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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 THREE MONTHS ENDED MARCH 31, 2018

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 “First Quarterly Results”) of the Company and its subsidiaries (“the Group”) for the three months ended March 31, 2018 (the “Reporting Period”). The Board of Directors and its Audit and Risk Management Committee have reviewed the First Quarterly Results.

1. KEY FINANCIAL INFORMATION

1.1 Key Figures

	March 31 2018	March 31 2017	Change (%)
For the Reporting Period			
Net profit attributable to shareholders of the parent company (in RMB million)	25,702	23,053	11.5
Basic earnings per share (in RMB)	1.44	1.29	11.6
Weighted average return on equity (not annualized, %)	5.3	5.8	-0.5 pps
Value of new business of the life and health insurance business (in RMB million)	19,897	21,503	(7.5)
Combined ratio – Ping An Property & Casualty (%)	95.9	95.9	–
At the end of the Reporting Period			
Number of retail customers (in million)	172.54	137.60	25.4
Number of internet users (in million)	459.28	376.53	22.0

	March 31 2018	December 31 2017	Change (%)
Equity attributable to shareholders of the parent company (in RMB million)	501,898	473,351	6.0
Total assets (in RMB million)	6,725,766	6,493,075	3.6

1.2 Solvency Margin of Subsidiaries

March 31, 2018	Ping An Life	Ping An Property & Casualty
Core capital (in RMB million)	723,480	73,471
Actual capital (in RMB million)	746,480	81,971
Minimum capital (in RMB million)	319,338	38,778
Core solvency margin ratio (%)	226.6	189.5
Comprehensive solvency margin ratio (%)	233.8	211.4

Notes: (1) For details of subsidiaries' solvency margin, please refer to the Company's website (www.pingan.cn).

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

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

As at March 31, 2018, the total share capital of the Company was 18,280,241,410 shares, of which 10,832,664,498 were A shares and 7,447,576,912 were H shares.

Total shareholders as at the end of the Reporting Period			There were 509,891 shareholders in total, of which 505,293 were holders of A shares and 4,598 were holders of H shares.			
Particulars of top ten shareholders						
Name of shareholder	Nature of shareholder ⁽¹⁾	Shareholding percentage (%)	Total number of shares held (shares) ⁽²⁾	Type of shares	Number of selling-restricted shares held (shares)	Number of pledged or frozen shares (shares)
Hong Kong Securities Clearing Company Nominees Limited ⁽³⁾	Overseas legal person	32.72	5,982,142,997 ⁽⁴⁾	H Share	-	Unknown
Shenzhen Investment Holdings Co., Ltd.	State	5.27	962,719,102	A Share	-	341,740,000 pledged shares
China Securities Finance Corporation Limited	Others	4.44	811,179,198	A Share	-	-
Business Fortune Holdings Limited	Overseas legal person	3.98	727,649,430	H Share	-	533,085,130 pledged shares
New Orient Ventures Limited	Overseas legal person	3.91	714,663,997	H Share	-	714,663,997 pledged shares
Central Huijin Asset Management Ltd.	Others	2.65	483,801,600	A Share	-	-
Hong Kong Securities Clearing Company Limited ⁽⁵⁾	Others	2.21	404,398,895	A Share	-	-
Huaxia Life Insurance Co., Ltd. – Universal Insurance Products	Others	1.62	296,319,315	A Share	-	-
Shum Yip Group Limited	State-owned legal person	1.41	257,728,008	A Share	-	-
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	Others	0.92	168,321,382	A Share	-	-

- Notes:* (1) Nature of the holders of A shares represents the nature of accounts held by the holders of A shares registered at 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 credit securities accounts.
- (3) Hong Kong Securities Clearing Company Nominees Limited (“HKSCC Nominees Limited”) is the nominee holder of the H shares held by non-registered shareholders of the Company.
- (4) Business Fortune Holdings Limited and New Orient Ventures Limited are indirectly wholly-owned subsidiaries of Charoen Pokphand Group Company Limited (“CP Group Ltd.”), and the shares owned by these two companies have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by the above two companies have been deducted from the shares held by HKSCC Nominees Limited.
- (5) The shares held by Hong Kong Securities Clearing Company Limited refer to the shares held by non-registered shareholders under the Northbound Trading of the Shanghai-Hong Kong Stock Connect Program.

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

Business Fortune Holdings Limited and New Orient Ventures Limited are indirectly wholly-owned subsidiaries of CP Group Ltd. There is an acting-in-concert relationship between them because they are under common control. As at March 31, 2018, CP Group Ltd. indirectly held 1,745,412,969 H shares of the Company, representing 9.55% of total share capital of the Company, through the above two and other subsidiaries.

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

3. KEY BUSINESS REVIEW FOR THE REPORTING PERIOD

3.1 Overview

In the first quarter of 2018, China’s economy picked up steadily due to supply-side reforms and industry upgrading. Turning 30, Ping An will continue to implement the strategy of pursuing “finance + technology” and furthering “finance + ecosystem”. The Company will continue to improve products and services via technology-powered business transformation to realize stable, healthy business growth.

