PING AN

Finance · Technology

Expertise Makes Life Simple

2021 Annual Report

Contents

Cautionary Statements Regarding Forward-Looking Statements
To the extent any statements made in this Report contain information that is not historical, these statements are essentially forward-looking. These forward-looking statements include but are not limited to projections, targets, estimates and business plans that the Company expects or anticipates may or may not occur in the future. Words such as "potential", "estimates", "expects", "anticipates", "objective", "intends", "plans", "believes", "will", "may", "should", variations of these words and similar expressions are intended to identify forward-looking statements.

These forward-looking statements are subject to known and unknown risks and uncertainties that may be general or specific. Readers should be cautioned that a variety of factors, many of which are beyond the Company's control, affect the performance, operations and results of the Company, and could cause actual results to differ materially from the expectations expressed in any of the Company's forward-looking statements. These factors include, but are not limited to, exchange rate fluctuations, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions and other risks and factors beyond our control. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. In addition, the Company undertakes no obligation to publicly update or revise any forward-looking statement that is contained in this Report as a result of new information, future events or otherwise. Neither the Company nor any of its employees or affiliates is responsible for, or is making, any representations concerning the future performance of the Company.

中国平安 PING AN

Remaining true to our original aspiration and embarking on a new journey

At Nanhu began the CPC's magnificent centenary journey

At Shekou began Ping An's three-decade development history

In retrospect

We remain true to our original aspiration and fulfill our duties as an insurer

By providing customers with heartwarming services

Today

We help transform the real economy and support small and micro-businesses

By channeling trillions of renminbi into the real economy

So many years have passed

China's carbon peak and neutrality initiatives, and the Ping An Rural Communities Support

Building orchestrated ecosystems through high-quality development

Being people-centric and customer-oriented

Strengthening business through reform, and simplifying finance with technology

Finance + healthcare, a lighthouse for the future

A broad road, bright and far-reaching

To become a century-old venture, Ping An focuses on the long run

A long, long journey under the shining stars

Ping An of China, for China's peace and security

Strives for national rejuvenation in sync with the times and people

Looking forward together

To happy life, a new chapter of prosperity

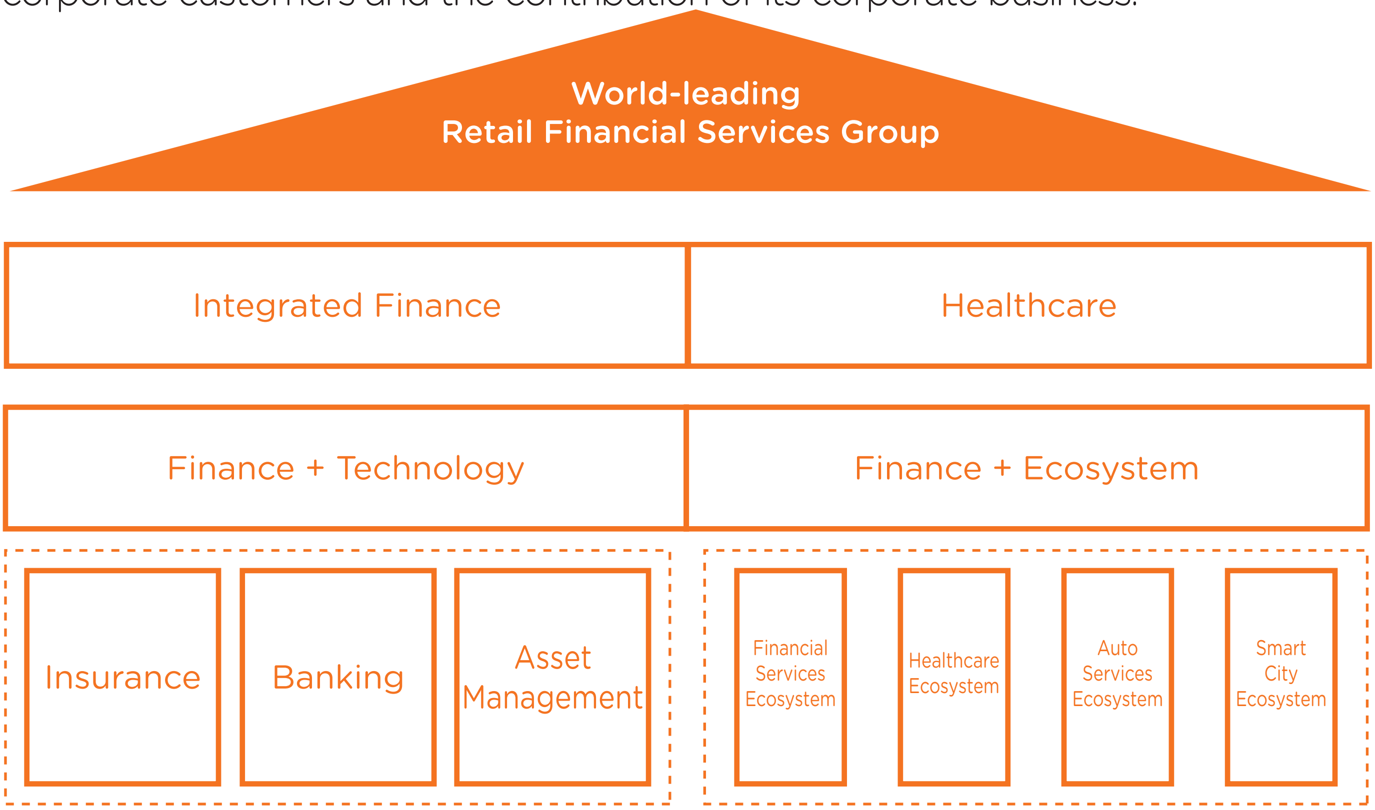
Five-Year Summary

(in RMB million)	**2021/ December 31, 2021**	2020/ December 31, 2020	2019/ December 31, 2019	2018/ December 31, 2018	2017/ December 31, 2017
CUSTOMER DEVELOPMENT					
Number of internet users (in million)	**647.32**	598.04	515.50	443.59	429.51
Number of retail customers (in million)	**227.31**	218.43	200.48	180.22	156.90
Number of contracts per customer (contract)	**2.81**	2.76	2.64	2.54	2.38
Operating profit per customer (in RMB)	**571.89**	563.00	612.54	542.28	474.99
Proportion of retail customers holding multiple contracts with different subsidiaries (%)	**39.3**	38.0	36.8	34.3	29.6
Proportion of new customers sourced from the Group's internet user base (%)	**35.8**	36.0	40.7	34.4	37.2
THE GROUP					
Operating profit attributable to shareholders of the parent company	**147,961**	139,470	132,955	112,573	94,708
Operating ROE (%)	**18.9**	19.5	21.7	21.9	22.0
Basic operating earnings per share (in RMB)	**8.40**	7.89	7.48	6.31	5.31
Dividend per share (in RMB)	**2.38**	2.20	2.05	1.72	1.50
Net profit attributable to shareholders of the parent company	**101,618**	143,099	149,407	107,404	89,088
Equity attributable to shareholders of the parent company	**812,405**	762,560	673,161	556,508	473,351
Group comprehensive solvency margin ratio (%)	**233.5**	236.4	229.8	216.4	214.9
Total assets	**10,142,026**	9,527,870	8,222,929	7,142,960	6,493,075
Total liabilities	**9,064,303**	8,539,965	7,370,559	6,459,317	5,905,158
LIFE AND HEALTH INSURANCE BUSINESS					
Operating return on embedded value (%)	**11.1**	14.5	25.0	30.8	35.5
Embedded value	**876,490**	824,574	757,490	613,223	496,381
New business value	**37,898**	49,575	75,945	72,294	67,357
Operating profit	**97,075**	93,666	88,950	71,345	52,824
Residual margin	**940,733**	960,183	918,416	786,633	616,319
Comprehensive solvency margin ratio of Ping An Life (%)	**230.4**	241.8	231.6	218.8	234.1
PROPERTY AND CASUALTY INSURANCE BUSINESS					
Net profit	**16,192**	16,159	22,808	12,274	13,372
Combined ratio (%)	**98.0**	99.1	96.4	96.0	96.2
Comprehensive solvency margin ratio (%)	**278.4**	241.4	259.2	223.8	217.5
BANKING BUSINESS					
Net profit	**36,336**	28,928	28,195	24,818	23,189
Net interest margin (%)	**2.79**	2.88	2.95	2.35	2.37
Cost-to-income ratio (%)	**28.30**	29.11	29.61	30.32	29.89
Non-performing loan ratio (%)	**1.02**	1.18	1.65	1.75	1.70
Provision coverage ratio for loans more than 60 days overdue (%)	**338.22**	219.78	190.34	141.24	N/A
Core tier 1 capital adequacy ratio (%)	**8.60**	8.69	9.11	8.54	8.28
ASSET MANAGEMENT BUSINESS					
Trust business net profit	**229**	2,479	2,598	3,012	3,957
Securities business net profit	**3,829**	3,102	2,376	1,680	2,123
TECHNOLOGY BUSINESS					
Operating profit	**9,448**	8,221	4,661	7,748	5,488

Note: Some indicators have been disclosed for less than five years. Certain figures have been reclassified or restated to conform to relevant periods' presentation.

Introduction

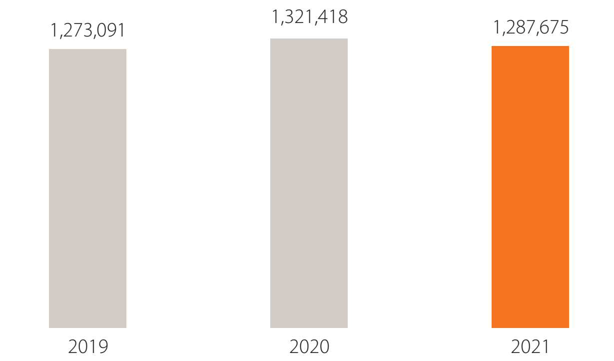
Ping An strives to become a world-leading retail financial services group. Ping An actively responds to China's 14th Five-Year Plan, and serves the real economy and national strategies including "Digital China" and "Healthy China" via financial services. Ping An advances the "integrated finance + healthcare" strategic upgrade, builds the "integrated finance + HMO managed care" service system, develops the "finance + eldercare" and "finance + healthcare" industry ecosystems, and provides professional "financial advisory, family doctor, and eldercare concierge" services. Ping An advances smart, digital transformation, and employs technologies to improve the quality and efficiency of its financial businesses and enhance risk management. Moreover, Ping An applies innovative technologies to "financial services, healthcare, auto services, and smart city" ecosystems. Ping An develops heartwarming products and services by leveraging fintech and its healthcare ecosystem. By doing so, Ping An empowers financial services with technologies, empowers ecosystems with technologies, and empowers financial services with ecosystems. Ping An continuously optimizes its integrated financial business model of "one customer, multiple products, and one-stop services," leveraging local advantages while adhering to global standards for corporate governance and business management. Ping An provides diverse products and convenient services to over 227 million retail customers and over 647 million internet users. While remaining focused on retail business, Ping An extends its "1 + N" services model to its corporate business to meet customer demands for integrated financial services. In this way, Ping An increases the value of its corporate customers and the contribution of its corporate business.



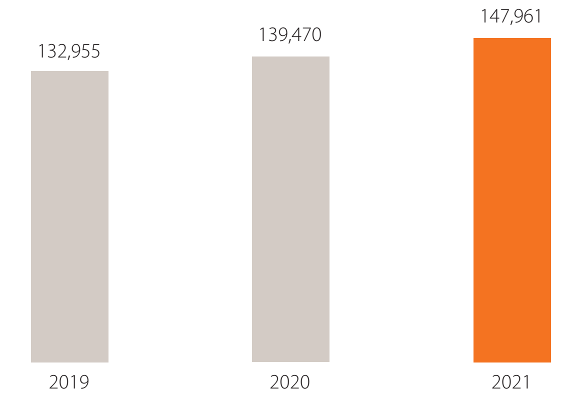
Business Performance at a Glance

Financial Results of the Group

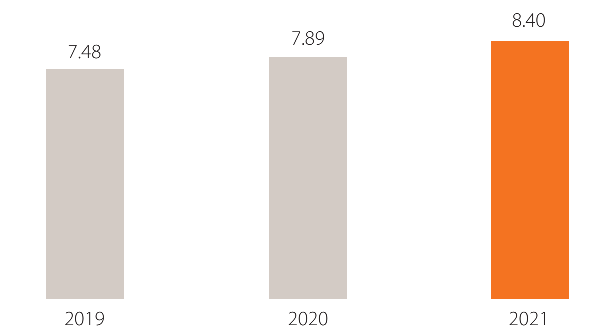
Total Revenue *(in RMB million)*



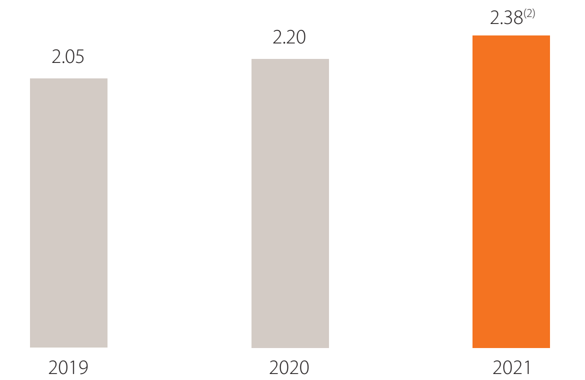
Operating Profit Attributable to Shareholders of the Parent Company *(in RMB million)*



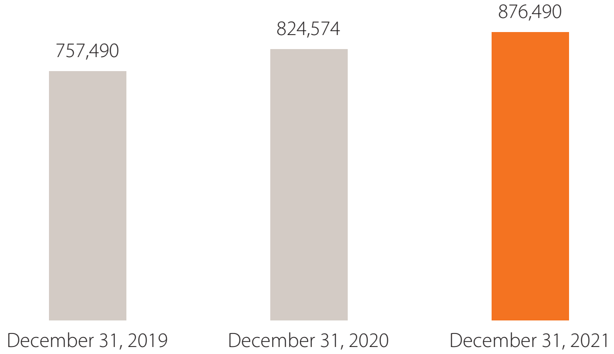
Basic Operating EPS *(in RMB)*



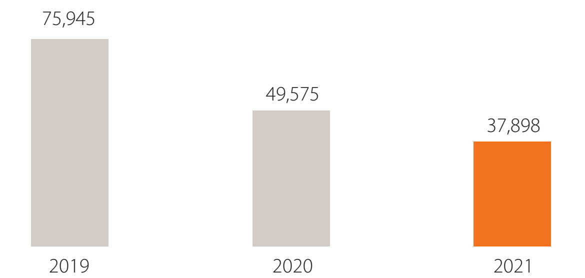
Dividend Per Share[1] *(in RMB)*



Embedded Value of Life and Health Insurance Business *(in RMB million)*



New Business Value *(in RMB million)*



(1) Dividend per share refers to the cash dividend per share, including the interim dividend and the final dividend.

(2) This includes a final dividend of RMB1.50 per share pending approval at the 2021 Annual General Meeting.

Top Ten Highlights

1 **Profit and cash dividends continued to increase.** Ping An achieved an **18.9%** operating ROE in 2021, with operating profit attributable to shareholders of the parent company rising **6.1%** year on year to RMB**147,961** million. Ping An attaches importance to shareholder returns and the annual cash dividend per share grew **8.2%** year on year to RMB**2.38**, marking a continued increase in cash dividends.

2 **Customer development further progressed.** Ping An's retail customers totaled over **227** million as of December 31, 2021, among which **39.3%** held multiple contracts with different subsidiaries. New financing scale achieved through corporate business cross-selling increased **26.9%** year on year in 2021.

3 **Life & Health (the life and health insurance business) advanced its reform and transformation.** Ping An Life advanced its reform and promoted high-quality business development by implementing its two-pronged "channel + product" strategy. Ping An Life implemented tiered, refined management of sales agents. First-year premium (FYP) per agent grew more than **22%** year on year in 2021, indicating effective growth in productivity per agent. Leveraging the Group's healthcare ecosystem, Ping An launched innovative products and services including "insurance + health management," "insurance + high-end eldercare," and "insurance + home-based eldercare" to improve customer experience.

4 **Property & Casualty (the property and casualty insurance business) maintained strong business quality.** Combined ratio improved by **1.1** pps year on year to **98.0%** and underwriting profit grew **145.7%** year on year to RMB**5,136** million in 2021. Ping An P&C made every effort to fight a super rainstorm disaster in Henan Province by settling claims as rapidly as possible, with claim payments exceeding RMB**3.1** billion.

5 **Ping An Bank maintained stable business growth and asset quality, and strengthened risk provisions.** Revenue grew **10.3%** year on year to RMB**169,383** million in 2021. Net profit rose **25.6%** year on year to RMB**36,336** million. Non-performing loan ratio improved by **0.16** pps from the beginning of 2021 to **1.02%**, and provision coverage ratio rose **87.02** pps from the beginning of 2021 to **288.42%** as of December 31, 2021.

6 **Ping An strategically upgraded its healthcare ecosystem.** Ping An built a closed loop of supply, demand and payment by exploring an innovative "HMO + family doctor + O2O" managed care model to provide customers with "worry-free, time-saving, and money-saving" healthcare services. Ping An Smart Healthcare benefited approximately **1.32** million doctors at over **45,000** medical institutions in **187** cities as of December 31, 2021.

7 **Technology businesses grew further.** Ping An continued to explore innovative business models and accelerate business development. Total revenue of technology business rose **9.8%** year on year to RMB**99,272** million in 2021.

8 **Ping An continued to strengthen its core technological capabilities.** Ping An's technology patent applications increased by **7,008** from the beginning of 2021 to **38,420** as of December 31, 2021, more than most other international financial institutions'. Ping An uses artificial intelligence ("AI") to develop its financial businesses. Sales realized by AI service representatives increased **66%** year on year to approximately RMB**275.8** billion in 2021. AI service representatives covered **2,158** scenarios as of December 31, 2021, and served customers approximately **2.07** billion times, accounting for **84%** of Ping An's total customer service volume in 2021. The 30-day loan recovery rate of AI collection stood at **77%** in 2021.

9 **Ping An comprehensively advanced its green finance initiative to support the sustainable development of society.** Ping An's green investment and financing and green banking business totaled RMB**224,580** million and RMB**89,813** million respectively as of December 31, 2021. Environmentally sustainable insurance premium income totaled RMB**44,569** million in 2021. Moreover, Ping An cumulatively provided RMB**41,850** million for poverty alleviation and industrial revitalization as of December 31, 2021 by advancing the "Ping An Rural Communities Support." Ping An received the 11th "China Charity Award" and the 3rd "Capital Philanthropy Award" for these efforts.

10 **Brand value continued to increase.** In 2021, Ping An moved up **five** places from the previous year to **16th** in the *Fortune Global* 500 list (**2nd** among global financial services companies), rose from **7th** to **6th** in the *Forbes* Global 2000 list, and ranked **49th** in the BrandZ™ Top 100 Most Valuable Global Brands list (**1st** among global banks and insurers for the first time, and **1st** among global insurance brands for the sixth consecutive year).

Chairman's Statement

REMAINING TRUE TO OUR ORIGINAL ASPIRATION AND EMBARKING ON A NEW JOURNEY

The year 2021 was the 100th anniversary of the founding of the great Communist Party of China (the "CPC"). Over the past 100 years, the CPC has adhered to a "people-centric" development philosophy and remained committed to its original aspiration and founding mission of seeking happiness for the Chinese people and rejuvenation for the Chinese nation.

Hard work from generation to generation contributes to Ping An's growth. As one of China's leading financial companies, Ping An has been adhering to its original aspiration of "being people-centric and contributing to national rejuvenation" since its founding in Shekou in 1988. With 33 years of hard work, Ping An has developed from scratch into a world-leading company in the financial services and insurance industry, riding on a wave of innovations.

Culture is the root of an enterprise. Ping An entered its fourth decade of development in 2021, embracing opportunities for the strategic upgrade of its core "integrated finance + healthcare" strategy. It is time for us to reflect on the past. Why did we set off? What twists and turns have we experienced? What can we learn from our success? What are our unshakable ideal and faith? **Our new culture is built on our original aspiration. Deeper roots enable trees to thrive.** In 2021, we took strategic upgrade and transformation as an opportunity to constantly reflect on and review our progress. We reviewed Ping An's value-oriented culture to remain true to our original aspiration and embark on a new journey to further Ping An's long-term development. Through this annual report, we are providing an update on our results for 2021 as well as our strategic upgrade and cultural renewal.

Ping An's growth is based on its culture and strategies. In 2021, Ping An continued to improve the quality and efficiency of financial services in serving the real economy, delivered "heartwarming financial services," and maintained high-quality development under the "people-centric" philosophy. We proactively advanced Ping An's reform and transformation of its life business amid challenges and difficulties, and upgraded our core "integrated finance + healthcare" strategy through digital empowerment and ongoing innovation. **We strengthened financial business to support the real economy.** We followed our original aspiration of serving the national welfare and people's livelihoods, and focused on key areas and weak points in economic and social development. We cumulatively invested more than RMB5.9 trillion as of December 31, 2021, by leveraging financial resources including insurance funds, bank credits and assets under management, to support the real economy. **We strengthened insurance protection to contribute to social stability.** Giving play to insurance as a social "stabilizer," we quickly responded to frequent extreme natural disasters with innovative protection mechanisms and digital applications in 2021. We made rapid claim payments exceeding RMB3.1 billion in response to the "July 20" super rainstorm disaster in Henan Province. **We have robust strategies and strong culture.** Under the philosophies of "Expertise creates value" and "Expertise makes life simple," in addition to the upgrade of our core "integrated finance + healthcare" strategy, we further developed our "finance + eldercare" and "finance + healthcare" industry ecosystems. In this way, we provided customers with professional "financial advisory, family doctor, and eldercare concierge" services, which gave them "worry-free, time-saving, and money-saving" financial and healthcare consumption experiences.

A claim investigator from Ping An P&C assisted a customer in handling a flooded vehicle in Zhengzhou, Henan Province on July 20, 2021.

The external environment was complex and severe in 2021, posing challenges to business development. However, we accelerated digital transformation to enhance our competitiveness based on our integrated financial services platform. We made hard-won achievements in 2021 as we pursued steady development, and accelerated our transformation and upgrade. **We maintained stable, healthy business performance in 2021, with growing cash dividends.** Ping An achieved an 18.9% operating ROE, with operating profit attributable to shareholders of the parent company rising 6.1% year on year to RMB147,961 million in 2021. Ping An attaches importance to shareholder returns and will pay an annual dividend of RMB2.38 per share in cash, up 8.2% year on year, marking a continued increase in cash dividends. **We provide customers with "worry-free, time-saving, and money-saving" experience through one-stop integrated financial services. We delivered strong results in customer development, and maintained world-leading brand value.** Ping An's retail customers totaled over 227 million as of December 31, 2021, of which 39.3% held multiple contracts with different subsidiaries. New financing scale achieved through corporate business cross-selling increased 26.9% year on year in 2021. Ping An ranked 16th in the *Fortune* Global 500 list (2nd among global financial services companies), rose to 6th in the *Forbes* Global 2000 list, and ranked 49th in the BrandZ™ Top 100 Most Valuable Global Brands list (1st among global banks and insurers for the first time, and 1st among global insurance brands for the sixth consecutive year) in 2021.

Ping An Life advanced its reform and transformation under the two-pronged "channel + product" strategy. Ping An Life advanced its reform and promoted high-quality business development. In respect of channel reform, Ping An Life improved outlet management through digital empowerment and conducted tiered, refined management of its agent force. First-year premium (FYP) per agent grew more than 22% year on year in 2021, indicating effective growth in agent productivity. In respect of product reform, leveraging the Group's healthcare ecosystem, Ping An Life constantly improved its product mix based on customers' new demands for health and eldercare services. Moreover, Ping An launched innovative products and services, including "insurance + health management," "insurance + high-end eldercare," and "insurance + home-based eldercare" to meet customer needs and improve customer experience.

As a key part of channel reform, Ping An Life kicked off the pilot of Workplace 3.0 for Sales Agents at an outlet in Chegongmiao, Shenzhen on July 26, 2021.

We upgraded our healthcare strategy to build "a Chinese version of UnitedHealth." We built a closed loop of supply, demand and payment by exploring an innovative managed care model centering on "HMO + family doctor + O2O," leveraging our years of operational experience in insurance and healthcare industries. We provide customers with the most cost-effective healthcare services throughout their life cycles, and strengthen our main financial businesses with this model. Nearly 63% of Ping An's retail customers used services from the healthcare ecosystem in 2021. These customers held 3.3 contracts and RMB40,000 in AUM per capita respectively, 1.6 times and 3.0 times those held by customers who did not use these services respectively. Ping An Smart Healthcare maintained a leading position in technology, ranking first globally by the number of digital healthcare patent applications in 2021. Ping An Smart Healthcare empowered over 45,000 medical institutions in 187 cities, and benefited approximately 1.32 million doctors and 10.48 million chronic-disease patients as of December 31, 2021.

Chairman's Statement

Ping An P&C maintained strong business quality by empowering main financial businesses through digitization. Combined ratio improved by 1.1 pps year on year to 98.0% and underwriting profit grew 145.7% year on year to RMB5,136 million in 2021. To fight the super rainstorm disaster in Henan Province, Ping An P&C provided front-line rescue workers with complimentary exclusive insurance and settled claims as rapidly as possible. **Ping An Bank maintained stable business growth and asset quality, and strengthened risk provisions.** Revenue grew 10.3% year on year to RMB169,383 million in 2021. Net profit rose 25.6% year on year to RMB36,336 million. Non-performing loan ratio improved by 0.16 pps from the beginning of 2021 to 1.02%, and provision coverage ratio rose 87.02 pps from the beginning of 2021 to 288.42% as of December 31, 2021.

Ping An continued to strengthen its core technological capabilities in adherence to the philosophy of innovation. Ping An continued to explore innovative business models to accelerate business development. Total revenue of technology business rose 9.8% year on year to RMB99,272 million in 2021. Ping An's technology patent applications increased by 7,008 from the beginning of 2021 to 38,420 as of December 31, 2021, more than most other international financial institutions'. Ping An uses artificial intelligence ("AI") to empower its financial businesses. Sales realized by AI service representatives increased 66% year on year to approximately RMB275.8 billion in 2021. AI service representatives covered 2,158 scenarios as of December 31, 2021, with customer service volume reaching approximately 2.07 billion times, accounting for 84% of Ping An's total customer service volume in 2021. The 30-day loan recovery rate of AI collection stood at 77% in 2021.

Ping An comprehensively advanced its green finance initiative to support sustainable development. Ping An actively contributes to the CPC's and the state's "30-60" carbon peak and neutrality goals by exploring practices in green insurance, green investment, green credit, green operations, and public welfare. Ping An's green investment and financing and green banking business totaled RMB224,580 million and RMB89,813 million respectively as of December 31, 2021. Ping An's environmentally sustainable insurance premium income totaled RMB44,569 million in 2021. Moreover, Ping An cumulatively provided RMB41,850 million for poverty alleviation and industrial revitalization as of December 31, 2021, by advancing the "Ping An Rural Communities Support." Ping An received the 11th "China Charity Award" and the 3rd "Capital Philanthropy Award" for these efforts.

Ping An's smart agritech instrument connected with Satellite "PingAn-1" for around-the-clock monitoring of soil micro-elements, air and water quality, and data recorded and transmitted in a tea farm in Zijin, Heyuan, Guangdong Province. The instrument helps increase the efficiency of agricultural production and ensure the security of financial business.

At a new starting point in a new year, we are on a new journey with new ideas. We will still face severe challenges and daunting tasks of reform and innovation in 2022, in an increasingly complex and uncertain external environment under the threat of global COVID-19 resurgence. The year 2022 will be crucial for Ping An to upgrade its value-oriented culture. **We will further clarify our strategic vision of becoming a world-leading integrated financial and healthcare services provider, while practicing the people-centric philosophy and striving for national rejuvenation.** With our new value-oriented culture, we will revitalize Ping An by upgrading its strategies, empowering business management, building team consensus, and enhancing our core competitiveness.

In 2022, under the new value-oriented culture, we will work together to implement the policy of "focusing on financial services, advancing reform and innovation, boosting revenues, cutting costs, and ensuring compliance." **In strategic innovation**, we will steadfastly promote various reform projects by furthering "finance + technology" and promoting "finance + healthcare" under the philosophy of high-quality development. We will actively advance the rural revitalization plan of "bringing financial services, insurance, and healthcare to rural areas," and promote society ecological sustainability by continuously upgrading our green finance initiative. **In business management**, we will unswervingly pursue digital operations under a customer-oriented philosophy. We will empower "integrated finance + healthcare" service scenarios with world-leading technologies to improve the quality and efficiency of serving the real economy and seek new paths for growth. **In cultural development**, we will practice the core philosophy of "Expertise makes life simple" and maximize the value we create for "society, shareholders, clients and employees," which grows sustainably through effective education, promotion, training and implementation of our new value-oriented culture. Ping An strives to become a global leader that secures social recognition and industry leadership, and that stays atop customers' minds and makes its employees proud. We will build a complete framework of Ping An's new value-oriented culture. We will form a complete closed loop from the corporate mission and philosophy to corporate and personal values, and from the strategic vision, strategy implementation and policies to mechanisms and the code of conduct, to enable top-down learning and application. In the new year, the new value-oriented culture will be embedded in every daily-work scenario for every Ping An employee and agent in every Ping An business unit. Uniting the spirit of millions of our colleagues and agents makes our culture a unity of "knowledge, actions and results," laying a solid foundation for strong annual performance and long-term sustainable development of the Company.

In the endless time of history, spirit will be passed on from generation to generation. We said in Shekou more than 30 years ago that how far Ping An can go depends on how far and how long the genes of Ping An's culture are passed on. **Chinese Dream is the common aspiration of every Chinese. Similarly, Ping An people share the same Ping An Dream.** We firmly believe that China's rise is an indisputable fact, and there must be a group of outstanding domestic enterprises behind it. Ping An aspires to be one of them. **With the lighthouse guiding the voyage, all great achievements are the result of continuous struggles and explorations.** Facing the opportunity of a new round of digital economic development and industrial transformation, Ping An's value-oriented culture will be passed down from generation to generation and keep pace with the times. Under the value-oriented culture, we will embark on a new journey and forge ahead for the great rejuvenation of the Chinese nation!

Chairman

Shenzhen, PRC
March 17, 2022

Customer Development

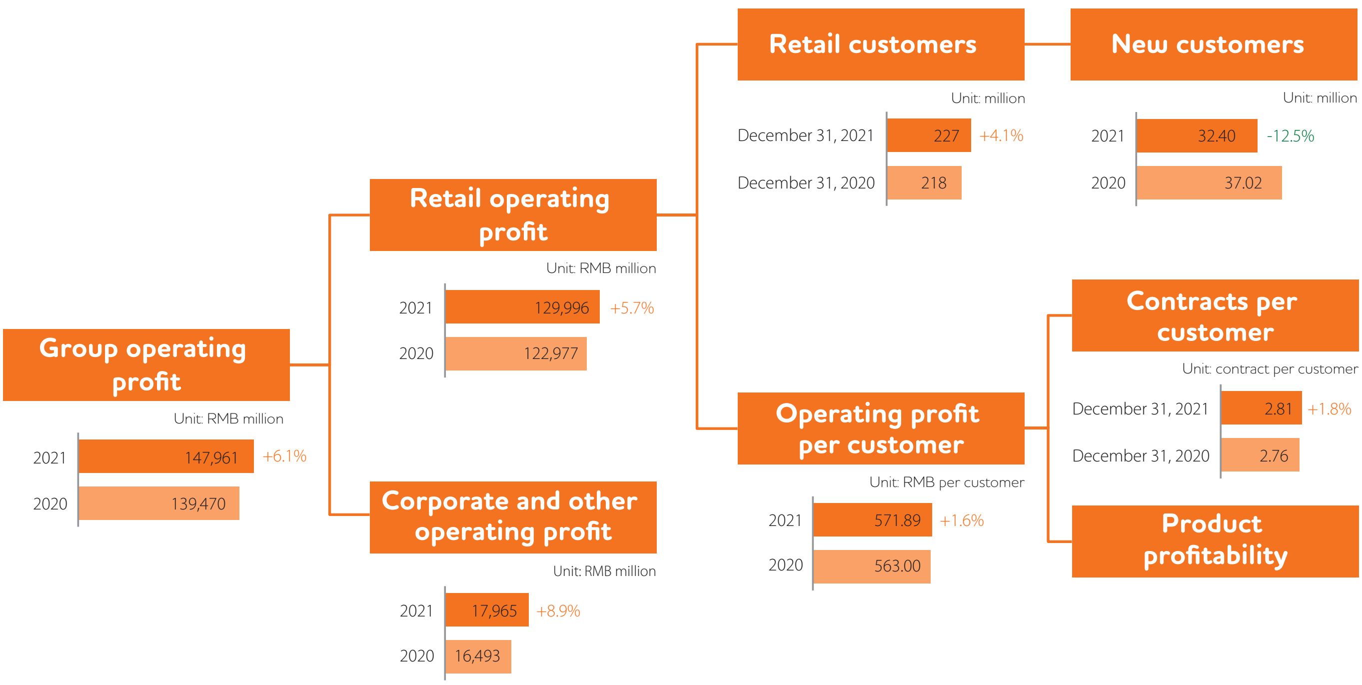
- Ping An's retail operating profit increased 5.7% year on year to RMB129,996 million in 2021, accounting for 87.9% of its operating profit attributable to shareholders of the parent company.
- The Group had over 227 million retail customers(1) as of December 31, 2021, up 4.1% from the beginning of 2021. Of the 32.40 million new retail customers acquired in 2021, 35.8% were sourced from the Group's internet user base(2). As the Group's retail cross-selling continued to deepen, 39.3% of retail customers held multiple contracts with different subsidiaries, up 1.3 pps from the beginning of 2021.
- Corporate customer development yielded significant results in 2021, with improved services and continued growth in business scale. Written premium of the corporate channel achieved through cross-selling rose 19.9% year on year. New financing scale achieved through corporate business cross-selling expanded 26.9% year on year.

CUSTOMER DEVELOPMENT STRATEGY

Ping An has been dedicated to the development of both retail and corporate customers under a customer-centric philosophy and the integrated finance strategy. Ping An adopts the business model of "one customer, multiple products, and one-stop services" for developing its retail business. Under a heartwarming financial services brand, Ping An provides one-stop integrated financial services solutions by leveraging advantages in its ecosystems. Under a "1 + N" services model of the corporate business (one customer + N products), Ping An focuses on tiered development of strategic customers, micro-, small and medium-sized enterprises, and financial institutions.

Notes: (1) Retail customers refer to retail customers holding valid financial products with the core financial companies of the Group.
(2) Internet users refer to unique registered users with accounts on the internet services platforms (including webpage platforms and mobile apps) of the Group's member companies including technology companies and core financial companies.

Core Drivers of the Group's Operating Profit Growth



Note: The above operating profits are the operating profits attributable to the shareholders of the parent company. Figures may not match the calculation due to rounding.

RETAIL CUSTOMER DEVELOPMENT

Retail Customer Development Strategy

Ping An adopts the business model of "one customer, multiple products, and one-stop services" for developing its retail business and gains precise insights into customer demands by advancing customer demand-related projects. Ping An matches products with scenarios, and realizes efficient customer conversion through financial master accounts on the basis of data, products, benefits and a unified intelligent marketing services platform. Ping An provides heartwarming financial services and "worry-free, time-saving, and money-saving" customer experience through financial service advisers and one-stop integrated financial services solutions. The continuously expanding retail customer base, steadily increasing contracts per customer, and stable product profitability have become the drivers of Ping An's sustained retail business growth.

Retail Operating Profit

Ping An's retail operating profit increased 5.7% year on year to RMB129,996 million in 2021, accounting for 87.9% of its operating profit attributable to shareholders of the parent company.

Retail Customers and Internet Users Increased Steadily

Ping An delivered excellent customer experience and enabled business growth by enhancing its basic capabilities in accounts, data, products, benefits, and a unified intelligent marketing services platform and further integrating business scenarios of member companies.

- Accounts. The financial master accounts address customers' payment needs in daily life scenarios, effectively improving customer acquisition, customer retention, and asset retention. Assets under management ("AUM") in financial master accounts grew 132.2% from the beginning of 2021 to RMB321,602 million as of December 31, 2021.

- Data. Ping An developed customer profiles in a compliant manner on the basis of protecting consumer rights and improving customer experience. Through refined management, Ping An precisely identified customer needs, and matched products and services with scenarios to empower business.

