entry, risk management measures formulation, capital access requirements and credit line setting to ensure the risks associated with various businesses were under control.

As at September 30, 2014, the financing trust scheme under collective trust amounted to RMB150,770 million. Of this amount, real estate financing amounted to RMB68,028 million and accounted for 45.1%. The main risk of the financing trust scheme lies in the credit risk. To cope with credit risk, a comprehensive front, middle, and back-office approval system was established. In particular, Ping An Trust formed an independent post-investment asset management team dealing with the real estate trust project, and designated directors, financial officers and engineering staff to each project. By complying with corporate governance best practices such as convening general meetings and board meetings, Ping An Trust monitored the construction progress and sales progress of the project to detect early any risks associated with project construction and sales. Among the existing real estate projects, medium to large-scale counterparties accounted for more than 90%; project distribution in first-tier and second-tier cities accounted for more than two-thirds of the total; products with a remaining term of less than two years accounted for over 80% of the total. In the first three quarters of 2014, real estate collective trust schemes at maturity were redeemed on schedule, and a total of RMB25.6 billion has already been cashed in. In the fourth quarter, another RMB11.5 billion will be cashed in. The risks associated with all existing projects are under control with no potential risk of default.

The internet finance businesses showed rapid growth, enabling the P2P transaction volume of Lufax to rank at the top of the domestic market.

Leveraging its advantages such as low cost, low risk, high liquidity and outstanding customer experience, Lufax drew wide acclaim from the market. As at September 30, 2014, the registered retail user base was over 3 million, growing continuously by gaining more than 400 thousand new registered users each month. There were more than 1,000 institutional customers. In the first three quarters of 2014, Lufax's transaction volume of financial assets surged nearly 5 times over the same period last year. Of this, P2P transaction volume surged nearly 5 times, jumping to the first place in the domestic P2P market.

The service platform of Wanlitong Loyalty Points Program developed rapidly. Wanlitong held a launch ceremony for the first alliance of loyalty points programs in August, 2014, initiating business cooperation with various renowned domestic and overseas companies. As at September 30, 2014, Wanlitong's registered users reached 62.71 million, up by 53% over the beginning of the year, and the number of business partners exceeded 500 thousand. The transaction volume of Wanlitong loyalty points in the first three quarters of the year grew by 260% over the same period last year.

Looking ahead, China's economic development will continue to accelerate at a moderate pace, while the reform of the financial system continues to take place. The financial operational efficiency and capability of service entities will undergo constant improvements. The overall situation will remain complex and bring certain challenges to the operations of

the financial industry. The Company will endeavor to build Ping An into a “world-leading personal financial services provider” by closely monitoring changes in the external economic environment, continuously implementing the “Ping An Chariot” corporate governance and management model, promoting synergy throughout the Group’s subsidiaries, and constantly promoting the deep integration of modern science and technology with traditional finance.

5. SIGNIFICANT EVENTS

Subscription of Ping An Bank Non-public Share Issuance

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

As at the date of this announcement, the share subscription is subject to the approval from relevant regulatory authorities.

6. UNDERTAKINGS

Shareholders’ Undertakings

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

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

Undertakings in Respect of the Major Asset Restructuring with Shenzhen Development Bank¹

- (1) The Company undertakes that it and its subsidiaries shall not, within 36 months since the date of completion of the non-public issuance of shares by Shenzhen Development Bank, transfer all the Shenzhen Development Bank shares they held, except for the transfer between the Company and its connected organizations (i.e. any parties directly or indirectly controlling the Company or under the direct or indirect control of the Company or under the control of the same controller as that of the Company), to the extent permitted by the applicable laws. Upon expiry of the above mentioned term, the Company will be free to dispose of such newly-issued shares pursuant to the requirements of China Securities Regulatory Commission and Shenzhen Stock Exchange.
- (2) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, and in respect of the businesses or commercial opportunities similar to those of Shenzhen Development Bank that the Company and the enterprises under its control intend to carry out or have substantially obtained whereby the assets and businesses arising from such business or commercial opportunities may possibly form potential competition with those of Shenzhen Development Bank, the Company and the enterprises under its control shall not be engaged in the businesses identical or similar to those carried out by Shenzhen Development Bank, so as to avoid direct or indirect competition with the operations of Shenzhen Development Bank.
- (3) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank and in respect of the transactions between the Company and the enterprises under its control and Shenzhen Development Bank which constitute the connected transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into transaction with Shenzhen Development Bank following the principle of “fairness, justness and openness” at fair and reasonable prices, and shall go through the decision-making process according to the requirements of the relevant laws and regulations and regulatory documents and perform their obligations of information disclosure as required by law. The Company undertakes that the Company and the enterprises under its control shall not procure any illegal interests or let Shenzhen Development Bank undertake any illicit obligations through the transactions with Shenzhen Development Bank.
- (4) 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.