In the first quarter, Ping An’s net profit grew by 12.5% year on year to RMB28,951 million. The net profit attributable to shareholders of the parent company increased by 11.5% year on year to RMB25,702 million. The operating profit attributable to shareholders of the parent company rose by 17.7% year on year to RMB28,200 million. On the basis of insurance subsidiaries’ profit data in their respective statutory financial statements prepared under the old accounting standards for financial instruments, the Group’s net profit attributable to shareholders of the parent company would be RMB30,548 million, up 32.5% year on year. To reward shareholders, Ping An proposes to pay a 30th Anniversary Special Dividend of RMB0.20 in cash per share totalling RMB3,656 million.

In the first quarter, the written premium of the life and health insurance business grew by 24.9% year on year to RMB230,585 million, with a value of new business (“NBEV”) of RMB19,897 million and an NBEV margin of 30.2%. The property and casualty insurance business boosted its premium income by 17.8% year on year to RMB63,217 million while maintaining a better than industry combined ratio of 95.9%. Ping An Bank’s strategic transformation towards retail banking generated significant effects: retail assets under management and retail deposits grew by 9.2% and 13.4% respectively compared with the beginning of 2018.

3.1.1 Segment Results

Net profit attributable to shareholders of the parent company

For the three months ended March 31 (in RMB million)

	2018	2017	Change (%)
Life and health insurance business	13,901	13,638	1.9
Property and casualty insurance business	3,252	3,374	(3.6)
Banking business	3,824	3,604	6.1
Asset management business ⁽²⁾	4,257	3,384	25.8
Fintech and healthtech business ⁽³⁾	1,842	(120)	N/A
Other businesses and elimination	(1,374)	(827)	66.1
The Group	25,702	23,053	11.5

- (1) The Group follows the new accounting standards for financial instruments from the accounting year beginning January 1, 2018. In accordance with rules for transition to the new accounting standards for financial instruments, the Group does not need to restate comparable figures for 2017.
- (2) The asset management business represents results of the trust business, the securities business, and subsidiaries that engage in asset management business such as Ping An Asset Management, Ping An Financial Leasing and Ping An Overseas Holdings.
- (3) The fintech and healthtech business represents results of companies that engage in fintech and healthtech business such as Lufax Holding, Ping An Good Doctor, OneConnect, Ping An Healthcare Technology, and Autohome.

Since the beginning of 2018, domestic and foreign equity markets have been highly volatile. In the first quarter of 2018, the Group’s net profit attributable to shareholders of the parent company rose by 11.5% year on year to RMB25,702 million. On the basis of insurance subsidiaries’ profit data in their respective statutory financial statements prepared under the old accounting standards for financial instruments, the Group’s net profit attributable to shareholders of the parent company would be RMB30,548 million, up 32.5% year on year. Keeping risks under control, the Company adheres to the philosophy of value investing. To reduce sensitivity to volatility in secondary stock markets, the Company seized the opportunity of high interest rates to increase allocation to high-quality fixed-income assets such as long-duration central government bonds and financial bonds issued by policy banks, and increased long-term equity stake investments.

The Group follows the “International Financial Reporting Standards 9 – Financial Instruments” (the “new accounting standards”) from January 1, 2018. The insurance subsidiaries continue to follow the old standards for financial instruments when preparing their respective statutory financial statements because they qualify for a temporary exemption. In accordance with the Group’s accounting policies, the insurance subsidiaries separately prepare financial statements and notes under the new standards for Group consolidation purposes. Reconciliations between the insurance business’s statutory financial statements and statements under the new standards are presented below to allow comparison with peers.

Additional information about the insurance business’s net profit attributable to shareholders of the parent company

For the three months ended March 31 (in RMB million)	Life and health insurance business			Property and casualty insurance business			Total of insurance business		
	2018	2017	Change (%)	2018	2017	Change (%)	2018	2017	Change (%)
Profit in statutory financial statements under the old accounting standards for financial instruments	18,788	13,638	37.8	3,211	3,374	(4.8)	21,999	17,012	29.3
Investment income adjustments ⁽¹⁾	(4,887)	–	N/A	41	–	N/A	(4,846)	–	N/A
Profit in financial statements under the new accounting standards for financial instruments ⁽²⁾	<u>13,901</u>	<u>13,638</u>	<u>1.9</u>	<u>3,252</u>	<u>3,374</u>	<u>(3.6)</u>	<u>17,153</u>	<u>17,012</u>	<u>0.8</u>

(1) Adjustments mainly arise from changes in classification, measurement, and impairment of financial assets under the new accounting standards for financial instruments.

(2) In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate comparable figures for 2017.

3.1.2 Operating Profit

Due to the long-term feature of the majority business of the life and health insurance business, the measure of operating profit has been applied to more appropriately evaluate business performance. Operating profit after tax is based on net profit from financial statements, excluding items that are of short-term, volatile or one-off nature, including:

- Short-term investment variance, which is the variance between actual investment return of life and health insurance business and the EV ultimate investment return assumption, net of associated relevant impact on insurance and investment contract liability. The investment return of life and health insurance business is locked at 5% after excluding the short-term investment variance;
- Impacts of discount rate change is the effect on insurance contract liability of life and health insurance business due to changes in discount rate;
- Impact of one-off non-operating items are material items that management considered to be non-operating income and expenses.