- Products. Ping An established new marketing paths by customer segment, upgraded products and models, and expanded ecosystem scenarios to cover full customer and user life cycles. For instance, Ping An upgraded its insurance trust products by combining them with eldercare programs or whole life insurance to improve customer experience. With these products, Ping An has built a strong brand image in this area as a market leader in terms of the scale and growth of product sales. The insurance trust products helped Ping An increase AUM and acquire high net worth individuals (HNWIs) while empowering the agent force. New insurance trust product sales amounted to RMB29,284 million in 2021, up 95.0% year on year.

- Benefits. Ping An established an integrated financial benefit system for its retail customers, allowing customers to experience heartwarming financial services. Moreover, Ping An actively developed strategic cooperation with external partners, explored new auto-services scenarios around the auto services ecosystem, and upgraded products and services. Ping An provided over five million auto owners with refueling benefits in 2021. Ping An has built an online-merge-offline closed-loop process for auto viewing, purchase, use, and replacement to meet auto owners' demands for one-stop integrated financial services.

- A unified intelligent marketing services platform. The member companies of the Group were highly coordinated, and launched seasonal marketing campaigns with the same themes based on business development pace to drive cross migration and product sales. Ping An has built its brand for the "Singles' Day" shopping spree in the financial industry. While continuing the "Ping An January 8 Marketing Campaign," Ping An also held seasonal marketing campaigns including the "August 18 Auto Owner Festival" and the "Ping An September 9 Health Festival" in 2021. Total transaction value exceeded RMB9 trillion during the seasonal marketing campaigns in 2021.

Customer Development

The Group had over 227 million retail customers as of December 31, 2021, up 4.1% from the beginning of 2021. Of the 32.40 million new retail customers acquired in 2021, 35.8% were sourced from the Group's internet user base.

Retail customer mix

(in million)	December 31, 2021	December 31, 2020	Change (%)
Life insurance(1)	**63.52**	65.29	(2.7)
Auto insurance(1)	**56.50**	53.09	6.4
Retail banking	**86.93**	77.00	12.9
Credit card	**67.85**	61.87	9.7
Securities, fund and trust	**55.66**	55.84	(0.3)
Others(2)	**73.57**	64.89	13.4
The Group	**227.31**	218.43	4.1

Notes: (1) The numbers of insurance companies' customers are based on holders of in-force policies rather than policy beneficiaries.
(2) Others include other investments, lending and insurance products.
(3) Retail customers of separate business lines do not add up to the total due to the removal of duplicates.
(4) The number of customers as of December 31, 2021 is not equal to the sum of customers as of December 31, 2020 and new customers acquired in the Reporting Period due to customer attrition.

Ping An provides users with one-stop services, constantly improves online user experience, and aligns services more closely with user needs. The Group had over 647 million internet users as of December 31, 2021, up 8.2% from the beginning of 2021. Six of Ping An's portfolio of apps have accumulated more than 100 million registered users each. On average, each internet user used 2.07 service items. Moreover, yearly active users(1) reached over 345 million as user activity and stickiness increased due to efficient internet user development.

Internet users

(in million)	December 31, 2021	December 31, 2020	Change (%)
Number of internet users(2)	**647.32**	598.04	8.2
Technology companies	**431.11**	421.73	2.2
Core financial companies	**473.74**	432.15	9.6

Notes: (1) The number of yearly active users refers to the number of active users in the 12 months to the end of the Reporting Period.
(2) Internet users include the users of technology companies and core financial companies, excluding duplicates.

Ping An continues to convert internet users into retail customers. Retail customers who were also internet users increased by 6.2% from the beginning of 2021 to nearly 206 million as of December 31, 2021.

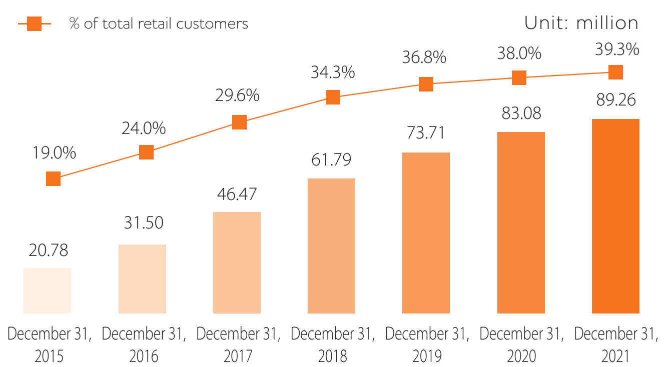
Retail customer and internet user structure

Notes: (1) Figures may not match the calculation due to rounding.
(2) We tightened the definition of retail customers by removing customers with complimentary insurance only at the end of 2019, and restated data for the comparable periods of 2017 and 2018.
(3) We tightened the definition of internet users by removing unique users of suspended internet platforms at the end of 2019, and restated data for the comparable periods of 2017 and 2018.

Retail Cross-selling Continued to Deepen

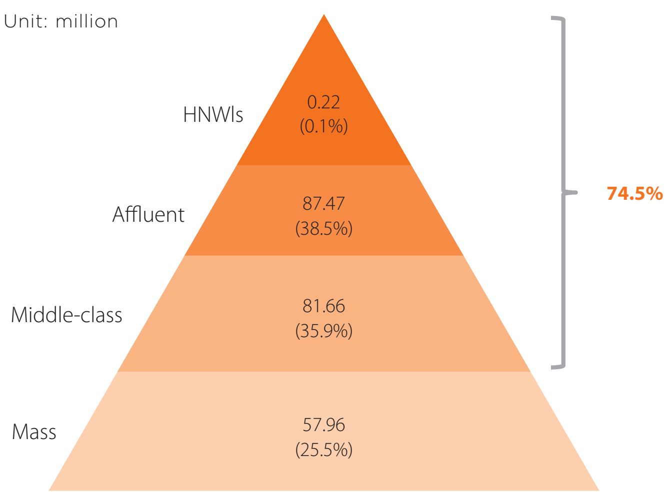
As Ping An advanced its integrated financial business strategy, cross-selling continued to deepen. Nearly 33.01 million customer migrations occurred between the Group's core financial companies in 2021. Despite an expanding customer base, 89.26 million or 39.3% of retail customers held multiple contracts with different subsidiaries as of December 31, 2021, up 1.3 pps from the beginning of 2021. Contracts per customer grew 1.8% from the beginning of 2021 to 2.81.

Number of retail customers holding multiple contracts with different subsidiaries



Ping An gained a deeper understanding of its customers through long-term customer development. The wealthier customers are, the more contracts they hold, and the more valuable they are. Middle-class and above customers reached over 169 million persons as of December 31, 2021, accounting for 74.5% of total customers. HNWIs held 14.72 contracts per customer, much more than affluent customers. The longer customers have been with Ping An, the more contracts they hold, and the more valuable they are. Ping An had nearly 132 million customers who had been with it for five or more years as of December 31, 2021, with contracts per customer being 3.21, far more than the average of 1.92 contracts held by customers who had been with Ping An for less than two years.

Retail customer wealth structure and proportion



Retail customers and contracts per customer by segment

	December 31, 2021 Number of customers (in million)	Contracts per customer
HNWIs	0.22	14.72
Affluent	87.47	3.81
Middle-class	81.66	2.42
Mass	57.96	1.82
The Group	**227.31**	**2.81**

Notes: (1) Mass customers are those with annual income below RMB100,000, middle-class customers between RMB100,000 and RMB240,000, and affluent customers above RMB240,000. HNWIs have personal assets of RMB10 million or more.
(2) Figures may not match the calculation due to rounding.

Retail customers and contracts per customer by years with Ping An

	December 31, 2021 Number of customers (in million)	Contracts per customer
5 or more years	131.97	3.21
2-5 years	62.72	2.45
Less than 2 years	32.62	1.92
The Group	**227.31**	**2.81**

Note: Figures may not match the calculation due to rounding.

Cross-selling between insurance businesses continued to make contributions. In particular, Ping An Health Insurance's premium income from cross-selling by Ping An Life's agents rose 21.6% year on year in 2021.

Premium income from cross-selling by Ping An Life's agents

	2021 Channel contribution		2020 Channel contribution	
(in RMB million)	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Ping An Property & Casualty	**42,229**	**15.6**	45,947	16.1
Short-term insurance business of Ping An Annuity	**8,858**	**41.1**	9,055	43.1
Ping An Health Insurance	**7,615**	**67.8**	6,262	68.2

Going forward, Ping An will remain customer-centric, strengthen technological capabilities, and use innovative products and better services to improve customer experience. In this way, Ping An will boost both retail customer value and enterprise value.

Customer Development

CORPORATE BUSINESS DEVELOPMENT

Corporate Business Value

In corporate business, Ping An creates value by boosting its shared and own values under the "1 + N" integrated financial services model. In boosting its shared value, the corporate business provides high-quality assets for insurance fund allocation and retail business, facilitating the achievement of the Group's development targets for retail financial business. In boosting its own value, the corporate business promotes synergies among the Group's member companies, tiered customer development, and cross-selling under the customer-centric philosophy to increase each corporate customer's value.

Corporate Customer Development Strategy

Ping An's corporate business strategy focuses on tiered development of strategic customers, micro-, small and medium-sized enterprises, and financial institutions. Ping An provides differentiated services to satisfy customer needs through three models, namely a sophisticated investment and financing model, a simple standard model, and a trading collaboration model. Moreover, in corporate business, Ping An uses technological capabilities to improve customer experience, reduce service costs, serve the real economy, and promote financial inclusion.

Integrated finance-driven tailor-made and scenario-based service solutions for strategic customers

Ping An actively responds to the state's strategic call by focusing on the next-generation infrastructure and supporting the real economy. Leveraging the Group's ecosystems, Ping An provides customers with tailor-made solutions. Regarding business management, Ping An made breakthroughs in key business areas including infrastructure and deleveraging by leveraging its advantages in investment of insurance funds under the sophisticated investment and financing model. Ping An's corporate investment and financing business brought RMB541.8 billion of bank deposits in 2021. Moreover, Ping An builds a bond business ecosystem covering the whole process from contracting to handling, underwriting, investing, and trading. In this way, Ping An facilitates mutual empowerment of resource input and customer development, and contributes to the capital market transformation toward direct financing.

- Regarding infrastructure, Ping An gave full play to its unique advantages of the integrated model of "investment, finance, construction and transportation." Ping An won the bid for a large public-private partnership subway project (with a total project scale of over RMB30 billion), and promoted subsequent deals including syndicated loans.

- Regarding deleveraging, Ping An's deleveraging business reached RMB43.1 billion in 2021 as it helped customers via equity investments and mezzanine funds. Ping An provided RMB3.5 billion as a mezzanine fund for a state-owned industry leader in storage and logistics, and provided the customer with integrated services including asset revitalization. By doing so, Ping An served the real economy.

A technology-empowered centralized business portal for micro-, small and medium-sized businesses

Ping An makes financing more accessible to customers by reshaping supply chain finance and innovating credit enhancement with technologies including the Internet of Things (IoT) and blockchain. In business management, Ping An develops relationships with micro-, small and medium-sized enterprises under the simple standard model. As their financial needs are standard, Ping An facilitates precise flow attraction based on customer profiling through platform-based operations. By offering standardized products directly to customers without intermediaries, Ping An acquires and activates large numbers of customers at low costs, continuously expands its market share, and seeks rapid growth in financial business. Ping An leveraged the "Ping An Bank Digital Pocket" platform to develop the Group's centralized business portal for micro-, small and medium-sized enterprises in 2021. Ping An converted 1.06 million customers into Ping An Bank's users of the "Ping An Bank Digital Pocket" platform through the collaboration of member companies as of December 31, 2021, and continued to convert users into Ping An Bank's customers through platform services and specific scenarios.

Collaboration with financial institution customers to improve service efficiency

Ping An exports its technological capabilities and strives to build a service alliance between the Group and financial institution customers. In business management, Ping An develops financial institution customers under a trading collaboration model. As pilot entities for integrated financial services, Ping An's member companies built an internal bond business ecosystem with the Group's bond investment system in 2021. On one hand, Ping An enables member companies to make investment decisions, boost trading returns, and reduce investment risks via unified strategic research, performance appraisal, and risk warning. On the other hand, by connecting the trading collaboration model with the sophisticated investment and financing model, Ping An strengthens the communication of funding needs among strategic, large and medium-sized, and financial institution customers, helps customers increase financing and investment efficiency, and provides more effective customer services.

Significant Results of Corporate Customer Development, with Steady Increases in Value Contributions

As a source of premium customers and assets, corporate business contributed to the steady growth of retail business, and sourced assets for the investment of insurance funds. The outstanding balance of retail assets referred by corporate business grew 5.6% from the beginning of 2021 to RMB1.28 trillion as of December 31, 2021. The underlying assets invested by insurance funds sourced from corporate business(1) increased by RMB171,226 million or 20.3% from the beginning of 2021 to RMB624,553 million as of December 31, 2021.

Corporate customer development yielded significant results in 2021, with improving customer services and a constantly expanding business scale. Corporate premiums achieved through cross-selling grew 7.3% year on year to RMB18,236 million, in which written premium of the corporate channel increased 19.9% year on year in 2021. The new financing scale achieved through corporate business cross-selling increased 26.9% year on year to RMB638,998 million in 2021.

Performance of corporate integrated finance

(in RMB million)	2021	2020	Change (%)
Corporate premiums achieved through cross-selling(2)	**18,236**	17,001	7.3
Including: Written premium of the corporate channel(3)	**5,920**	4,938	19.9
New financing scale achieved through corporate business cross-selling(4)	**638,998**	503,495	26.9

Notes: (1) The underlying assets invested by insurance funds sourced from corporate business refer to the assets sourced by the Group's core financial companies, including Ping An Asset Management, Ping An Securities, and Ping An Trust, for the allocation of the Group's insurance funds.
(2) The corporate premiums achieved through cross-selling refer to written premiums of insurance policies sold by the Group to corporate customers through cross-selling.
(3) The written premium of the corporate channel refers to the corporate premiums achieved through cross-selling less that achieved by Ping An Life.
(4) The new financing scale achieved through corporate business cross-selling refers to the scale of new financing projects achieved by the Group's member companies through cross-selling.

Performance of integrated finance realized through Ping An Bank

As the "engine" of the Group's corporate business, Ping An Bank has advantageous distribution channels. The premiums and financing referred by Ping An Bank rose 20.7% and 16.8% year on year respectively in 2021.

(in RMB million)	2021	2020	Change (%)
Premiums referred by Ping An Bank(1)	**3,259**	2,701	20.7
Financing referred by Ping An Bank(2)	**473,407**	405,208	16.8

Notes: (1) Premiums referred by Ping An Bank refer to the premiums of Ping An's group insurance products distributed through Ping An Bank.
(2) Financing referred by Ping An Bank refers to the scale of financing projects referred by Ping An Bank for other member companies of the Group through cross-selling.

Going forward, Ping An's corporate customer development will remain focused on tiered customer development. By enhancing the "1 + N" services model, Ping An will improve customer services, strengthen risk management, continuously advance corporate customer development, and create greater value for customers.

Technology-Powered Business Transformation

- Ping An continues to focus on developing core technologies to build leading technological capabilities and empower its ecosystems. Ping An's technology patent applications increased by 7,008 from the beginning of 2021 to 38,420 as of December 31, 2021. Ping An moved up from the third place to the first in the global ranking list by the number of AI patent applications. Ping An also ranked first globally by the number of fintech and digital healthcare patent applications. Ping An cumulatively won over 70 international championships in technology contests. In AI, Ping An topped the rankings in four tasks at the International Workshop on Semantic Evaluation (SemEval) in March 2021.
- Technological strength underpins the Group's business development. Ping An empowers human service representatives with AI. Ping An's AI service representatives covered 2,158 scenarios as of December 31, 2021, offering services covering lending, credit cards, and insurance. The amount of services provided by AI service representatives was approximately 2.07 billion times in 2021, representing 84% of Ping An's total customer service volume. Sales realized by AI service representatives was approximately RMB275.8 billion in 2021, accounting for 29.3% of the total sales volume of all service representatives.

THE GROUP CONTINUES TO EXECUTE ITS STRATEGIES

Ping An continues to invest in R&D to build leading technological capabilities, which have been widely utilized to empower its main financial businesses and accelerate the development of its ecosystems. Ping An promotes technological empowerment in diverse business scenarios to increase efficiency, cut costs, enhance risk management, develop excellent products, and strengthen customer acquisition. Moreover, Ping An develops industry ecosystems with advanced technologies by exporting leading innovative products and services to external entities.

Ping An boosts customer stickiness, retention, and value through diverse products and services by broadening scenario coverage and deepening scenario mining through ecosystems. The Group had over 647 million internet users as of December 31, 2021. The Group acquired 32.40 million new retail customers in 2021, 35.8% of whom were sourced from its internet user base. Moreover, retail customers who used services in the Group's ecosystems held 3.0 contracts and RMB33,000 in AUM per capita respectively, 2.3 times and 4.1 times those held by customers who did not use such services respectively.

Ping An continues to focus on developing core technologies and securing proprietary intellectual property rights. Ping An had a first-class technology team of over 110,000 technology business staffers, including over 4,500 scientists, as of December 31, 2021. Moreover, Ping An cooperated with top universities and leading research institutes including Peking University, Tsinghua University, and Fudan University to pursue technological breakthroughs. Ping An's technology patent applications increased by 7,008 from the beginning of 2021 to 38,420 as of December 31, 2021, which is more than most other international financial institutions'. Of the technology patent applications, over 95% were for inventions, and 8,897 were made under the Patent Cooperation Treaty (PCT) and abroad. Ping An moved up from the third place to the first in the global ranking list by the number of AI patent applications. Ping An also ranked first globally by the number of fintech and digital healthcare patent applications[1].

Note: (1) The ranking by the number of AI patent applications is from the *AI Patent Composite Index Report 2021* released by PatSnap Innovation Research Center. The ranking by the number of fintech patent applications is from the *Global Fintech Patent Quality Top Ten 2021* released by 01 Caijing's 01 Think Tank. The ranking by the number of digital healthcare patent applications is from the *Digital Healthcare Patent Composite Index Report 2021* released by PatSnap Innovation Research Center.

Ping An has been internationally recognized for technological breakthroughs in terms of global contests and academic papers.

In respect of global contests, Ping An cumulatively won over 70 international championships, including ten garnered in 2021.

- In AI, Ping An topped the rankings in four out of twelve tasks, including "Reading Comprehension of Abstract Meaning" and "Detecting and Rating Humor and Offense," at SemEval, a contest with great industrial and academic influence, in March 2021. Ping An won one championship in the "Number Recognition" task and ranked second by total score at the authoritative international contest Visual Question Answering Challenge in July 2021.

- In digital healthcare, Ping An ranked first in the multi-answer summarization task at MEDIQA 2021, a medical question-and-answer contest in biological text processing hosted by the Association for Computational Linguistics (ACL) in April 2021.

In respect of academic papers, Ping An cumulatively published over 250 papers in internationally renowned journals covering healthtech, AI and other fields, including over 110 published in 2021. Ping An published a paper as the first author in *Nature Communications* in February 2021. Ping An published research results in *Briefings in Bioinformatics*, a top-notch international computational biology journal, in May 2021. In addition, Ping An promoted the application of scientific research results to boost business development.

EMPOWERING MAIN FINANCIAL BUSINESSES WITH TECHNOLOGIES

From the perspective of transforming and upgrading Ping An's main businesses, technology benefits are reflected in larger sales, higher business efficiency, and stronger risk management.

In sales promotion, Ping An accelerates the application of new technologies in business scenarios including life insurance to improve productivity and efficiency. Ping An Life continued to promote its online-merge-offline sales model. The "AI Customer Visit Assistant" enabled agents to conduct simultaneous online interactions among 300 persons at large online product presentation/ entrepreneurship seminars. Ping An Life's proprietary AI Short Video Maker enabled agents to create high-quality short videos about insurance knowledge, wealth management, and healthy lifestyles, diversifying their business development practices. Under such unconventional business development approaches, the "AI Customer Visit Assistant" facilitated a monthly average of over 150,000 hours of interactions with existing and potential customers in 2021, more than triple that in 2020.

In efficiency improvement, Ping An leverages technologies to optimize business processes, boost operational efficiency, and improve customer experience. Ping An empowers human service representatives with AI. The amount of services provided by AI service representatives(1) grew 7% year on year to approximately 2.07 billion times in 2021, representing 84% of Ping An's total customer service volume. Sales realized by AI service representatives(2) increased 66% year on year to approximately RMB275.8 billion in 2021, accounting for 29.3% of the total sales volume of all service representatives, up 0.2 pps year on year. Ping An's AI service representatives covered 2,158 scenarios as of December 31, 2021, offering services covering lending, credit cards, and insurance.

Notes: (1) The amount of services provided by AI service representatives refers to the total number of times of inbound and outbound call services provided by speech robots and text robots for lending, credit card, and insurance business lines.
(2) Due to business adjustments, sales realized by AI service representatives in the Reporting Period exclude sales contributed by Ping An Bank and Lufax Holding. Relevant metrics and data for the comparable period have been restated accordingly.

Technology-Powered Business Transformation

In risk management, Ping An employs cutting-edge analytics engines to enhance the quality and efficiency of risk management. Ping An Life applies technologies including optical character recognition (OCR), natural language processing (NLP) and machine learning to information identification and case review in the underwriting and claims review processes. With these engines and technologies, Ping An Life can identify underwriting risks related to nearly 1,600 diseases, and review medical insurance claims against more than 1,500 diseases. In comparison with the traditional model, underwriting efficiency increased nearly 30%, and claim efficiency rose nearly 20%. AI collected 28.9% of overdue loans, and the 30-day recovery rate of AI collection stood at 77% in 2021.

EMPOWERING FINANCIAL SERVICES ECOSYSTEM WITH TECHNOLOGIES

Ping An's financial services ecosystem provides diverse financial services including insurance, banking, and investment to facilitate seamless connection and closed-loop transactions in various financial service scenarios. Ping An has built multiple financial innovation platforms including Lufax Holding, OneConnect, and E-wallet to satisfy customers' comprehensive financial demands, linking assets to funds online through "open platforms + open marketplaces."

In services for financial institutions, OneConnect had 796 premium customers, up by 202 year on year, including 212 premium plus customers, up by 44 year on year in 2021. Ping An continuously provides customers with diverse, innovative products and technology services.

In services for retail customers and merchants, E-wallet provided over 360 million retail users with financial and consumer services including wealth management, shopping, payment, and loyalty point management as of December 31, 2021. Moreover, E-wallet empowered 2.17 million business customers with solutions for payment and customer loyalty management.

EMPOWERING AUTO SERVICES ECOSYSTEM WITH TECHNOLOGIES

Ping An has built a comprehensive auto services ecosystem covering "auto viewing, purchase, use, and replacement." Ping An serves auto owners and empowers auto service providers including automakers, auto dealers, and auto repair shops through companies including Autohome, Ping An P&C, Ping An Bank, and Ping An Financial Leasing.

As to retail customers, Autohome had 46.90 million average daily active users on mobile devices(1) in December 2021, up 11.4% year on year. Ping An P&C's "Ping An Auto Owner" app had over 150 million registered users as of December 31, 2021, with over 37 million monthly active users in December. Ping An Bank focused on auto owner credit cards to advance ecosystem-based customer development among auto owners.

As to corporate customers, Autohome has built a software-as-a-service platform that covers the entire life cycle of automobiles, offering industry-leading digital services. Ping An Financial Leasing's auto leasing business volume amounted to RMB62,565 million in 2021.

Note: (1) Average daily active users on mobile devices include those on mobile webpages, mobile apps, and mini-programs.

EMPOWERING SMART CITY ECOSYSTEM WITH TECHNOLOGIES

Ping An's smart city business offers comprehensive, integrated smart city solutions centering on government services, enterprise development, and citizen services to fulfill its mission of serving the country, real economy, and society. Ping An's smart city business leverages technologies to empower city governance, support industries, advance people's livelihoods, and facilitate digital government, digital economy, and digital society. Ping An's smart city business cumulatively served 165 cities, 1.74 million enterprises, and 140 million citizens as of December 31, 2021.

In digital government services, Ping An helps local governments enhance governance capabilities, modernize governance practices and improve citizen service experience at an accelerated pace through its leading proprietary technologies including AI, blockchain, and cloud computing. In citizen services, the "iCity" platform built by Ping An had been accessed over five billion times by over 51 million users in nearly 30 cities as of December 31, 2021. The platform supports online processing of over 17,500 service items on mobile devices, and 24/7 AI-enabled instant filing and approval of over 3,800 service items. In government services, Ping An leverages its big data analysis capabilities to help local governments conduct smart administration of over 42 million business entities and over 14.1 million enterprises.

In promoting the digital economy, Ping An helped governments and businesses pursue digitization and smart business decision-making, aiming to provide comprehensive services for businesses and optimize the urban business environment. In urban economic development, Ping An helped local governments analyze more than 430 themes and over 15,000 metrics covering macroeconomic conditions and industries. In smart human resources services, the "HR-X" app was used by nearly 30 large and super large enterprises, serving nearly 2.7 million users as of December 31, 2021. The "HR-X" app was accessed over 4.3 billion times by users, with over 3,000 functions available as of December 31, 2021. The number of average daily active users has exceeded 500,000 since the "HR-X" app went live.

In digital citizen services, Ping An promotes the long-term development of vocational education and corporate training. In vocational education, Ping An cumulatively served over 56 million users, with courses broadcast about 480 million times. In corporate training, Ping An cumulatively served over 1,800 government and corporate customers, facilitating over 1.68 billion attendances at online conferences and business training.

Healthcare as a New Driver of Value Growth

- Ping An upgraded its strategy by exploring an innovative managed care model centering on "HMO + family doctor + O2O," leveraging its years of operational and managerial experience in insurance and healthcare industries.
- Synergies between Ping An's healthcare ecosystem and main financial businesses are emerging. In customer acquisition and retention, nearly 63% of Ping An's over 227 million retail customers used services from the healthcare ecosystem. These customers held 3.3 contracts and RMB40,000 in AUM per capita respectively, 1.6 times and 3.0 times those held by customers who did not use these services respectively.
- Ping An Smart Healthcare served over 45,000 medical institutions in 187 cities as of December 31, 2021. Ping An had over 40,000 in-house doctors and contracted external doctors, and partnered with over 10,000 hospitals, about 96,000 healthcare management institutions and 202,000 pharmacies as of December 31, 2021. Going forward, Ping An will enhance its strategic presence in the healthcare industry by combining PKU Healthcare's excellent resources with Ping An's integrated finance and healthtech. Ping An will develop flagship facilities in Southern China and Northern China through Peking University International Hospital and Ping An Longhua General Hospital to provide customers with "heartwarming services."

"HEALTHCARE ECOSYSTEM" STRATEGY

Ping An continues to execute its healthcare ecosystem strategy. The healthcare market has huge growth potential as people's healthcare awareness has increased rapidly and their demands for exclusive medical services, including family doctors, have not been satisfied. Seizing market opportunities, Ping An strives to enhance its comprehensive strengths in serving the "Healthy China" strategy and develop the healthcare ecosystem. Meanwhile, the close combination of the healthcare ecosystem strategy with Ping An's main financial businesses is starting to generate significant synergies.

Ping An upgraded the strategy by leveraging its years of operational and managerial experience in insurance and healthcare industries. Ping An explored an innovative managed care model centering on "HMO + family doctor + O2O" by virtue of its four unique advantages in experience, resources, expertise, and platforms.

- HMO: Ping An developed an innovative "insurance + healthcare services" model by leveraging its differentiation advantages in the healthcare ecosystem and insurance payment. Ping An provides high-quality, cost-effective, and full-lifecycle healthcare services for retail and corporate customers by combining healthcare services with insurance and building a closed loop of supply, demand and payment.

- Family doctor: the Company designates an exclusive family doctor for each customer as his/her "doctor + navigator + customer manager," providing an end-to-end healthcare management pathway covering consultation, diagnosis, treatment and services.

- O2O services: Ping An provides customers with online-merge-offline "worry-free, time-saving, and money-saving" services by actively integrating resources of high-quality healthcare service providers in its healthcare ecosystem and social network. The Company's O2O services cover four scenarios, namely health management, disease management, chronic disease management, and eldercare management.

"HEALTHCARE ECOSYSTEM" PROGRESS

In respect of HMO, Ping An made significant progress in both corporate and retail customer services by effectively coordinating insurance and healthcare services and constantly upgrading its business model. In relation to healthcare, the Group had nearly 100 million paying retail customers and approximately 40,000 paying corporate customers as of December 31, 2021. The Group achieved over RMB140 billion in health insurance premium income in 2021.

- Regarding corporate customer services, the Company provides customers with an employee health management service system which offers comprehensive, high-quality, and cost-effective services under the "insurance + trust + services" model. About 40,000 enterprises and their 20 million employees were covered as of December 31, 2021.

- Regarding retail customer services, Ping An focuses on developing products related to "insurance + healthcare services" to provide customers with "heartwarming services." Ping An Life launched the Ping An Zhen Xiang RUN Health Services Plan ("Ping An Zhen Xiang RUN") in 2021 to provide 12 key health management service items covering scenarios including health management, chronic disease management, and disease diagnosis/treatment. Ping An Zhen Xiang RUN covered more than 20 million critical illness insurance customers of Ping An Life as of December 31, 2021. Moreover, the healthcare ecosystem generates greater synergies for the Group's main financial businesses. About 65% of Ping An's over 647 million internet users used services from the healthcare ecosystem as of December 31, 2021. Nearly 63% of Ping An's over 227 million retail customers used services from the healthcare ecosystem, and these customers held 3.3 contracts and RMB40,000 in AUM per capita respectively, 1.6 times and 3.0 times those held by customers who did not use these services respectively. The up-selling rate per capita of customers using online consultation was 15.1%, 2.4 times that of customers not using online consultation.

In respect of family doctors, Ping An has built strong medical service capabilities thanks to the in-house team of nearly 2,000 full-time doctors and proprietary AI-based medical system. Ping An has built an end-to-end management pathway from portals to payments by connecting online services with offline ones and relying on its health-record platform. Ping An has built its competitive moat by providing corporate and retail customers with 24/7 comprehensive, multi-layered, one-stop healthcare services.

In respect of O2O services, Ping An has integrated internal and external resources through platforms to provide online, in-store and home-delivered services, covering four major scenarios, namely health management, disease management, chronic disease management, and eldercare management. Ping An had over 40,000 in-house doctors and contracted external doctors, and partnered with over 10,000 hospitals (including 99% of 3A hospitals and all the top 100 hospitals), about 96,000 healthcare management institutions and 202,000 pharmacies (about 34% of all pharmacies) in China as of December 31, 2021. Moreover, Ping An partnered with over 1,000 overseas medical institutions in 16 countries across the world as of December 31, 2021. In addition, Ping An effectively supports O2O services by investing in businesses including general hospitals, checkup centers, and imaging centers, and had 14 health management centers as of December 31, 2021. Ping An opened its first high-end health management centers in Beijing and Shenzhen in October 2021. Going forward, Ping An will enhance its strategic presence in the healthcare industry by combining PKU Healthcare's excellent resources with Ping An's integrated finance and healthtech. Ping An will develop flagship facilities in Southern China and Northern China through Peking University International Hospital and Ping An Longhua General Hospital to provide customers with "heartwarming services." Ping An has provided information-based services apart from active healthcare resources integration, empowering "disease management," "medical institution management," and "medical worker management" by building smart public health regulation platforms. Ping An Smart Healthcare benefited approximately 1.32 million doctors and 10.48 million chronic-disease patients at over 45,000 medical institutions in 187 cities as of December 31, 2021, covering over 2,500 diseases. Ping An won a bid to build China's first provincial-level public health emergency decision-making and steering system in 2021, which will set an example for the development of public health emergency systems.

In addition, Ping An continues to advance its healthtech research and development. Ping An ranked first globally by the number of digital healthcare patent applications, and proactively built leading healthcare databases and a remote consultation and treatment platform. In addition to self-building and co-building healthcare platforms, Ping An has invested in healthcare-related companies in China and abroad, covering fields including disease early screening and diagnostics as well as advanced treatment technologies. Ping An effectively supports the sustainable development of the healthcare ecosystem by building technological capabilities in a forward-looking manner.

Business Analysis
Performance Overview

- Ping An delivered an operating ROE of 18.9% with operating profit attributable to shareholders of the parent company rising 6.1% year on year to RMB147,961 million in 2021.
- Ping An's basic operating earnings per share rose 6.5% year on year to RMB8.40 in 2021. Ping An continues to increase cash dividends, and plans to pay a final cash dividend of RMB1.50 per share, implying an annual cash dividend of RMB2.38 per share for 2021, up 8.2% year on year, marking a continued increase in cash dividends.

CONSOLIDATED RESULTS

Ping An provides a wide range of financial products and services via multiple distribution channels under a uniform brand. Ping An engages in financial business through subsidiaries including Ping An Life, Ping An P&C, Ping An Annuity, Ping An Health Insurance, Ping An Bank, Ping An Trust, Ping An Securities, Ping An Asset Management, and Ping An Financial Leasing. Ping An engages in technology business through subsidiaries, associates and joint ventures including Autohome, Lufax Holding, OneConnect, and Ping An Health.

(in RMB million)	**2021**	2020	Change (%)
Operating profit attributable to shareholders of the parent company	**147,961**	139,470	6.1
Basic operating earnings per share (in RMB)	**8.40**	7.89	6.5
Operating ROE (%)	**18.9**	19.5	-0.6 pps
Dividend per share (in RMB)	**2.38**	2.20	8.2
Net profit attributable to shareholders of the parent company	**101,618**	143,099	(29.0)
ROE (%)	**13.0**	20.0	-7.0 pps

OPERATING PROFIT OF THE GROUP

Operating profit is a meaningful business performance evaluation metric given the long-term nature of our major life and health insurance business. We define operating profit after tax as reported net profit excluding the following items which are of short-term, volatile or one-off nature:

- Short-term investment variance, which is the variance between the actual investment return of the life and health insurance business and the EV long-run investment return assumption, net of the associated impact on insurance and investment contract liability. The investment return of the life and health insurance business is locked at 5% after excluding the short-term investment variance;
- The impact of discount rate(1) change is the effect on insurance contract liability of the life and health insurance business due to changes in the discount rate; and
- The impact of one-off material non-operating items and others is the impact of material items that management considered to be non-operating incomes and expenses, which in 2021 and 2020 refer to the revaluation gain or loss on the convertible bonds issued by Lufax Holding to the Group.

Note: (1) Refer to the significant accounting policies in the notes of the Company's 2021 Annual Report for the information about the discount rate.

The operating profit after tax which excludes the fluctuations of the above non-operating items can provide a clearer and more objective representation of the Company's business performance and trend.

The Chinese economy continued to recover in 2021 in a pace faster than most major economies due to prudent and flexible monetary policies and proactive fiscal policies. Nevertheless, the downward pressure on economic growth increased against the backdrop of a complicated international environment and sporadic COVID-19 outbreaks in China. Household consumption recovery still faced many challenges, affecting the long-term protection insurance business of Ping An. Facing challenges in China and abroad, Ping An upheld the compliance philosophy and strengthened risk management while adopting various forward-looking measures. Ping An pressed firmly ahead with Ping An Life's quality-oriented reform and transformation, improved the integrated finance model, and built the "HMO managed care model." Moreover, Ping An laid a solid foundation for long-term sustainable, healthy growth by delivering "heartwarming financial services" and providing customers with "worry-free, time-saving, and money-saving" experience.

The Group's operating profit attributable to shareholders of the parent company rose 6.1% year on year to RMB147,961 million in 2021. Basic operating earnings per share rose 6.5% year on year to RMB8.40. Net profit attributable to shareholders of the parent company decreased 29.0% year on year to RMB101,618 million mainly because the Company made adjustments including impairment provisions to investments related to China Fortune Land Development Co., Ltd. ("China Fortune").

The Group made adjustments including impairment provisions, valuation adjustments, and equity method adjustments totaling RMB43.2 billion to investments related to China Fortune in 2021, including RMB15.9 billion for equity investments and RMB27.3 billion for debt investments. The impacts on net profit after tax attributable to shareholders of the parent company and operating profit after tax attributable to shareholders of the parent company were negative RMB24.3 billion and negative RMB7.3 billion respectively.