¹ Shenzhen Development Bank, refers to the original Shenzhen Development Bank Co., Ltd., an associate of the Company from May 2010, became a subsidiary of the Company in July 2011, and was renamed as Ping An Bank Co., Ltd. (“Ping An Bank”) on 27 July 2012.

As at September 30, 2014, the undertaking mentioned in item (1) had been fulfilled, the rest of the above undertakings were still in the process of performance and there was no violation of the above undertakings.

Undertaking in Respect of the Issuance of A Share Convertible Bonds

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

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

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

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

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

7. GUARANTEE

(in RMB million)

External guarantee of the Company (excluding the guarantee in favor of its subsidiaries)	
Total external guarantee incurred during the Reporting Period	–
Total external guarantee balance as at the end of the Reporting Period	–
Guarantee of the Company in favor of its subsidiaries	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period	14,551
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	33,905

Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee	33,905
Total guarantee as a percentage of the Company's net assets (%)	15.5
Including: Direct and indirect guarantee for the companies with gearing ratio over 70% (as at September 30, 2014)	28,445

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

8. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS

(1) Consolidated Income Statement

For the nine months ended September 30, 2014

(in RMB million)	For the three months ended September 30		For the nine months ended September 30	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
Gross written premiums and policy fees	71,708	60,071	251,103	204,531
Less: Premiums ceded to reinsurers	(5,207)	(4,361)	(19,082)	(13,802)
Net written premiums and policy fees	66,501	55,710	232,021	190,729
Change in unearned premium reserves	(3,482)	(2,542)	(9,638)	(6,531)
Net earned premiums	63,019	53,168	222,383	184,198
Reinsurance commission income	1,713	1,516	6,080	4,076
Interest income from banking operations	30,906	24,293	88,097	67,647
Fees and commission income from non-insurance operations	6,806	4,290	18,000	10,968
Investment income	18,920	14,392	46,307	41,840
Share of profits and losses of associates and jointly controlled entities	122	(76)	(86)	(97)
Other income	4,527	2,754	11,577	7,562
Total income	126,013	100,337	392,358	316,194

(in RMB million)	For the three months ended September 30		For the nine months ended September 30	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
Claims and policyholders' benefits	(47,839)	(44,896)	(171,848)	(152,768)
Commission expenses on insurance operations	(8,631)	(6,101)	(25,992)	(18,976)
Interest expenses on banking operations	(16,548)	(13,344)	(48,306)	(37,258)
Fees and commission expenses on non-insurance operations	(774)	(541)	(2,212)	(1,286)
Loan loss provisions, net of reversals	(4,033)	(1,710)	(9,334)	(4,281)
Foreign exchange losses	(101)	(181)	(4)	(286)
General and administrative expenses	(25,938)	(21,025)	(72,634)	(56,700)
Finance costs	(1,550)	(691)	(4,383)	(2,046)
Other expenses	(3,657)	(1,657)	(8,082)	(5,051)
Total expenses	(109,071)	(90,146)	(342,795)	(278,652)
Profit before tax	16,942	10,191	49,563	37,542
Income tax	(4,132)	(2,510)	(10,889)	(8,090)
Profit for the period	12,810	7,681	38,674	29,452
Attributable to:				
– Owners of the parent	10,325	5,429	31,687	23,339
– Non-controlling interests	2,485	2,252	6,987	6,113
	12,810	7,681	38,674	29,452
	RMB	RMB	RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent				
– Basic	1.30	0.69	4.00	2.95
– Diluted	1.23	0.69	3.78	2.95

(2) Consolidated Statement of Comprehensive Income*For the nine months ended September 30, 2014*

(in RMB million)	For the three months ended September 30		For the nine months ended September 30	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
Profit for the period	12,810	7,681	38,674	29,452
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets	9,023	4,415	16,924	486
Shadow accounting adjustments	(3,835)	(155)	(3,546)	421
Exchange differences on translation of foreign operations	2	(2)	17	6
Share of other comprehensive income of associates and jointly controlled entities	(2)	6	(1)	8
Income tax relating to components of other comprehensive income	(1,205)	(1,059)	(3,278)	(205)
Other comprehensive income for the period, net of tax	3,983	3,205	10,116	716
Total comprehensive income for the period	16,793	10,886	48,790	30,168
Attributable to:				
– Owners of the parent	14,162	8,836	41,485	24,326
– Non-controlling interests	2,631	2,050	7,305	5,842
	16,793	10,886	48,790	30,168