We believe that the operating profit after tax which excludes impacts of the above non-operating items can provide a clearer and more objective representation of the Company’s business performance and trend.

In the first quarter of 2018, the Group's operating profit attributable to shareholders of the parent company grew by 17.7% year on year to RMB28,200 million. The life and health insurance business's operating profit attributable to shareholders of the parent company rose by 12.8% year on year to RMB16,399 million.

Operating profit attributable to shareholders of the parent company

For the three months ended March 31 (in RMB million)

	2018	2017	Change (%)
Life and health insurance business	16,399	14,543	12.8
Property and casualty insurance business	3,252	3,374	(3.6)
Banking business	3,824	3,604	6.1
Asset management business	4,257	3,384	25.8
Fintech and healthtech business	1,842	(120)	N/A
Other businesses and elimination	(1,374)	(827)	66.1
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The Group	28,200	23,958	17.7
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3.2 Customer Development

Ping An's retail customers and users continued to increase.

As of March 31, 2018, Ping An's retail customers increased by 25.4% year on year to 173 million, of whom 29.7% held contracts with multiple subsidiaries; 12.52 million new customers were acquired in the first quarter. The Group's internet business developed further. As of March 31, 2018, the Group's internet users increased by 22.0% year on year to 459 million, including 394 million app users (up 48.8% year on year) and 237 million yearly active users.

(million persons)	March 31 2018	March 31 2017	Change (%)
Retail customers	172.54	137.60	25.4
Including:			
Customers holding contracts with multiple subsidiaries	<u>51.21</u>	<u>35.02</u>	<u>46.2</u>
Internet users	459.28	376.53	22.0
Including:			
App users	<u>393.75</u>	<u>264.69</u>	<u>48.8</u>

3.3 Technology-powered Business Transformation

By pursuing the “finance + technology” strategy, Ping An has developed world-leading technologies.

Under the two-pronged strategy of “finance + technology”, Ping An has developed core technologies such as AI-based cognition, AI, blockchain, cloud computing and security, focusing on fintech and healthtech. Ping An strengthens competitiveness by diversifying application scenarios, increasing efficiency, cutting costs, enhancing risk management, and creating excellent customer experience. Moreover, Ping An exports innovative technologies and services to create value and empower the whole industry. Ping An constantly strengthens R&D of core technologies and control of proprietary intellectual property rights. As of March 31, 2018, Ping An's patent applications increased to 4,418, up by 1,388 from the beginning of the year.

In the area of AI-based cognition, Ping An has proactively developed world-leading face recognition and voiceprint recognition technologies, and applied them to financial and healthcare scenarios. In the area of AI, Ping An has established comprehensive scenarios of AI applications, and achieved outstanding results in medical imaging, disease prediction, image-based loss assessment, and AI-based investigation. In the area of blockchain, Ping An Blockchain provides secure, efficient and retraceable means of transaction recording in scenarios such as asset trading, lending, health care and commodity trading. In the area of cloud computing, Ping An Cloud hosts the trillion-yuan core business of Ping An, and provides efficient, secure cloud services in ecosystems such as financial services, health care, auto services, real estate services, and smart city services. In the area of security, Ping An has built a 24/7 actively perceiving security system which combines comprehensive attack and defense functionalities. Recently, in the IDRiD Diabetic Retinopathy Segmentation and Grading Challenge, Ping An’s medical imaging technology won world-class awards including a world first in EX (hard exudates) image segmentation, world second in HE (bleeding) segmentation and world third in MA (microaneurysm) segmentation. Moreover, Ping An won a world first prize in the international AI+ environmental protection contest of “Power Laws: Detecting Anomalies in Usage”.

3.4 Life and Health Insurance Business

The life and health insurance business expanded strongly. In the first quarter of 2018, the life and health insurance business’s written premium grew by 24.9% year on year to RMB230,585 million due to steady growth in renewal premiums.

For the three months ended March 31

(in RMB million)	2018	2017	Change (%)
Life and health insurance business			
Operating profit	16,548	14,682	12.7
First-year premium used to calculate NBEV	65,936	79,014	(16.6)
NBEV⁽¹⁾	19,897	21,503	(7.5)
NBEV margin (%)	30.2	27.2	3.0 pps
Written premium	230,585	184,640	24.9
Retail business	224,430	178,192	25.9
Group business	6,155	6,448	(4.5)

Note: (1) In the table above, the assumptions and methodology used to calculate the NBEV for the first quarter of 2017 are consistent with those used at the end of 2017. Under the valuation assumptions and methodology previously used for the first quarter of 2017, the NBEV for the first quarter of 2017 was RMB21,264 million.

In the first quarter of 2018, the Company answered regulators’ call to ensure “insurance products are protection-oriented” and adjusted product strategies. The first-year premium of the life and health insurance business declined by 16.6% year on year as interest rates rose and savings products became less attractive. Meanwhile, the Company proactively adjusted the business mix and promoted long-term protection products to increase business value, boosting the NBEV margin of life and health insurance business by 3.0 pps year on year to 30.2%.