	2021								
(in RMB million)	Life and health insurance business	Property and casualty insurance business	Banking business	Trust business	Securities business	Other asset management business	Technology business	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	**59,468**	**16,117**	**21,060**	**229**	**3,614**	**8,378**	**(1,957)**	**(5,291)**	**101,618**
Net profit attributable to non-controlling interests	**835**	**75**	**15,276**	**-**	**215**	**1,516**	**1,500**	**767**	**20,184**
Net profit (A)	**60,303**	**16,192**	**36,336**	**229**	**3,829**	**9,894**	**(457)**	**(4,524)**	**121,802**
Excluding:									
Short-term investment variance (B)	**(23,491)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(23,491)**
Impact of discount rate change (C)	**(13,281)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(13,281)**
Impact of one-off material non-operating items and others (D)	**-**	**-**	**-**	**-**	**-**	**-**	**(9,905)**	**-**	**(9,905)**
Operating profit (E=A-B-C-D)	**97,075**	**16,192**	**36,336**	**229**	**3,829**	**9,894**	**9,448**	**(4,524)**	**168,479**
Operating profit attributable to shareholders of the parent company	**95,906**	**16,117**	**21,060**	**229**	**3,614**	**8,378**	**7,948**	**(5,291)**	**147,961**
Operating profit attributable to non-controlling interests	**1,169**	**75**	**15,276**	**-**	**215**	**1,516**	**1,500**	**767**	**20,518**

(in RMB million)	2020 Life and health insurance business	Property and casualty insurance business	Banking business	Trust business	Securities business	Other asset management business	Technology business	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	95,018	16,083	16,766	2,476	2,959	5,737	7,936	(3,876)	143,099
Net profit attributable to non-controlling interests	1,054	76	12,162	3	143	974	1,567	281	16,260
Net profit (A)	96,072	16,159	28,928	2,479	3,102	6,711	9,503	(3,595)	159,359
Excluding:									
Short-term investment variance (B)	10,308	–	–	–	–	–	–	–	10,308
Impact of discount rate change (C)	(7,902)	–	–	–	–	–	–	–	(7,902)
Impact of one-off material non-operating items and others (D)	–	–	–	–	–	–	1,282	–	1,282
Operating profit (E=A-B-C-D)	93,666	16,159	28,928	2,479	3,102	6,711	8,221	(3,595)	155,670
Operating profit attributable to shareholders of the parent company	92,672	16,083	16,766	2,476	2,959	5,737	6,654	(3,876)	139,470
Operating profit attributable to non-controlling interests	994	76	12,162	3	143	974	1,567	281	16,200

Notes: (1) Life & Health business represents the results of three subsidiaries, namely Ping An Life, Ping An Annuity, and Ping An Health Insurance. Property & Casualty business represents the results of Ping An P&C. The banking business represents the results of Ping An Bank. The trust business represents the results of Ping An Trust and Ping An New Capital. The securities business represents the results of Ping An Securities. The other asset management business represents the results of other subsidiaries that engage in asset management business including Ping An Asset Management, Ping An Financial Leasing, and Ping An Overseas Holdings. The technology business represents the results of subsidiaries, associates and joint ventures that engage in technology business including Autohome, Lufax Holding, OneConnect, and Ping An Health. Eliminations include offsets against shareholding among business lines.

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

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

(in RMB million)	December 31, 2021	December 31, 2020	Change (%)
Life and health insurance business	**296,877**	273,161	8.7
Property and casualty insurance business	**113,898**	102,991	10.6
Banking business	**200,217**	182,067	10.0
Asset management business	**115,843**	105,061	10.3
Including: Trust business	**24,918**	23,475	6.1
Securities business	**36,003**	32,346	11.3
Other asset management business	**54,922**	49,240	11.5
Technology business	**100,697**	104,523	(3.7)
Other businesses and elimination	**(15,127)**	(5,243)	188.5
The Group	**812,405**	762,560	6.5

OPERATING ROE

(%)	2021	2020	Change (pps)
Life and health insurance business	**32.3**	35.0	(2.7)
Property and casualty insurance business	**14.8**	16.4	(1.6)
Banking business	**10.9**	9.6	1.3
Asset management business	**11.3**	11.0	0.3
Including: Trust business	**0.9**	11.8	(10.9)
Securities business	**10.7**	9.5	1.2
Other asset management business	**16.4**	11.9	4.5
Technology business	**8.0**	7.8	0.2
Other businesses and elimination	**N/A**	N/A	N/A
The Group	**18.9**	19.5	(0.6)

Life and Health Insurance Business

- Ping An Life continued to advance the "channel + product" reform. In respect of channels, Ping An Life promoted high-quality development of multiple channels by transforming its agent channel, strengthening cooperation with Ping An Bank, and exploring innovative channels including Community Grid and the lower-tier channel. In respect of products, Ping An Life created differentiated advantages with "insurance + health management," "insurance + high-end eldercare," and "insurance + home-based eldercare" service models by leveraging the Group's healthcare ecosystem.
- Transformation of the agent channel made steady progress under a high-quality strategy. Ping An Life implemented tiered, refined management of sales agents to constantly improve the structure of its agent force. First-year premium ("FYP") per agent of Ping An Life grew more than 22% year on year in 2021, indicating effective growth in productivity per agent.

BUSINESS OVERVIEW

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

2021 was a tough year for the Chinese life insurance industry. Amid complex and severe macroeconomic situations around the world and continued impact of COVID-19, the Chinese life insurance industry faced multiple challenges from the market and the agent force. Transformation has become an industry norm. Ping An Life, which had a material head start in transformation, improved the structure of agent force and the quality of business via its two-pronged "channel + product" strategy to provide customers with "heartwarming insurance" and considerate service experience.

New business value ("NBV") of Life & Health dropped 23.6% year on year to RMB37,898 million in 2021. Without considering the impact of changes in assumptions, NBV of Life & Health dropped 18.6% year on year, mainly because a higher proportion of savings products produced a lower NBV margin and the agent force transformation under a high-quality strategy drove the number of agents lower, also resulting in an impact on business. Nonetheless, the team structure will be gradually optimized in the long term, laying a solid foundation for sustainable development. The agent channel's NBV per agent amounted to over RMB39,000 and FYP per agent grew more than 22% year on year in 2021.

Key Indicators

(in RMB million)	**2021/ December 31, 2021**	2020/ December 31, 2020	Change (%)
NBV	**37,898**	49,575	(23.6)
NBV margin (%)	**27.8**	33.3	-5.5 pps
FYP used to calculate NBV	**136,290**	148,915	(8.5)
Embedded value	**876,490**	824,574	6.3
Operating ROEV (%)	**11.1**	14.5	-3.4 pps
Operating profit after tax	**97,075**	93,666	3.6
Operating ROE (%)	**32.3**	35.0	-2.7 pps
Net profit	**60,303**	96,072	(37.2)

Note: Figures may not match the calculation due to rounding.

PING AN LIFE'S REFORM AND TRANSFORMATION

Traditional life insurance industry in China faced an array of internal and external challenges. Resurgence of COVID-19 has led to changes in customer demands and increased caution over consumption, making critical illness insurance products harder to sell. Moreover, the extensive labor-driven development model once adopted by the life insurance industry is difficult to sustain with the emergence of a gig economy as well as waning demographic dividends, which calls for immediate reform and transformation. These challenges, however, do not change the fact that the Chinese residents' demand for insurance protection is still strong in the long run. The life insurance market remains underserved as an aging population and accumulating household wealth present vast healthcare and eldercare insurance demands. Furthermore, Hui Min Bao and internet insurance products help boost the traditional life insurance industry by raising insurance awareness of residents and helping the Company dig deeper into consumer demands for protection. In addition, regulators are steadfastly promoting the transformation of life insurance industry toward high-quality development.

Ping An Life continued to implement the "channel + product" reform strategy in 2021. In respect of channels, Ping An Life promoted high-quality development of multiple channels by transforming its agent channel, strengthening cooperation with Ping An Bank, and exploring innovative channels including Community Grid and the lower-tier channel. In respect of products, Ping An Life created differentiated advantages with three core services namely "insurance + health management," "insurance + high-end eldercare," and "insurance + home-based eldercare" by leveraging the Group's healthcare ecosystem.

In respect of channels, Ping An Life continued to promote the high-quality development of multiple channels.

- **Agent channel**. Pursuing high-quality growth, Ping An Life carried out tiered, refined management of its agent force. Ping An Life optimized the team structure toward an "olive-shaped" one through digital empowerment. The proportion of agents with a college education background and above increased by 2.4 pps from the beginning of the year as of December 31, 2021. FYP per agent grew more than 22% year on year, indicating effective growth in productivity in 2021. In respect of Diamond Agents, FYP per Diamond Agent was four-to-six times the average of all agents, and income per Diamond Agent was about four-to-five times the social average salary in 2021. Going forward, Ping An Life will increase the number of Diamond Agents and boost their productivity by recognizing excellently-managed, high-potential business outlets and providing high-end customers with exclusive products. In respect of new agents, Ping An Life will implement "Talent +" to upgrade and tighten agent recruitment, aiming to raise the proportion of high-quality new agents gradually through high-quality existing ones. Ping An Life also implemented new agent development projects to boost new agent retention through training upgrade, preferential policies, and organizational support. Going forward, Ping An Life will continue to promote the pilot reform of the digital business outlets, and gradually expand the pilot on the premise of ensuring quality.

(in RMB million)	2021	2020	Change (%)
Agent productivity and income			
Agent channel NBV	**31,076**	42,913	(27.6)
Average number of agents per month (in thousand)	**796**	1,055	(24.5)
NBV per agent (RMB per agent per year)	**39,031**	40,688	(4.1)
Activity rate of agents[(1)] (%)	**47.0**	49.3	-2.3 pps
Agent income (RMB per agent per month)	**5,758**	5,793	(0.6)
Including: Income from Ping An Life's products (RMB per agent per month)	**4,651**	4,629	0.5

	December 31, 2021	December 31, 2020	Change (%)
Number of individual life insurance sales agents (person)	**600,345**	1,023,836	(41.4)

Notes: (1) Activity rate of agents = annual total of monthly agents who issued policies / annual total of monthly agents on board.
(2) Figures may not match the calculation due to rounding.

- **Bancassurance channel**. The bancassurance channel upheld value-driven operations and focused on the professional operations framework of "channel + product + technology" to enhance value contribution. Ping An Life deepened cooperation with Ping An Bank to build a new talent team that provides Ping An Bank's customers with better personalized private wealth management services. More than 300 elite wealth managers have been recruited for the team, nearly all of whom have a bachelor's degree or above. Moreover, Ping An Life deepened cooperation with major external channels and increased expertise in sales assistance to empower banks. A full range of one-stop products and services are offered to meet the bancassurance channel's customer demands for annuity insurance, whole life insurance, and long-term health insurance. In addition, Ping An Life empowered its business with technologies to improve business processes and customer experience.

- **Other channels**. Ping An Life diversified its channels and actively developed the Community Grid channel, whereby the high-quality and grid-based specialists dig deep into local communities like "farmers" under a high-quality, sustainable online-merge-offline service model. In Shanghai, Shenzhen and Shenyang, Ping An Life has piloted the model, and established online-merge-offline service processes, covering renewal premium collection, concurrent agents' cross-selling and upselling. In respect of the telemarketing channel, Ping An Life continued to enhance the long-term customer development model of "services before sales" under a customer-centric approach. Through technological empowerment, service interactions, and precise conversion, Ping An Life optimized its business portfolio and maintained an industry-leading market share. In respect of the internet channel, Ping An Life improved user experience by optimizing platform functions, and boosted business by strengthening platform operations. In addition, Ping An Life continued to explore innovative development models for the lower-tier channel in combination with the insurance consumption scenarios in lower-tier markets. Innovative channels including bancassurance, telemarketing, internet, and other channels accounted for 15.1% of Ping An Life's NBV in 2021, up 3.8 pps year on year.

- Ping An Life provides customers with life insurance products through its nationwide service network of 35 branches, seven telemarketing centers and over 3,250 business outlets.

In respect of products, with the philosophy of developing "heartwarming insurance," Ping An Life explores product innovation revolving around customers' differentiated insurance demands through the healthcare ecosystem, which is an important part of the high-quality development-oriented transformation. Ping An Life continuously optimizes protection and savings product offerings by increasing the supply of competitive products and providing customers with more secure and heartwarming protection. Furthermore, Ping An Life continuously builds a multi-level service system by improving the "insurance + health management" service framework, the "insurance + high-end eldercare" and "insurance + home-based eldercare" service models. All these efforts enabled Ping An Life to deliver heartwarming insurance services to customers.

- **Protection products:** Ping An Life rebuilt its critical illness insurance offerings by taking the opportunity of critical illness definition revision, and offered products in areas including whole life insurance and other protection products. Regarding critical illness insurance, Ping An Life rolled out new products that meet diverse customer demands. For high-end customers, Ping An Life launched "Yu Xiang Fu," a modularized high-end critical illness insurance product. For mid-range and high-end customers, Ping An Life launched "Ping An Liu Fu," a critical illness insurance product allowing multiple claims settlements, and "Sheng Shi Fu" which offers enhanced benefits. For mass customers, Ping An Life launched "Jia Hu Critical Illness," a term critical illness insurance product meeting mass customers' demand for cost-effective insurance. Regarding other protections, Ping An Life promoted "Yi Xiang Shi Jia," a whole life insurance product targeting high-end customers' demand for wealth inheritance, and upgraded "An Yue Ding Shou," a term life insurance product meeting younger customers' demand for large sums insured in certain periods.

- **Savings products:** Ping An Life diversified its savings product mix to meet the demand for savings products. Customers' increasing demand for stable and safe wealth management products after the pandemic highlighted the safety of insurance products. Responding to this, Ping An Life launched mid-range savings products that cover a wide range of customer segments. In the context of aging, Ping An Life constantly optimized the design of annuity products and further expanded the elderly customer base by developing targeted pension products, providing elderly customers with better savings product solutions. Moreover, Ping An Life designed and launched an innovative "dual insureds" product to extend wealth growth and realize smarter wealth inheritance.

- **Services:** Ping An Life capitalized on the Group's healthcare ecosystem to offer heartwarming services to insurance customers. Services brought more customers to Ping An Life and helped improve customer retention.

  "Insurance + health management": Ping An provided a comprehensive health management solution that incorporates front-end health management, mid-end professional protection, and back-end effective problem solving based on customer needs, setting a new industry benchmark. Ping An Life launched Ping An Zhen Xiang RUN in February 2021 and has embedded the plan in major critical illness products to provide customers with 12 comprehensive, heartwarming core health management service items covering scenarios including health management, chronic disease management, and disease diagnosis/treatment. Ping An Zhen Xiang RUN contains three different levels of services, namely Le Xiang RUN, Zun Xiang RUN, and Zun Xiang RUN PLUS, to meet diverse customer demands. Ping An Life further upgraded Ping An Zhen Xiang RUN in the third quarter of 2021 to provide customers with "worry-free, time-saving, and money-saving" health service experience. Ping An Zhen Xiang RUN covered over 20 million critical illness insurance customers of Ping An Life as of December 31, 2021.

  "Insurance + high-end eldercare": Ping An is committed to developing the high-end eldercare market and realizing "Expertise brings premium eldercare." Ping An launched the "Ping An High-end Eldercare 2.0" with a refreshed service system and targeted eldercare solutions in the third quarter of 2021 to address common customer pain points in eldercare. Going forward, Ping An aims to fully satisfy the needs of the elderly and meet their demands for high-quality eldercare services by providing "prime life, exclusive services, and respectful care."

"Insurance + home-based eldercare": The Chinese people are increasingly aware of health management and life quality due to China's aging population, presenting a huge home-based eldercare market and great development opportunities for home-based eldercare services. By leveraging the Group's "finance + healthcare" ecosystem, Ping An will speed up the consolidation of ten eldercare scenarios including medical care, nursing, wealth management, and health preservation to build the No. 1 home-based eldercare brand in China. Ping An will create a closed loop of online-merge-offline "lifelong concierge + eldercare services" through a one-stop service platform covering the entire life cycles of customers. Ping An provides customers with home-based eldercare services featuring "comfortable old people, worry-free offspring, and whole-hearted concierges."

Healthcare services bring customers to Ping An Life and increase customer retention. The number of Ping An Life's active healthcare service users was around 49.80 million as of December 31, 2021, 37% of whom had become Ping An Life's customers, showing a steadily growing scale. Nearly 30% of Ping An Life's customers acquired in 2021 were from active healthcare service users, and the proportion has increased year by year. Moreover, Ping An enhanced customer retention and value through its healthcare services. Nearly 30% of Ping An Life's customers have used Ping An's healthcare services, and the proportion has increased year by year. The premium and up-selling rate per capita of customers who actively used the healthcare services were 1.4 times and 2.4 times those of customers who did not use these services respectively, indicating significant contributions to customer value.

Note: Active healthcare service users are those of the registered users of Ping An Life's "Jin Guan Jia" app who also used healthcare services. Ping An Life's customers are based on holders of in-force policies rather than policy beneficiaries.

13-month persistency ratio improved by 0.8 pps year on year to 86.3% in 2021. Going forward, Ping An Life will continue to leverage technology to provide ex ante services for customers facing difficulties in policy renewal, and offer precise policy renewal services to enhance the efficiency of renewal premium collection.

	2021	2020	Change (pps)
Ping An Life			
13-month persistency ratio (%)	**86.3**	85.5	0.8
25-month persistency ratio (%)	**78.1**	80.9	(2.8)

Operation information of insurance products

The following table lists the top five insurance products of Ping An Life by premium income in 2021.

(in RMB million)	Sales channel	Premium income	Surrender
Ping An Jinrui Rensheng (2021) Annuity Insurance	Agents, bancassurance	17,782	185
Ping An Jinrui Rensheng Annuity Insurance	Agents, bancassurance	16,509	558
Ping An Caifu Jinrui (2021) Annuity Insurance	Agents, bancassurance	16,339	149
Ping An Caifu Jinrui (20) Annuity Insurance	Agents, bancassurance	16,019	420
Ping An Jinrui Rensheng (20) Annuity Insurance	Agents, bancassurance	14,743	428

TECHNOLOGY-DRIVEN TRANSFORMATION

Ping An Life advanced its digital transformation and innovative technology application solutions in marketing, services, and risk management to empower business development.

- In respect of digital marketing, Ping An Life created the innovative "AI Customer Visit Assistant" online-merge-offline sales model. The online customer visit function, which enabled agents to conduct simultaneous online interactions among 300 persons, facilitated more than 70,000 online product presentation/entrepreneurship seminars in 2021. The offline customer visit function enabled AI-assisted audio and video explanations as well as insurance and disease tips. The "AI Customer Visit Assistant" facilitated a monthly average of over 150,000 hours of interactions with existing and potential customers, more than triple that in 2020. Over 120,000 policies were issued with the assistance of AI. Moreover, Ping An Life launched the AI Short Video Maker to assist agents in creating personal IPs and operating private domain traffic. More than 500,000 short videos were produced in 2021, covering topics related to insurance knowledge, wealth management, and healthy lifestyles. In addition, Ping An Life rolled out smart morning briefing management in branches across the country, improving the efficiency of agent management through facial recognition-based, AI-enabled attendance management.

- In respect of digital services, Ping An Life continued to improve services by leveraging big data, AI and other technologies. Ping An Life's "Jin Guan Jia" app had nearly 270 million registered users as of December 31, 2021. Leveraging big data-based precise profiling, Ping An Life provided over 17.60 million customers with personalized benefit services over 57 million times in 2021. The AI Video Robot facilitated nearly 80% of surveys on new contracts, up 20 pps year on year. The "Smart Advance Claims Payment" service relieved the financial pressure on eligible customers by paying over RMB1.7 billion for over 42,000 cases in advance in 2021.

- In respect of digital risk management, Ping An Life applied technologies including OCR, NLP and machine learning to information identification and case review in the underwriting and claims review processes. With these engines and technologies, Ping An Life can identify underwriting risks related to nearly 1,600 common diseases, and review medical insurance claims against over 1,500 diseases. The underwriting efficiency has increased nearly 30%, and the claim settlement efficiency has risen nearly 20%, compared with the traditional model.

ANALYSIS OF OPERATING PROFIT AND PROFIT SOURCES

Operating profit is a meaningful business performance evaluation metric given the long-term nature of our major life and health insurance business. We define operating profit after tax as reported net profit excluding the following items which are of short-term, volatile or one-off nature:

- Short-term investment variance, which is the variance between the actual investment return of Life & Health and the EV long-run investment return assumption, net of the associated impact on insurance and investment contract liability. The investment return of Life & Health is locked at 5% after excluding the short-term investment variance;

- The impact of discount rate[1] change is the effect on insurance contract liability of Life & Health due to changes in the discount rate; and

- The impact of one-off material non-operating items and others is the impact of material items that management considered to be non-operating incomes and expenses.

Note: (1) Refer to the significant accounting policies in the notes of the Company's 2021 Annual Report for the information about the discount rate.

The operating profit after tax which excludes fluctuations of the above non-operating items can provide a clearer and more objective representation of the Company's business performance and trend.

(in RMB million)	2021	2020	Change (%)
Release of residual margin (A)	**82,488**	81,583	1.1
Return on net worth[1] (B)	**14,567**	13,170	10.6
Spread income[2](C)	**4,823**	4,565	5.6
Operating variances and others (D)	**7,436**	4,607	61.4
Operating profit before tax (E=A+B+C+D)	**109,314**	103,926	5.2
Income tax (F)	**(12,239)**	(10,260)	19.3
Operating profit after tax (G=E+F)	**97,075**	93,666	3.6
Short-term investment variance (H)	**(23,491)**	10,308	N/A
Impact of discount rate change (I)	**(13,281)**	(7,902)	68.1
Impact of one-off material non-operating items and others (J)	**-**	-	N/A
Net profit (K=G+H+I+J)	**60,303**	96,072	(37.2)

Notes: (1) Return on net worth is the investment return on shareholder equity based on the EV long-run investment return assumption (5%).
(2) Spread income is the expected investment return from assets backing contract liability based on the EV long-run investment return assumption (5%) exceeding the interest required on contract liability.
(3) Figures may not match the calculation due to rounding.

Operating variances and others increased 61.4% year on year, largely because the increase of long-term life insurance policyholders' reserve reduced the year-on-year base for operating variances and others as the result of significant adjustments of non-economic assumptions in 2020. The positive operating variances and others in 2021 reflected the better-than-assumed operating experience.

Residual margin of Life & Health was RMB940,733 million as of December 31, 2021, down 2.0% from the beginning of 2021, mainly due to adverse lapse variance arising from the gradual lapse of customers who stopped paying premiums.

(in RMB million)	2021	2020	Change (%)
Opening residual margin	**960,183**	918,416	4.5
Contribution from new business	**55,905**	88,571	(36.9)
Expected interest growth	**36,505**	36,319	0.5
Release of residual margin	**(82,488)**	(81,583)	1.1
Lapse variances and others	**(29,373)**	(1,539)	1,808.4
Closing residual margin	**940,733**	960,183	(2.0)

Note: Figures may not match the calculation due to rounding.

SOLVENCY MARGIN

Solvency margin ratios of Ping An Life, Ping An Annuity, and Ping An Health Insurance met regulatory requirements as of December 31, 2021. The solvency margin ratios of Ping An Life, Ping An Annuity, and Ping An Health Insurance changed from the beginning of 2021 mainly due to net profit, dividend distribution, and business development.

	Ping An Life			Ping An Annuity			Ping An Health Insurance		
(in RMB million)	December 31, 2021	December 31, 2020	Change (%)	December 31, 2021	December 31, 2020	Change (%)	December 31, 2021	December 31, 2020	Change (%)
Core capital	**1,026,410**	1,046,787	(1.9)	**11,568**	13,119	(11.8)	**4,307**	3,070	40.3
Actual capital	**1,046,410**	1,068,787	(2.1)	**11,568**	13,119	(11.8)	**4,307**	3,070	40.3
Minimum capital	**454,175**	442,031	2.7	**5,955**	5,535	7.6	**2,097**	1,467	42.9
Core solvency margin ratio (%)	**226.0**	236.8	-10.8 pps	**194.3**	237.0	-42.7 pps	**205.4**	209.2	-3.8 pps
Comprehensive solvency margin ratio (%)	**230.4**	241.8	-11.4 pps	**194.3**	237.0	-42.7 pps	**205.4**	209.2	-3.8 pps

Notes: (1) Core solvency margin ratio = core capital / minimum capital. Comprehensive solvency margin ratio = actual capital / minimum capital.
(2) The minimum regulatory requirements for the core solvency margin ratio and comprehensive solvency margin ratio are 50% and 100% respectively.
(3) For details of subsidiaries' solvency margin, please visit the Company's website (www.pingan.cn).
(4) For details of the *Regulatory Rules on Solvency of Insurance Companies (II)*, please refer to the section headed "Liquidity and Capital Resources."
(5) Figures may not match the calculation due to rounding.

OTHER MAJOR FINANCIAL AND REGULATORY INFORMATION

Income Statement of Life & Health

Life & Health's net profit for 2021 decreased 37.2% year on year mainly due to impairment provisions, valuation adjustments, and other equity adjustments made to investment assets, slower new business growth, and fluctuating policy persistency ratios.

(in RMB million)	2021	2020
Written premium	**567,281**	599,432
Less: Premium deposits of policies without significant insurance risk transfer	**(3,060)**	(3,144)
Less: Premium deposits separated out from universal life and investment-linked products	**(73,931)**	(84,801)
Premium income	**490,290**	511,487
Reinsurance premium income	**3,721**	3,026
Gross written premiums	**494,011**	514,513
Net earned premiums	**479,195**	504,326
Claims and policyholders' benefits	**(444,096)**	(461,753)
Commission expenses of insurance operations	**(52,277)**	(65,156)
Administrative expenses(1)	**(48,342)**	(49,419)
Total investment income(2)	**131,286**	182,530
Other net revenue and expenses(3)	**(5,481)**	(3,394)
Profit before tax	**60,285**	107,134
Income tax	**18**	(11,062)
Net profit	**60,303**	96,072

Notes: (1) Administrative expenses include the administrative expenses, taxes and surcharges on investment operations, and impairment losses on receivables and others under the segmented income statement.

(2) Total investment income includes interest revenue from non-banking operations, investment income, share of profits and losses of associates and joint ventures, impairment losses on investment assets, and interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions under the segmented income statement.

(3) Other net revenue and expenses include the reinsurance commission revenue, other revenues and other gains or losses, foreign exchange gains or losses, investment expenses net of taxes and surcharges on investment operations, financial costs, and other expenses under the segmented income statement.

Written Premium

The written premium of Life & Health is analyzed below by policyholder type and channel:

(in RMB million)	2021	2020
Retail business	**544,790**	573,607
New business	**127,776**	132,022
Agent channel	**93,509**	99,417
Including: Regular premium	**77,926**	82,279
Bancassurance channel	**9,291**	9,197
Including: Regular premium	**7,956**	7,949
Telemarketing, internet and others	**24,976**	23,408
Including: Regular premium	**10,493**	8,004
Renewed business	**417,014**	441,585
Agent channel	**366,666**	392,816
Bancassurance channel	**15,414**	12,833
Telemarketing, internet and others	**34,934**	35,936
Group business	**22,491**	25,825
New business	**22,298**	25,676
Renewed business	**193**	149
Total	**567,281**	599,432

The written premium of Life & Health is analyzed below by product type:

(in RMB million)	2021	2020
Participating insurance	**83,437**	129,096
Universal insurance	**90,233**	101,779
Traditional life insurance	**115,738**	117,318
Long-term health insurance	**117,305**	115,826
Accident & short-term health insurance	**47,127**	51,968
Annuity	**112,801**	82,211
Investment-linked insurance	**640**	1,234
Total	**567,281**	599,432

The written premium of Life & Health is analyzed below by region:

(in RMB million)	2021	2020
Guangdong	**98,969**	105,276
Beijing	**35,597**	35,389
Shandong	**34,868**	36,343
Jiangsu	**32,928**	33,945
Zhejiang	**29,586**	30,966
Subtotal	**231,948**	241,919
Total	**567,281**	599,432

Claims and Policyholders' Benefits

(in RMB million)	2021	2020
Surrender	**52,931**	36,914
Surrender rate[1] (%)	**2.23**	1.74
Claim expenses of insurance contracts	**95,604**	85,400
Claims paid	**25,233**	22,264
Annuities	**7,887**	6,940
Maturities and survival benefits	**25,980**	25,257
Death, injury and medical care benefits	**36,504**	30,939
Reinsurer's share of claim expenses of insurance contracts	**(9,278)**	(5,102)
Policyholder dividends	**19,405**	19,001
Net increase in insurance reserves	**254,573**	294,890
Interest credited to policyholder contract deposits	**30,861**	30,650
Total	**444,096**	461,753

Note: (1) Surrender rate = surrender / (opening balance of life insurance reserve + opening balance of long-term health insurance reserve + long-term insurance premium income).

Surrender grew 43.4% year on year and the surrender rate rose mainly due to the gradual lapse of customers who stopped paying premiums.

Claims paid rose 13.3% year on year mainly due to relatively fewer short-term health insurance claims in 2020 as a result of COVID-19.

Annuities increased 13.6% year on year mainly because some products saw higher survival benefits in 2021 due to the insurance underwriting pace.

Death, injury and medical care benefits increased 18.0% year on year mainly due to relatively fewer insurance claims in 2020 as a result of COVID-19.

Reinsurer's share of claim expenses of insurance contracts grew 81.9% year on year mainly due to a higher ceding proportion in 2021.

Net increase in insurance reserves decreased 13.7% year on year mainly due to decreased business scale and increased surrender and claim expenses.

Commission Expenses of Insurance Operations

Commission expenses of the insurance operations (mainly paid to the Company's sales agents) for 2021 decreased 19.8% year on year mainly due to changes in the business scale and product portfolio.

(in RMB million)	2021	2020
Health insurance	**22,089**	28,792
Accident insurance	**2,481**	3,207
Life insurance and others	**27,707**	33,157
Total	**52,277**	65,156

Administrative Expenses

Administrative expenses for 2021 decreased 2.2% year on year.

(in RMB million)	2021	2020
Operating expenses	**47,126**	48,170
Taxes and surcharges	**1,171**	1,050
Impairment losses on receivables and others	**45**	199
Total	**48,342**	49,419

Total Investment Income

Life & Health's investment yield decreased in 2021 due to volatile capital markets, falling interest rates, and increased impairment provisions. The net investment yield was 4.6%, and the total investment yield was 4.0%.

(in RMB million)	2021	2020
Net investment income(1)	**151,454**	148,990
Realized gains(2)	**14,594**	40,583
Fair value gains or losses	**(10,315)**	(6,508)
Impairment losses on investment assets	**(24,447)**	(535)
Total investment income	**131,286**	182,530
Net investment yield(3)(%)	**4.6**	5.1
Total investment yield(3)(%)	**4.0**	6.2

Notes: (1) Net investment income includes interest revenue from deposits and debt financial assets, dividend income from equity financial assets, operating lease income from investment properties, and the share of profits and losses of associates and joint ventures.

(2) Realized gains include realized capital gains from securities investments.

(3) Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method.

Income Tax

Income tax declined year on year largely due to the combined impact of taxable income and deferred income tax.

Business Analysis
Property and Casualty Insurance Business

- Ping An Property & Casualty ("Ping An P&C") continued to improve its strong business quality. Overall combined ratio improved by 1.1 pps year on year to 98.0% in 2021 as Ping An P&C further optimized its customer mix and enhanced risk screening. Underwriting profit grew 145.7% year on year to RMB5,136 million.
- Ping An P&C continued to apply technologies to data-driven online customer development and build the auto services ecosystem. "Ping An Auto Owner," the largest automotive service app in China, had over 150 million registered users as of December 31, 2021. Over 95 million vehicles had been linked with the app. Monthly active users exceeded 37 million in December 2021.
- Ping An P&C's leading online claims services offer superior user experience. Ping An P&C pioneered voice-based and instant messaging-based claim reporting for auto insurance. Ping An P&C offers differentiated claim settlement services by introducing a precise claim settlement decision engine capable of precise customer profiling. 92.2% of Ping An P&C's family auto insurance claims were processed via "One-click Claims Services" in 2021.

BUSINESS OVERVIEW

We conduct our property and casualty insurance business mainly through Ping An P&C. The business scope of Ping An P&C covers all lawful property and casualty insurance business lines including auto, corporate property and casualty, engineering, cargo, liability, guarantee, credit, home contents, and accident & health, as well as international reinsurance business. Ping An P&C's main distribution channels include in-house sales representatives, insurance agents, brokers, telemarketing, online marketing, and cross-selling. Ping An P&C has been honored as the "No.1 Brand" in China's auto insurance and property and casualty insurance markets for 11 consecutive years.

In active response to regulatory requirements, Ping An P&C advanced the auto insurance pricing reform, which led to lower auto insurance premium rates. Moreover, Ping An P&C constantly optimized its customer mix and enhanced risk screening. Ping An P&C's premium income decreased 5.5% year on year to RMB270,043 million in 2021. Ping An P&C remained the second largest property and casualty insurance company in China by premium income. Ping An P&C continued to improve its strong business quality. Overall combined ratio improved by 1.1 pps year on year to 98.0% in 2021. Underwriting profit grew 145.7% year on year to RMB5,136 million. Despite the impacts of the super rainstorm disaster in Henan Province and the decline in investment income, Ping An P&C achieved an annual operating profit of RMB16,192 million for 2021, similar to that for 2020.

Ping An P&C uses data to drive online customer development and builds the auto services ecosystem by improving its user data system covering pricing, marketing, services, claims, platform operations and other aspects and promoting full application of data models on distribution platforms. "Ping An Auto Owner," the largest automotive service app in China, had over 150 million registered users as of December 31, 2021. Over 95 million vehicles had been linked with the app. Monthly active users exceeded 37 million in December 2021. Moreover, Ping An P&C launched the "Ping An Qi Ye Bao" app and mini-program to provide small and micro-businesses with timely, efficient, convenient, and comprehensive online insurance services and value-added services. Capitalizing on the Group's integrated financial business model, Ping An P&C worked with other member companies of the Group to provide small and micro-businesses with risk protection and credit facilitation services. In this way, Ping An P&C eased the burdens on small and micro-businesses to support the real economy.

Ping An P&C fulfilled its industry mission and corporate social responsibilities by settling claims as rapidly as possible. To fight the super rainstorm disaster in Henan Province, Ping An P&C launched fast tracks for claims, with rainstorm claim payments exceeding RMB3.1 billion, and provided front-line rescue workers with complimentary exclusive insurance. Moreover, Ping An P&C has established a natural disaster response team and a natural disaster risk management system for "defense, monitoring, rescue, and claim settlement," trying to play a greater role in disaster response.

Key Indicators

(in RMB million)	2021	2020	Change (%)
Operating profit	**16,192**	16,159	0.2
Operating ROE (%)	**14.8**	16.4	-1.6 pps
Combined ratio (%)	**98.0**	99.1	-1.1 pps
Including:			
Expense ratio[1] (%)	**31.0**	38.6	-7.6 pps
Loss ratio[2] (%)	**67.0**	60.5	6.5 pps
Premium income	**270,043**	285,854	(5.5)
Including:			
Auto insurance	**188,838**	196,151	(3.7)
Non-auto insurance	**58,590**	72,648	(19.4)
Accident and health insurance	**22,615**	17,055	32.6
Market share[3] (%)	**19.7**	21.0	-1.3 pps
Including:			
Auto insurance (%)	**24.3**	23.8	0.5 pps

Notes: (1) Expense ratio = (commission expenses of insurance business + administrative expenses – reinsurance commission revenue) / net earned premiums.
(2) Loss ratio = claim expenses / net earned premiums.
(3) The market share was calculated on the basis of the insurance industry data of the People's Republic of China (the "PRC") published by the CBIRC.

Analysis of Profit Sources

(in RMB million)	2021	2020	Change (%)
Premium income	**270,043**	285,854	(5.5)
Net earned premiums	**260,490**	253,017	3.0
Claim expenses	**(174,663)**	(153,302)	13.9
Commission expenses of insurance operations	**(32,039)**	(40,704)	(21.3)
Administrative expenses[1]	**(53,179)**	(62,394)	(14.8)
Reinsurance commission revenue	**4,527**	5,473	(17.3)
Underwriting profit	**5,136**	2,090	145.7
Combined ratio (%)	**98.0**	99.1	-1.1 pps
Total investment income[2]	**14,123**	18,370	(23.1)
Average investment assets	**325,515**	298,708	9.0
Total investment yield (%)	**4.3**	6.1	-1.8 pps
Other net revenue and expenses	**(563)**	(831)	(32.3)
Profit before tax	**18,696**	19,629	(4.8)
Income tax	**(2,504)**	(3,470)	(27.8)
Net profit	**16,192**	16,159	0.2
Operating profit	**16,192**	16,159	0.2

Notes: (1) Administrative expenses include administrative expenses, impairment losses on receivables and others, and so on under the segmented income statement.
(2) Total investment income includes interest revenue from non-banking operations, investment income, share of profits and losses of associates and joint ventures, impairment losses on investment assets, and interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions under the segmented income statement.