(3) Consolidated Statement of Financial Position

As at September 30, 2014

(in RMB million)	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Assets		
Cash and amounts due from banks and other financial institutions	402,780	353,331
Balances with the Central Bank and statutory deposits	285,004	237,154
Fixed maturity investments	1,561,145	1,454,637
Equity investments	194,222	157,068
Derivative financial assets	4,912	3,402
Loans and advances to customers	1,036,734	861,770
Premium receivables	27,762	24,205
Accounts receivable	14,666	8,033
Inventories	2,464	1,764
Reinsurers' share of insurance liabilities	16,246	13,839
Policyholder account assets in respect of insurance contracts	39,430	35,502
Policyholder account assets in respect of investment contracts	4,878	4,101
Investments in associates and jointly controlled entities	12,049	12,081
Investment properties	17,743	18,262
Property and equipment	18,913	18,873
Intangible assets	43,294	43,896
Deferred tax assets	16,118	15,253
Other assets	161,136	97,141
Total assets	3,859,496	3,360,312
Equity and Liabilities		
Equity		
Share capital	7,916	7,916
Reserves	99,990	90,167
Retained profits	110,772	84,626
Equity attributable to owners of the parent	218,678	182,709
Non-controlling interests	63,155	56,996
Total equity	281,833	239,705

(in RMB million)	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Liabilities		
Due to banks and other financial institutions	439,290	509,466
Assets sold under agreements to repurchase	102,044	121,642
Other financial liabilities held for trading	4,512	3,692
Derivative financial liabilities	3,244	2,918
Customer deposits and payables to brokerage customers	1,481,080	1,191,515
Accounts payable	3,164	2,618
Income tax payable	8,390	4,347
Insurance payables	46,985	54,359
Insurance contract liabilities	1,162,366	1,030,212
Investment contract liabilities for policyholders	42,914	38,353
Policyholder dividend payable	28,358	25,232
Bonds payable	105,740	56,756
Deferred tax liabilities	4,666	6,238
Other liabilities	144,910	73,259
	<hr/>	<hr/>
Total liabilities	3,577,663	3,120,607
	<hr/>	<hr/>
Total equity and liabilities	3,859,496	3,360,312
	<hr/> <hr/>	<hr/> <hr/>

(4) Consolidated Statement of Cash Flows
For the nine months ended September 30, 2014

(in RMB million)	2014 (Unaudited)	2013 (Unaudited)
For the nine months ended September 30,		
Net cash from operating activities	94,056	208,861
	<hr/>	<hr/>
Cash flows from investing activities		
Purchases of investment properties, property and equipment, and intangible assets	(10,229)	(5,172)
Proceeds from disposal of investment properties, property and equipment, and intangible assets	334	96
Proceeds from disposal of investment	745,420	907,833
Purchases of investments	(977,516)	(1,155,763)
Term deposits placed, net	(3,946)	5,623
Acquisition of non-controlling interests in subsidiaries	(1,000)	–
Acquisition of subsidiaries	(385)	(176)
Disposal of subsidiaries	5	109
Interest received	53,575	43,704
Dividends received	8,137	4,573
Rentals received	1,125	612
Others	(9,007)	(5,388)
	<hr/>	<hr/>

For the nine months ended September 30, (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Net cash flows used in investing activities	(193,487)	(203,949)
Cash flows from financing activities		
Capital injected by third parties	306	1,233
Proceeds from bonds issued	53,127	1,400
Decrease in assets sold under agreements to repurchase, net	(2,816)	(23,975)
Proceeds from borrowed funds	69,846	28,936
Repayment of borrowed funds	(29,884)	(19,823)
Interest paid	(5,699)	(7,247)
Dividends paid	(6,078)	(3,876)
Net cash flows from/(used in) financing activities	78,802	(23,352)
Net decrease in cash and cash equivalents	(20,629)	(18,440)
Net foreign exchange differences	278	(549)
Cash and cash equivalents at the beginning of the period	244,877	246,886
Cash and cash equivalents at the end of the period	224,526	227,897

9. RELEASE OF RESULTS ANNOUNCEMENT

This results announcement is simultaneously available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.pingan.com). This results announcement is prepared in accordance with IFRS. The full report for the third quarterly results of 2014 prepared in accordance with the Accounting Standards for Business Enterprise issued by the Ministry of Finance of the PRC and the other relevant regulations will be published on the Company's website (www.pingan.com) at the same time as it is published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

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

Shenzhen, PRC, October 28, 2014

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Ren Huichuan, Yao Jason Bo, Lee Yuansiong and Cai Fangfang; the Non-executive Directors are Fan Mingchun, Lin Lijun, Li Zhe, Soopakij Chearavanont, Yang Xiaoping and Lu Hua; the Independent Non-executive Directors are Tang Yunwei, Lee Carmelo Ka Sze, Woo Ka Biu Jackson, Stephen Thomas Meldrum, Yip Dicky Peter, Wong Oscar Sai Hung and Sun Dongdong.