From the second quarter of 2018, Ping An Life will focus on long-term protection products, and develop a tiered comprehensive protection system to meet different demands in the “basic, mid-range, and mid-range to high-end” customer segments. Ping An Life will boost agent productivity and income by promoting diverse protection products such as popular low-premium policies, high-value policies, and high-premium policies. In the second quarter, Ping An Life will upgrade the “Kid’s Ping An Fu” to increase benefit limits, encourage existing customers of Ping An Fu to purchase more insurance, develop the family insurance market, and launch high-premium critical illness insurance products to expand the mid-range to high-end market share. Moreover, Ping An Life will seek new growth drivers by applying AI to customer development, team management, and customer services.

For the three months ended March 31	2018	2017	Change (%)
Ping An Life			
Agent productivity			
First-year written premium per agent per month (in RMB)	<u>13,171</u>	<u>19,190</u>	<u>(31.4)</u>
	March 31 2018	March 31 2017	Change (%)
Number of agents (in million)	<u>1.353</u>	<u>1.196</u>	<u>13.1</u>

3.5 Property and Casualty Insurance Business

Ping An Property & Casualty achieved steady, healthy growth in premium income while maintaining a better than industry combined ratio.

In the first quarter of 2018, Ping An Property & Casualty recorded steady business growth and boosted the premium income by 17.8% year on year to RMB63,217 million. Through robust corporate governance and risk screening, Ping An Property & Casualty maintained sound overall business quality and a better than industry combined ratio of 95.9%.

For the three months ended March 31 (in RMB million)	2018	2017	Change (%)
Property and casualty insurance business			
Net profit	<u>3,268</u>	<u>3,390</u>	<u>(3.6)</u>
Premium income			
Auto insurance	44,133	41,035	7.5
Non-auto insurance	16,737	11,113	50.6
Accident and health insurance	2,347	1,513	55.1
Total	<u>63,217</u>	<u>53,661</u>	<u>17.8</u>
Combined ratio (%)	<u>95.9</u>	<u>95.9</u>	<u>–</u>

In 2018, Ping An Property & Casualty promoted “technology + property and casualty insurance” reform and transformation by leveraging such technologies as AI and cloud computing. Besides, Ping An Property & Casualty launched “Smart Customer Services” to provide customers with excellent, convenient underwriting and claim services. In the first quarter of 2018, Ping An Property & Casualty further reduced the turnaround time of “510 City Superfast Onsite Investigation” for auto insurance claims. In March, 95.4% of daytime auto accidents in cities requiring on-site investigation were investigated within 5-10 minutes.

3.6 Investment Portfolio of Insurance Funds

Ping An further improved asset allocation of the portfolio of insurance funds.

As of March 31, 2018, the Company’s investment portfolio of insurance funds grew to RMB2.56 trillion by 4.4% from the beginning of 2018. In the first quarter, the portfolio’s annualized net investment yield and annualized total investment yield were 3.7% and 3.7% respectively. In the first quarter, domestic and foreign equity markets were highly volatile. After the Company implemented the new accounting standards for financial instruments, equity investments at fair value through profit or loss increased sharply. As a result, the total investment yield for the first quarter was more volatile than the same period last year. Keeping risks under control, the Company adheres to the philosophy of value investing. To reduce sensitivity to volatility in secondary stock markets, the Company seized the opportunity of high interest rates to increase allocation to high-quality fixed-income assets such as long-duration central government bonds and financial bonds issued by policy banks, and increased long-term equity stake investments.

3.7 Banking Business

The banking business maintained steady growth, furthered strategic transformation, and improved asset quality.

Under the guidance of the transformation strategy to “be technology-driven, pursue breakthroughs in retail banking, and reinvent its corporate banking”, the Bank continues to strengthen its efforts in scientific and technological innovation and technology applications, to promote the transformation of intelligent retail banking and the transformation of corporate banking business from scale-driven inorganic growth to value- and quality-driven organic growth. In addition, the Bank continues to make solid efforts to prevent and mitigate all types of financial risks, actively explore opportunities and solutions, and heighten its overall capability to serve the real economy. Accordingly, various business lines have maintained solid growth, asset quality remained stable, and the strategic transformation has become more fruitful in delivering concrete results.

The retail banking business continued to grow. As of March 31, 2018, Ping An Bank’s retail assets under management (“AUM”) grew to RMB1,186,386 million by 9.2% from the beginning of 2018. Retail customers (including debit and credit card holders) increased to 73,625.7 thousand persons by 5.3% from the beginning of 2018. Retail deposits increased to RMB386,529 million by 13.4% from the beginning of 2018. Retail loans (including credit card loans) grew to RMB928,682 million by 9.4% from the beginning of 2018. The “Ping An Pocket Bank” app had 16,048 thousand monthly active customers, dwarfing most other joint-stock banks.

As of March 31, 2018, Ping An Bank's non-performing loan ratio and proportion of special mention loans decreased to 1.68% and 3.50% by 0.02 pps and 0.2 pps respectively from the beginning of 2018. The provision coverage ratio for loans more than 90 days overdue rose to 129.75% by 24.08 pps from the beginning of 2018, showing stronger risk resistance. As of March 31, 2018, Ping An Bank's capital adequacy ratio rose to 11.40% by 0.20 pps from the beginning of 2018. On March 26, 2018, the China Banking Regulatory Commission approved Ping An Bank's application for a public offering of A-share convertible corporate bonds of no more than RMB26 billion, which will be included in the core tier one capital of the Bank in accordance with relevant regulatory requirements after the conversion.