Business Analysis
Property and Casualty Insurance Business

OPERATING DATA BY PRODUCT TYPE

Among all the insurance products offered by Ping An P&C in 2021, the top five sources of premium income were auto insurance, liability insurance, guarantee insurance, accidental injury insurance, and corporate property and casualty insurance which collectively accounted for 93.2% of Ping An P&C's total premium income for 2021.

Auto Insurance

Premium income of Ping An P&C's auto insurance business decreased 3.7% year on year in 2021, affected by the auto insurance pricing reform and intensified competition. But the business has gradually resumed growth, with a year-on-year increase of 8.7% in premium income in the fourth quarter of 2021. Auto insurance industry suffered losses due to the impacts of the super rainstorm disaster in Henan Province. Ping An P&C responded proactively to changes in the external environment by optimizing expenses, strengthening risk screening, and improving premium customer retention. The combined ratio of Ping An P&C's auto insurance business stood at 98.9% in 2021. Ping An P&C will advance product and service innovation, and develop exclusive new energy vehicle insurance products and services to meet diverse customer needs and drive healthy auto insurance business development.

Liability Insurance

Ping An P&C's liability insurance premium income grew 29.8% year on year in 2021. The liability insurance industry suffered losses due to the gradual nationwide unification of urban and rural standards for personal injury benefits. Ping An P&C took targeted measures to manage risks. The combined ratio of Ping An P&C's liability insurance business stood at 105.1% in 2021. Going forward, supported by technologies, Ping An P&C will pursue healthy development of liability insurance by optimizing business processes, improving risk management, and strengthening risk screening.

Guarantee Insurance

Claim payments of Ping An P&C's guarantee insurance business continued to improve, thanks to China's economic recovery and Ping An P&C's enhanced risk screening and optimized customer mix. The combined ratio of the guarantee insurance business improved by 19.8 pps year on year to 91.2% in 2021. While adhering to the principles of "compliance with laws and regulations, small amounts and diversification, and risks under control," Ping An P&C will continue to enhance its risk management capabilities and ensure robust operations to steadily boost the operating results of guarantee insurance business.

(in RMB million)	Insured amount	Premium income	Net earned premiums	Claim expenses	Underwriting profit	Combined ratio	Reserve liabilities
Auto insurance	139,654,915	188,838	178,694	127,567	2,047	98.9%	159,339
Liability insurance	1,875,867,384	19,875	16,142	9,510	(820)	105.1%	17,604
Guarantee insurance	341,228	18,098	32,104	22,600	2,810	91.2%	50,203
Accidental injury insurance	1,534,436,650	17,204	16,194	5,373	1,012	93.8%	11,102
Corporate property and casualty insurance	19,534,144	7,691	4,510	2,529	322	92.9%	8,412

TECHNOLOGY-DRIVEN TRANSFORMATION

Ping An P&C continued to execute a comprehensive data-driven operations strategy. Ping An P&C improved user experience and promoted business development by applying innovative technologies including AI and knowledge graphs in various scenarios and constantly upgrading technological capabilities.

- In respect of AI, Ping An P&C's intelligent document recognition technology stayed ahead in the industry. Ping An P&C's OCR technology for key documents delivered an average accuracy rate of over 98.2% as of December 31, 2021, and was widely used in auto/non-auto insurance policy issuance, claims materials collection, and liability/loss assessment, saving 1.52 million hours for manual reviews in 2021, significantly reducing user waiting time. Ping An P&C strengthened the interaction capabilities of its robot assistants, which answered questions 24/7 online nearly 262 million times with a 97.4% accuracy rate in 2021.

- In respect of risk management, Ping An P&C developed an integrated agricultural risk management solution by leveraging technologies including satellite remote sensing, unmanned aerial vehicles, and meteorological early warning and disaster monitoring. Ping An P&C helps prevent disasters and reduce losses by applying the technologies to agricultural insurance bidding, climate early warning, and survey and loss assessment. In this way, Ping An P&C promotes high-quality development of agricultural insurance in terms of quality, scale and ability. Ping An P&C supported bids for plant insurance contracts, and assisted in survey and loss assessment for significant cases including rice pests and diseases in Hubei Province and the super rainstorm disaster in Henan Province.

- In respect of auto insurance, Ping An P&C provided one-stop auto use services and diverse auto aftermarket services via the "Ping An Auto Owner" app. Of Ping An P&C's new customers acquired in 2021, 2.33 million were converted from registered users of the "Ping An Auto Owner" app. Ping An P&C shortened the claim reporting process for auto insurance to only four interactions with pioneering voice-based and instant messaging-based tools. Ping An P&C introduced a precise claim settlement decision engine capable of precise customer profiling to provide differentiated claims services. In addition, Ping An P&C developed smart claims robots that provide whole-process services including consultation, drop-out reminders, smart inquiries, and simple operations to improve customers' claims experience. 92.2% of Ping An P&C's family auto insurance claims were processed via "One-click Claims Services" in 2021.

- In respect of property and casualty insurance, Ping An P&C offered diverse risk management services under an innovative online-merge-offline risk management service model via the natural disaster risk platform, the "Ping An Qi Ye Bao" app, and a professional risk management team. Ping An P&C participated in online and offline risk screening regarding natural disasters, fires, and accidents over 230,000 times, and provided 60,000 corporate customers and key engineering projects with disaster and loss prevention services in 2021. Ping An P&C explored new models to serve small and micro-businesses. Ping An P&C completed over 2.66 million insurance policy modifications online, and processed over 2.24 million insurance claims filed by over 230,000 customers online in 2021. Third-party platform-based claims were settled within a minimum of one second, and others within a minimum of 179 seconds.

SOLVENCY MARGIN

Ping An P&C's core and comprehensive solvency margins were significantly above the regulatory requirements as of December 31, 2021.

(in RMB million)	December 31, 2021	December 31, 2020	Change (%)
Core capital	**112,277**	103,377	8.6
Actual capital	**125,777**	116,877	7.6
Minimum capital	**45,171**	48,418	(6.7)
Core solvency margin ratio (%)	**248.6**	213.5	35.1 pps
Comprehensive solvency margin ratio (%)	**278.4**	241.4	37.0 pps

Notes: (1) Core solvency margin ratio = core capital / minimum capital. Comprehensive solvency margin ratio = actual capital / minimum capital.
(2) The minimum regulatory requirements for the core solvency margin ratio and comprehensive solvency margin ratio in the above table are 50% and 100% respectively.
(3) For details of Ping An P&C's solvency margin, please refer to the Company's website (www.pingan.cn).
(4) For details of the *Regulatory Rules on Solvency of Insurance Companies (II)*, please refer to the section headed "Liquidity and Capital Resources."

OTHER FINANCIAL AND REGULATORY INFORMATION

Premium Income

Below is a breakdown of the premium income from the Company's property and casualty insurance business by channel:

(in RMB million)	2021 Amount	2021 Percentage (%)	2020 Amount	2020 Percentage (%)
Car dealers	**72,916**	**27.0**	70,423	24.6
Agencies	**71,893**	**26.6**	70,555	24.7
Cross-selling	**42,229**	**15.6**	45,947	16.1
Direct selling	**35,945**	**13.3**	32,862	11.5
Telemarketing and online channels	**20,386**	**7.5**	41,390	14.5
Others	**26,674**	**10.0**	24,677	8.6
Total	**270,043**	**100.0**	285,854	100.0

Below is a breakdown of the premium income from the Company's property and casualty insurance business by region:

(in RMB million)	2021	2020
Guangdong	**44,426**	45,091
Jiangsu	**19,927**	20,520
Zhejiang	**17,959**	18,148
Shanghai	**15,592**	15,980
Sichuan	**14,735**	14,971
Subtotal	**112,639**	114,710
Total	**270,043**	285,854

Reinsurance Arrangement

Ping An P&C adheres to a prudent approach to its reinsurance business to scale up underwriting, diversify business risks, and ensure healthy business growth and stable operating results. Ping An P&C maintains close long-standing relationships with the world's major reinsurance brokers and reinsurers, actively sharing experience in business development and empowering reinsurance with technologies. Ping An P&C has partnered with nearly 100 reinsurers and reinsurance brokers worldwide, including China Property & Casualty Re, Swiss Re, SCOR, and Munich Re.

(in RMB million)	2021	2020
Ceded premium	**17,324**	16,714
Auto insurance	**6,380**	7,315
Non-auto insurance	**10,491**	9,045
Accident and health insurance	**453**	354
Inward reinsurance premium	**70**	57
Non-auto insurance	**70**	57

Claim Expenses

Claim expenses increased 13.9% year on year in 2021 as auto claim expenses gradually normalized due to the mitigation of COVID-19, and claim payments increased year on year due to expanded coverage after the auto insurance pricing reform as well as the super rainstorm disaster in Henan Province.

(in RMB million)	2021	2020
Auto insurance	**127,567**	109,131
Non-auto insurance	**39,837**	38,972
Accident and health insurance	**7,259**	5,199
Total	**174,663**	153,302

Commission Expenses of Insurance Operations

Commission expenses of insurance operations decreased 21.3% year on year in 2021. The proportion of such expenses to premium income fell 2.3 pps year on year, mainly due to decreased market commission rates and premium income after the auto insurance pricing reform.

(in RMB million)	2021	2020
Auto insurance	**16,772**	27,545
Non-auto insurance	**7,692**	7,235
Accident and health insurance	**7,575**	5,924
Total	**32,039**	40,704
Commission expenses as a percentage of premium income (%)	**11.9**	14.2

Administrative Expenses

Administrative expenses decreased 14.8% year on year in 2021, mainly due to Ping An P&C's expense optimization measures including cost refinement.

(in RMB million)	2021	2020
Operating expenses	**51,033**	59,358
Taxes and surcharges	**1,091**	1,400
Impairment losses on receivables and others	**1,055**	1,636
Total	**53,179**	62,394

Total Investment Income

Ping An P&C's investment yields decreased due to volatile capital markets, falling market interest rates, and increased impairment provisions in 2021. Net and total investment yields were 5.1% and 4.3% respectively.

(in RMB million)	2021	2020
Net investment income(1)	**16,720**	15,736
Realized gains(2)	**(151)**	2,846
Fair value gains or losses	**(2,005)**	(425)
Impairment losses on investment assets	**(441)**	213
Total investment income	**14,123**	18,370
Net investment yield(3) (%)	**5.1**	5.3
Total investment yield(3) (%)	**4.3**	6.1

Notes: (1) Net investment income includes interest income from deposits and debt financial assets, dividend income from equity financial assets, operating lease income from investment properties, and the share of profits and losses of associates and joint ventures.
(2) Realized gains include capital gains from securities investments.
(3) Average investment assets used as the denominator are computed in line with the principles of the Modified Dietz method.

Business Analysis
Investment Portfolio of Insurance Funds

- The Company's investment portfolio of insurance funds grew 4.7% from the beginning of 2021 to nearly RMB3.92 trillion as of December 31, 2021.
- The Company continued to manage the duration gap between assets and liabilities despite a market-wide shortage of long-duration assets. The Company further improved investment risk management by strengthening risk review, refining risk limits, and tightening concentration risk management and post-investment management.

INVESTMENT PORTFOLIO OVERVIEW

The Company's investment portfolio of insurance funds is comprised of investable funds from Life & Health and Property & Casualty insurance businesses.

The global economy gradually recovered and inflation rose significantly due to the continued quantitative easing and the gradual retreat of COVID-19 in 2021. However, problems such as extreme tensions in global supply chains and labor shortage in developed countries caused by the epidemic resurgence remained unmitigated. In China, the domestic economy continued to recover, the monetary policy was generally stable and flexible, and the fiscal policy remained proactive and paid more attention to practical results. However, China's macroeconomic and industrial structure was still adjusting. There were long-term structural issues including demography and debt leverage. Moreover, industrial product prices rose due to imported inflation and energy structure adjustment. As a result, China was under more pressure of economic slowdowns, rising prices, and falling market interest rates.

The overseas equity market generally rose in 2021. However, market volatility also increased with the U.S. Federal Reserve's preparations for monetary policy normalization and the rising expectation of interest rate hikes. On-shore stock market stabilized after experiencing high volatility in the first half of the year. The CSI 300 index fell 5.2% in 2021, but the market was less volatile in the second half of the year. Sectors continued to diverge. Hong Kong stocks fell, with a decline of 14.1% in the Hang Seng Index in 2021, as affected by factors such as COVID-19 and geopolitics. Investment yields on the Company's investment portfolio of insurance funds declined year on year due to factors including the volatile capital markets, falling interest rates, and increased impairment provisions.

ASSET-LIABILITY MANAGEMENT

The Company adhered to prudent risk appetite and continued to optimize the matching of assets and liabilities, accumulate high-quality assets, and implement disciplined, flexible and robust investment operations. In response to challenges brought by lower interest rate and rising credit risk, the Company adhered to high-quality asset-liability management by continuing to increase allocation to tax-exempt bonds including central and local government bonds as well as long-duration low-risk bonds including financial bonds issued by policy banks. The Company has greatly mitigated re-investment risk amid low interest rates by maintaining a narrow duration gap between assets and liabilities. The Company also actively increased investment in high-quality alternative assets, especially rent-collecting assets with stable cash flow, and actively participated in the piloting of infrastructure real estate investment trusts ("REITs") in response to national policy. In addition, the Company maintained flexible asset-liability management mechanisms, controlled reasonable guaranteed interest rates on liabilities, and optimized the interest rate matching of assets and liabilities.

INVESTMENT RISK MANAGEMENT

The Company attaches great importance to risk management in matching costs and returns, and established a risk appetite framework in which the matching of costs and returns is a key quantitative indicator. The Company conducts regular reviews and strict stress tests which are embedded in the asset allocation process with ex ante risk management. In the event of increased market volatility, the Company would carry out intensified and more frequent stress tests to ensure the soundness of the portfolio even under extreme market conditions.

The Company has further strengthened investment rules and processes. To optimize end-to-end risk management, the Company has standardized its business processes, improved its investment risk management framework, and enhanced key processes including admission strategies, credit rating, counterparty and issuer credit facility management, concentration management, risk monitoring, and emergency management. The Company applies technologies to key post-investment matters. The Company continued to upgrade its risk warning platform to monitor six categories of risk signals including market fluctuations, negative public opinions, and financial changes, covering over 300 risk labels. By using smart analytics models, the Company can identify risks more rapidly, make timely decisions, and take action in advance. The Company upholds the principles of "well-defined responsibilities, timely follow-up, and sound management," and is hence able to "monitor risks closely, identify risks accurately, and avoid risks promptly." In this way, the Company integrates risk management with value creation.

The Company strengthens risk management in addition to meeting regulatory requirements concerning investment concentration. The Company improves policies and procedures for the management of investment concentration in a prudent, comprehensive, dynamic, and independent manner. The Company optimizes the Group's and its member companies' investment concentration limits. Moreover, the Company enhances the setting, using, warning, and adjustment of credit limits for major clients and the monitoring and management of risks in key sectors and risk areas. In this way, the Company prevents the risk of investment overconcentration in certain counterparty(ies), sector(s), region(s), and asset class(es), which may indirectly threaten the Company's solvency, liquidity, profitability, or reputation.

The Company constantly strengthens its post-investment capability and upgrades its post-investment management system. The Company has established and improved a three-tier management framework of "a post-investment management committee + a post-investment middle office + project post-investment teams." In line with its top-level strategy, the Company conducts in-depth, meticulous, and strong post-investment management of portfolio companies' operations, promoting cultural integration with portfolio companies based on a deep understanding of industry trends and cycles. The Company conducts overall management of post-investment mechanisms on the basis of compliance and full respect for the independent operations of member companies. By doing so, the Company ensures pre-investment participation, post-investment tracking, risk warning, and operational empowerment to enhance its post-investment capability and maximize the value of its investments.

The Company keeps a close eye on the market credit situations, and strengthens research and forward-looking analysis on credit risk. The Company upgrades its risk monitoring framework and risk management information system, and improves its risk management databases. In this way, the Company ensures systematic management of risks in asset-liability matching and investment portfolios.

Business Analysis
Investment Portfolio of Insurance Funds

INVESTMENT PORTFOLIO (BY CATEGORY)

(in RMB million)	December 31, 2021 Carrying value	Percentage (%)	December 31, 2020 Carrying value	Percentage (%)
Cash and cash equivalents	**110,762**	**2.8**	87,201	2.3
Term deposits	**208,417**	**5.3**	226,922	6.1
Debt financial assets				
Bond investments	**1,904,366**	**48.6**	1,877,465	50.2
Bond funds	**90,052**	**2.3**	49,806	1.3
Preferred stocks	**116,749**	**3.0**	118,751	3.2
Perpetual bonds	**57,345**	**1.5**	53,733	1.4
Policy loans	**178,298**	**4.6**	161,381	4.3
Debt schemes	**196,542**	**5.0**	161,047	4.3
Wealth management products(1)	**263,605**	**6.7**	251,638	6.7
Equity financial assets				
Stocks	**272,597**	**7.0**	315,103	8.4
Equity funds	**91,263**	**2.3**	67,021	1.8
Wealth management products(1)	**32,893**	**0.8**	39,298	1.1
Unlisted equities	**108,088**	**2.8**	82,406	2.2
Long-term equity stakes	**160,645**	**4.1**	156,004	4.2
Investment properties	**100,647**	**2.6**	63,238	1.7
Other investments(2)	**24,143**	**0.6**	29,567	0.8
Total investments	**3,916,412**	**100.0**	3,740,581	100.0

Notes: (1) Wealth management products include trust plans from trust companies, products from insurance asset management companies, and wealth management products from commercial banks.
(2) Other investments mainly include statutory deposits for insurance operations, three-month or longer-term financial assets purchased under reverse repurchase agreements, and derivative financial assets.
(3) Figures may not match the calculation due to rounding.

INVESTMENT PORTFOLIO (BY ACCOUNTING MEASUREMENT)

The Company has implemented IFRS 9 for financial instruments since January 1, 2018. The Company's insurance fund portfolio's investment in financial assets carried at fair value through profit or loss accounted for 21.2% of the total investment assets as of December 31, 2021.

(in RMB million)	December 31, 2021 Carrying value	Percentage (%)	December 31, 2020 Carrying value	Percentage (%)
Financial assets carried at fair value through profit or loss	**829,375**	**21.2**	705,757	18.9
Fixed income	**513,711**	**13.1**	398,101	10.6
Stocks	**83,395**	**2.1**	117,099	3.1
Equity funds	**91,263**	**2.3**	67,021	1.8
Other equity financial assets	**141,006**	**3.7**	123,536	3.4
Financial assets carried at fair value through other comprehensive income	**451,686**	**11.5**	513,703	13.7
Financial assets measured at amortized cost	**2,373,438**	**60.6**	2,301,869	61.5
Others(1)	**261,913**	**6.7**	219,252	5.9
Total investments	**3,916,412**	**100.0**	3,740,581	100.0

Notes: (1) Others include long-term equity stakes, investment properties, and derivative financial assets.
(2) Figures may not match the calculation due to rounding.

INVESTMENT INCOME

Investment yields on the Company's investment portfolio of insurance funds decreased in 2021 due to volatile capital markets, falling interest rates, and increased impairment provisions. The net investment yield was 4.6%, and the total investment yield was 4.0%.

(in RMB million)	2021	2020	Change (%)
Net investment income[1]	**166,851**	163,462	2.1
Realized gains[2]	**14,443**	43,429	(66.7)
Fair value gains or losses	**(12,320)**	(6,933)	77.7
Impairment losses on investment assets	**(24,888)**	(322)	7,629.2
Total investment income	**144,086**	199,636	(27.8)
Net investment yield[3] (%)	**4.6**	5.1	-0.5 pps
Total investment yield[3] (%)	**4.0**	6.2	-2.2 pps

Notes: (1) Net investment income includes interest income from deposits and debt financial assets, dividend income from equity financial assets, operating lease income from investment properties, and the share of profits and losses of associates and joint ventures.
(2) Realized gains include capital gains from securities investments.
(3) Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method.

Average annual investment yields on the Company's investment portfolio of insurance funds for the past ten years were above the 5% long-term investment return assumption.

	2012 – 2021
Average net investment yield (%)	5.3
Average total investment yield (%)	5.3
Average comprehensive investment yield (%)	5.7

CORPORATE BONDS

The Company held RMB87,395 million worth of corporate bonds as of December 31, 2021, which accounted for 2.2% of the total investment assets, down 0.7 pps from the beginning of 2021 and down 1.8 pps from the beginning of 2020. Corporate bonds in the Company's investment portfolio of insurance funds had good credit ratings. About 98.9% of the corporate bonds had AA and higher external ratings and about 85.7% had AAA external ratings. In terms of credit losses, the corporate bonds in the Company's investment portfolio of insurance funds were quite secure as their risks were under control. For risk management of corporate bonds, the Company ensured end-to-end assessment and management of investment risks through asset allocation, admission management, and dynamic review. The Company established an internal credit rating team in 2003. Since then, the team has conducted admission management of corporate bond investments in strict accordance with internal credit ratings, and reviewed and adjusted credit ratings to ensure they reasonably reflect bond issuers' credit standings. Moreover, the Company carried out ex ante monitoring of potential risks in corporate bonds on the basis of a bond issuer list and a rapid response mechanism that deals with negative public opinions. The Company effectively managed the review and reporting of corporate bonds to enhance the efficiency of risk warning and management.

DEBT SCHEMES AND DEBT WEALTH MANAGEMENT PRODUCTS

Debt schemes and debt wealth management products include debt investment schemes undertaken by insurance asset management companies, debt trust plans issued by trust companies, and fixed-income wealth management products issued by commercial banks. The insurance fund portfolio's investment in debt schemes and debt wealth management products totaled RMB460,147 million as of December 31, 2021, accounting for 11.7% of the total investment assets.

The Company manages risks in debt schemes and debt wealth management products at three levels. The first level is asset allocation. The Company has developed a set of effective, robust asset allocation models. While keeping the overall risks within the risk appetite, the Company formulates a strategic asset allocation plan for each account, and sets upper and lower limits on the proportions of asset allocation. In tactical asset allocation, the Company gives opinions on capital allocation to debt schemes and debt wealth management products according to the funding level in each account, the return and liquidity demands, and similar assets' relative attractiveness. The second level is asset selection. When selecting assets, the Company prefers projects located in developed areas and industry leaders in line with China's industry policies. All debt schemes and debt wealth management product investments have to be approved by relevant investment committees. Rating standards applied by the Company's internal credit rating team to debt schemes are as stringent as those to corporate bonds. The third level is post-investment management. The Company closely monitors its investments and has established a multi-dimensional risk warning framework covering all the investment areas, assets and instruments to ensure overall investment risks are adequately assessed and controllable.

Structure and yield distribution of debt schemes and debt wealth management products

Industry	Investment proportion (%)	Nominal yield (%)	Maturity (year)	Remaining maturity (year)
Infrastructure	**37.6**	**5.27**	**7.92**	**4.45**
Expressway	11.4	5.34	8.27	3.83
Electric power	6.5	4.84	7.97	5.21
Infrastructure and development zones	8.7	5.65	7.64	5.30
Others (water supply, environmental protection, railway, and so on)	11.0	5.17	7.74	3.99
Non-banking financial services(2)	**19.8**	**5.48**	**6.22**	**3.06**
Real estate industry(3)	**21.4**	**5.40**	**4.24**	**2.10**
Coal mining	**0.6**	**5.85**	**9.29**	**2.25**
Others	**20.6**	**5.11**	**6.30**	**3.88**
Total	**100.0**	**5.31**	**6.47**	**3.54**

Notes: (1) The debt schemes and debt wealth management products were classified by industry in line with Shenyin Wanguo's industry classification.
(2) Non-banking financial services refer to financial institutions other than banks, including insurers, asset management companies, and financial leasing companies.
(3) The real estate industry is broadly defined as comprising: real estate debt schemes with funds directly invested in real estate projects; and trust schemes, infrastructure investment schemes, project funding schemes, and so on with funds used indirectly in connection with real estate enterprises.
(4) Some industries have been grouped into "others" as they account for small proportions.
(5) Figures may not match the calculation due to rounding.

Currently, the Company pays close attention to market credit situations to ensure the overall risks of debt schemes and debt wealth management products held by Ping An in its investment portfolio of insurance funds are controllable. In terms of credit ratings, over 95.5% of the debt schemes and trust plans held by Ping An had AAA external ratings, and about 1.6% had AA+ external ratings. Debt schemes and debt wealth management products in the Company's investment portfolio of insurance funds had good credit ratings. Aside from some high-credit entities which do not need credit enhancement for their financing, most of the assets the Company holds have guarantees or collateral. In terms of industry and geographic distribution, Ping An avoids high-risk industries and regions. Ping An's target assets are mainly in the non-banking financial services, real estate, and expressway industries in developed and coastal areas including Beijing, Shanghai, and Guangdong. In terms of investment timing and returns, Ping An seized time windows of large supplies of high-quality assets to boost overall portfolio yields.

EQUITY WEALTH MANAGEMENT PRODUCTS

Equity wealth management products in the Company's investment portfolio of insurance funds totaled RMB32,893 million as of December 31, 2021, accounting for 0.8% of the total investment assets. The majority of equity wealth management products held by Ping An are from insurance asset managers. The underlying assets of these products are mainly tradable shares of domestic and foreign high-quality companies in the secondary market, indicating no significant liquidity risk. Private equity funds account for a tiny proportion; their underlying assets are mainly equities in central and local governments' partnerships, with risks under stringent control.

REAL ESTATE INVESTMENTS

The balance of real estate investments in the Company's investment portfolio of insurance funds was RMB216,138 million as of December 31, 2021, accounting for 5.5% of the total investment assets, including RMB100,647 million in physical properties, RMB56,863 million in equity types of investments, and RMB58,628 million in fixed-income types of investments respectively. The physical properties held in the portfolio were primarily commercial and office properties for lease with sustained returns, which is in line with the principle of allocating insurance funds to long-duration assets to match liabilities. The equity and fixed-income types of investments were mainly financial investments aimed to earn dividends, interest, and capital gains, including real estate-related listed companies' stocks, corporate bonds and real estate debt schemes. Going forward, the Company will improve asset quality and contain investment risks by analyzing and predicting internal and external risks carefully and managing real estate investments prudently.

Business Analysis
Banking Business

- Ping An Bank maintained stable business growth. Revenue grew 10.3% year on year in 2021. Net profit for 2021 rose 25.6% year on year.
- Ping An Bank kept asset quality stable and strengthened risk provisions. Non-performing loan ratio fell 0.16 pps from the beginning of 2021 to 1.02% and provision coverage ratio rose 87.02 pps from the beginning of 2021 to 288.42% as of December 31, 2021.
- Ping An Bank continued to make breakthroughs in retail banking, and maintained steady growth across businesses. Retail AUM rose 21.3% from the beginning of 2021 to RMB3,182.634 billion as of December 31, 2021. The balance of retail loans reached RMB1,910.321 billion as of December 31, 2021, up 19.0% from the beginning of 2021. Monthly active users of the "Ping An Pocket Bank" app exceeded 48.2264 million, up 19.6% from the beginning of 2021.

BUSINESS OVERVIEW

Ping An Bank adhered to its mission to be "China's most outstanding, world-leading smart retail bank" under the strategy of "technological empowerment, breakthroughs in retail banking, and enhancement of corporate banking." Positioned as "a digital bank, an ecosystem-based bank, and a platform-based bank," Ping An Bank furthered its strategic transformation, upgraded the operation strategies for retail, corporate and interbank businesses, and pushed forward comprehensive digital operations to reshape asset-liability operations.

In response to China's national strategies, Ping An Bank continued to increase support for private companies, small and micro-enterprises, and manufacturing and technology companies in 2021. Ping An Bank vigorously supported rural revitalization, implemented green finance, enhanced its capability of serving the real economy, and strengthened comprehensive risk management, maintaining steady business growth.

Ping An Bank continued to make its outlets smarter and improved their geographic distribution. Ping An Bank (excluding Ping An Wealth Management) had 109 branches (including Hong Kong Branch) and 1,177 business outlets as of December 31, 2021.

KEY INDICATORS

Ping An Bank's revenue grew 10.3% year on year to RMB169,383 million in 2021. Net profit for 2021 rose 25.6% year on year to RMB36,336 million.

(in RMB million)	2021	2020	Change (%)
Operating results			
Revenue	**169,383**	153,542	10.3
Net profit	**36,336**	28,928	25.6
Cost-to-income ratio(1) (%)	**28.30**	29.11	-0.81 pps
Average return on total assets (%)	**0.77**	0.69	0.08 pps
Weighted average ROE (%)	**10.85**	9.58	1.27 pps
Net interest margin(2)(%)	**2.79**	2.88	-0.09 pps

Notes: (1) Cost-to-income ratio = general and administrative expenses / revenue.

(2) The revenue from credit card installment services was reclassified from fee and commission revenue to interest revenue in accordance with the *Circular on Strictly Implementing the Accounting Standards for Business Enterprises and Effectively Strengthening the Work on the 2020 Annual Reports of Enterprises* (Cai Kuai [2021] No.2) jointly issued by the Ministry of Finance and related commissions of the PRC on February 5, 2021. Corresponding financial indicators including the net interest revenue, net non-interest revenue, and net interest margin for the comparable period have been restated accordingly.

(in RMB million)	December 31, 2021	December 31, 2020	Change
Deposits and loans(1)			
Total loans and advances	**3,063,448**	2,666,297	14.9%
Including: Retail loans	**1,910,321**	1,604,940	19.0%
Corporate loans	**1,153,127**	1,061,357	8.6%
Deposits	**2,961,819**	2,673,118	10.8%
Including: Retail deposits	**770,365**	684,669	12.5%
Corporate deposits	**2,191,454**	1,988,449	10.2%
Asset quality			
Non-performing loan ratio (%)	**1.02**	1.18	-0.16 pps
Provision coverage ratio (%)	**288.42**	201.40	87.02 pps
Deviation of loans more than 60 days overdue(2)	**0.85**	0.92	(0.07)
Capital adequacy ratio			
Core tier 1 capital adequacy ratio(3) (%)	**8.60**	8.69	-0.09 pps

Notes: (1) Total loans and advances, deposits, and their components are exclusive of interest receivable and payable.
(2) Deviation of loans more than 60 days overdue = balance of loans more than 60 days overdue / balance of non-performing loans.
(3) The minimum regulatory requirement for the core tier 1 capital adequacy ratio is 7.5%.

Analysis of Profit Sources

(in RMB million)	2021	2020	Change (%)
Net interest revenue	**120,336**	113,470	6.1
Average balance of interest-earning assets	**4,314,998**	3,944,430	9.4
Net interest margin(1) (%)	**2.79**	2.88	-0.09 pps
Net non-interest revenue	**49,047**	40,072	22.4
Including:			
Net fee and commission revenue	**33,062**	29,661	11.5
Other net non-interest revenue(2)	**15,985**	10,411	53.5
Revenue	**169,383**	153,542	10.3
General and administrative expenses	**(47,937)**	(44,690)	7.3
Cost-to-income ratio (%)	**28.30**	29.11	-0.81 pps
Taxes and surcharges	**(1,644)**	(1,525)	7.8
Operating profit before impairment losses on assets	**119,802**	107,327	11.6
Impairment losses on credit and other assets	**(73,817)**	(70,418)	4.8
Including:			
Loan impairment loss	**(59,407)**	(43,148)	37.7
Average balance of loans and advances (including discounted bills)	**2,853,155**	2,497,111	14.3
Credit cost(3) (%)	**2.08**	1.73	0.35 pps
Other expenses	**(106)**	(155)	(31.6)
Profit before tax	**45,879**	36,754	24.8
Income tax	**(9,543)**	(7,826)	21.9
Net profit	**36,336**	28,928	25.6

Notes: (1) Net interest margin = net interest revenue / average balance of interest-earning assets.
(2) Other net non-interest revenue includes investment income, fair value gains or losses, foreign exchange gains or losses, other business revenue, asset disposal gains or losses, and other income.
(3) Credit cost = loan impairment losses / average balance of loans and advances (including discounted bills).

Business Analysis
Banking Business

Ping An Bank's net interest margin for 2021 decreased 0.09 pps year on year to 2.79%. The average cost of liabilities for 2021 fell 0.11 pps year on year to 2.21%. The average cost of deposits for 2021 dropped 0.19 pps year on year to 2.04%. Ping An Bank proactively reshaped asset-liability operations. Ping An Bank cut the cost of liabilities by optimizing the liability portfolio. Meanwhile, returns on assets declined as market interest rates fell and Ping An Bank supported the real economy. As a result, net interest margin slightly narrowed.

Ping An Bank's net non-interest revenue for 2021 totaled RMB49,047 million, up 22.4% year on year, driven by increased net fee and commission revenue from wealth management business as well as increased investment income and fair value gains or losses from bond investment.

RETAIL BUSINESS

Ping An Bank gave full play to the advantages of integrated finance and technological empowerment, and further implemented the "five-in-one" new model of an "open bank, AI bank, remote bank, offline bank, and comprehensive bank" in 2021. The new model enabled Ping An Bank to provide "heartwarming" financial services and create new growth momentum for retail business.

(in RMB million)	2021	2020	Change (%)
Retail banking operating results			
Revenue from retail banking	**98,237**	90,607	8.4
Proportion of revenue from retail banking (%)	**58.0**	59.0	-1.0 pps
Net profit from retail banking	**21,498**	18,327	17.3
Proportion of net profit from retail banking (%)	**59.2**	63.4	-4.2 pps

Note: Ping An Bank transferred the Inclusive Finance Business Unit to the retail business line in order to improve the management and marketing of inclusive finance business for higher volumes, wider coverage, better quality, and lower costs. Data application-based and secured inclusive financial products have been included in retail business since the interim report for 2021, and data for the comparable period have been restated accordingly.

The cross-selling channel made steady contributions to retail banking in 2021 as Ping An Bank continued to upgrade online cross-selling business models.

	2021	
	Cross-selling channel's contributions	Cross-selling channel's contribution percentage (%)
Cross-selling channel' s contributions to retail banking		
Newly acquired customers (in thousand)	**5,647.5**	**51.0**
Net increase in retail AUM balance (in RMB million)	**313,574**	**56.2**
New credit cards issued (in thousand)	**3,067.0**	**25.9**
Xinyidai unsecured loans granted (in RMB million)	**72,449**	**50.0**
Auto loans granted (in RMB million)	**64,452**	**25.3**

In basic retail banking, Ping An Bank continued to strengthen omni-channel customer acquisition and full-scenario business development. "Ping An Pocket Bank" app's registered users increased 19.2% from the beginning of 2021 to 134.9224 million as of December 31, 2021. Monthly active users grew 19.6% from the beginning of 2021 to 48.2264 million.

- In respect of innovation in customer acquisition channels, Ping An Bank actively constructed an open bank, diversified cooperation scenarios, and pursued ecosystem-based development to drive large-scale customer acquisition. The retail open bank acquired approximately 3.41 million customers through the internet channel[1] in 2021, accounting for about 30% of total retail customers acquired.

- In respect of innovation in operational models, Ping An Bank upgraded the "AI + T + Offline" (AI bank + telebank + offline bank) model, and developed "pocket banking" services. Under the "AI + T + Offline" model, Ping An Bank launched over 1,400 application scenarios as of December 31, 2021 and served over 31 million customers in 2021, increasing mass affluent customers[2] and mass RMB10,000-level customers[3] by 22.2% and 19.0% respectively from the beginning of 2021, 1.6 and 1.3 times the growth rates for 2020 respectively.

Notes: (1) Customers acquired through the internet channel are new debit cardholders exclusive of the Group's cross-selling channel.
(2) The standard for mass affluent customers is "RMB50,000 ≤ the customer's average daily assets in any one of the past three months < RMB200,000."
(3) The standard for mass RMB10,000-level customers is "RMB10,000 ≤ the customer's average daily assets in any one of the past three months < RMB50,000."

- In respect of deposit business, Ping An Bank maintained steady growth, optimized the portfolio, strengthened the customer base, and controlled the cost of retail deposits. The balance of retail deposits increased 12.5% from the beginning of 2021 to RMB770,365 million as of December 31, 2021. The average cost of retail deposits for 2021 was 2.30%, down 0.12 pps year on year.

In private banking & wealth management business, Ping An Bank upgraded its products, teams and specialized capabilities to boost private banking & wealth management business in an all-round way. The AUM of Ping An Bank's qualified private banking customers stood at RMB1,406.096 billion as of December 31, 2021, up 24.6% from the beginning of 2021.