For the three months ended March 31

(in RMB million)	2018	2017	Change (%)
Ping An Bank			
Net profit	6,595	6,214	6.1
Revenue	28,026	27,726	1.1
Net interest revenue	18,687	18,869	(1.0)
Net non-interest revenue	9,339	8,857	5.4
Loan impairment losses	10,226	12,191	(16.1)
Operating efficiency			
Annualized net interest margin (%)	2.25	2.53	-0.28 pps
Cost-to-income ratio (%)	30.36	24.54	5.82 pps
	March 31	December 31	
(in RMB million)	2018	2017	Change (%)
Deposits and loans			
Loans and advances	1,772,528	1,704,230	4.0
Including: retail loans			
(including credit card loans)	928,682	849,035	9.4
corporate loans	843,846	855,195	(1.3)
Deposits	2,034,494	2,000,420	1.7
Including: retail deposits	386,529	340,999	13.4
Asset quality			
Proportion of special mention loans (%)	3.50	3.70	-0.20 pps
Non-performing loan ratio (%)	1.68	1.70	-0.02 pps
Provision coverage ratio (%)	172.65	151.08	21.57 pps
Provision coverage ratio for loans more than 90 days overdue (%)	129.75	105.67	24.08 pps

	March 31	December 31	
	2018	2017	Change (%)
Retail business			
Retail customers (in thousand)	73,626	69,910	5.3
Retail assets under management (in RMB million)	1,186,386	1,086,688	9.2
Credit cards in circulation (million)	42.26	38.34	10.2
	March 31	December 31	
	2018	2017	Change (%)
Capital adequacy ratio			
Risk-weighted assets (in RMB million)	2,237,330	2,226,112	0.5
Capital adequacy ratio (%)	11.40	11.20	0.20 pps
Tier-1 capital adequacy ratio (%)	9.08	9.18	-0.10 pps
Core tier-1 capital adequacy ratio (%)	8.19	8.28	-0.09 pps

3.8 Asset Management Business

The trust business furthered business transformation and differentiated business models. In response to the government’s call to prevent financial risks, Ping An Trust furthered transformation and developed direct investment/financing business to deleverage the real economy. Moreover, Ping An Trust explored and differentiated business models, focusing on “wealth management, asset management, and investment & investment banking”. Besides seeking wealth protection and appreciation for investors, Ping An Trust promoted co-prosperity of social capital and the real economy. As at March 31, 2018, Ping An Trust had 88.9 thousand active wealth management customers, up 44.0% year on year.

The securities business upgraded strategic transformation and reinforced differentiation advantages. In the first quarter of 2018, Ping An Securities increased activity of online brokerage users and boosted the number of daily active users by 25.9% year on year to 1,658.9 thousand. In institutional business, Ping An Securities further transformed investment banking business and explored innovative trading models. Ping An Securities ranked 5th among peers by the volume of lead underwriting of bonds, 1st by the number of ABS underwriting clients, and 1st by the volume of interest rate swap market making.

3.9 Fintech and Healthtech Business

The Company further implemented fintech and healthtech strategies, and maintained rapid growth in various businesses.

Lufax Holding is China's leading online wealth management and personal lending technology platform. Lufax Holding serves the growing middle class, and is a leader in providing financial institutions and local governments with financial solutions. In the first quarter of 2018, Lufax Holding further enhanced its profitability. Lufax Holding's wealth management business expanded to an ending AUM of RMB442,943 million. In personal lending, Lufax Holding exploited product and channel advantages, improved credit quality, and boosted loans under management to RMB303,826 million by 5.3% from the beginning of 2018. Services for financial institutions and the government grew steadily. The institutional trading volume on Lufax's platform totaled RMB1,149,961 million. The phase II of the "smart cloud platform for public asset and liability management" in cooperation with Nanning Government was delivered successfully by Lufax Holding. Besides, Lufax Holding made breakthroughs in developing an integrated system for poverty-alleviation funds escrow, fiscal management, and state-owned asset management. Lufax Holding has signed a cooperation agreement with Changsha Government to build a similar "smart cloud platform for public asset and liability management" and is negotiating cooperation with many other cities.

Ping An Good Doctor is committed to building the world's largest health care ecosystem and using technologies to make people healthier. Ping An Good Doctor focuses on providing online family doctor services via its in-house medical team and AI assistant, and various offline services via a health partnership network. Besides, Ping An Good Doctor provides diverse health management products and services as well as personalized health management plans.

OneConnect is committed to building a world-leading, strategically-empowering fintech platform to help small and medium-sized financial institutions to address five pain points: customer acquisition, products, risk management, operations, and technology. OneConnect mainly charges fees on the basis of performance to achieve win-wins. So far, OneConnect has launched leading technologies such as Smart Banking Cloud, Smart Insurance Cloud, and Smart Investment Cloud. Smart Banking Cloud helps banks to develop customers and transform retail banking in areas of lending, daily-life scenarios, acquiring services, and wealth management products. Smart Insurance Cloud exports leading technological solutions in areas of claims and operations to help small and medium-sized insurers improve efficiency and services. Smart Insurance Cloud has launched "Smart Certification" and "Smart Quick Claim" and signed cooperation agreements with 23 insurers. Smart Investment Cloud provides trust companies, private equity investors, fund managers, and securities firms with corporate risk profiling in different industries. As of March 31, 2018, OneConnect had provided one-stop fintech solutions for 478 banks and over 1,970 non-bank financial institutions, and processed over 180 million credit inquiries initiated by financial institutions in the first quarter.