- In respect of product upgrade, Ping An Bank improved an open platform covering all product categories and actively promoted business innovation. AUM of non-money market mutual funds distributed by Ping An Bank grew 65.8% from the beginning of 2021 to RMB150,325 million as of December 31, 2021, and the number of customers holding such funds increased 112.8% from the beginning of 2021. The AUM of Ping An Bank's new family trusts and insurance trusts amounted to RMB38,017 million in 2021, up 88.6% year on year, remaining at an industry-leading level.

- In respect of team upgrade, Ping An Bank improved the professional skills and middle office empowerment of its teams. Moreover, Ping An Bank is building a "high-quality, high-productivity, and high-income" wealth management team who understands insurance well. In this way, Ping An Bank actively develops a new driver for the sustainable growth of private banking and wealth management business.

- In respect of professional capability upgrade, Ping An Bank advanced asset allocation transformation and built a buy-side investment advisory service model. Ping An Bank provided customers with professional asset allocation services and improved the health of customers' wealth by strengthening investment research, investment advisory and family office teams. Moreover, Ping An Bank empowered its frontline teams with technologies including AI, screen sharing and microservices to provide customers with long-term heartwarming full-cycle services.

	December 31, 2021	December 31, 2020	Change (%)
Number of retail customers[1] (in thousand)	**118,212.0**	107,149.3	10.3
Including:			
Wealth management customers (in thousand)	**1,099.8**	934.2	17.7
Including:			
Qualified private banking customers[2] (in thousand)	**69.7**	57.3	21.6
Retail AUM (in RMB million)	**3,182,634**	2,624,762	21.3

Notes: (1) Retail customers include debit and credit cardholders, with duplicates removed.
(2) A qualified private banking customer refers to a customer who has over RMB6 million in average daily assets for any one of the past three months.

In consumer finance, Ping An Bank strengthened digital development capabilities for credit cards and loan products, and promoted integrated customer development. Retail lending business continued to grow rapidly, with the business portfolio and customer mix further improving. The balance of retail loans reached RMB1,910.321 billion as of December 31, 2021, up 19.0% from the beginning of 2021. The number of credit cards in circulation rose 9.2% from the beginning of 2021 to approximately 70.13 million. Total credit card transactions reached RMB3,791.41 billion in 2021, up 9.8% year on year. Newly granted Xinyidai unsecured loans and auto loans totaled RMB144,933 million and RMB254,334 million respectively, up 37.7% and 15.0% year on year respectively.

Business Analysis
Banking Business

CORPORATE BUSINESS

Ping An Bank, as an engine of the Group's "1 + N" corporate integrated financial business model, remained customer-centric and promoted balanced business development and retail transformation in 2021. Ping An Bank grew the corporate banking business steadily through accelerated digital operations by leveraging the Group's competitive edge of "finance + technology." The balances of corporate loans and corporate deposits grew 8.6% and 10.2% from the beginning of 2021 respectively as of December 31, 2021. The average cost of corporate deposits decreased 0.21 pps year on year to 1.96% in 2021.

Ping An Bank leveraged technologies including AI, blockchain and the Internet of Things ("IoT") to drive corporate business innovation by playing the following "five cards."

- Supply chain finance. Ping An Bank's supply chain financing reached RMB959,911 million in 2021, up 33.7% year on year. The "Nebula-IoT" platform connected over 11 million IoT devices as of December 31, 2021, and supported over RMB300 billion in financing in 2021.

- Bill integration. Ping An Bank's direct bill discounting business totaled RMB616,475 million in 2021, up 37.3% year on year.

- Customer development platforms. The registered business users of the Ping An Digital Pocket amounted to 8.1394 million as of December 31, 2021, up 682.5% from the beginning of 2021. The corporate open bank served 30,305 corporate customers, up 154.7% from the beginning of 2021.

- Sophisticated investment and financing. Ping An Bank's sophisticated investment and financing reached RMB1,159.12 billion in 2021, up 6.6% year on year, including RMB734,825 million in investment bank financing, up 7.8% year on year.

- Ecosystem-based cross-selling. Insurance premiums referred by Ping An Bank rose 20.7% year on year to RMB3,259 million in 2021. Financing projects referred by Ping An Bank to other member companies of the Group grew 16.8% year on year to RMB473,407 million.

INTERBANK BUSINESS

Guided by the philosophy of "serving financial markets, interbank customers, and the real economy," Ping An Bank cultivated business characteristics and professionalism to establish "five golden business cards" in interbank business, and achieved high-quality development on the basis of steady growth.

- In respect of financial trading, Ping An Bank played an active role in improving market liquidity and market pricing efficiency with its precise pricing technology, agile execution capabilities, and efficient real-time risk management capabilities. Market share measured by bond trading volume was 2.3% in 2021. Ping An Bank had served over 500 financial institutions in sales transactions as of December 31, 2021.

- In respect of hedging services, the "Ping An Hedging" business leveraged the "trading capability + technological capability + service capability" to provide heartwarming hedging services for micro-, small and medium-sized enterprises. The "Ping An Hedging" foreign exchange and interest rate derivatives trading volume grew 95.7% year on year to USD29,004 million in 2021.

- In respect of interbank business, Ping An Bank implemented the concept of "honeycomb customer development" to build a multi-entity win-win ecosystem, connecting interbank institutions with products. Ping An Bank's interbank institutional sales volume grew 84.0% year on year to RMB1,482.967 billion in 2021.

- In respect of asset custody, Ping An Bank advanced integrated investment, financing and custody services to improve its value-added services and satisfy customer demands. Net assets under custody increased 31.0% from the beginning of 2021 to RMB7.62 trillion as of December 31, 2021.

- In respect of asset management, Ping An Wealth Management Co., Ltd. ("Ping An Wealth Management"), a subsidiary wholly owned by Ping An Bank, drove the transformation and development of asset management business in a steady and orderly manner. Ping An Bank had RMB838,365 million of net asset value-type products in compliance with the new asset management regulations as of December 31, 2021, up 80.9% from the beginning of 2021, accounting for 96.1% of the balance of non-principal guaranteed wealth management products, compared with 71.5% at the beginning of 2021.

TECHNOLOGY-DRIVEN TRANSFORMATION

Taking "technology-driven business" as the driving force for strategic transformation, Ping An Bank builds five leading technology capabilities, namely technology, data, agility, talent and innovation, to support digital operations. Ping An Bank's IT staff (including outsourced staff) exceeded 9,000 as of December 31, 2021. IT capital expenditure and expenses (excluding Ping An Wealth Management) grew 2.4% year on year to RMB7,383 million in 2021. Ping An Bank continuously increased technology investment and improved input-output efficiency through refined R&D management.

Under the Group's comprehensive digital operations framework, Ping An Bank anticipates trends, makes timely decisions, and takes action ahead of others. In respect of operations, Ping An Bank increases profit, efficiency and productivity. In respect of management, Ping An Bank reduces costs, risks and labor. Ping An Bank fully integrates the above five leading technology capabilities into service marketing, risk containment, operations support, and management empowerment to improve quality and efficiency. Ping An Bank's cost-to-income ratio improved by 0.81 pps year on year to 28.30% in 2021.

- Ping An Bank empowered its digital business operations with technologies. In retail business, the OASIS project supported the implementation of the new "pocket banking" model to provide customers with interactive and full-cycle financial services. In corporate business, Ping An Digital Pocket facilitated the digital upgrade of corporate products and services through "Four Connects and One Platform" projects (Account Connect, Data Connect, Product Connect, Benefit Connect, and Marketing Platform).

- Ping An Bank developed a digital agile R&D framework. R&D efficiency was greatly improved through one-stop R&D collaboration and automation tools. Starlink, a digital integrated platform for development, operations and maintenance, was rolled out across Ping An Bank. Development requirements grew nearly 50% year on year in 2021, with the average delivery time down approximately 10% year on year.

- Ping An Bank developed proprietary new technologies. Leveraging cutting-edge distributed application architecture and domestic financial-level databases, Ping An Bank developed an industry-leading next-generation proprietary new core system of Credit Card A+. The system won the "Fintech Development First Prize" from the PBC and the CSRC in 2021 for its high performance, availability, and scalability.

ASSET QUALITY

China's economy steadily recovered in 2021, but recovery remained significantly imbalanced among regions and sectors, and some companies and individuals struggled to repay debts. Ping An Bank constantly enhanced comprehensive risk management, and its overall asset quality remained stable. Both the balance of non-performing loans and the non-performing loan ratio dropped compared with the beginning of 2021. In response to uncertainties presented by the macroeconomic conditions, Ping An Bank made high provisions for impairment losses on assets, further de-risked assets, and strengthened risk provisions.

(in RMB million)	December 31, 2021	December 31, 2020	Change
Loan quality			
Pass	**2,988,759**	2,605,204	14.7%
Special mention[1]	**43,414**	29,703	46.2%
Non-performing loans	**31,275**	31,390	-0.4%
Including:			
Sub-standard	**17,971**	14,205	26.5%
Doubtful	**7,390**	5,942	24.4%
Loss	**5,914**	11,243	-47.4%
Total loans and advances	**3,063,448**	2,666,297	14.9%
Non-performing loan ratio (%)	**1.02**	1.18	-0.16 pps
Percentage of special mention loans (%)	**1.42**	1.11	0.31 pps
Impairment provision balance	**(90,202)**	(63,219)	42.7%
Provision coverage ratio (%)	**288.42**	201.40	87.02 pps
Provision to loan ratio (%)	**2.94**	2.37	0.57 pps
Balance of loans more than 60 days overdue	**26,670**	28,765	-7.3%
Percentage of loans more than 60 days overdue (%)	**0.87**	1.08	-0.21 pps
Deviation of loans more than 60 days overdue[2]	**0.85**	0.92	(0.07)
Provision coverage ratio for loans more than 60 days overdue (%)	**338.22**	219.78	118.44 pps
Balance of loans more than 90 days overdue	**22,698**	23,524	-3.5%
Percentage of loans more than 90 days overdue (%)	**0.74**	0.88	-0.14 pps
Deviation of loans more than 90 days overdue[3]	**0.73**	0.75	(0.02)
Provision coverage ratio for loans more than 90 days overdue (%)	**397.40**	268.74	128.66 pps

Notes: (1) Ping An Bank revised the definitions of special mention credit card loans, retail mortgages, and collateral mortgage loans, effective from the fourth quarter of 2021 as per regulatory requirements. As a result, the percentage of special mention loans increased compared with the beginning of 2021. Excluding such revisions, the percentage of special mention loans dropped 0.02 pps from the beginning of 2021.
(2) Deviation of loans more than 60 days overdue = balance of loans more than 60 days overdue / balance of non-performing loans.
(3) Deviation of loans more than 90 days overdue = balance of loans more than 90 days overdue / balance of non-performing loans.

(%)	December 31, 2021	December 31, 2020	Change
Non-performing loan ratios			
Retail loans	**1.21**	1.13	0.08 pps
Corporate loans	**0.71**	1.24	-0.53 pps
Total loans and advances	**1.02**	1.18	-0.16 pps

In respect of retail asset quality, Ping An Bank's retail non-performing loan ratio was 1.21% as of December 31, 2021, up 0.08 pps from the beginning of 2021, driven by higher risks in auto finance business due to external macroeconomic conditions. Ping An Bank has optimized its retail lending business portfolio by gradually increasing the proportions of unsecured loans to high-quality white-collar customers and secured loans since 2018. Ping An Bank has enhanced its ability to withstand risks by using industry-leading technologies and risk models to improve customer risk identification and implementing differentiated risk management policies. Ping An Bank upgraded the organizational structure of its retail risk middle office and built a unified customer-level risk management system in 2021. In this way, Ping An Bank can rapidly support the front office in retail business development and share risk management capabilities through an open bank. In addition, Ping An Bank strictly controlled the admission of new customers, and strengthened the review of customers' ability and willingness to repay, keeping the overall quality of new customers at a historically high level.

The percentage of loans more than 30 days overdue as at the end of the 6-month vintage period

	Loan granting period			
(%)	**2021**	2020	2019	2018
Credit card receivables	**0.19**	0.19	0.36	0.29
Xinyidai unsecured loans	**0.15**	0.15	0.15	0.17
Auto loans	**0.35**	0.35	0.28	0.17

Notes: (1) Vintage analysis, also known as static pool analysis of default rates, is a method of evaluating the credit quality of account holders by monitoring credit assets in accounts opened in different periods and analyzing the vintages. The percentage of loans more than 30 days overdue as at the end of the 6-month vintage period = the balance of current-year new loans or credit card receivables more than 30 days overdue as at the end of the 6-month vintage period / the balance of current-year new loans or credit card receivables that have been on books for 6 months.

(2) The data of the 2021 vintage analysis only reflect the quality of loans granted from January to July in 2021. Loans granted from August to December 2021 will be included in analysis when the vintages of these loans reach six months.

In respect of corporate asset quality, Ping An Bank focused on key industries, regions and customers, selected industries with weak cyclicality, stable growth and high asset quality, and reduced exposure to high-risk customers. As a result, asset quality continued to improve. Ping An Bank's corporate non-performing loan ratio was 0.71% as of December 31, 2021, down 0.53 pps from the beginning of 2021.

CAPITAL ADEQUACY

Ping An Bank refined its capital management by continuously optimizing its on- and off-balance-sheet asset portfolios and proactively reducing inefficient and ineffective capital utilization in 2021. Apart from retained earnings as a source of capital, Ping An Bank sought external channels to replenish capital and pressed ahead with the issuance of capital instruments. Ping An Bank issued RMB30 billion of tier 2 capital bonds in the China Interbank Bond Market in November 2021. The proceeds were used to replenish Ping An Bank's tier 2 capital, improve its capital adequacy, and consolidate its capital strength.

(in RMB million)	**December 31, 2021**	December 31, 2020	Change (%)
Capital adequacy ratio			
Net core tier 1 capital	**306,549**	273,791	12.0
Net tier 1 capital	**376,493**	343,735	9.5
Net capital	**475,844**	418,767	13.6
Total risk weighted assets	**3,566,465**	3,151,764	13.2
Core tier 1 capital adequacy ratio (%)	**8.60**	8.69	-0.09 pps
Tier 1 capital adequacy ratio (%)	**10.56**	10.91	-0.35 pps
Capital adequacy ratio (%)	**13.34**	13.29	0.05 pps

Notes: (1) Capital requirements regarding credit risk, market risk, and operational risk are measured by the weighted method, standard method, and basic indicator method respectively.

(2) Ping An Bank and its wholly-owned subsidiary Ping An Wealth Management are included in the computation of the above capital adequacy ratios in accordance with the *Administrative Measures for the Capital of Commercial Banks (Trial)* issued by the former China Banking Regulatory Commission on June 7, 2012. The minimum regulatory requirements for the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio, and capital adequacy ratio are 7.5%, 8.5%, and 10.5% respectively.

Asset Management Business

- Ping An Securities continuously transformed to become a smart securities services platform under Ping An's integrated finance strategy, boosting net profit by 23.4% year on year in 2021.
- Ping An Trust continued to improve its business portfolio. Total assets held in trust grew 18.0% from the beginning of 2021 to RMB461,312 million, in which the investment category expanded 117.7% from the beginning of 2021 to RMB256,750 million as of December 31, 2021.
- Ping An Financial Leasing strengthened traditional leasing business and built presence in innovative business while serving the real economy. Net profit grew 13.4% year on year in 2021.
- Ping An Asset Management maintained steady business growth. AUM grew 11.7% from the beginning of 2021 to RMB4.05 trillion as of December 31, 2021, including RMB512,072 million in third-party AUM, up 32.7% from the beginning of 2021.

BUSINESS OVERVIEW

The Company primarily conducts its asset management business through companies including Ping An Securities, Ping An Trust, Ping An Financial Leasing, and Ping An Asset Management. Net profit of the asset management business increased 13.5% year on year to RMB13,952 million in 2021.

(in RMB million)	**2021**	2020	Change (%)
Net profit			
Securities business	**3,829**	3,102	23.4
Trust business	**229**	2,479	(90.8)
Other asset management business	**9,894**	6,711	47.4
Total	**13,952**	12,292	13.5

SECURITIES BUSINESS

The Company provides securities brokerage, futures brokerage, investment banking, asset management, and financial advisory services through Ping An Securities and its subsidiaries including Ping An Futures, Ping An Caizhi, and Ping An Pioneer Capital.

Ping An Securities achieved steady growth by leveraging the Group's integrated financial business model and technological strengths. Ping An Securities vigorously implemented various strategic measures, embedding the philosophy of "AI Knows" and the value proposition of "principled, heartwarming, professional, and intelligent" in all services while promoting digital and platform-based operations in full scale. Net profit of Ping An Securities grew 23.4% year on year to RMB3,829 million and core business indicators continued to improve in 2021.

- Customers sourced in brokerage business increased steadily, and the revenue structure of wealth management business was further optimized. Ping An Securities continued to invest heavily in technologies to acquire customers through various channels and platforms, upgrade the "Ping An Securities" app, and explore innovative service models. Ping An Securities ranked 1st in the industry by number of retail customers (over 20 million), and among the top 3 securities firms by number of active app users as of December 31, 2021. The market share of Ping An Securities in terms of equity and fund trading volume (excluding seat leasing)(1) expanded by 0.11 pps year on year to 3.70% in 2021 thanks to ongoing customer acquisition and professional trading platforms. In addition, Ping An Securities comprehensively enhanced its core asset allocation capabilities, and improved customer experience by providing "AI + tele + offline" investment advisory services. As a result, the revenue structure of wealth management business was further diversified.

- Ping An Securities maintained its competitive edge in the bond business of investment banking and pressed ahead with product innovation. Ping An Securities stepped up efforts in key regions to serve the real economy. Ping An Securities ranked 1st in asset-backed securities volume and 7th in bonds(2) underwriting respectively in 2021. As a licensed underwriter in the interbank market, Ping An Securities optimized its product mix and gradually built presence in offshore bond markets to better serve customers.

  In addition, Ping An Securities promoted product innovation and executed key projects including "Ping An Guangzhou Transportation Investment Guangzhou-Heyuan Expressway REIT" (which ranked 1st by AUM among the first publicly offered REITs on Shenzhen Stock Exchange) and underwriting services for the first exchange-traded carbon-neutral green corporate bonds.

- Ping An Securities outperformed market benchmarks for investment yields, and ranked among top ten in the asset management industry by AUM. In proprietary trading business, Ping An Securities focused on proprietary bond trading, applied fintech to trading, and outperformed the market benchmark for investment yields in a narrowly fluctuating bond market. In asset management business, Ping An Securities tapped the demand of banks' wealth management subsidiaries, strengthened in-depth cooperation with retail channels, and launched new "fixed-income +" and "service +" products. Ping An Securities ranked 8th in the asses management industry by AUM.

Notes: (1) The computation of the market share in terms of equity and fund trading volume (excluding seat leasing) excludes the Northbound Stock Connect market.
(2) Asset-backed securities (ABS) refer to ABS products regulated by the CSRC, and bonds refer to corporate bonds and bonds issued by state-owned enterprises.

Business Analysis
Asset Management Business

Analysis of Profit Sources

(in RMB million)	2021	2020	Change (%)
Fees and commission revenue	**9,309**	8,175	13.9
Fees and commission expenses	**(2,570)**	(2,017)	27.4
Net fees and commission revenue	**6,739**	6,158	9.4
Total investment income(1)	**7,810**	6,104	27.9
Other revenue(2)	**5,704**	4,203	35.7
Revenue	**20,253**	16,465	23.0
Administrative expenses(3)	**(5,823)**	(4,887)	19.2
Cost-to-income ratio(4) (%)	**43.8**	45.0	-1.2 pps
Finance costs	**(2,871)**	(2,095)	37.0
Other expenses(5)	**(6,956)**	(5,599)	24.2
Profit before tax	**4,603**	3,884	18.5
Income tax	**(774)**	(782)	(1.0)
Net profit	**3,829**	3,102	23.4

Notes: (1) Total investment income includes interest revenue from non-banking operations, investment income, and share of profits and losses of associates and joint ventures under the segmented income statement. Investment income excludes operating lease income from investment properties.

(2) Other revenue includes other revenues and other gains or losses, foreign exchange gains or losses, and operating lease income from investment properties under the segmented income statement. Other revenues and other gains or losses exclude non-operating gains.

(3) Administrative expenses include administrative expenses and impairment losses on receivables and others under the segmented income statement.

(4) Cost-to-income ratio = administrative expenses / (revenue – other expenses).

(5) Other expenses include interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions, other expenses, impairment losses on investment assets, and non-operating gains under the segmented income statement.

Fees and Commission Revenue

Fees and commission revenue of the securities business for 2021 rose 13.9% year on year, benefiting from a 27.7% year-on-year increase in brokerage fees and commission revenue due to increased turnover of brokerage business.

(in RMB million)	2021	2020	Change (%)
Fees and commission revenue			
Brokerage business	**7,440**	5,828	27.7
Underwriting business	**997**	1,255	(20.6)
Asset management business	**513**	478	7.3
Others	**359**	614	(41.5)
Total	**9,309**	8,175	13.9

TRUST BUSINESS

Ping An Trust focused on industrial investment as well as product & financial service trusts in light of the market environment and regulatory guidelines. Being industry- and customer-centric, Ping An Trust vigorously developed its core trust businesses to support high-quality development of the real economy and improve people's livelihoods.

- Industrial investment: Ping An Trust followed national strategies to focus on new infrastructure, new energy, high-end manufacturing and other sectors. Through the integration of finance and industrial development, Ping An Trust upgraded its investment model and increased investment to contribute to the upgrade of China's industrial structure.

- Product and financial service trusts: Ping An Trust gave full play to its role as a trustee on the strength of its license and capabilities. Ping An Trust vigorously developed its core businesses including family trust, insurance trust, and property rights trust, and differentiated its services to satisfy the diverse demands of corporate and retail customers.

Ping An Trust continued to strengthen risk management to boost its business development. Ping An Trust continued to optimize its comprehensive risk management framework, and carried out risk management activities in an orderly manner by relying on clear division of responsibility and reporting lines for risk management. In business risk management, Ping An Trust implemented risk management mechanisms covering entire processes before, during and after investment under the philosophy of "risk management leads business development." Ping An Trust effectively monitored and managed various risks by leveraging four capabilities, namely "rigorous asset selection, professional review, efficient decision-making, and refined post-investment management."

Ping An Trust had RMB22,081 million in net capital as of December 31, 2021. The ratio of net capital to total risk capital was 317.6% and the ratio of net capital to net assets was 80.8%, both meeting regulatory requirements (100% and 40% respectively).

Analysis of Profit Sources

Conforming to regulatory guidance, Ping An Trust actively planned for transformation, focused on its core trust business, and continued to reduce assets held in trust within the financing category, leading to a year-on-year decrease in fees and commission revenue in 2021. Net profit of the trust business dropped 90.8% year on year due to changes in the value of assets in the investment category.

(in RMB million)	2021	2020	Change (%)
Fees and commission revenue	**3,611**	4,335	(16.7)
Monthly average assets held in trust	**429,040**	424,695	1.0
Fee rate of assets held in trust(1) (%)	**0.84**	1.02	-0.18 pps
Fees and commission expenses	**(366)**	(451)	(18.8)
Net fees and commission revenue	**3,245**	3,884	(16.5)
Administrative expenses(2)	**(1,469)**	(1,597)	(8.0)
Total investment income(3)	**(1,506)**	399	N/A
Other net revenue and expenses	**693**	530	30.8
Profit before tax	**963**	3,216	(70.1)
Income tax	**(734)**	(737)	(0.4)
Net profit	**229**	2,479	(90.8)

Notes: (1) Fee rate of assets held in trust = fees and commission revenue / average monthly assets held in trust.
(2) Administrative expenses include administrative expenses and impairment losses on receivables and others under the segmented income statement.
(3) Total investment income includes interest revenue from non-banking operations, investment income, share of profits and losses of associates and joint ventures, impairment losses on investment assets, and interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions under the segmented income statement.

Assets Held in Trust

Ping An Trust improved its assets portfolio by reducing financing trust and conduit administrative trust businesses in an orderly manner while promoting trust business within the standard-asset investment and service categories as per regulatory requirements. Total assets held in trust grew 18.0% from the beginning of 2021 to RMB461,312 million, in which the investment category expanded 117.7% from the beginning of 2021 to RMB256,750 million as of December 31, 2021. The business continued to de-risk through business mix optimization.

(in RMB million)	December 31, 2021	December 31, 2020	Change (%)
Investment category	**256,750**	117,911	117.7
Financing category	**108,904**	142,909	(23.8)
Administrative category(1)	**95,658**	130,232	(26.5)
Total	**461,312**	391,052	18.0

Note: (1) An administrative trust refers to a trust scheme under which a trust company, acting as the trustee, assumes the administrative function to provide the trustor (beneficiary) with administrative and executive services for specified purposes.

Fees and Commission Revenue

Fees and commission revenue of the trust business declined 16.7% year on year in 2021 mainly due to reduced financing trust business and decreased performance fees in the investment category.

(in RMB million)	2021	2020	Change (%)
Fees and commission revenue	**3,611**	4,335	(16.7)
Investment category	**1,550**	1,919	(19.2)
Financing category	**1,896**	2,180	(13.0)
Administrative category	**165**	236	(30.1)
Fee rate of assets held in trust (%)	**0.84**	1.02	-0.18 pps
Investment category (%)	**0.85**	2.17	-1.32 pps
Financing category (%)	**1.43**	1.23	0.20 pps
Administrative category (%)	**0.14**	0.15	-0.01 pps

OTHER ASSET MANAGEMENT BUSINESS

Other asset management business includes the results of companies including Ping An Financial Leasing, Ping An Asset Management, and Ping An Overseas Holdings.

Ping An Financial Leasing

Since its establishment in 2013, Ping An Financial Leasing has maintained steady profit growth and strong asset quality. Ping An Financial Leasing has built presence in 15 industries, and is a market leader in mature business sectors including energy, metallurgy, education, culture, engineering, construction, manufacturing and processing. Ping An Financial Leasing has achieved rapid expansion in innovative business sectors represented by auto leasing and micro-leasing. With strategic transformation and upgrade, Ping An Financial Leasing put "expansion into frontiers, further promotion of direct lease, and breakthroughs in new models" at the heart of its strategy in 2021, focusing on "industrial leasing, digital leasing, platform-based leasing, and ecosystem-based leasing." Ping An Financial Leasing supports China's national strategies and green finance strategy by promoting product and service innovation to empower small and micro-businesses and provide better financial services for the real economy. Going forward, Ping An Financial Leasing will capitalize on the Group's integrated financial business model to seek new growth.

Ping An Financial Leasing continued to strengthen risk management amid macroeconomic headwinds. The non-performing asset ratio decreased and sufficient provisions have been set aside as of December 31, 2021, indicating ample risk buffer. Moreover, Ping An Financial Leasing strengthened risk management by tightening entry requirements for new customers, enhancing risk assessment, business operations and asset monitoring, and dynamically adjusting differentiated asset management strategies for existing customers. For major projects, a "one customer, one strategy" approach was adopted to monitor risks. Furthermore, technology-enabled ex ante risk management and optimized asset management mechanisms ensured that business risks were under control.

Results of Operation

(in RMB million)	**2021**	2020	Change (%)
Revenue	**20,855**	19,958	4.5
Net profit	**4,311**	3,802	13.4

(in RMB million)	**December 31, 2021**	December 31, 2020	Change (%)
Total assets	**273,954**	277,961	(1.4)
Non-performing asset ratio (%)	**1.21**	1.24	-0.03 pps

Ping An Asset Management

Ping An Asset Management, entrusted with the insurance funds of the Company, is responsible for the domestic investment management business of the Company. Ping An Asset Management also provides investment products and third-party asset management services to other investors through various channels.

Ping An Asset Management adheres to the philosophies of value investing and long-term investing. Ping An Asset Management is widely recognized in the market for its customer-centric approach and commitment to doing the right things in the long term. As one of the largest and most influential institutional investors in China, Ping An Asset Management has profound experience in asset management. Its AUM amounted to RMB4.05 trillion as of December 31, 2021, covering capital and non-capital instruments/markets such as stocks, bonds, funds, money markets, debts, and equities. Ping An Asset Management possesses capabilities of cross-market asset allocation and full-spectrum asset investment.

In respect of capital market investment, Ping An Asset Management has steady investment track records, industry-leading performance of multiple products, and extensive experience in serving institutional customers. Having served overseas institutions for more than ten years, Ping An Asset Management has wide experience in helping overseas top institutions manage asset allocation in China.

In respect of alternative investment, Ping An Asset Management has remained an industry leader in investment scale. It achieved a record-breaking new alternative investment scale in 2021, capable of serving the real economy more effectively. By implementing the "Ping An-Yuzi Guangdian Infrastructure Perpetual Debt Investment Scheme," Ping An Asset Management channeled insurance funds into major semiconductor projects to support China's strategic emerging industries.

Results of Operation

(in RMB million)	**2021**	2020	Change (%)
Net profit	**2,396**	3,152	(24.0)
Revenue from third-party asset management	**1,503**	2,130	(29.4)

(in RMB million)	**December 31, 2021**	December 31, 2020	Change (%)
Assets under management	**4,053,143**	3,629,958	11.7
Including: Third-party AUM	**512,072**	385,795	32.7

Business Analysis
Technology Business

- Ping An continued to explore innovative business models and accelerate business development. Total revenue of technology business[1] rose 9.8% year on year to RMB99,272 million in 2021.
- Lufax Holding (NYSE: LU) is one of the leading technology-empowered personal financial services platforms in China. Revenue and net profit grew 18.8% and 36.0% year on year respectively in 2021. The balance of retail credit facilitated increased 21.3% from the beginning of 2021 as of December 31, 2021.
- OneConnect (NYSE: OCFT) is a technology-as-a-service provider for financial institutions. Revenue increased 24.8% year on year in 2021. OneConnect had 796 premium customers, up by 202 year on year, including 212 premium plus customers, up by 44 year on year.
- Ping An Health (HKEX: 01833.HK; stock short name: PA GOODDOCTOR) is China's leading online healthcare services platform. Ping An Health spared no effort to develop the ecosystem, medical service capabilities, customer acquisition channels, service networks, and technological capabilities in 2021, delivering RMB7,334 million in revenue.
- Autohome (NYSE: ATHM; HKEX: 02518.HK) is China's leading online auto services platform. Autohome's revenue and net profit reached RMB7,237 million and RMB2,582 million respectively in 2021.

BUSINESS OVERVIEW

The Company conducts its technology business via subsidiaries, associates and joint ventures including Autohome, Lufax Holding, OneConnect, and Ping An Health. These companies also perform important roles within Ping An's broader ecosystems. The Company continues to explore innovative fintech and digital healthcare business models to accelerate business development, strengthen its main financial businesses, facilitate industrial upgrade, and serve the real economy. Total revenue of technology business[1] rose 9.8% year on year to RMB99,272 million in 2021.

Note: (1) Total revenue of the technology business is the sum of revenues of technology companies in our technology segment, without considering the shareholding proportions.

LUFAX HOLDING

Lufax Holding (NYSE: LU) is one of the leading technology-empowered personal financial services platforms in China. Lufax Holding is committed to addressing the huge unmet demand for loans among small and micro-business owners in China, and providing tailor-made wealth management solutions for China's fast-growing middle class and affluent population. Lufax Holding furthered its strategic transformation in 2021, following changes in financial regulations and the market environment. Lufax Holding maintained steady business growth, boosting its revenue by 18.8% year on year to RMB61,835 million and its net profit by 36.0% year on year to RMB16,804 million.

In retail credit facilitation, Lufax Holding integrates high-quality resources in the financial services ecosystem as a leading technology-powered retail credit facilitation platform in China. With 17 years of experience in retail credit facilitation, Lufax Holding has facilitated loans for 16.84 million small and micro-business owners and retail customers with its offline-to-online (O2O) loan facilitation services from offline consultation to online application. In addition, Lufax Holding has promoted the application of technologies, and enabled 75 partner financial institutions to identify borrowers' risks via its increased application of AI in areas including borrower acquisition, customer risk identification, and loan management. Leveraging its O2O whole-process service model, Lufax Holding increased the balance of retail credit facilitated by 21.3% from the beginning of 2021 to RMB661,029 million as of December 31, 2021. Moreover, Lufax Holding proactively applied AI to post-lending services and repayment reminders. The ratio of loans more than 30 days overdue(1) in the loan portfolio facilitated by Lufax Holding was 2.2% as of December 31, 2021. Asset quality remained strong, with risks under control.

Note: (1) The ratio of loans more than 30 days overdue refers to the proportion of loans more than 30 days (inclusive) overdue to the balance of retail credit facilitated.

In wealth management, Lufax Holding provides the middle class and affluent people with diverse, personalized products and services. Lufax Holding provided 15.52 million active investors with approximately 13,600 products and personalized financial service items through asset partnerships with 470 institutions under its unique hub-and-spoke business model. Lufax Holding employs AI and machine learning to match products with customers in real time based on Know Your Customer (KYC), Know Your Product (KYP), and Know Your Intention (KYI) in diverse scenarios. By doing so, Lufax Holding recommends the right products to the right customers in the right way at the right time. On Lufax Holding's wealth management platform, client assets amounted to RMB432,656 million, 81% of which were from clients with assets of over RMB300,000, as of December 31, 2021. As per the government policy on transforming online lending platforms, Lufax Holding cleaned up all its peer-to-peer AUM held by retail customers by August 2021, achieving the target of winding up online lending business ahead of schedule.

Financial Data

(in RMB million)	2021	2020	Change (%)
Revenue	**61,835**	52,046	18.8
Including:			
Technology platform-based income(1)	**38,294**	41,222	(7.1)
Net interest income(2)	**14,174**	7,750	82.9
Guarantee income(3)	**4,370**	602	625.9
Expense	**(38,435)**	(34,136)	12.6
Net profit(4)	**16,804**	12,354	36.0

Notes: (1) Technology platform-based income comprises retail credit facilitation service fees and wealth management transaction and service fees.
(2) Net interest income primarily comprises net interest income from microloans, consumer finance, and consolidated trusts.
(3) Guarantee income primarily comprises the fees Lufax Holding charges its borrowers for the credit enhancement services provided by Lufax Holding on loan products.
(4) Net profit refers to net profit attributable to Lufax Holding's shareholders of the parent company.

Business Analysis
Technology Business

Number of Users

(in million)	December 31, 2021	December 31, 2020	Change (%)
Registered users on wealth management platform	**51.62**	46.16	11.8
Active investors(1)	**15.52**	14.88	4.3
Accumulated borrowers	**16.84**	14.48	16.4

Note: (1) Active investors refer to customers who made an investment or had a positive account balance in the past 12 months.
(2) Figures may not match the calculation due to rounding.

Assets under Management

(in RMB million)	December 31, 2021	December 31, 2020	Change (%)
Balance of retail credit facilitated	**661,029**	545,145	21.3
Client assets	**432,656**	426,571	1.4
Including:			
Current products	**432,656**	407,220	6.2
Legacy products(1)	**-**	19,351	N/A

Note: (1) Legacy products refer to products that ceased to be distributed by the wealth management business of Lufax Holding but still have outstanding balances, mainly comprising P2P products.

ONECONNECT

OneConnect (NYSE: OCFT) is a technology-as-a-service provider for financial institutions. OneConnect provides clients with integrated products featuring "horizontal integration" and "vertical full coverage," including Digital Banking, Digital Insurance, and Gamma Platform, which offers fintech infrastructure services. OneConnect announced an upgraded strategy of "One Body and Two Wings" in September 2021. OneConnect facilitated the digital transformation of the financial services ecosystem, and provided governments, regulators, and enterprises with trade, credit, supply chain, data security, risk management, and other technological services. OneConnect also expanded its overseas market by exporting "technology + business" comprehensive solutions.

Thanks to its deep insights into the business needs of financial institutions and through long-term cooperation, OneConnect has built an extensive and solid customer base comprising financial and governmental institutions. With diverse innovative products and solutions, operating performance continued to improve. Revenue grew 24.8% year on year to RMB4,132 million in 2021. Premium customers increased by 202 year on year to 796, including 212 premium plus customers, up by 44 year on year.

OneConnect remained focused on core technology research and technological innovation to better empower industry transformation. OneConnect was on the IDC FinTech Rankings Top 100 list and KPMG's China Leading Fintech 50 company list for the fourth consecutive year, and won the "2021 Wu Wenjun AI Science & Technology Award" for Technology Progress (Enterprise Technology Innovation Project).

(in RMB million)	2021	2020	Change (%)
Revenue	**4,132**	3,312	24.8
Including: Implementation revenue	**734**	852	(13.9)
Business origination services	**451**	606	(25.6)
Risk management services	**534**	363	47.3
Operational support services	**1,098**	1,061	3.4
Cloud services platform	**1,050**	314	234.1
Others	**266**	116	128.7
Cost of revenue	**(2,696)**	(2,069)	30.3
Gross profit	**1,437**	1,243	15.5
Gross profit margin (%)	**34.8**	37.5	-2.7 pps
Net profit[1]	**(1,282)**	(1,354)	(5.3)

Notes: (1) Net profit refers to net profit attributable to OneConnect's shareholders of the parent company.
(2) Figures may not match the calculation due to rounding.

	2021	2020	Change (%)
Premium customers[1]	**796**	594	34.0
Including: Premium plus customers[1]	**212**	168	26.2

Note: (1) The number of premium customers is the number of institutional customers that contribute annual revenue of at least RMB100,000 to OneConnect, excluding Ping An Group and its subsidiaries. The number of premium plus customers is the number of institutional customers that contribute annual revenue of at least RMB1 million to OneConnect, excluding Ping An Group and its subsidiaries.

PING AN HEALTH

Ping An Health (HKEX: 01833.HK; stock short name: PA GOODDOCTOR), China's leading online healthcare services platform, caters for the demand of industry players. Ping An Health focuses on the four major pain points of the healthcare industry, namely the unbalanced supply and demand, insufficient high-quality healthcare, low resource utilization efficiency, and fragmented market supply, under the value proposition of "worry-free, time-saving, and money-saving" user experience. As an integral part of the Group's "HMO managed care model," Ping An Health leverages its platform traffic and the B2C customer acquisition model to effectively reach potential users under the fees-based "basic benefit packages + individual value-added services" model. Starting with members' dedicated family doctors, Ping An Health covers five healthcare scenarios including health, sub-health, disease, chronic disease, and eldercare management. Capitalizing on its online-to-offline (O2O) service network, Ping An Health has developed an online-merge-offline "medical + healthcare" services platform to provide high-quality and more convenient healthcare services.

Ping An Health had a total of nearly 423 million registered users as of December 31, 2021. The number of cumulative paying users exceeded 38 million in 2021. Revenue rose to RMB7,334 million, and gross profit margin reached 23.3% in 2021.

Ping An Health furthered its strategic upgrade, sparing no effort to develop the ecosystem, medical service capabilities, customer acquisition channels, service networks, and technological capabilities.

- In respect of ecosystem development, Ping An Health is the flagship platform of the Group's healthcare ecosystem and also an integral part of the Group's "HMO managed care model," Ping An Health created strong synergies with the Group's member companies in the healthcare ecosystem. The synergies enabled Ping An Health to accelerate the construction of the healthcare ecosystem. Leveraging the Group's high-quality resources including premium customers, product design, and technological capabilities, Ping An Health developed its medical and healthcare service capabilities to offer effective solutions for the pain points of the healthcare industry, namely the unbalanced supply and demand, insufficient high-quality healthcare, low resource utilization efficiency, and fragmented market supply.

- In respect of medical service capabilities, Ping An Health positions family doctors as "customer managers who understand healthcare." Ping An Health reaches users, helps them generate exclusive healthcare records, and satisfies their pan-healthcare needs throughout their life cycles with timely, high-quality online medical services. Ping An Health's in-house doctors and contracted external doctors totaled over 40,000 as of December 31, 2021, with over 1,100 contracted domestic renowned doctors, providing online users with diverse medical and healthcare services.

- In respect of customer acquisition channels, Ping An Health targets the Group's over 227 million retail customers to provide them with full-lifecycle medical and healthcare services through in-depth integration with the Group's main financial businesses. Moreover, Ping An Health extended its services to corporate customers by bringing its medical and healthcare service capabilities into full play.

- In respect of service networks, Ping An Health provides users with "online, in-store, and home-delivered" services by continuously broadening the coverage of medical and healthcare institutions and building a comprehensive provider management system. Ping An Health had over 3,600 partner hospitals, over 50% of which are 3A hospitals, and 202,000 partner pharmacies, which represent about 34% of all pharmacies across China. Moreover, Ping An Health's constantly improved service network covered over 1,700 checkup institutions and about 96,000 healthcare management institutions.

- In respect of technological capabilities, Ping An Health is committed to developing proprietary AI technology. Ping An Health has accumulated the data of over 1,269 million consultations based on the AskBob consultation/treatment assistant tool. The accuracy of AI-based medical case triage exceeded 99%.

	December 31, 2021	December 31, 2020	Change (%)
Registered users (in million)	**422.94**	372.82	13.4
Consultations (in million)	**1,269.49**	1,004.25	26.4

(in RMB million)	**2021**	2020	Change (%)
Revenue	**7,334**	6,866	6.8
Including: Medical services(1)	**2,288**	2,119	8.0
Healthcare services(2)	**5,046**	4,747	6.3
Cost	**(5,627)**	(5,002)	12.5
Gross profit	**1,707**	1,864	(8.5)
Net profit(3)	**(1,538)**	(948)	62.2

Notes: (1) Medical services refer to health promotion services including care for life and disease diagnosis/treatment, as well as medicines and medical devices required for providing these services.

(2) Healthcare services refer to ongoing comprehensive services of testing, assessing and intervening in an individual's or a group's health status and health risk factors.

(3) Net profit refers to net profit attributable to Ping An Health's shareholders of the parent company.

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

AUTOHOME

Autohome (NYSE: ATHM; HKEX: 02518.HK), China's leading online auto services platform, is committed to developing a smart auto ecosystem centering on data and technology. In the ecosystem, Autohome provides auto consumers with diverse products and services across the entire auto lifecycle. Autohome announced its "ecosystem strategy" on September 15, 2021. By developing the dual ecosystem based on Autohome and Ping An's cooperation, Autohome will build its new business portfolio and provide comprehensive services to consumers, automakers and various players in the auto ecosystem. Autohome completed its secondary listing on HKEX in March 2021, and was included in the Hang Seng Composite Index in early June 2021.

The fluctuating production and sales of passenger vehicles in China due to chip supply shortages brought big challenges to Autohome's short-term business growth in 2021. Despite this, Autohome's business performance remained solid in 2021, as revenue reached RMB7,237 million. Moreover, Automakers' and auto dealers' demand for online marketing services increased, driven by changing marketing approaches and advancing digitization. In addition, Autohome enhanced its presence in the used car area by acquiring TTP Car Inc., a leading online used car auction platform in China. Autohome's revenue from the online marketplace and other business grew 11.6% year on year in 2021, accounting for 30.9% of its total revenue. Autohome's net profit amounted to RMB2,582 million in 2021.

Autohome strengthened its leading role among auto service apps in China through diverse channels and high-quality contents. The "Autohome" app was upgraded in June 2021, optimizing user experience to attract younger users. Autohome's average daily active users on mobile devices reached 46.90 million in December 2021. For data products, Autohome is committed to promoting its data products to empower automakers and auto dealers in R&D, marketing, conversion, and aftersales by building a comprehensive software-as-a-service platform which covers the entire auto lifecycle. In the new energy vehicle (NEV) sector, Autohome offers a variety of products to meet the needs of different NEV makers. Revenue of the NEV business increased by 128% year on year in 2021. For auto transactions, Autohome promoted strategic synergy and integration with TTP Car Inc. Autohome and TTP Car Inc. jointly contributed about 17% of China's used passenger car transaction volume[(2)] through used car deal matching and auction services in 2021. For auto financing, Autohome proactively facilitated financial cooperation including lending and financial leasing services for consumers and dealers.

(in RMB million)	2021	2020	Change (%)
Revenue	**7,237**	8,659	(16.4)
Including: Media services	**2,011**	3,455	(41.8)
Leads generation services	**2,988**	3,199	(6.6)
Online marketplace and other business	**2,237**	2,005	11.6
Cost	**(1,048)**	(961)	9.0
Gross profit	**6,189**	7,697	(19.6)
Net profit[(1)]	**2,582**	3,621	(28.7)

Notes: (1) Net profit refers to adjusted net income attributable to Autohome Inc. (Non-GAAP).
(2) The data on used passenger car transactions is from the China Automobile Dealers Association (CADA).
(3) Figures may not match the calculation due to rounding.

Analysis of Embedded Value

- Our life and health insurance business (L&H) embedded value ("EV") rose 6.3% from the beginning of 2021 to RMB876,490 million as of December 31, 2021, achieving an operating ROEV of 11.1%.
- Complex, severe economic situations across the world and resurgences of COVID-19 increased uncertainty in resident income expectations in 2021. This temporarily tempered consumer spending on long-term protection products. Moreover, Ping An's sales agents decreased. As a result, NBV of L&H dropped 23.6% year on year to RMB37,898 million.

INDEPENDENT ACTUARIES REVIEW OPINION REPORT ON THE ANALYSIS OF EMBEDDED VALUE AND OPERATING PROFIT DISCLOSURES

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

We have reviewed the Analysis of Embedded Value and Operating Profit of Ping An Insurance (Group) Company of China, Ltd. (the "Company") as of December 31, 2021. The EV and Operating Profit results include embedded value, new business value after cost of capital ("NBV"), valuation methodology and assumptions, first year premium of new business, profit margin of new business, embedded value movement, sensitivity analysis, operating profit, sources of earnings and residual margin related data as at December 31, 2021.

The Company prepared the embedded value and NBV results in accordance with the *Standards for Actuarial Practice: Valuation Standard for Embedded Value of Life Insurance* (the "Standards") which was promulgated by the China Association of Actuaries in November 2016. Our responsibility, as independent actuaries, is to perform certain review procedures set out in our letter of engagement and, based on these procedures, conclude whether the embedded value methodology and assumptions are consistent with the Standards and available market information.

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

- Review the embedded value and NBV of the Company as of December 31, 2021;
- Review the embedded value movement analysis;
- Review the sensitivity analysis of the embedded value and NBV; and
- Review the operating profit of the Company, source of earnings and residual margin related data of L&H.

Our review procedures included, but were not limited to, considering whether the methodology and assumptions of the EV results are consistent with the Standards and available market information, considering whether the methodology of the operating profit results is consistent with the disclosed methodology in the 2021 annual report, validating actuarial models on the basis of sample testing, and inspecting related documentation. In forming our conclusion, we have relied on the accuracy and completeness of the audited and unaudited data and information provided by the Company.

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

OPINION:

Based on our review procedures, we have concluded that:

- The methodology and assumptions used in preparing the EV results are in compliance with the Standards and consistent with available market information;
- The EV and Operating Profit results, in all material aspects, are consistent with the methodology and assumptions stated in the Analysis of Embedded Value chapter in the 2021 annual report.

We also confirm that the EV and Operating Profit results disclosed in the Analysis of Embedded Value chapter in the 2021 annual report are consistent with the results we reviewed.

This report has been prepared for and only for the Board of Directors of the Company in accordance with our letter of engagement and for no other purpose. We do not accept or assume responsibility for any other purpose or to any other person whom this report is shown or in whose hands it may come save where expressly agreed by our prior consent in writing.

Liang Yong Hua, Actuary

Ernst & Young (China) Advisory Limited

March 17, 2022

KEY INDICATORS

(in RMB million)	2021/ December 31, 2021	2020/ December 31, 2020	Change (%)
L&H EV	**876,490**	824,574	6.3
L&H operating ROEV (%)	**11.1**	14.5	-3.4 pps
Value of one year's new business after cost of capital (NBV)	**37,898**	49,575	(23.6)
Long-run investment return assumption (%)	**5.0**	5.0	–
Risk discount rate (%)	**11.0**	11.0	–

Note: If assumption changes are not considered, NBV of Life & Health dropped 18.6% year on year.

Analysis of Embedded Value

ANALYSIS OF EMBEDDED VALUE

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

In accordance with the related provisions of the *Rules for the Compilation of Information Disclosures by the Companies Offering Securities to the Public (No. 4) – Special Provisions on Information Disclosures by Insurance Companies*, the Company has engaged Ernst & Young (China) Advisory Limited to review the reasonableness of the methodology, the assumptions and the calculation results of the Company's analysis of embedded value as of December 31, 2021.

The calculation of the analysis of embedded value relies on a number of assumptions with respect to future experience. Future experience may vary from that assumed in the calculation, and these variations may be material. The market value of the Company is measured by the value of the Company's shares on any particular day. In valuing the Company's shares, investors take into account a variety of information available to them and their own investment criteria. Therefore, these calculated values should not be construed as a direct reflection of the actual market value.

The *Standards for Actuarial Practice: Valuation Standard for Embedded Value of Life Insurance* (the "Standards") issued by the China Association of Actuaries became effective in November 2016. The Company has disclosed the embedded value for 2021 in accordance with the Standards and China Risk Oriented Solvency System (C-ROSS).

Components of Economic Value

(in RMB million)	December 31, 2021	December 31, 2020
L&H adjusted net asset value (ANA)	**350,621**	298,289
Value of in-force insurance business before cost of capital	**579,695**	572,278
Cost of capital	**(53,826)**	(45,994)
L&H EV	**876,490**	824,574
Other business ANA	**519,018**	503,538
Group EV	**1,395,509**	1,328,112

(in RMB million)	2021	2020
Value of one year's new business	**45,952**	59,837
Cost of capital	**(8,054)**	(10,262)
Value of one year's new business after cost of capital	**37,898**	49,575

Note: Figures may not match the calculation due to rounding.

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

Key Assumptions

The assumptions used in the embedded value calculation as at December 31, 2021 have been made on a "going concern" basis, assuming continuation of the economic and legal environment currently prevailing in China. The calculation is in line with the Standards and capital requirement under C-ROSS. Certain portfolio assumptions are based on the Company's own recent experience as well as considering the more general China market and other life insurance markets' experience. The principal bases and assumptions used in the calculation are described below:

1. **Risk discount rate**

   The discount rate for calculating the value of in-force and the value of new business of the life and health insurance business is assumed to be 11.0%.

2. **Investment return**

   For non-investment-linked insurance funds, the future investment return is assumed to be 4.75% in the first year and remains at 5.0% from the second year. For investment-linked funds, future investment returns have been assumed to be slightly higher than the above non-investment-linked fund investment returns assumption. These returns have been derived by consideration of the current capital market conditions, the Company's current and expected future asset allocations and associated investment returns for a range of major asset classes.

3. **Taxation**

   A 25% average income tax rate has been assumed. The percentage of investment returns that can be exempted from income tax has been assumed to be 20%.

4. **Mortality**

   The experience mortality rates have been based on the *China Life Insurance Mortality Table (2010-2013)* and the Company's most recent experience studies. They are tailored to be product specific and future mortality improvement has been taken into consideration for annuity products.

5. **Other incident rates**

   Morbidity rate and accident rate assumptions have been based on the industry table or the Company's own pricing table. The trend of long-term morbidity deterioration has been taken into consideration. The loss ratios have been assumed to be within the range of 15% to 100% for short-term accident and health insurance businesses.

6. **Discontinuance**

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

7. **Expense**

   Expense assumptions have been based on the Company's most recent expenses investigation. Expense assumptions mainly consist of acquisition expense and maintenance expenses assumptions. The unit maintenance expense was assumed to increase by 2% per annum.

8. **Policyholder dividend**

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

Analysis of Embedded Value

New Business Value

The new business volumes measured by first year premium (FYP) and its new business value by segment are:

(in RMB million)	FYP used to calculate New Business Value 2021	2020	Change (%)	New Business Value 2021	2020	Change (%)
Retail business	**97,202**	102,808	(5.5)	**37,330**	48,756	(23.4)
Agency	**72,131**	78,230	(7.8)	**31,076**	42,913	(27.6)
Long-term protection	**14,429**	26,815	(46.2)	**12,512**	25,756	(51.4)
Protection & Saving hybrid (long-PPP)	**15,926**	12,941	23.1	**7,560**	7,195	5.1
Protection & Saving hybrid (short-PPP)	**36,715**	32,860	11.7	**7,178**	6,187	16.0
Short-term	**5,062**	5,614	(9.8)	**3,827**	3,775	1.4
Tele, internet and others	**15,919**	15,477	2.9	**4,485**	4,234	5.9
Bancassurance	**9,152**	9,100	0.6	**1,769**	1,609	9.9
Group business	**39,088**	46,108	(15.2)	**568**	820	(30.8)
Total	**136,290**	148,915	(8.5)	**37,898**	49,575	(23.6)

Notes: (1) Figures may not match the calculation due to rounding.
(2) "PPP" stands for Premium Payment Period.
(3) Long-term protection products cover whole life, term life, critical illness and long-term accident insurance. Protection & Saving products (long-PPP) cover endowment and annuity products with PPP of 10 years and above. Protection & Saving products (short-PPP) cover endowment and annuity products with PPP below 10 years.
(4) Tele, internet and others include telemarketing, internet marketing and Ping An Health Insurance's retail business.
(5) The differences between FYP used to calculate value of new business and FYP disclosed in Management Discussion and Analysis (MD&A) are explained in the appendix.

The NBV margin by segment:

	By FYP (%) 2021	2020	By ANP (%) 2021	2020
Retail business	**38.4**	47.4	**43.7**	54.0
Agency	**43.1**	54.9	**50.6**	64.5
Long-term protection	**86.7**	96.0	**87.3**	96.2
Protection & Saving hybrid (long-PPP)	**47.5**	55.6	**47.4**	55.5
Protection & Saving hybrid (short-PPP)	**19.5**	18.8	**27.1**	29.3
Short-term	**75.6**	67.2	**79.9**	67.5
Tele, internet and others	**28.2**	27.4	**28.3**	28.3
Bancassurance	**19.3**	17.7	**21.8**	19.7
Group business	**1.5**	1.8	**2.1**	2.9
Total	**27.8**	33.3	**33.8**	41.9

Notes: (1) ANP (annualized new premium) is calculated as the sum of 100 percent of annualized first year premiums and 10 percent of single premiums.
(2) Figures may not match the calculation due to rounding.

Embedded Value Movement

The table below shows how the Company's embedded value changed from the opening balance of RMB1,328,112 million as of December 31, 2020 to the closing balance of RMB1,395,509 million as of December 31, 2021.

(in RMB million)		2021	Note
L&H Opening EV	[1]	**824,574**	
Expected return on opening EV	[2]	70,364	
Including: Unwinding of in-force value		59,029	In-force and NBV unwind at the 11% risk discount rate
ANA return		11,335	
NBV post-risk diversification benefits	[3]	43,760	
Including: NBV pre-risk diversified		37,898	Reported NBV based on a cost of capital calculated at policy level
Diversification effects within new business		3,490	Diversification within new business lowers cost of capital
Diversification effects with in-force		2,372	Diversification between new business and in-force lowers cost of capital
Operating assumptions and model changes	[4]	(5,876)	Mainly due to adjustments of lapse and expense assumptions based on experience
Operating variances and others	[5]	(16,730)	Mainly due to the decline in new business growth and the fluctuation of policy persistency ratios
L&H EV operating profit	[6]=[2+...+5]	**91,518**	
Economic assumptions changes	[7]	–	
Market value adjustment	[8]	7,339	Change in market value adjustment of free surplus during the Reporting Period
Investment return variance	[9]	(24,889)	Lower than assumed investment return
Non-operating one-off item and others	[10]	–	
L&H EV profit	[11]=[6+...+10]	**73,968**	
Shareholder dividends		(20,450)	Dividends upstreamed from Ping An Life to the Company
Employee stock ownership plan		(1,601)	L&H's Long-term Service Plan and Key Employee Share Purchase Plan, as well as the offset effect for the amortization during the Reporting Period
L&H Closing EV		**876,490**	
Other business opening ANA		**503,538**	
Operating profit of other business		52,055	
Non-operating profit of other business		(9,905)	Value revaluation loss of the convertible bonds issued by Lufax Holding to the Group
Market value adjustment and other variance		709	
Other business closing ANA before capital changes		**546,396**	

Analysis of Embedded Value

(in RMB million)	2021	Note
Dividends received	20,450	Dividends upstreamed from Ping An Life to the Company
Dividends paid	(41,469)	Dividends paid by the Company to shareholders
Employee stock ownership plan	(2,459)	Long-term Service Plan and Key Employee Share Purchase Plan, as well as the offset effect for the amortization during the Reporting Period
Shares repurchase	(3,900)	Repurchase of A Shares of Ping An Group
Other business closing ANA	**519,018**	
Closing group EV	**1,395,509**	
Closing group EV per share (in RMB)	**76.34**	

Note: Figures may not match the calculation due to rounding.

EV operating profit of L&H in 2021 was RMB91,518 million, mainly comprised of the NBV and expected return on opening EV.

(in RMB million)		2021	2020
L&H EV operating profit	[6]	**91,518**	109,577
L&H operating ROEV (%)	[12]=[6]/[1]	**11.1**	14.5

Note: Figures may not match the calculation due to rounding.

SENSITIVITY ANALYSIS

The Company has investigated the effect, on the embedded value of Group, embedded value of the life and health insurance business and the value of one year's new business, of certain independently varying assumptions regarding future experience. Specifically, the following changes in assumptions have been considered:

- Assumptions and model used in 2020
- Investment return and risk discount rate
- A 10% increase in mortality, morbidity and accident rates
- A 10% increase in policy discontinuance rates
- A 10% increase in maintenance expenses
- A 5% increase in the policyholders' dividend payout ratio; and
- A 10% decrease in the fair value of equity assets

Sensitivity to key assumptions

(in RMB million)	Group EV	L&H EV	NBV
Base case	1,395,509	876,490	37,898
Assumptions and model used in 2020	1,402,542	883,523	40,370
Investment return and risk discount rate increased by 50 bps per annum	1,454,151	935,133	41,457
Investment return and risk discount rate decreased by 50 bps per annum	1,331,286	812,268	33,969
10% increase in mortality, morbidity and accident rates	1,370,349	851,331	34,214
10% increase in policy discontinuance rates	1,388,248	869,230	36,629
10% increase in maintenance expenses	1,392,035	873,017	37,567
5% increase in the policyholders' dividend payout ratio	1,386,111	867,093	37,835
10% decrease in the fair value of equity assets	1,375,739	862,159	N/A

ANALYSIS OF OPERATING PROFIT

This section contains the Group Operating Profit and Source of Earning and Residual Margin Analysis of L&H. The Company has engaged Ernst & Young (China) Advisory Limited to review the reasonableness of the methodology and the calculation results of the Analysis of Operating Profit for 2021.

Operating profit of the Group

Operating profit is a meaningful business performance evaluation metric given the long-term nature of our major life and health insurance business. We define operating profit after tax as reported net profit excluding the following items which are of short-term, volatile or one-off nature:

- Short-term investment variance, which is the variance between actual investment return of the life and health insurance business and the EV long-run investment return assumption, net of the associated impact on insurance and investment contract liability. The investment return of the life and health insurance business is locked at 5% after excluding the short-term investment variance;
- The impact of discount rate[1] change is the effect on insurance contract liability of the life and health insurance business due to changes in the discount rate; and
- The impact of one-off material non-operating items and others is the impact of material items that management considered to be non-operating incomes and expenses, which in 2021 and 2020 refer to the revaluation gain or loss on the convertible bonds issued by Lufax Holding to the Group.

Note: (1) Refer to the significant accounting policies in the notes of the Company's 2021 Annual Report for the information about the discount rate.

The operating profit after tax which excludes fluctuations of the above non-operating items can provide a clearer and more objective representation of the Company's business performance and trend.

The Group's operating profit after tax attributable to shareholders of the parent company in 2021 was RMB147,961 million, up 6.1% year on year. L&H operating profit after tax attributable to shareholders of the parent company was RMB95,906 million, up 3.5% year on year.

Analysis of Embedded Value

Operating profit after tax attributable to shareholders of the parent company

(in RMB million)	2021	2020	Change (%)
Life and health insurance business	**95,906**	92,672	3.5
Property and casualty insurance business	**16,117**	16,083	0.2
Banking business	**21,060**	16,766	25.6
Asset management business	**12,221**	11,172	9.4
Including: Trust business	**229**	2,476	(90.8)
Securities business	**3,614**	2,959	22.1
Other asset management business	**8,378**	5,737	46.0
Technology business	**7,948**	6,654	19.5
Other businesses and elimination	**(5,291)**	(3,876)	36.5
The Group	**147,961**	139,470	6.1

Note: Figures may not match the calculation due to rounding.

		The Group		L&H business	
(in RMB million)		2021	2020	2021	2020
Net profit	[1]	**121,802**	159,359	**60,303**	96,072
Excluding:					
Short-term investment variance of L&H(1)	[2]	**(23,491)**	10,308	**(23,491)**	10,308
Impact of discount rate change of L&H(1)	[3]	**(13,281)**	(7,902)	**(13,281)**	(7,902)
Impact of one-off material non-operating items and others(1)	[4]	**(9,905)**	1,282	**–**	–
Operating profit after tax	[5]=[1-2-3-4]	**168,479**	155,670	**97,075**	93,666
Attributable to:					
– Owners of the parent		**147,961**	139,470	**95,906**	92,672
– Non-controlling interests		**20,518**	16,200	**1,169**	994

Notes: (1) The short-term investment variance, impact of discount rate change, and impact of one-off material non-operating items and others set out above are net of tax.
(2) Figures may not match the calculation due to rounding.

Source of Earning and Residual Margin Analysis of L&H

The breakdown by source of earnings of L&H operating profit has been shown as below:

(in RMB million)		2021	2020	Note
Release of residual margin	[1]	**82,488**	81,583	
Return on net worth(1)	[2]	**14,567**	13,170	
Spread income(2)	[3]	**4,823**	4,565	
Operating variances and others	[4]	**7,436**	4,607	As the result of significant adjustments in non-economic assumptions in 2020, increase of long-term life insurance policyholders' reserve reduced the year-on-year base for operating variances and others. The positive "operating variances and others" in 2021 reflected the better-than-assumed operating experience
L&H operating profit before tax	[5]=[1+2+3+4]	**109,314**	103,926	
Income tax	[6]	**(12,239)**	(10,260)	
L&H operating profit after tax	[7]=[5]+[6]	**97,075**	93,666	

Notes: (1) Return on net worth is the investment return on shareholder equity based on the EV long-run investment return assumption (5%).
(2) Spread income is the expected investment return from assets backing contract liability based on the EV long-run investment return assumption (5%) exceeding the interest required on contract liability.
(3) Figures may not match the calculation due to rounding.

Residual margin is the present value of future profits with release pattern locked in at the time of policy issuance, resulting in stable release and immunity to capital market volatility. As of December 31, 2021, the residual margin of life and health insurance business was RMB940,733 million, which dropped by 2.0% from the beginning of 2021 mainly due to adverse lapse variances. The movement of L&H residual margin has been presented below:

(in RMB million)		2021	2020	Note
Opening residual margin	[1]	**960,183**	918,416	
Contribution from new business	[2]	**55,905**	88,571	
Expected interest growth	[3]	**36,505**	36,319	
Release of residual margin	[4]	**(82,488)**	(81,583)	
Lapse variances and others	[5]	**(29,373)**	(1,539)	Adverse lapse variances mainly due to the gradual lapse of customers who stopped paying premiums
Closing residual margin	[6]=[1+...+5]	**940,733**	960,183	

Note: Figures may not match the calculation due to rounding.

Appendix

The differences between FYP used to calculate value of new business and FYP disclosed in MD&A are explained below.

For the twelve months ended December 31, 2021 (in RMB million)	FYP used to calculate value of new business	FYP disclosed in MD&A	Difference	Reasons
Retail business	**97,202**	**127,776**	(30,574)	Guaranteed renewal and other short-term products' renewal premiums are included in FYP disclosed in MD&A but not included in FYP used to calculate value of new business
Group business	**39,088**	**22,298**	16,790	In compliance with current accounting standards, group investment contracts are not included in FYP disclosed in MD&A, but included in FYP used to calculate value of new business due to their contribution to value of new business
Total of L&H	**136,290**	**150,074**	(13,784)	

Note: Figures may not match the calculation due to rounding.

Liquidity and Capital Resources

- Ping An's comprehensive solvency margin ratio and core solvency margin ratio were 233.5% and 228.7% respectively as of December 31, 2021. Both were above current regulatory requirements and remained healthy under the China Risk Oriented Solvency System (C-ROSS) Phase II Rules.
- Free cash of the parent company was RMB41,581 million as of December 31, 2021, remaining at a reasonable level.
- Ping An continues to increase cash dividends, and plans to pay a final dividend of RMB1.50 per share in cash for 2021. The full-year cash dividend will be RMB2.38 per share, up 8.2% year on year. The cash dividend payout ratio based on operating profit attributable to shareholders of the parent company (excluding share repurchases) is 29.2%. Ping An has grown its full-year cash dividend amount at a 25.8% compound annual growth rate (CAGR) over the past five years. The total amount of funds paid by the Company for share repurchases was RMB3,900 million in 2021.

OVERVIEW

The aim of the Group's liquidity management is to maximize shareholder returns by strictly enforcing liquidity risk limits, improving the efficiency of fund utilization, reducing funding costs, and optimizing the allocation of financial resources as well as the capital structure on the premise of security.

The Company manages its liquidity and capital resources at the Group level. The Strategy and Budget Management Committee, the Risk Management Executive Committee, and the Investment Management Committee under the Group's Executive Committee oversee these essentials at the Group level. As the Group's liquidity management execution unit, the Treasury Department is responsible for the Group's treasury management functions including cash settlement management, cash flow management, funding management, and capital management.

Liquidity management of the Group comprises capital management and cash flow management. The Group has put in place a comprehensive capital management and decision-making mechanism. The Group's subsidiaries put forward their capital demands based on their own business development needs. The parent company then submits its recommendations on the overall capital plan for the Group, based on the overall situation of the subsidiaries' business development. The Board of Directors of the Group then determines a final capital plan based on the strategic plan of the Group before allocating capital accordingly.

All the operating, investing and financing activities of the Group should meet the requirements of liquidity management. The parent company and its subsidiaries implement separate management based on their operating cash inflows and outflows. Subsidiaries conduct centralized allocation and deployment of funds through the pooling of cash inflows and outflows. The parent company and its subsidiaries are therefore able to monitor cash flows on a day-to-day basis.

(in RMB million)	**December 31, 2021**	December 31, 2020	Change (%)
Total assets	**10,142,026**	9,527,870	6.4
Total liabilities	**9,064,303**	8,539,965	6.1
Total liabilities to total assets ratio (%)	**89.4**	89.6	-0.2 pps

Note: Total liabilities to total assets ratio = total liabilities / total assets.

CAPITAL STRUCTURE

The Group's long-term capital stability stems from the profits continuously generated by its various businesses. Furthermore, in accordance with its capital plan, the Group ensures capital adequacy by issuing capital market instruments including equity securities, capital supplement bonds, tier 2 capital bonds, undated capital bonds and perpetual subordinated bonds to raise capital. Adjustments are made to surplus capital through dividend distribution or by other means. The Group's equity attributable to shareholders of the parent company was RMB812,405 million as of December 31, 2021, up 6.5% from the beginning of 2021. The parent company's capital mainly comprises contributions from shareholders as well as proceeds from the issuance of A and H shares.

The following table shows the balances of capital bonds issued by the Group and main subsidiaries as of December 31, 2021:

Issuer	Type	Par value (in RMB million)	Coupon rate	Issuance year	Maturity
Ping An Life	Capital supplement bonds	20,000	First 5 years: 3.58% Next 5 years: 4.58% (If not redeemed)	2020	10 years
Ping An Property & Casualty	Capital supplement bonds	3,500	First 5 years: 5.10% Next 5 years: 6.10% (If not redeemed)	2017	10 years
Ping An Property & Casualty	Capital supplement bonds	10,000	First 5 years: 4.64% Next 5 years: 5.64% (If not redeemed)	2019	10 years
Ping An Bank	Tier 2 capital bonds	30,000	Fixed rate of 4.55%	2019	10 years
Ping An Bank	Undated capital bonds	20,000	First 5 years: 4.10% Adjusted every 5 years	2019	Undated
Ping An Bank	Undated capital bonds	30,000	First 5 years: 3.85% Adjusted every 5 years	2020	Undated
Ping An Bank	Tier 2 capital bonds	30,000	Fixed rate of 3.69%	2021	10 years
Ping An Securities	Perpetual subordinated bonds	5,000	First 5 years: 3.86% Adjusted every 5 years	2021	Undated

FREE CASH OF THE PARENT COMPANY

Free cash of the parent company includes bonds, equity securities, bank deposits and cash equivalents that the parent company holds. Free cash of the parent company is mainly invested in subsidiaries or used in daily operations or for dividend distribution. Free cash of the parent company was RMB41,581 million as of December 31, 2021, remaining at a reasonable level.

(in RMB million)	2021	2020	Change (%)
Opening balance of free cash	**42,705**	45,068	(5.2)
Dividend from subsidiaries	**50,681**	41,449	22.3
Dividend paid out to shareholders	**(41,469)**	(38,241)	8.4
Share repurchase	**(3,900)**	(994)	292.4
Investments in subsidiaries(1)	**(6,550)**	–	N/A
Others	**114**	(4,577)	N/A
Closing balance of free cash	**41,581**	42,705	(2.6)

Note: (1) Investments in subsidiaries in 2021 mainly comprised the parent company's capital injections into Ping An Annuity and Ping An Health Insurance, which are pending regulatory approval.

Liquidity and Capital Resources

The major free cash outflows were the dividends of RMB41,469 million to A and H shareholders, the repurchase of RMB3,900 million worth of the Company's A shares, and the investments of RMB6,550 million in subsidiaries.

The major free cash inflows were the dividends of RMB50,681 million from subsidiaries as detailed below:

Major free cash inflows

(in RMB million)	2021
Ping An Life	**42,302**
Ping An Property & Casualty	**4,181**
Ping An Asset Management	**2,467**
Ping An Bank	**1,731**
Total	**50,681**

DIVIDEND DISTRIBUTION

According to Article 216 of the *Articles of Association*, the Company shall attach importance to reasonable investment returns for investors in terms of profit distribution. The profit distribution policy of the Company shall maintain its continuity and stability. The accumulated profit to be distributed in cash for any three consecutive years shall not be less than 30% of the average yearly distributable profit realized in the three years, provided that the annual distributable profit of the Company (namely the profit after tax of the Company after covering losses and making contributions to the revenue reserve) is positive in value and such distributions are in compliance with the prevailing laws and regulations and the requirements of regulatory authorities for solvency margin ratios. In determining the specific cash dividend payout ratio, the Company shall consider its profitability, cash flows, solvency position, operational and business development needs. The Board of Directors of the Company is responsible for formulating and implementing a distribution plan in accordance with the *Articles of Association*. The Board of Directors will ensure the continuity and stability of the profit distribution policy so that the Group can seize opportunities for future growth while maintaining financial flexibility. Given the sustained operating profit growth and confidence in the Group's prospect, the Board of Directors proposed to pay a final dividend of RMB1.50 per share (tax inclusive) in cash for 2021. As the Group already paid an interim cash dividend of RMB0.88 per share (tax inclusive), the total cash dividend for 2021 is RMB2.38 per share (tax inclusive), up 8.2% year on year.

Dividend payouts of the parent company are decided according to the increase in the Group's operating profit attributable to shareholders of the parent company. The Company's cash dividends and cash dividend payout ratios computed on the basis of operating profit attributable to shareholders of the parent company for the past five years are shown in the table below. Ping An has grown its full-year cash dividend amount at a 25.8% CAGR over the past five years.

	Cash dividend per share (in RMB)	Growth of cash dividend per share (%)	Cash dividend amount (in RMB million)	Cash dividend payout ratio based on operating profit attributable to shareholders of the parent company (%)	Share repurchase amount (in RMB million)	Cash dividend payout ratio based on net profit attributable to shareholders of the parent company (inclusive of share repurchases, %)
2021	2.38	8.2	43,174	29.2	3,900	46.3
2020	2.20	7.3	40,063	28.7	994	28.7
2019	2.05	19.2	37,340	28.1	5,001	28.3
2018	1.72	14.7	31,442	27.9	–	29.3
2017	1.50	100.0	27,420	29.0	–	30.8

Notes: (1) Cash dividend per share includes the interim dividend and final dividend for the year. Pursuant to the *Shanghai Stock Exchange's Guidelines for Self-regulation of Listed Companies No.7—Repurchase of Shares* promulgated by the SSE, the Company's A shares in the Company's repurchased securities account are not entitled to dividend distribution.

(2) Except for the 2021 final dividend pending approval at the 2021 Annual General Meeting, profit distributions for other years were completed in relevant years.