Ping An Healthcare Technology is committed to building China's best tech-powered managed care service platform. In social health insurance, Ping An Healthcare Technology leverages AI to upgrade products, now providing smart cost control and social insurance-related services in over 200 cities across China. In private insurance, Ping An Healthcare Technology provides private insurers with automated operation services such as online underwriting, loss assessment, payment/settlement, and data channels. Over 2,200 hospitals have connected with the service platform. In retail user services, Ping An Healthcare Technology has launched the "City OneConnect" app which covers 38 cities to develop a closed loop of life scenarios centering on health by integrating social health insurance, private insurers, hospitals and pharmacies. Moreover, Ping An Healthcare Technology has developed an AI-based private insurance risk management system based on personal health risk profiling, and made initial achievements in applying the system to private insurance claims.

Autohome is a leading online auto service platform in China, which has forged an auto services ecosystem under the strategy of "auto media, auto e-commerce, auto finance, and auto lifestyle". Autohome provides consumers with diverse auto-related products and services. Autohome boosts user engagement and loyalty by offering tailored contents and personalized recommendations. Autohome aims to provide excellent user experience, enhance cooperation with auto partners, and help the partners to boost performance. Besides, Autohome will further improve the auto services ecosystem to stay at the forefront of digital innovation.

3.10 Prospects of Future Development

China has ushered in a new era of the Socialism with Chinese Characteristics. Against the backdrop of tighter financial regulation, accelerating financial reform and further "Internet Plus", Ping An will pursue technology-powered business transformation to achieve the strategic goal of becoming a "world-leading technology-powered personal financial services group". Focusing on two major industries of pan financial assets and pan health care, we are developing five ecosystems of "financial services, health care, auto services, real estate services, and smart city services" to create greater value for customers and investors. Moreover, we will proactively answer the call of the Communist Party of China's Central Committee to fight a key battle of poverty alleviation by carrying out the Three-village Project to develop rural areas. Turning 30, Ping An will continue to closely follow national policies and macro-strategies, reward the nation and society, and make contributions to the Socialism with Chinese Characteristics in a new era.

4. SIGNIFICANT EVENTS

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 this Plan, the Company has had stable, healthy 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, healthy development of the Company.

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

(1) 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 at 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.

One third of the shares under the Plan for this phase were unlocked in the Reporting Period and were vested in 639 employees in batches. As to the remaining 62 employees who did not qualify for the vesting, 135,515 shares were forfeited.

(2) 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 at 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.

One third of the shares under the Plan for this phase were unlocked in the Reporting Period and were vested in 680 employees in batches. As to the remaining 41 employees who did not qualify for the vesting, 210,765 shares were forfeited.

(3) 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 at 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.

One third of the shares under the Plan for this phase were unlocked in the Reporting Period and were vested in 1,104 employees in batches. As to the remaining 53 employees who did not qualify for the vesting, 428,798 shares were forfeited.

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

The 30th Anniversary Special Dividend

On April 26, 2018, the Board of Directors of the Company proposed to pay a 30th Anniversary Special Dividend of RMB0.20 (tax inclusive) per share, totalling RMB3,656,048,282.00 on the basis of the total share capital of 18,280,241,410 shares.

The profit distribution plan is to be presented by shareholders as an extraordinary proposal to the 2017 Annual General Meeting to be held on May 23, 2018 for deliberation and approval before being implemented. The profit distribution plan is in line with the Company's Articles of Association and relevant deliberation procedures and fully protects legitimate rights and interests of minority shareholders. All the Independent Directors of the Company have given independent opinions and agree on the profit distribution plan.

Income Tax Withholding

(1) 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 the 30th Anniversary Special 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 Thursday, June 14, 2018 (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 Friday, June 8, 2018 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.

(2) 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 the 30th Anniversary Special 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 Friday, June 8, 2018 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.

(3) 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 30th Anniversary Special Dividend distributed by the Company and distribute such 30th Anniversary Special Dividend to the relevant investors through its depository and clearing system. The 30th Anniversary Special 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 30th Anniversary Special 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 30th Anniversary Special Dividend pursuant to the above provisions;

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 30th Anniversary Special Dividend and the Mainland enterprise investors shall declare and pay the tax on their own.

(4) 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 30th Anniversary Special 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 have 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. The Company will announce detailed arrangement regarding the income tax withholding when it distributes the 30th Anniversary Special Dividend to holders of A shares on the website of SSE separately.

5. UNDERTAKINGS

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

- (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 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 businesses 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 business 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 transactions between the Company and the enterprises under its control and Shenzhen Development Bank that constitute connected-party transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into such transactions with Shenzhen Development Bank by following the principle of “openness, fairness and justness” at fair and reasonable market prices, and shall go through decision-making processes in accordance with applicable laws, regulations and regulatory documents, and shall 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 illicit interests or put Shenzhen Development Bank under any illicit obligations through 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 March 31, 2018, the above undertakings were still being performed and there was no breach of the above undertakings.