CAPITAL ALLOCATION

When investing in subsidiaries, the Company strictly abides by laws, regulations, regulatory requirements and its internal decision-making procedures. In respect of capital allocation, the Company prioritizes supporting strategic development, ensuring steady growth in main financial businesses, and boosting capital efficiency. The Company invests its capital prudentially, encourages capital-light operations, and constantly optimizes returns on invested capital and asset-liability structures. The Company follows three core principles for capital allocation: 1) to ensure subsidiaries' capital adequacy meets regulatory requirements; 2) to support main businesses and constantly create value for Ping An; and 3) to constantly incubate new profit drivers, support innovative businesses, and realize the sustainable growth of Ping An.

GROUP SOLVENCY MARGIN

The insurance group solvency margin represents the consolidated solvency margin calculated as if all the members of an insurance group were a single reporting entity. The group solvency margin ratios are important regulatory measures for assessing an insurance group's capital adequacy.

The following table shows the solvency data of the Group under C-ROSS:

(in RMB million)	**December 31, 2021**	December 31, 2020	Change (%)
Core capital	**1,861,487**	1,779,640	4.6
Actual capital	**1,899,989**	1,815,140	4.7
Minimum capital	**813,781**	767,804	6.0
Core solvency margin ratio (%)	**228.7**	231.8	-3.1 pps
Comprehensive solvency margin ratio (%)	**233.5**	236.4	-2.9 pps

Notes: (1) Core solvency margin ratio = core capital / minimum capital. Comprehensive solvency margin ratio = actual capital / minimum capital.

(2) The minimum regulatory requirements for the core solvency margin ratio and comprehensive solvency margin ratio in the above table are 50% and 100% respectively.

Stable solvency margin ratios ensure that the Company meets capital requirements specified by external institutions including regulators and rating agencies, and support the Company in developing business and creating value for shareholders.

Test results showing the impacts of declines in interest rates and equity assets on solvency margin ratios of Ping An Group, Ping An Life, and Ping An P&C as at December 31, 2021 are disclosed below:

	Comprehensive solvency margin ratio		
	Ping An Group	Ping An Life	Ping An P&C
Base case	233.5%	230.4%	278.4%
50 bps decline in interest rate	225.9%	214.7%	279.4%
30% decrease in fair value of equity assets	224.7%	217.5%	273.3%

C-ROSS PHASE II

The CBIRC promulgated the *Regulatory Rules on Solvency of Insurance Companies (II)* (the "C-ROSS Phase II Rules") in December 2021, effective from the quarterly solvency reports for the first quarter of 2022. Insurers more exposed to the C-ROSS Phase II Rules may apply for a transition period, and shall complete full implementation by 2025. Being risk-oriented, the C-ROSS Phase II Rules aims to strengthen the capital of insurers and prompt insurers to focus on insurance protection and optimize asset-liability management. Risk factors have been fully calibrated to reflect changes in risks across the insurance industry in a timely manner.

Under the C-ROSS Phase II Rules, the core and comprehensive solvency margin ratios of the Group and its insurance subsidiaries are lower than those under the C-ROSS Phase I Rules, but still significantly above the regulatory requirements. Solvency risk measurement is more prudential and rational under the C-ROSS Phase II Rules, with a positive impact on the Group's overall solvency margin assessment and management.

LIQUIDITY RISK MANAGEMENT

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

In accordance with domestic and international regulatory requirements, the Group developed and regularly updated the *Liquidity Risk Management Plan of Ping An Insurance (Group) Company of China, Ltd.* (LRMP). The Group has also established a liquidity risk management framework and applicable policies covering risk appetites and limits, risk strategies, risk monitoring, stress testing, emergency management, and management assessment. Ping An has constantly improved its management mechanisms and processes for better identification, evaluation, and management of liquidity risk for the Group and its subsidiaries.

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

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

CASH FLOW ANALYSIS

(in RMB million)	**2021**	2020	Change (%)
Net cash flows from operating activities	**90,116**	312,075	(71.1)
Net cash flows from investing activities	**27,933**	(447,138)	N/A
Net cash flows from financing activities	**(136,412)**	260,641	N/A

Net cash inflows from operating activities decreased year on year mainly due to a year-on-year decrease in Ping An Bank's amounts due to banks and other financial institutions and a year-on-year increase in Ping An Bank's loans and advances to customers.

Net cash inflows from investing activities increased year on year mainly due to a year-on-year decrease in cash outflows from the investing activities of Ping An Life.

Net cash outflows from financing activities increased year on year mainly due to a year-on-year decrease in cash inflows from Ping An Life's sales of assets under agreements to repurchase.

CASH AND CASH EQUIVALENTS

(in RMB million)	**December 31, 2021**	December 31, 2020	Change (%)
Cash	**348,088**	307,812	13.1
Bonds of original maturities within 3 months	**365**	1,573	(76.8)
Financial assets purchased under reverse repurchase agreements of original maturities within 3 months	**54,672**	115,363	(52.6)
Total	**403,125**	424,748	(5.1)

The Company believes that the liquid assets currently held, together with net cash generated from future operations and the short-term borrowings available, will be sufficient to meet the foreseeable liquidity requirements of the Group.

Risk Management

Ping An strives to become a "world-leading integrated financial and healthcare services provider." To achieve this goal, the Group continuously optimizes the risk management system and develops the risk management platform. By identifying, evaluating and mitigating risks, Ping An achieves a balance between risks and returns, which ultimately contributes to the sustainable business growth.

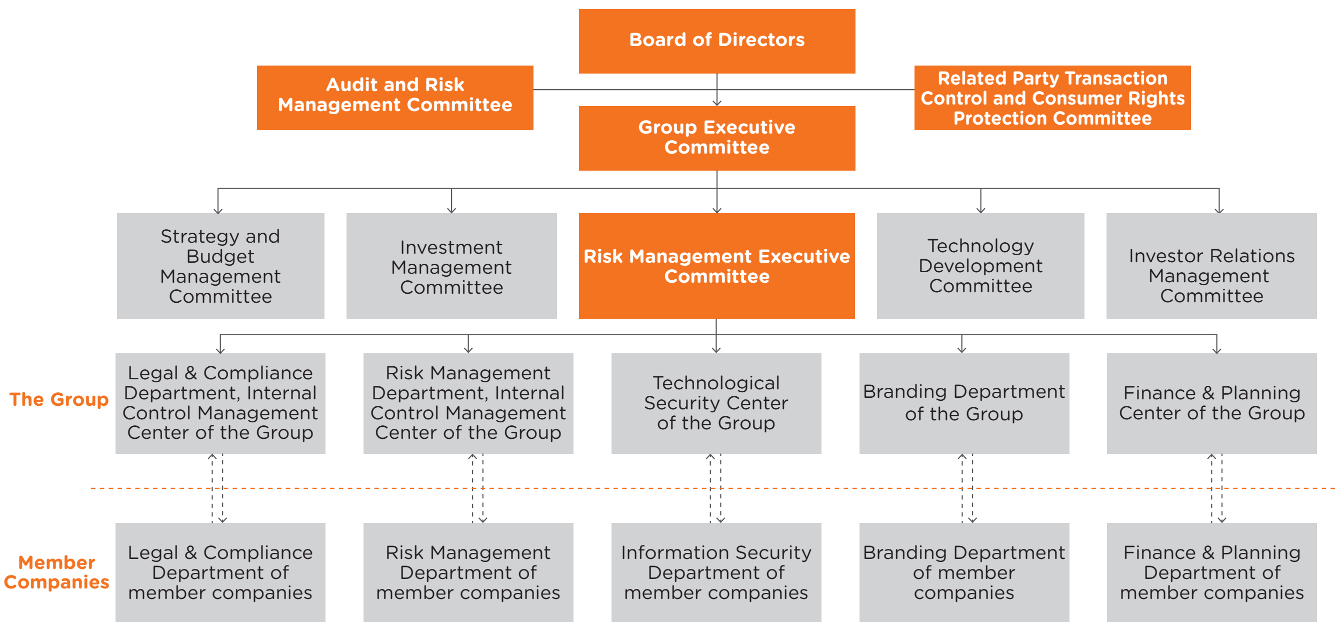
RISK MANAGEMENT OBJECTIVES

For over 30 years since its establishment, Ping An has regarded risk management as an integral part of its operations and business activities. Ping An takes steady steps to build an enterprise risk management system aligned with its strategies and the nature of its business. Ping An continuously optimizes the risk management framework, standardizes risk management procedures, and adopts qualitative and quantitative risk management methodologies to identify, evaluate, and mitigate risks. Keeping risks under control, Ping An promotes sustainable business growth and builds itself into a "world-leading integrated financial and healthcare services provider."

The Group continues to improve its robust compliance and internal control management mechanisms amid changing domestic and global economic conditions, evolving regulations, and diversifying businesses. The Group builds a rational, robust enterprise risk management framework in line with international standards centering on capital management, based on risk governance, oriented by risk appetites, and capitalizing on risk quantification tools and risk performance appraisals. The Group strikes a balance between risk management and business development by constantly enhancing its risk management and techniques as well as dynamically managing its single and accumulated risks.

RISK MANAGEMENT ORGANIZATIONAL STRUCTURE

The Group proactively complies with risk governance requirements under the *Company Law of the People's Republic of China* and other applicable laws and regulations as well as the *Articles of Association* and other applicable company policies and procedures. Ping An has in place a comprehensive risk management organizational structure which holds the Board of Directors ultimately accountable, and which is directly upheld by the management. Supported closely by various committees and relevant functions, the framework covers risk management across all of the Group's members and business lines.



The Board of Directors is the highest decision-making authority for the Company's risk management and takes responsibility for the effectiveness of the enterprise risk management function.

The Audit and Risk Management Committee under the Board of Directors is responsible for having a thorough understanding of the Company's major risk exposures and management situations, monitoring effectiveness of the risk management framework, deliberating the following matters and making recommendations to the Board of Directors:

- Overall objectives of risk management, risk appetites and tolerance, and risk management policies and procedures;
- The organizational structure and responsibilities of risk management;
- Risk assessments for major decisions and solutions to significant risks; and
- Annual risk assessment reports.

The Company has set up the Related Party Transaction Control and Consumer Rights Protection Committee under the Board of Directors. The Related Party Transaction Control and Consumer Rights Protection Committee coordinates related party transactions management of the Company, ensures the compliance and fairness of the Company's related party transactions, and prevents risks from related party transactions. The Committee performs its duties as follows:

- To determine the overall targets, basic policies, and procedures for the management of related party transactions;
- To review material related party transactions, including but not limited to providing opinions on related party transactions and matters deliberated by the Company's Board of Directors according to regulatory requirements, submitting them to the Company's Board of Directors for review and approval, and giving opinions in writing on the compliance, fairness, and necessity of material related party transactions, and whether the interests of the Company and insurance consumers would be affected;
- To review annual reports on related party transactions;
- To regularly review the related party list under the *Measures for the Administration of Related-party Transactions of Insurance Companies*; and
- Other duties that shall be undertaken according to regulations and other tasks stipulated by the *Charter of the Related Party Transaction Control and Consumer Rights Protection Committee* and authorized by the Board of Directors.

The Group Executive Committee leads all the aspects of the Group's risk management, comprising committees including the Risk Management Executive Committee (RMEC), the Investment Management Committee, the Strategy and Budget Management Committee, the Investor Relations Management Committee, and the Technology Development Committee. The RMEC, as a specialized committee, reports to the Group Executive Committee and holds the supreme leadership in the Group's risk management. The RMEC makes major decisions on risk management and is fully responsible for the Group's risk management results. Main duties of the RMEC include deliberating on the overall risk management goal, risk appetites, risk limits, basic policies and principles of risk management, giving instructions on developing risk management frameworks, deliberating on risk management related reports, risk assessment reports on major decisions and major risk matters and solutions, and supervising implementation of the risk management system in each member company or business line, and promoting a culture of enterprise risk management across the Group.

An executive at the Group level in charge of risk management acts as the RMEC's chairman. Members of the RMEC are the executives in charge of different risk categories, each of whom has clearly-defined responsibilities for managing the asset quality risk, liquidity risk, information security risk, operational compliance risk, brand reputation risk, and so on.

Risk Management

In 2021, the Group continued to optimize the enterprise risk management framework based on the latest regulatory requirements and internal management needs. By improving the risk management structure of the Group and its member companies as well as strengthening risk management mechanisms, the Group optimized the centralized management and control platform to enhance the overall risk management capabilities of the Group. Moreover, the Group further improved its risk appetite system, the enterprise risk management policies and the consolidated risk management platform, optimized the risk indicator system, and enhanced the risk monitoring, early warning and reporting mechanisms. The Group also applied artificial intelligence to risk management to ensure that all risks are effectively identified and managed on a timely basis. The Group continued to conduct risk reviews of business development and optimized the capital utilization to maintain a balance between business development and risk management.

The Group fulfils domestic and international regulatory requirements related to systemic risk management with high standards, and continuously conducts assessment and analysis of systemic risk. According to a comprehensive review and assessment, Ping An's systemic impact on financial markets is limited and controllable. Moreover, in order to effectively supplement the daily emergency response mechanism, the Group continued to improve the early warning system and the recovery and resolution management mechanism in response to external market situations and the Group's business development, and established a multi-level crisis control mechanism that covers the Group and its member companies, boosting the prudent development of the Group.

To meet regulatory requirements and support the Company's sustainable, healthy strategic and business development, the Group implemented a set of top-down and performance-linked risk appraisal metrics. Under the principle of "accountability and appraisal at each level," the Group specified appraisers, appraisees, and appraisal procedures for each level to closely link risk compliance with performance appraisal and raise the awareness of risk management.

RISK MANAGEMENT CULTURE

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

RISK APPETITE SYSTEM

A risk appetite system is central to Ping An's overall strategy and enterprise risk management. Considering the Group's overall strategy and members' development needs, the Group continued to improve the risk appetite system that matches its business strategies, and combined risk appetites with management decisions and business development to promote healthy growth of the Group and its members.

The Group's risk appetite system has five core dimensions: capital adequacy, liquidity adequacy, sustainable and stable models of profit growth, a good reputation, and compliance. The Group has used these dimensions to guide its member companies in specifying their unique risk appetite dimensions according to their business features and demands. The Group has classified risk appetites and tolerance into risk limits under different risk categories, and applied the risk limits to routine risk monitoring and early warning, so as to support business decision-making and strike a balance between risk management and business development.

RISK MANAGEMENT METHODOLOGY

The Group continues to strengthen its enterprise risk management system, improve its organizational structure, formulate risk management policies and guidelines, standardize risk management procedures, and fulfill risk management responsibilities. The Group adopts qualitative and quantitative risk management approaches to identify, evaluate and mitigate risks, so as to effectively prevent systemic risks associated with integrated finance, and enhance the overall risk management capabilities under an integrated model of various businesses.

- The Group has established an optimal risk governance framework and risk management reporting mechanism, and included risk indicators in the performance appraisal system which integrates risk management culture into its corporate culture. In this way, the Group has laid the foundation for healthy, sustainable and stable business development;
- The Group has improved the risk appetite framework in line with its business development strategy. The Group also optimizes risk management policies and standardizes risk management requirements for members;
- The Group strengthens consolidated risk monitoring, conducts holistic management of member companies' risks, carries out comprehensive assessment of risk management capabilities, and constantly improves the system of risk monitoring indicators;
- The Group has improved the risk management system on risk concentration and strengthened its ability to manage concentrated risks, covering policy formulation, risk limit management, system building, and risk reporting, so as to improve the Group's overall capabilities of risk management for its integrated financial service business;
- The Group utilizes tools and methods such as scenario analysis, stress tests and risk limits to continuously develop and optimize quantitative techniques and models of risk management, analyze risk exposures and evaluate their quantitative and qualitative impacts on the risk bottom lines. Such measures enable the Group to plan ahead and take necessary precautions in a timely manner to prevent and mitigate risks;
- The Group has improved its risk warning mechanism, providing timely and effective alerts on industry developments, regulatory information and risk events, and effectively guarding against potential risks. The Group has also enhanced its risk emergency management mechanism; and
- Member companies are encouraged to employ technologies including artificial intelligence in risk management and effectively apply artificial intelligence to the entire risk management cycle to enhance risk management capabilities and execute the Company's strategies.

RISK ANALYSIS

The Group has categorized all risks to ensure they are well identified and systematically managed. Below are major risks and their definitions:

1. General Risks	2. Group-level Risks
1.1 Insurance Risk	2.1 Risk Contagion
1.2 Market Risk	2.2 Organizational Structure Non-transparency Risk
1.3 Credit Risk	2.3 Concentration Risk
1.4 Operational Risk	2.4 Non-insurance Risk
1.5 Strategic Risk	
1.6 Reputation Risk	
1.7 Liquidity Risk	

Risk Management

1. General Risks

The Group attaches importance to effective management of subsidiaries' general risks. Following the requirements of internal management and external regulation, the Group has strengthened the active management of insurance risk, market risk, credit risk, operational risk, strategic risk, reputation risk, and liquidity risk.

1.1 Insurance Risk

Insurance risk refers to the risk of adverse deviation of the actual mortality rate, morbidity rate, loss ratio, expense, and surrender rate from expectations, which may cause losses to the Group.

The Group assesses and monitors insurance risks involved in insurance business through sensitivity analysis, stress testing, and so on. The Group mainly evaluates the impacts of actuarial assumptions, including the discount rate, investment yield, mortality rate, morbidity rate, surrender rate, and expense, on its insurance liability reserve, solvency, and profit in different scenarios.

Sensitivity analysis of long-term life insurance contracts' insurance liability reserve

December 31, 2021 (in RMB million)	Change in assumptions	Impact on insurance liability reserve (after reinsurance) increase/(decrease)
Discount rate/ investment yield(1)	+10 bps	(13,142)
Discount rate/ investment yield(1)	-10 bps	13,461
Mortality, morbidity, and accident rates(2)	+10%	66,207
Surrender rate	+10%	16,693
Policy maintenance expense ratio	+5%	4,122

Notes: (1) For long-term life and health insurance contracts where future insurance benefits are not affected by the investment yield of the underlying asset portfolio, with consideration of the Cai Kuai [2017] No.637 issued by the former CIRC and other related regulatory requirements, the corresponding sensitivity results are prepared based on the benchmark yield curve for the measurement of insurance contract reserves increased or decreased by 10 basis points.

(2) Change in mortality, morbidity, and accident rates refers to a 10% increase in the morbidity rate, mortality rate, accident rate, and other rates for life insurance policies (and a 10% increase before the payment period and a 10% decrease after the payment period in the mortality rate for annuity policies).

Sensitivity analysis of property and casualty insurance and short-term life insurance contracts' outstanding claims reserves

December 31, 2021 (in RMB million)	Change in average claim costs	Impact on insurance liability reserve increase
Property and casualty insurance	+5%	4,846
Short-term life insurance	+5%	427

The mechanisms and procedures adopted by the Group to manage insurance risks are as follows:

- Develop insurance risk management policies and a scientific and consistent insurance risk management framework within the Group;
- Develop a set of key insurance risk indicators, monitor them on a regular basis, analyze abnormal changes, and take management measures;
- Establish model management policies, standardize actuarial models of the Group, and strictly control model risks;
- Implement effective product development policies to develop products with proper insurance coverage and fair pricing, and control product pricing risks;
- Implement prudent underwriting policies, establish guidelines for policy contracting and underwriting, and effectively prevent and reduce adverse selection risks;
- Maintain strict claim investigation and settlement procedures, identify and prevent questionable or fraudulent claims;
- Maintain effective product management procedures, analyze the experience and trends with the latest, accurate and reliable data, and carefully manage the product portfolio to control insurance risks;
- Evaluate unearned premium reserves and outstanding claims reserves using effective reserve assessment procedures and methods, and assess the reserve adequacy on a regular basis; and
- Maintain effective reinsurance management procedures, properly set retained risk limits, and use reinsurance as an effective risk transfer tool to transfer the excess risks to reinsurers with a high level of security to control insurance risks.

1.2 Market Risk

Market risks refer to the risks that cause unexpected losses to the Group due to unfavorable changes in interest rates, equity prices, foreign exchange rates, and real estate prices.

The Group has continuously improved its market risk management framework, and enhanced the abilities to identify, evaluate, measure, analyze and report on market risks. The Group further strengthened its investment risk management system platform to raise the efficiency of market risk management. The Group improved the risk management reporting mechanism, and consolidated risk monitoring and management. The Group optimized stress testing to realize its decisional role in adherence to the bottom line of risk management. The Group improved its risk limit framework to monitor risks across the Group, member companies, and business lines. The Group enhanced the risk warning mechanism to ensure more targeted, forward-looking and thorough risk management.

The main market risks to which the Group is exposed are interest rate risk, equity risk, foreign exchange risk, and real estate price risk.

Market Risk – Interest Rate Risk

Fixed maturity investments held by the Group are exposed to the interest rate risk. These investments are substantially represented by bond investments booked at fair value on the balance sheet. The Group uses various methods including sensitivity analysis and stress tests to evaluate the interest rate risk faced by such investments.

The sensitivity of interest risk is assessed by assuming a 50 basis-point parallel shift of the government bond yield curve, the impacts of which are illustrated in the table below:

December 31, 2021 (in RMB million)	Change in interest rate	Decrease in profit before tax	Decrease in equity before tax
Bond investments classified as financial assets carried at fair value through profit or loss and carried at fair value through other comprehensive income	+50 bps	6,138	13,700

Market Risk – Equity Risk

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

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

As of December 31, 2021, the VaR for listed equity securities and securities investment funds is as follows:

December 31, 2021 (in RMB million)	Impact on equity
Listed equity securities and securities investment funds classified as financial assets carried at fair value through profit or loss and carried at fair value through other comprehensive income	21,492

Market Risk – Foreign Exchange Risk

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

The Group formulates its allocation strategies for assets including foreign exchange assets based on the Company's risk appetite, risk profiles of the asset class, and stress test results. Through measures including limits management and hedging, the Group keeps foreign exchange risk under control by continuing to optimize the aggregate foreign currency assets and liabilities as well as the structures, enhances overseas asset management, and regularly analyzes the sensitivity to foreign exchange risk.

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

December 31, 2021 (in RMB million)	Decrease in equity before tax
Net exposure to fluctuations in exchange rates assuming a simultaneous and uniform depreciation of 5% of all foreign currency denominated monetary assets and liabilities and non-monetary assets and liabilities measured at fair value against the Renminbi	4,931

If the above currencies appreciate by the same proportion, the appreciation will have an inverse effect of the same amount on equity before tax in the table.

Market Risk – Real Estate Price Risk

The Group is exposed to real estate price risk associated with its holding of investment properties. The Group tracks its exposure to property investment, monitors the movement of real estate prices in relevant regions, analyzes the impact of macro policies and regional economic development on real estate prices, has engaged independent valuers for the fair value assessment, and conducts stress tests on a regular basis.

The fair value of the Group's holding of buildings under investment properties stood at RMB121,526 million as of December 31, 2021.

1.3 Credit Risk

Credit risk refers to the risk of unexpected losses caused by the default of any debtors or counterparties or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, loans and advances to customers, bond investments, investments in debt schemes and debt wealth management products, reinsurance arrangements with reinsurers, policy loans, margin financing, financial guarantees, loan commitments, and so on.

The Group manages credit risk through various measures, including:

- Continuing to improve the credit risk management mechanism with risk rating as its core methodology;
- Developing standardized policies, rules and procedures for credit risk management;
- Setting and continuously monitoring credit risk limits in multiple dimensions including customers and portfolios to manage high risk exposures;
- Continuing to strengthen the risk management system to standardize consolidated risk management; and
- Strengthening the risk warning and monitoring, and enhancing post-investment management.

The Group is in strict compliance with the credit risk management guidelines issued by regulators. Under the guidance of the Board of Directors and the senior management, the Group carries out consolidated analysis, monitoring and management of the credit risk exposures of lending and investment businesses at the Group level. On this basis, the Group establishes and refines credit risk limits for different members and business lines to manage high risk exposures and risk concentration after consolidating the Group's financial statements. The Group also provides forward-looking insights into and analysis of potential credit risks and their impacts on the Group.

The Group carries out targeted measures to control specific credit risks and concentration risks in light of different characteristics and risk profiles of businesses such as insurance, banking and investment. For reinsurance credit risk associated with insurance business, namely, credit risk which occurs when a reinsurance company is unable to fulfill its obligations, the Group evaluates the credit of the reinsurers before entering into a reinsurance contract, and cooperates with selected reinsurance companies that have higher credit for mitigating credit risks. For credit risk associated with the banking business, the Group continuously improved the whole process management of credit risks and effectively enhanced the management of bank credit risks in line with changes in the financial and economic situation and macro-control policies as well as the requirements of regulatory authorities. The Group implemented the strategy of "technological empowerment, breakthroughs in retail banking, and enhancement of corporate banking" to continuously optimize the asset portfolio. The Group strengthened the early warning management to establish and continuously improve the automatic early warning system based on big data, strictly implemented post-lending management policies, and regularly reviewed customers' risk profiles and overall asset quality. Risk mitigation was strengthened in key areas to prevent the accumulation of credit risk from large exposures. The disposal of non-performing assets was enhanced by leveraging the Group's specialized strengths. For credit risk associated with the investment business, the Group assesses the credit of potential investment instruments in line with internal risk rating policies and procedures, strictly reviews the quality of counterparties through counterparty name lists and credit line management, chooses counterparties that have relatively high credit standing, and adopts a multi-dimensional approach for setting risk limits on investment portfolios to manage credit risks. Moreover, the Group optimized the risk warning and monitoring, screening public opinion for alert signals. Possible losses from risk events are minimized through early risk detection, response and disposal.

December 31, 2021	As percentage of carrying value
Low-risk financial assets measured at amortized cost held by the Group	92.6%

1.4 Operational Risk

Operational risk refers to the risk of direct or indirect losses resulting from inadequate or flawed internal procedures, employees, information technology systems, and external events.

The Group strictly follows applicable regulations and its operational risk management strategies. The Group uses the existing compliance management and internal control framework as the basis to integrate domestic and foreign regulators' advanced standards, methods, and tools for operational risk management. The Group optimizes the structure and policies for operational risk management, and strengthens collaboration and cooperation between departments. The Group has established daily monitoring and reporting mechanisms to provide regular reports to the management on the overall operational risk situation. Moreover, the Group develops rules and standards for operational risk management and strengthens system development to constantly improve the effectiveness of operational risk management.

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

- Establishing and improving a comprehensive management approach covering the whole Group to identify, evaluate, monitor, control/mitigate, and report operational risks;
- Constantly optimizing the operational risk policies, frameworks, workflows, systems, and tools to enhance overall operational risk management;
- Stepping up the use of operational risk management tools among member companies, including the Risk and Control Self-Assessment (RCSA), Key Risk Indicator (KRI), and Loss Data Collection (LDC);
- Pushing forward the operational risk capital measurement according to regulatory requirements and management requirements; and
- Promoting a culture of operational risk management through targeted training.

Risk Management

1.5 Strategic Risk

Strategic risks refer to the risks of a mismatch between strategies and the market environment as well as the Company's capabilities due to ineffective processes of developing or implementing strategies or changes in the business environment.

With a robust strategic risk management framework and relevant procedures, the Group studies macroeconomic conditions in China and abroad, impacts of the regulatory landscape, and market competition dynamics to conduct thorough evaluation and research of the Group's general strategies and development plans. The Group coordinates and regularly formulates its general strategies and annual business plans, sets out strategic priorities for the Group and its member companies, and ensures not only the consistency between member companies' and the Group's strategic goals, but also the coordination between member companies' strategic goals. Furthermore, the Group oversees and evaluates member companies' implementation of strategic plans and annual plans to ensure effective implementation of the Group's general strategic plans. The Group effectively implemented relevant plans in accordance with the strategic risk management rules in 2021.

1.6 Reputation Risk

Reputation risk is the risk of the Company's brand being tarnished or operations of the Group and its member companies being affected due to negative comments of stakeholders, the public and media on the Company arising from actions of the Group and its member companies, their employees, and external events.

The Group constantly improves its reputation risk management system and conducts whole-process management in accordance with applicable laws, regulations and regulatory requirements. Measures include establishing and improving an ex ante evaluation mechanism for reputation risk, nipping reputation risk triggers in the bud, developing contingency plans on the basis of evaluation results, improving the in-the-process procedures for reputation risk management, carrying out hierarchical response and whole-process disposal, conducting ex post reviews and summarization, and carrying out appraisal and supervision on the basis of results. The Group adheres to a reputation risk management philosophy centering on prevention, and conducts multi-level and differentiated reputation risk management, taking risk prevention and control, effective risk disposal, and image repair as the ultimate standards for reputation risk management. The Group has rational, reasonable, timely and efficient risk prevention, response and disposal mechanisms in place to rapidly respond to and efficiently handle reputation risk events in a coordinated manner so that its reputation and social image, if damaged, can be repaired in time.

1.7 Liquidity Risk

For details of the Company's liquidity risk management, please refer to the section headed "Liquidity and Capital Resources."

2. Group-level Risks

The Group proactively strengthens risk management of its member companies, implements applicable regulatory requirements, and constantly enhances management of group-level risks including risk contagion, organizational structure non-transparency risk, the concentration risk, and risks in non-insurance areas.

2.1 Risk Contagion

Risk contagion refers to a situation where the risk created by a member of the Group spreads to another member of the Group by means of related party transactions or other activities, causing unexpected losses to such other member or the Group.

As the Group promotes synergies in integrated finance, in order to prevent intra-group risk contagion, the Group has strengthened management and coordination across the Group by building firewalls, managing related party transactions, outsourcing and integrated financial services, and centralizing branding, communications and information disclosure. The management of risk contagion within the Group has been fully improved.

The Group has built strict firewalls, including legal-entity firewalls, finance and treasury firewalls, information firewalls, and personnel management firewalls, between the Group and its member companies and among its member companies to prevent risk contagion.

Firstly, legal-entity firewalls. The Group and its member companies have robust governance structures. The Group itself engages in no specific business activity. The Group manages its member companies through shareholding, but neither participates in nor intervenes in the member companies' routine business. The member companies carry out business activities independently, and are supervised by their corresponding regulators.

Secondly, finance and treasury firewalls. The finance and treasury frameworks and management policies of the Group and its members all meet the requirements of finance and treasury independence, including personnel independence, policy independence, account independence, accounting independence, treasury operation independence, and system authority independence, as detailed below: The Group and its members have respective independent finance functions, perform independent financial accounting, implement strict management segregation over the data of the financial and treasury information systems, ensure separate treasury management, and prohibit unauthorized fund borrowings and transfers between the Group and its member companies. The Group strictly restricts the cross-guarantee and other credit enhancement behaviors among the members through the well-established policies, and each member company formulates rules and requirements that meet its own needs.

Thirdly, information firewalls. The Group has established the governance structure with three lines of defense for information security. Member companies have established information security departments to strictly implement the Group's information security policies for effective information segregation. Attaching great importance to customer information security, the security of its products, and the cybersecurity of its businesses, the Group strictly complies with laws and regulations including the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, and has set up and effectively implemented the mechanism for comprehensive security monitoring to protect the security, integrity and availability of customer information.

Fourthly, personnel management firewalls. The Company has established rational, effective personnel management firewalls. The Group and its member companies maintain mutually independent organizational structures, and have established respective independent personnel management rules and processes. Moreover, the Company ensures effective personnel segregation through an employee conflict of interest management framework by taking measures including: strictly restricting the double-jobbing of senior management among the Group and its member companies in accordance with applicable laws and regulations; ensuring that no employee performs incompatible roles with potential conflict of interests at the same post and time through appropriate duty segregation; and establishing rules for the avoidance of relatives and strengthening relevant day-to-day management.

The Group has constantly improved the management of related party transactions. The Group and its member companies including the insurance companies, bank, trust company, securities company, fund management company, and asset management company constantly enhanced management of related party transactions in strict accordance with laws and regulations as well as the requirements of regulators on related party transactions. The Group's Related Party Transaction Control and Consumer Rights Protection Committee and the Related Party Transaction Management Office operate effectively. The Group has constantly optimized the management systems, structures and mechanisms, improved the management procedures, and enhanced related party transaction identification, review and fair value-based pricing to ensure compliant and fair pricing for related party transactions. The Group continued to increase transparency by disclosing and reporting related party transactions in strict accordance with regulatory rules. The Group has further improved system-based related party transaction management to empower governance of related party transactions. Furthermore, the Group has developed a culture of strong compliance awareness for related party transactions through constant training and education emphasizing every employee's responsibility for the management of related party transactions. The Group's related party transaction management systems and mechanisms have been strengthened and operating effectively.

The Group has improved its approach to outsourcing management. The Group complies with applicable laws, regulations and regulatory documents to carry out outsourcing management. Currently, Ping An Technology and Ping An Financial Services provide the Group's members with outsourced services. The outsourced services provided by Ping An Technology include IT advisory services, development, application system operations and maintenance, call center services, office support and information security. The outsourced services provided by Ping An Financial Services include shared financial and treasury services, comprehensive HR services, customer services, and audit services. The Group's members can outsource their business in accordance with their own operation and management requirements. The core business of insurance companies may not be outsourced. The member companies follow the principles of independent transactions and fair pricing for the outsourcing, and perform corresponding approval procedures in accordance with the applicable regulations and management rules for related party transactions. Moreover, the Group's members sign agreements setting out the service scope, the service terms, the charging methods, the reconciliation methods, the settlement frequencies, rights and obligations, and liability for breach of agreements. The transactions shall be reported and disclosed in accordance with applicable regulatory requirements. Moreover, the Group has also improved the outsourcing follow-up management, strengthened risk monitoring, and reviewed services and duty performance on a regular basis. The Group has established communication and service evaluation mechanisms for outsourcing. Service providers solicit feedback on satisfaction from beneficiaries on a regular basis, and conduct internal appraisals on the basis of such feedback to ensure constant service improvement.

The Group has enhanced the management of integrated financial services. The Group's retail integrated financial service business mainly involves distribution of insurance products by concurrent agents. Such agents distribute products in an orderly manner under concurrent agency agreements in accordance with laws and regulations. If customers have demands for products beyond agents' offerings, customers may visit platforms of other member companies for information and purchase the products through online apps. The Group's corporate integrated financial business consists of the insurance business agency mechanism and the other business referral mechanism. The insurance business agency mechanism is managed in strict compliance with the agency rules and regulations. The business referral mechanism only involves facilitation of both parties' intentions to cooperate. Cooperation is conducted in strict accordance with market practices. All businesses are reviewed independently by each member company's risk management function in line with the firewall policies.

The Group has centralized the management of branding, communication, and information disclosure. The Group has developed robust policies, rules and procedures for brand asset management and information disclosure, and strictly implemented them to ensure centralized and consistent brand management. In terms of brand asset management, the Group constantly improves its reputation risk management framework in accordance with applicable laws and regulations and regulatory requirements. The Group adheres to a reputation risk management philosophy centering on prevention, and conducts multi-level differentiated reputation risk management. The Group takes risk prevention and control, effective disposal, and image restoration as the ultimate standards for reputation risk management. In this way, the Group ensures rapid, coordinated responses to and efficient handling of reputation risk events, and promptly repairs its reputation and image. In terms of information disclosure, the Group subjects itself to public oversight, and has developed centralized interview and information release mechanisms to ensure timely and accurate information disclosure and prevent reputation risk arising from misreading or misunderstanding.

2.2 Organizational Structure Non-transparency Risk

Organizational structure non-transparency risk refers to the risk of losses in the Group caused by the complexity or opaqueness of the Group's shareholding structure, management structure, operational processes, and business types.

The Group has established a complete corporate governance structure in accordance with laws and regulations including the *Company Law of the People's Republic of China* and the *Securities Law of the People's Republic of China*, with international corporate governance norms and the Group's situations taken into account. The General Meetings of Shareholders, the Board of Directors, the Supervisory Committee, and the senior management have exercised their rights and performed their obligations in accordance with the *Articles of Association*. The Group engages in no specific business activity, while its member companies engage in various businesses including insurance, banking, asset management and technology. The Group manages its member companies through shareholding, but neither participates in nor intervenes in the member companies' routine business. The Group and its member companies have clearly defined roles and responsibilities of their respective functions, which are independently operated and well-coordinated subject to checks and balances. There is no overlap, lack, or overconcentration of powers and responsibilities. The Group has a comprehensive governance structure, and a transparent management structure. The Group bans cross-shareholding and illegal subscription for capital instruments.

2.3 Concentration Risk

Concentration risk refers to the risk that member companies' single or combined risks, when aggregated at the Group level, may directly or indirectly threaten the Group's solvency position. The Group manages concentration risks from the perspectives of counterparties, investment assets, industries, regions, customers, and businesses.