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

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 engaging in construction of properties for self-use purposes and retirement communities, the Company undertakes that it complies and will strictly comply with regulations applicable to insurance funds used in real estate investment and the principle that insurance funds should only be used for designated property development purposes without a motive of property speculation or sale in a disguised manner. It will not develop or sell commercial housing by means of investment in retirement communities or real estate for self-use purposes.

As at March 31, 2018, the above undertaking was still being performed and there was no breach of the above undertaking.

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 from the date of listing of the new shares (i.e. May 21, 2015). Such shares shall not be disposed of or transferred among its non-connected or 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 during the lock-up period.

As at March 31, 2018, the above undertaking was still being performed and there was no breach of the above undertaking.

6. GUARANTEE

(in RMB million)

External guarantee of the Company and its subsidiaries (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 and its subsidiaries in favor of its subsidiaries	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period ⁽²⁾	440
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	32,667
Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee	32,667
Total guarantee as a percentage of the Company’s net assets (%)	6.5
Including: Direct or indirect guarantee for the companies with a debt to total assets ratio over 70% (as at March 31, 2018)	30,762
The amount by which the total guarantee balance of the Company and its subsidiaries exceeded 50% of the Company’s net assets	–

Notes: (1) The data set out in the table above exclude those arising from financial guarantee business conducted by the Company’s subsidiaries such as Ping An Bank within business scopes approved by regulatory authorities.

(2) During the Reporting Period, total guarantee was the net amount of RMB2,395 million guarantee incurred less RMB1,955 million guarantee reduced.

7. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS

The Group adopted “International Financial Reporting Standards 9 – Financial Instruments” (the “new accounting standards”) on January 1, 2018. The Group has disclosed impacts from the adoption of the new accounting standards in Note 2 “Issued but not yet effective international financial reporting standards” to its Annual Report 2017. According to the transition requirements of IFRS 9, the Company does not need to restate comparable data for previous periods; the adjustments for differences between IFRS 9 and the old accounting standards on the first day have been transferred to opening retained profits or reserves. The Group’s consolidated statement of financial position upon initial adoption of IFRS 9 on January 1, 2018 is disclosed below.

7.1 Consolidated Income Statement

For the three months ended March 31, 2018

For the three months ended March 31 (in RMB million)

	2018 (Unaudited)	2017 (Unaudited)
Gross written premiums	253,109	211,093
Less: Premiums ceded to reinsurers	(5,755)	(5,020)
Net written premiums	247,354	206,073
Change in unearned premium reserves	(8,668)	(8,870)
Net earned premiums	238,686	197,203
Reinsurance commission revenue	1,992	1,407
Interest revenue from banking operations	40,679	34,967
Fees and commission revenue from non-insurance operations	11,926	11,001
Investment income	28,407	29,490
Share of profits and losses of associates and jointly controlled entities	3,881	216
Other revenues and other gains	10,278	9,884
Total revenue	335,849	284,168
Gross claims and policyholders' benefits	(184,267)	(154,208)
Less: Reinsurers' share and policyholders' benefits	2,029	2,483
Claims and policyholders' benefits	(182,238)	(151,725)
Commission expenses on insurance operations	(37,203)	(30,187)
Interest expenses on banking operations	(22,004)	(15,837)
Fees and commission expenses on non-insurance operations	(1,716)	(1,268)
Loan loss provisions, net of reversals	(10,226)	(12,166)
Foreign exchange (losses)/gains	(124)	(115)
General and administrative expenses	(31,993)	(31,124)
Financial costs	(3,701)	(2,788)
Other expenses	(7,060)	(6,230)
Total expenses	(296,265)	(251,440)
Profit before tax	39,584	32,728
Income tax	(10,633)	(6,988)
Profit for the period	28,951	25,740
Attributable to:		
– Owners of the parent	25,702	23,053
– Non-controlling interests	3,249	2,687
	28,951	25,740
	RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:		
– Basic	1.44	1.29
– Diluted	1.44	1.29

7.2 Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2018

For the three months ended March 31 (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Profit for the period	28,951	25,740
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value changes in debt financial assets at fair value through other comprehensive income	2,587	–
Available-for-sale financial assets	–	8,837
Shadow accounting adjustments	(972)	(298)
Exchange differences on translation of foreign operations	(547)	(40)
Share of other comprehensive income of associates and jointly controlled entities	63	7
Income tax relating to components of other comprehensive income	(404)	(2,195)
Items that will not be reclassified subsequently to profit or loss:		
Fair value changes in equity financial assets at fair value through other comprehensive income	(8,733)	–
Shadow accounting adjustments	5,596	–
Income tax relating to components of other comprehensive income	1,752	–
Other comprehensive income for the period, net of tax	(658)	6,311
Total comprehensive income for the period	28,293	32,051
Attributable to:		
– Owners of the parent	24,811	29,236
– Non-controlling interests	3,482	2,815
	28,293	32,051

7.3 Consolidated Statement of Financial Position

As at March 31, 2018

(in RMB million)	March 31 2018 (Unaudited)	January 1 2018 (Unaudited)	December 31 2017 (Audited)
ASSETS			
Cash and amounts due from banks and other financial institutions	472,493	459,887	483,891
Balances with the Central Bank and statutory deposits	289,601	318,232	318,236
Financial assets at fair value through profit or loss	700,759	692,389	–
Debt financial assets at fair value through other comprehensive income	195,604	219,555	–
Equity financial assets at fair value through other comprehensive income	205,960	215,229	–
Financial assets measured at amortized cost	2,015,541	1,947,974	–
Fixed maturity investments	–	–	2,376,638
Equity investments	–	–	630,676
Derivative financial assets	19,607	16,192	16,192
Loans and advances to customers	1,698,278	1,631,688	1,660,864
Premiums receivable	56,622	45,694	45,694
Accounts receivable	87,285	71,923	71,923
Reinsurers' share of insurance liabilities	16,494	15,633	15,633
Finance lease receivables	136,736	112,028	112,028
Policy loans	93,133	83,203	83,203
Financial assets held under resale agreements	154,404	99,295	99,296
Policyholder account assets in respect of insurance contracts	38,270	38,775	38,775
Policyholder account assets in respect of investment contracts	4,270	4,109	4,109
Investments in associates and jointly controlled entities	113,292	86,207	86,207
Investment properties	38,508	40,108	40,108
Property and equipment	46,332	47,067	47,067
Intangible assets	63,945	60,981	60,981
Deferred tax assets	42,880	41,687	40,141
Other assets	235,752	238,900	261,413
Total assets	6,725,766	6,486,756	6,493,075

(in RMB million)	March 31 2018 (Unaudited)	January 1 2018 (Unaudited)	December 31 2017 (Audited)
EQUITY AND LIABILITIES			
Equity			
Share capital	18,280	18,280	18,280
Reserves	186,755	182,807	217,881
Retained profits	296,863	269,490	237,190
Equity attributable to owners of the parent	501,898	470,577	473,351
Non-controlling interests	115,515	112,545	114,566
Total equity	617,413	583,122	587,917
Liabilities			
Due to banks and other financial institutions	830,542	780,530	780,530
Financial liabilities at fair value through profit or loss	15,029	14,060	14,060
Assets sold under agreements to repurchase	110,168	133,981	133,981
Derivative financial liabilities	22,922	17,950	17,950
Customer deposits and payables to brokerage customers	1,987,226	1,952,695	1,952,695
Accounts payable	5,002	5,468	5,468
Income tax payable	39,000	28,775	28,775
Insurance payables	88,334	114,108	114,108
Insurance contract liabilities	2,077,527	1,932,228	1,932,969
Investment contract liabilities for policyholders	51,179	50,295	50,309
Policyholder dividend payable	48,423	45,622	45,622
Bonds payable	469,561	451,283	451,283
Deferred tax liabilities	22,917	25,709	25,891
Other liabilities	340,523	350,930	351,517
Total liabilities	6,108,353	5,903,634	5,905,158
Total equity and liabilities	6,725,766	6,486,756	6,493,075

7.4 Consolidated Statement of Cash Flows
For the three months ended March 31, 2018

For the three months ended March 31 (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Net cash flows from operating activities	139,867	(41,685)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investment properties, property and equipment, and intangible assets	(1,305)	(2,802)
Proceeds from disposal of investment properties, property and equipment, and intangible assets	1	63
Proceeds from disposal of investments	399,805	624,393
Purchases of investments	(505,402)	(774,482)
Term deposits withdrawn/(placed), net	1,596	26,270
Acquisition of non-controlling interests in subsidiaries	(5)	(1,528)
Acquisition and disposal of subsidiaries, net	(530)	(294)
Interest received	29,315	27,580
Dividends received	3,040	12,939
Rentals received	878	534
Others	(9,913)	(5,790)
Net cash flows used in investing activities	(82,520)	(93,117)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital injected into subsidiaries by non-controlling interests	2	2,390
Proceeds from bonds issued	211,574	315,328
Increase/(Decrease) in assets sold under agreements to repurchase of insurance operations	(28,695)	(11,154)
Proceeds from borrowed funds	84,197	88,389
Repayment of borrowed funds	(263,389)	(339,495)
Interest paid	(4,863)	(4,258)
Dividends paid	(440)	(501)
Others	(223)	(432)
Net cash flows from financing activities	(1,837)	50,267
Increase/(Decrease) in cash and cash equivalents	55,510	(84,535)
Net foreign exchange differences	(1,740)	(514)
Cash and cash equivalents at beginning of the period	308,664	367,552
Cash and cash equivalents at end of the period	362,434	282,503

8. 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.cn). This results announcement is prepared in accordance with IFRS. The full report for the first quarterly results of 2018 prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and the other relevant regulations will be published on the website of the SSE (www.sse.com.cn) at the same time as it is published on the Company's website (www.pingan.cn).

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

Shenzhen, PRC, April 26, 2018

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 Lin Lijun, Soopakij Chearavanont, Yang Xiaoping, Xiong Peijin and Liu Chong; the Independent Non-executive Directors are Stephen Thomas Meldrum, Yip Dicky Peter, Wong Oscar Sai Hung, Sun Dongdong, Ge Ming and Ouyang Hui.