To manage the concentration risk from the perspectives of counterparties, the Group has followed the principle of reasonably controlling the concentration risk of counterparties. The Group has specified a set of risk limits for counterparties after considering the risk profiles of counterparties and the appetite and tolerance of the Group. The Group's set of risk limits cover major non-retail, non-trading counterparties in its investment and financing businesses. For a group of corporations and public institutions or interbank customers with control relationships among them, the Group includes them in the same group, and implements unified and combined concentration limit management. Moreover, by adopting advanced technology, the Group has been improving the breadth and depth of the concentration risk management, increasing its monitoring frequency effectively, and warning against counterparties with higher concentration risks promptly.

To manage the concentration risk in investment assets, the Group has followed the principle of reasonably controlling the concentration risk in investment assets. The Group has set concentration risk limits for different asset classes and formed a concentration risk limit system for investment assets based on reasonable classification of investment assets. Moreover, the Group has regularly reviewed the concentration risk posed by investment assets at the subsidiary level to prevent any solvency risk and liquidity risk arising from overconcentration of investments in certain asset classes after consolidation.

To manage the concentration risk in industries, the Group has established industry-specific concentration risk limits based on the principle of reasonably controlling the concentration risk in industries. Moreover, the Group develops the high-risk industry management plans based on its macroeconomic and industry analysis every year to exercise total controls over high-risk industries and optimize the portfolio.

To manage the concentration risk in regions, the insurance member companies have set the upper limits for the proportions of overseas investments and emerging market investments with insurance funds in accordance with the CBIRC's regulations for region-specific concentration risk limits.

To manage the concentration risk in customers, the Group evaluates, analyzes, monitors and reports the overall customer concentration based on the CBIRC's requirements for the management of customer concentration risk. In this way, the Group prevents risks caused by the overconcentration of the Group's revenue from a single customer or the same group of customers, to avoid affecting the Group's operation stability and management quality.

To manage the concentration risk in businesses, the Group evaluates, analyzes, monitors and reports the concentration of its businesses in accordance with the CBIRC's rules for concentration risk management of insurance groups' insurance and non-insurance businesses. Regarding the concentration of insurance business, the Group has enhanced the concentration management of the insurance business, the framework of concentration risk limits for reinsurance counterparties, and the framework for risk monitoring, analysis, reporting and warning. Regarding the concentration of non-insurance businesses, the Group has analyzed the structures and risk profiles of non-insurance businesses, specified the concentration risk indicators to be monitored, and included such indicators in the routine risk management framework. The Group has effectively prevented the concentration risk through regular evaluation, monitoring, and warning of the concentration risk in insurance and non-insurance businesses.

2.4 Non-insurance Risk

Non-insurance risk refers to the impact of the business activities of non-insurance member companies on the solvency of the Company and its insurance member companies.

The Group is an integrated financial service group authorized by the State Council to engage in separate operations under a listed holding group subject to separate regulation. The Group improves its overall specialized capabilities and market competitiveness through its diversified business presence in non-insurance sectors while focusing on main insurance businesses. The Group strictly manages its non-insurance member companies' strategic planning processes, and regularly evaluates and adjusts its diversification strategy.

For equity investments in non-insurance businesses, the Group has developed rules, standards and limits, established investment decision-making and risk management processes as well as investment review, evaluation and reporting processes, and specified mechanisms for management before, during and after investment deals. Moreover, the Group regularly tracks and analyzes its investments, and evaluates the risk-return profiles of various businesses.

All the non-insurance member companies of the Group engage in specialized operations independently, and are supervised by their corresponding regulators. Through corporate governance and internal mechanisms, the Group ensures that all the non-insurance member companies are segregated from the insurance member companies in terms of assets and liquidity.

SOLVENCY MANAGEMENT

Solvency refers to the Group's ability to settle its liabilities. An insurance group's solvency is the consolidated solvency calculated by taking the insurance group's member companies as a single reporting entity. An insurance group's solvency margin ratio is a key regulatory indicator for evaluating an insurance group's capital adequacy. The key objective of solvency management is to meet statutory capital requirements and maintain a healthy capital ratio to support business growth and maximize shareholder value. A stable solvency margin ratio can ensure that the Company meets capital requirements specified by external institutions such as regulators and rating agencies, and support the Company's business development and shareholder value creation.

Since the former CIRC began to implement the China Risk Oriented Solvency System (hereinafter referred as "C-ROSS") six years ago, China's insurance industry has realized a smooth, substantive transition toward comprehensive risk management. C-ROSS has significantly helped to modernize insurance regulation, strengthen the industry's risk management, promote the industry's transformation and upgrade, and increase the global influence of China's insurance market. C-ROSS built and improved the three pillars, namely quantitative regulatory requirements, qualitative regulatory requirements, and market disciplinary mechanisms. C-ROSS enables insurers to strike a balance between risk prevention and value growth by embedding the philosophy of risk management in all dimensions of business development.

In accordance with qualitative regulatory requirements, namely the second pillar of C-ROSS, the CBIRC conducts a Solvency Aligned Risk Management Requirements and Assessment ("SARMRA") of an insurance company's solvency risk management capability and gives a score. The SARMRA results are linked with an insurer's minimum capital for risk control, so as to adjust the minimum capital requirement based on the first pillar. Ping An Life's score was 85.58 for 2017 and the result still applies as Ping An Life was not required by regulators to take the SARMRA assessment from 2018 to 2021, allowing its minimum capital requirement under C-ROSS to decrease by RMB13,035 million as of December 31, 2021. Ping An P&C's SARMRA score was 85.06 for 2021, allowing its minimum capital requirement under C-ROSS to decrease by RMB1,172 million as of December 31, 2021.

The Group manages its solvency through the following mechanisms and processes:

- The impacts on solvency must be evaluated when the Group develops key initiatives including strategies, business plans, investment decisions, and dividend distribution plans;
- The solvency target is a key indicator for the Company's risk management, and an emergency reporting and response mechanism is in place for significant changes in the solvency level to ensure the solvency is maintained at an appropriate level;
- The solvency indicator has been included as a KPI in performance appraisal at the Company level to be implemented in a top-down manner;
- The Group adopts a prudent asset and liability management policy, constantly enhances asset quality and business operations, strengthens capital management, and focuses on capital requirements arising from rapid business growth;

- The Group conducts solvency assessments and dynamic solvency tests on a regular basis, and closely monitors changes in solvency; and
- The Group conducts sensitivity and scenario stress testing to generate warnings about potential changes in solvency.

The Group's solvency margin ratios met the applicable regulatory requirements as of December 31, 2021. Below are the details:

(in RMB million)	December 31, 2021	December 31, 2020	Change (%)
Core capital	**1,861,487**	1,779,640	4.6
Actual capital	**1,899,989**	1,815,140	4.7
Minimum capital	**813,781**	767,804	6.0
Core solvency margin ratio (%)	**228.7**	231.8	-3.1 pps
Comprehensive solvency margin ratio (%)	**233.5**	236.4	-2.9 pps

Notes: (1) Core solvency margin ratio = core capital / minimum capital. Comprehensive solvency margin ratio = actual capital / minimum capital.
(2) The regulatory minimum requirements for the core solvency margin ratio and comprehensive solvency margin ratio are 50% and 100% respectively.

The Group has estimated the impacts of declines in interest rates and equity value on the solvency margin ratios of Ping An Group, Ping An Life, and Ping An P&C as of December 31, 2021. Below are the results:

	Comprehensive solvency margin ratio		
	Ping An Group	Ping An Life	Ping An P&C
Base case	233.5%	230.4%	278.4%
A decline of 50 bps in interest rates	225.9%	214.7%	279.4%
A decrease of 30% in fair value of equity assets	224.7%	217.5%	273.3%

C-ROSS Phase II

The CBIRC promulgated the *Regulatory Rules on Solvency of Insurance Companies (II)* at the end of December 2021. The C-ROSS Phase II Rules aims to prompt insurers to focus on insurance protection and main business, enhance their ability to serve the real economy, prevent and resolve risks in the insurance industry, and implement the government's decision to expand the opening-up, strengthening the rationality, effectiveness and comprehensiveness of the solvency supervision regime. The promulgation of the C-ROSS Phase II Rules will be of great significance to the secure, stable operations of the insurance market, the high-quality development of the insurance industry, and the protection of insurance consumers' interests. Insurers will implement the C-ROSS Phase II Rules from their quarterly solvency reports for the first quarter of 2022. For insurers more exposed to the C-ROSS Phase II Rules, the CBIRC will consider their situations and determine a transition period that will allow such insurers to implement some regulatory rules in stages and complete full implementation no later than 2025.

The C-ROSS Phase II Rules will require assessment of insurance groups' solvency risk management capability, strengthen insurance group-specific risk management requirements, and put forward higher requirements for insurance groups' solvency risk management. Being risk-oriented, the C-ROSS Phase II Rules strengthens the capital quality of insurers, optimizes asset-liability management, and fully calibrates risk factors to reflect changes in risks across the insurance industry in time. Under the C-ROSS Phase II Rules, the core and comprehensive solvency margin ratios of the Group and its insurance subsidiaries are lower than those under the C-ROSS Phase I Rules, but still significantly above regulatory requirements. Solvency risk measurement is more prudential and rational under the C-ROSS Phase II Rules, with a positive impact on the Group's overall solvency margin assessment and management.

Sustainability

- Ping An consolidated achievements in poverty alleviation and promoted rural revitalization by supporting industries, healthcare, and education. Since Ping An Rural Communities Support was launched in 2018, Ping An had provided RMB41,850 million as of December 31, 2021 for poverty alleviation and industrial revitalization, including RMB12,016 million provided for industrial revitalization in 2021. Ping An offered 69 events comprising mobile health checkups and complimentary medical consultations in rural areas, providing charitable healthcare services 9,483 times. Ping An gave six Master of Scenarios live courses in urban and rural schools, with a total of over 63 million attendances.
- Ping An actively contributed to China's carbon peak and neutrality goals. Ping An comprehensively upgraded its green finance initiative, supporting China's green economic transformation and industry chain upgrade by leveraging the Group's integrated finance models and green finance. Ping An's green investment and financing totaled RMB224,580 million, and green banking business totaled RMB89,813 million as of December 31, 2021. Ping An's environmentally sustainable insurance premium income totaled RMB44,569 million in 2021.
- Ping An's responsible investment and financing amounted to nearly RMB1.22 trillion as of December 31, 2021, and Ping An developed 2,303 sustainable insurance products.

PHILOSOPHY AND MANAGEMENT OF SUSTAINABLE DEVELOPMENT

Sustainable Development Philosophy

Driven by the sustainability strategy, Ping An integrates the core philosophies and standards of ESG into corporate management, and builds a rational, professional sustainability management framework based on its business practices. Ping An is committed to providing "heartwarming financial services" and promoting "integrated finance + healthcare" services. Under the brand promise of "Expertise makes life simple," Ping An creates value with expertise for its shareholders, customers, employees, communities, environments, and partners. Ping An seeks to boost both business values and social values, and realize people's dreams for a better life.

In respect of the environment, Ping An employs leading technologies to enable environmental protection and governance, facilitating an environment-friendly business ecosystem. In respect of society, Ping An comprehensively upgrades its green finance initiative in adherence to the philosophy of responsible investment. Relying on its integrated finance advantages, Ping An utilizes green insurance, green investment, and green credit to support green development and contribute to China's carbon peak and neutrality goals.

Moreover, Ping An supports the real economy with financial services, and empowers micro-, small and medium-sized enterprises to facilitate social and economic development in active response to the government's call. In respect of governance, Ping An continues to improve corporate governance and risk management to ensure steady development.

Digitization is a basic project that promotes social progress and boosts productivity in the 21st century. Digitization is an advancement for human beings to improve their knowledge and capabilities by leaps and bounds. Ping An uses digital technology to build "ballast" for its sustainable development. Comprehensive digitization is one of Ping An's most important projects in Ping An's fourth decade. Digitization will bring about systemic changes in sustainable development in terms of strategy, organization, management, operations, talent, and services.

Sustainable Development Management

ESG Policy Statements

Ping An developed a set of ESG policy statements on the Group's core sustainability topics by refining its sustainable development philosophies and methods adopted for years. By doing so, Ping An fully integrated ESG-related requirements into the Group's operations management.

Ping An's ESG policy statements as of December 31, 2021 are as follows:

Topics	Ping An Group's ESG policy statements
Responsible Investment	Policy Statement on Responsible Investment Policy Statement on Coal Related Business
Sustainable Insurance	Policy Statement on Sustainable Insurance
Information Security and AI Governance	Policy Statement on Information Security Policy Statement on Privacy Protection Policy Statement on AI Ethics Governance
Product Liability and Customer Protection	Policy Statement on Responsible Product Management
Sustainable Supply Chain	Policy Statement on Sustainable Supply Chains
Staff and Agent Development and Protection	Policy Statement on Employee Rights Policy Statement on Agent Welfare and Management
Community and Environment Impact	Policy Statement on Biodiversity Policy Statement on Community Impact
Transparent Corporate Governance	Business Code of Conduct Employee Code of Conduct

ESG Governance Structure

Having integrated sustainability into its development strategy, Ping An builds and practices a rational, professional corporate sustainability management framework and a clear, transparent ESG governance structure to continuously instruct all the functional centers and member companies of the Group to enhance corporate governance and business sustainability systematically.

Level 1 (L1): The Board of Directors and its Strategy and Investment Committee oversee all ESG issues, in charge of the Company's ESG strategic planning, risk management, and policy making.

Level 2 (L2): The Group Executive Committee and its Investor Relations Management Committee are responsible for identifying relevant ESG risks and opportunities, setting concrete objectives, formulating plans, and appraising performance.

Level 3 (L3): The Group ESG Office and other functional centers of the Group act as task forces to coordinate ESG work within and outside the Group.

Level 4 (L4): A matrix consisting of the Group's functional units and member companies is responsible for ESG execution.

Ping An's overall ESG work plan aims at continuously improving the management of ESG issues and risks by developing clear management objectives, responsibilities and appraisal mechanisms. Regular reporting to directors and senior executives on ESG risk management, objectives, plans, implementation and progress ensures the effectiveness of ESG management.

ESG Governance Structure

Comprehensive Risk Management for ESG

As a financial conglomerate, Ping An has taken the lead in the practice of ESG risk integration, integrating core theories and standards of ESG into the Group's "2-5-1" risk management system at the deepest level. Moreover, Ping An supplemented the existing comprehensive financial risk management system with ESG risk management requirements to further improve risk governance capabilities, and realize long-term sustainable development.

Paying much attention to climate change on the Company's business, Ping An regards climate change-related risks as an important factor for risk management. As suggested by the Task Force on Climate-related Financial Disclosure ("TCFD")[(1)], Ping An developed the risk identification framework for climate change-related risks, and applied risk identification results to the insurance and investment screening process to reduce risks associated with climate change.

Note: (1) The TCFD was established by the Financial Stability Board ("FSB") in 2015 to provide investors, lenders and insurers with information needed to properly assess and price climate-related risks and opportunities.

Sustainable Development Recognition and Industry Exchange

Ping An's achievements in sustainability have been widely recognized by the international community. Ping An had been selected as a constituent of the FTSE4Good Index Series, the Hang Seng Corporate Sustainability Benchmark Index ("HSSUSB") and the Hang Seng China Enterprises Index ESG Index ("HSCEESG") as of December 31, 2021. Ping An was rated as low-risk in Sustainalytics' ESG Risk Ratings in 2021, indicating a leading position in China. Ping An was rated BBB in the MSCI ESG Ratings, a leading position in China's insurance industry. Ping An was rated A- in the Carbon Disclosure Project (CDP), which is the highest rating obtained by a Chinese mainland-based financial company.

Ping An is committed to strengthening industry exchange, actively joining domestic and international sustainable development organizations, and participating in joint efforts to build a sustainable industry ecosystem. Ping An adheres to the United Nations Principles for Responsible Investment (UNPRI) and relevant guidelines issued by Chinese regulators. Ping An is the first company in China to sign the UNPRI, the Climate Action 100+ and the Green Investment Principles for the Belt and Road as an asset owner. Ping An is the first company in the Chinese mainland to sign the Principles for Sustainable Insurance (PSI) established by the United Nations Environment Programme Finance Initiative. Ping An is also a member of the Green Finance Committee of the China Society for Finance and Banking.

RESPONDING TO CHINA'S SUSTAINABLE DEVELOPMENT STRATEGY

Ping An gives full play to its advantages in integrated finance, healthcare, and innovative technologies to implement China's sustainable development, rural revitalization and green development strategies. Ping An has built a role model for "blood making-based" common prosperity under the "Ping An Rural Communities Support" on the basis of successful poverty alleviation, and comprehensively upgraded its green finance initiative to make new achievements in rural revitalization, common prosperity, and green finance.

Focusing on Rural Revitalization and Promoting Common Prosperity

Ping An Rural Communities Support

Ping An promotes rural revitalization by promoting industries, healthcare, and education. Since Ping An Rural Communities Support was launched in 2018, Ping An had provided RMB41,850 million as of December 31, 2021 for poverty alleviation and industrial revitalization, including RMB12,016 million provided for industrial revitalization in 2021. Ping An offered 69 events comprising mobile health checkups and complimentary medical consultations in rural areas, providing charitable healthcare services 9,483 times. Moreover, Ping An gave six Master of Scenarios live courses in urban and rural schools, with a total of over 63 million attendances.

Ping An promotes rural industries through the Village Officer Program. Ping An continues to underpin the sustainable mechanism covering entire industry cycles through a closed loop of integrated financial services. Under this mechanism, Ping An provides rural residents with training and education, brings new vigor to rural industries, and helps rural enterprises to expand production and sales. Ping An worked with a number of institutions to carry out public welfare projects such as "Ping An Puhui Huinongjin Interest-free Loans," "Poverty Alleviation for New Farmers," and "Mom's Needlework." These projects helped small and micro-enterprises in rural areas seek innovations, start businesses, and increase incomes, achieving targeted support and rural revitalization. Ping An continued to promote innovation in financial products by underwriting a "rural revitalization" bond and working with China UnionPay to launch the first rural revitalization debit card ever issued by a joint-stock commercial bank. Ping An Bank issued more than 20,000 rural revitalization cards in 2021.

Ping An improves rural healthcare through the Village Doctor Program. Ping An integrated premium medical resources to further the "Ping An Health Protection Initiative" in 2021. Under the initiative, Ping An provided complimentary health checkups and medical consultations for rural residents, trained village doctors, and upgraded village clinics in multiple provinces. Ping An, Shanghai Academy of Social Sciences, and China Financial Information Center jointly issued the *Rural Health Poverty Alleviation Report for 2018-2020*. Ping An and the Chinese Aging Well Association jointly launched the "Healthy China: Living with Health" project to provide education and services to regions and people lacking medical resources and health management knowledge.

Ping An supports rural education through the Village Teacher Program. Ping An recruited 175 batches of 875 volunteers, who provided over 20,000 hours of online and offline teaching services at 127 Ping An Hope Primary Schools in 2021. Ping An helped build 119 Ping An Hope Primary Schools (three of which are to be completed) as of December 31, 2021. Ping An has recruited nearly 10,000 volunteers who have provided about 370,000 hours of teaching services over the past 15 years since the launch of the volunteer teaching program. Ping An furthered the Juvenile Science and Technology Literacy Enhancement Program to rejuvenate the country through science and technology. Ping An invited renowned scholars to give lessons in rural areas, and invited students from Ping An Smart Primary Schools to a popular science camp in Beijing. Since the Juvenile Science and Technology Literacy Enhancement Program was launched, Ping An has provided full curriculum services to 1,039 primary schools in 27 provinces (municipalities and autonomous regions) across China, trained more than 10,000 rural teachers, and benefited more than 310,000 rural students.

Other Public Welfare Activities

Ping An has carried out "Reunion with Love," a public welfare project targeting left-behind children and migrant workers, for seven consecutive years. Ping An, together with the China Social Assistance Foundation and the Shenzhen Charity Federation, launched a series of online-merge-offline public welfare events near the Chinese New Year in 2021, sending warmth to migrant workers as they stayed put for the Chinese New Year. The "Reunion with Love" project collected heartwarming stories from over 1,800 migrant workers across the country, and granted a reunion subsidy of RMB1,500 to each migrant worker whose application materials passed the review.

Ping An attaches great importance to the healthy growth of children. The "Ping An Youth" public welfare program jointly initiated by the China Children and Teenagers' Fund and Ping An held a donation and kick-off ceremony in Shenzhen in October 2021. The "Ping An Youth" program decided to conduct pilot projects in 180 primary and secondary schools and kindergartens, offering RMB10 million to carry out a series of student care and support activities. The program focuses on the development of children's healthy personality, a mental health education system for teenagers and children, and counseling and rehabilitation for students with psychological problems.

Leveraging its expertise, Ping An provided 24/7 complimentary online medical consultations to people who suffered super rainstorms in Henan Province in July 2021, and produced videos offering self-rescue guidance. Ping An also set up a hotline to provide disaster-stricken people with psychological crisis intervention and counseling services.

Green Development for Sustainable Future

Ping An actively contributes to China's carbon peak and neutrality goals, stipulating that the scale of green investment and green credit will reach RMB400 billion, and total green insurance premiums will reach RMB250 billion by 2025. Ping An is also committed to achieving operational carbon neutrality by 2030. Ping An upgraded its green finance initiative in 2021 to explore innovative practices in green insurance, green investment and financing, green credit, green operations, and public welfare. In this way, Ping An makes contributions to ecological sustainability. Moreover, Ping An is reducing the proportion of brown assets by increasing green assets during business development, seizing green opportunities, and managing risks in transformation.

- In the investment field, Ping An encourages innovation in green financial products by increasing investment in green projects, and forms divestment or exit plans for high-pollution and high-emission industries.
- In the credit field, Ping An is reducing financing support for high-pollution, high-emission, and excess-capacity industries, reducing loans granted to companies subject to emission controls, and increasing support for green financing.
- In the insurance field, Ping An increases offerings of green insurance products and services, and launches preferential policies for green insurance customers.
- In matching assets and liabilities related to climate change risks, Ping An assesses the impact of climate change risks on its assets and liabilities to ensure that they are matched in terms of maturities, incomes, and costs and make comprehensive plans for future asset allocation.

In addition, Ping An launched China's first "carbon neutrality" charity trust plan on December 24, 2021 to increase its social impact through green public welfare projects, contributing to China's carbon peak and neutrality goals. Moreover, Ping An actively uses green technology to enable carbon neutrality with precise statistics.

Ping An's green investment and financing totaled RMB224,580 million, and green banking business reached RMB89,813 million as of December 31, 2021. Moreover, Ping An's environmentally sustainable insurance premium income amounted to RMB44,569 million in 2021.

Green Operations

Ping An strictly abides by applicable laws and regulations including *the Environmental Protection Law of the PRC*. Ping An has incorporated environmental protection in its business development plans and adhered to energy conservation and transformation, smart offices, and electronic business processes in business operations. Ping An Group has advanced green operations since 2021, upgrading the previous goal of low carbon operations to new goals on workplace operation improvement, emission reduction, and carbon elimination during business processes. Ping An strives to achieve comprehensive emission reduction and aims to realize carbon neutrality in operations by 2030.

At present, Ping An is looking for ways to achieve carbon neutrality in operations by 2030 in line with the international Science Based Targets initiative (SBTi) and other frameworks. Ping An undertakes to adopt a carbon neutral strategy in line with international best practices. Ping An prioritizes internal emission reduction measures, and then looks at external ways to further reduce emissions, including purchasing external green power. After all emission reduction measures are performed duly, Ping An will achieve carbon neutrality through multiple approaches, including buying carbon credits.

KEY INITIATIVES FOR SUSTAINABLE DEVELOPMENT

Responsible Investment

Ping An promotes the integration and development of responsible investment in various aspects including the organizational structure and policies as well as investment practices. Under the supervision of the Group IR Management Committee, a responsible investment expert panel jointly formed by the Group ESG Office, the Group's relevant functions, and pilot member companies continuously advances the application and implementation of the Group's responsible investment policies, and integrates ESG elements into investment and business decisions.

Ping An's five principles for responsible investment are ESG Integration, Active Ownership, Thematic Investing, Prudence, and Information Transparency. Ping An vigorously promoted the Active Ownership at the ESG investment management level in 2021, implemented active, diligent post-investment management, and supported the healthy development of investee companies through communication and coaching.

Ping An constantly amends the *Responsible Investment Policy of Ping An Group*. Adhering to the responsible investment principles, Ping An made full use of the AI-ESG smart management platform to integrate ESG risk management into the Group's investment risk management system. Ping An established a responsible investment product framework, which covers equities, bonds, financial products, and so on.

Ping An's responsible investment and financing(1) totaled nearly RMB1.22 trillion as of December 31, 2021. Details are as follows:

(in RMB million)	Equities	Bonds	Financial products
Thematic investment and financing	261,172	401,974	556,760
Including:			
Green investment and financing(2)	67,259	89,801	67,520
Inclusive investment and financing(3)	331	11,506	56,630
Social investment and financing(4)	193,582	300,667	432,610

Notes: (1) Responsible investment and financing data covers all financial products of which the Group (excluding Ping An Bank) acts as a fund provider or product issuer.
(2) Green investment and financing include projects recommended by the *Green Investment Guidelines (Trial)* issued by the Asset Management Association of China, including green financing, green mutual funds, green building and green assets.
(3) Inclusive investment and financing include small and micro-business support, support for agriculture, farmers and rural areas, rural revitalization, and shanty area reconstruction.
(4) Social investment and financing include infrastructure, eldercare and healthcare, education and culture.

As a financial conglomerate, Ping An uses credit to support sustainable economic development. Ping An's balance of green credit was RMB72,974 million and balance of inclusive loans was RMB382,159 million as of December 31, 2021.

Sustainable Insurance

Ping An is committed to embedding ESG criteria into the insurance business, and constantly amends the *Policies for Sustainable Insurance System of Ping An Group* to integrate sustainability into the design of insurance products and develop itself into a trustworthy insurance company.

Risk Management of Insurance Products

Ping An continues to research and monitor global climate change risks and social change risks to ensure reasonable ESG risk pricing of insurance products, and manage and prevent risks. Moreover, Ping An has formulated a rational, consistent insurance risk management system to manage and control the ESG risk exposure of its insurance products. All insurance subsidiaries have established and implemented insurance risk management measures and processes covering product development, underwriting, claims, product management, reserve evaluation, and reinsurance management, and have taken specific ESG risk management measures.

Sustainable Insurance Product Portfolio

Ping An continues to improve and diversify its sustainable insurance portfolio through further integration of ESG factors in product development, design and evaluation as well as greater product innovation. In response to China's Carbon Neutrality strategy, Ping An further developed green insurance products and services in 2021. Ping An launched preferential insurance policies for green enterprises or green projects.

Ping An P&C had 815 sustainable insurance products as of December 31, 2021. They are: 1) environment and ecosystem related products, including environmental liability insurance, catastrophe insurance, and wildlife protection insurance; 2) society and livelihood related products, including engineering insurance for large projects, food safety insurance, and medical malpractice insurance; and 3) inclusive insurance targeting small and micro-businesses, agricultural workers, and other groups with special needs.

Moreover, Ping An continues to watch health trends in China and changes in insurance market demand brought about by enhanced insurance awareness, and promote the development of protection-oriented products. Ping An Life, Ping An Annuity, and Ping An Health Insurance had 1,488 sustainable insurance products including medical insurance, critical illness insurance, and old-age insurance as of December 31, 2021.

Ping An had 2,303 sustainable insurance products as of December 31, 2021. The premium income of sustainable insurance reached RMB521,785 million, with a total insured amount of nearly RMB532.07 trillion in 2021.

The performance of the Company's sustainable insurance product portfolio in 2021 was as follows:

(in RMB million)	Environmental Insurance(1)	Social Insurance(2)	Inclusive Insurance(3)
Premium income	44,569	453,813	23,403
Insured amount	40,160,077	478,323,675	13,582,444

Notes: (1) Environmental insurance refers to insurance products provided by insurers for energy conservation, environmental protection, clean energy, and a green, low-carbon lifestyle to support response to climate change, environmental improvement, saving and efficient utilization of resources, and ecological protection.
(2) Social insurance includes liability insurance (including workplace safety insurance and food safety insurance), medical insurance, and critical illness insurance.
(3) Inclusive insurance includes agriculture insurance, insurance for rural areas, insurance for farmers, insurance for vulnerable groups, and insurance for small and micro-business operations.

Information Security and AI Governance

Ping An always strictly implements its information security policies in line with the highest standards to support informatization. Ping An focuses on improving its ethical system, with an AI Ethics Management Committee at the Group level overseeing the development and application of AI in a comprehensive and rational manner.

Information Security and Privacy Protection

Ping An constantly improves its information security management system to ensure the confidentiality, integrity, and availability of information. Ping An has formulated rules including the *Procedure for Information Security Management of Ping An Group*. In addition, Ping An has established a data security governance model centering on customer data protection to ensure whole-process security management. Ping An regularly conducts internal and external audits of its information security management and data privacy protection. Moreover, Ping An has passed the ISO 27001 information security management system certification for consecutive years, ensuring the effective and stable operations of the information security system. Ping An Group respects and protects every customer's privacy. Ping An has developed rules including the *Privacy Protection Policy of Ping An Group* to ensure that personal data is captured, transmitted, stored, and used in a compliant, safe manner. Moreover, Ping An puts the collection, use, and protection of privacy information under strict control, and undertakes to protect privacy rights of customers and employees in business activities.

AI Governance

Ping An formulated *Ping An Group's Policy on AI Ethics Governance* in line with the five ethical principles of "human-oriented, human autonomous, secure and controllable, fair and just, and open and transparent." Ping An undertakes to oversee the development and application of AI in a reasonable manner, and is committed to keeping technology and financial services under ethical review.

Ping An has clear ethical goals for data use, algorithm development, and industry application, and constantly improves its AI governance framework. Internally, Ping An has established the AI Ethics Management Committee. The AI Ethics Management Committee is responsible for steering the macro direction of Ping An's AI ethics policy, and ensuring fairness and justice for products under development. The AI Ethics Management Committee oversees information security and privacy protection during the provision of services and products, and optimizes management to address ethical issues involving AI during the implementation of projects. Externally, Ping An proactively engaged in global AI governance and strengthened exchanges with peers and academia. For instance, Ping An took part in standard making for the *AI Risk Management Evaluation Model* under China Electronics Standardization Institute, contributing to the standardization of AI governance.

Product Responsibility and Customer Protection

Responsible Products

As an integrated financial services group, Ping An offers a wide range of products and services covering insurance, banking, asset management, and technology. The Company undertakes that all its products and services are offered in accordance with the principles of environmental protection, fairness and compliance. The Company will not get involved in infringement of legitimate rights and interests, violation of the freedom of speech, or political repression. The Company will not get involved in high emissions, high pollution, ecological destruction, or animal rights violations. The Company will not engage in monopoly, unfair competition, pyramid sales, or terrorism. Moreover, the Company will make every effort to prevent violation of laws, regulations, and codes of ethics.

Ping An has established a policy regime governing all products and services, including the *Consumer Rights Protection Management Measures of Ping An Group*, the *Product Sales Management Measures*, the *Product Development and Design Standards*, and the *Red, Yellow, and Blue Card Penalty System*. In this way, the Company manages all products and services throughout their entire life cycles to avoid potential violation of laws and regulations.

Consumer Rights Protection

Ping An is committed to providing "heartwarming financial services" under a customer-centric approach. Led by the Related Party Transaction Control and Consumer Rights Protection Committee under the Board of Directors, Ping An actively implements consumer rights protection requirements and incorporates consumer rights protection in corporate governance.

With respect to the improvement of systems and mechanisms, Ping An implemented regulatory requirements on consumer rights protection through the comprehensive performance assessment and a sophisticated review mechanism. The Company had conducted group-wide remediation of complaints since May 2021 to enhance complaint management. For key member companies and key issues, Ping An established an accountability system to clarify responsibilities at each level, strengthened consumer rights protection throughout the service cycle, improved ex ante risk management, and enhanced the ability to resolve complaints.

With respect to cultural development, Ping An raised the awareness and ideas of consumer rights protection culture featuring fairness and integrity among employees internally. A daily report mechanism has been set up to update the management on consumer rights protection trends and news. Management members hold seminars regularly to promote the philosophy of consumer rights protection. Ping An offers online consumer rights protection courses to promote a correct philosophy of consumer rights protection. Over 300,000 employees have completed the online courses as of December 31, 2021. Externally, Ping An supports the efforts of the People's Bank of China, the China Banking and Insurance Regulatory Commission, the Office of the Central Cyberspace Affairs Commission, and the Ministry of Public Security in financial consumer rights protection by spreading basic financial knowledge, improving consumers' financial literacy, and calling for being good financial cybercitizens via its "March 15" communication campaign.

With respect to the improvement of customer experience and protection of consumer rights, Ping An cares for elderly users through technological innovations and services. Senior citizens aged over 60 can directly speak to a customer service agent at one click after dialing our hotline of 95511. Regarding complaint acceptance, Ping An Life diversified its customer complaint channels including the Group's and Ping An Life's official websites as well as Ping An Life's channels including the sales system and renewal system. Ping An Life also launched a function on the business development app for its agents (Pocket E) to allow agents to file complaints on behalf of their customers. Moreover, Ping An Life launched the customer protection helpline at 4001666333 to swiftly handle consumer consultations and complaints as well as provide consumers with 24/7 professional, efficient services through specialized customer service staff. A total of 256,000 inbound calls were answered as of December 31, 2021, with an average of 1,111 calls per day and a connection rate of 99%. Ping An P&C developed the remote service model to resolve common pain points of the industry. For customers suffering from minor losses without a need for on-site services, Ping An P&C provides one-to-one online claims settlement services to streamline the claims process, and provide customers with convenient, efficient services. Auto insurance claims were settled in a minimum of 70 seconds. Up to 92.2% of insurance claims were settled via "One-click Claims Services," and 95.78% of customers spoke highly of this function as it enabled customers to complete claim reporting through only four interactions. In 2021, 80% of inquiries and complaints to Ping An P&C were settled within one hour, with a settlement rate of nearly 99%.

Sustainability

Sustainable Supply Chain

Ping An has established the *Sustainable Supply Chain Policy of Ping An Group*, integrating ESG requirements into supply chain management that covers supplier selection, cooperation approval, process management, tracking and feedback. Ping An attaches great importance to suppliers' ESG performance. The Company has also included ESG requirements into existing supplier contracts, setting out articles on anti-bribery, information security and privacy protection, low-carbon and green technological transformation and development, labor rights protection, and employee development, and urging suppliers to actively undertake and fulfill corporate social responsibilities and obligations.

Ping An also provides partners with training programs on product quality, work skills, compliance management, and employee rights protection to improve suppliers' sustainability performance.

Development and Protection of Employees and Agents

Development and Protection of Employees

Ping An undertakes to protect the legitimate rights and interests of employees. Ping An released anti-discrimination rules to eliminate unfair treatment. Ping An ensures equal pay for equal work, and prohibits all forms of discrimination. Ping An is against any use of child labor and forced labor. Moreover, Ping An does not interfere with the right of employees to participate in or form any legitimate association. Please refer to the *Ping An Group's Policy Statement on Employee Rights*.

Ping An always upholds fair, just and transparent salary and performance management, and constantly reviews the competitiveness of employee salaries. Ping An conducts rational performance-based salary management on the principle of fair and equitable distribution according to work to motivate employees to improve skills and grow with the Company. To retain key employees and establish long-term incentive and restraint mechanisms, Ping An has implemented the Key Employee Share Purchase Plan and the Long-term Service Plan. Ping An has established robust, diverse channels for feedback, complaints and whistle-blowing, and formulated the *Whistle-blowing Management Procedure* to guarantee employees' freedom of expression and protect their legitimate rights and interests.

Ping An has been continuously diversifying and optimizing its talent standards and systems. Ping An organizes talent reviews of key positions each year from multiple dimensions including performance, skill sets, and potential, to ensure fair and efficient talent selection.

Ping An provides every employee with access to various forms of training, and continuously develops a high-quality curriculum. Ping An helps employees enhance sales performance and efficiency through the "Best Practice Extraction Plan" and the "Best Practice Application Contest." Ping An also develops online learning and offers highly personalized courses to precisely empower talent identification and development. Moreover, Ping An empowers enterprise digital transformation and business development with the "T Plan" that upskills managers.

To accomplish the mission of "making a career plan for a prosperous and contented life," Ping An provides employees with benefits, including commercial insurance, high-end health insurance, and health checkup packages for family members, ensuring that each employee can realize his/her value in a highly satisfactory environment. In addition, Ping An maintains a health management platform where employees can directly conduct online consultations and hospital registration. Ping An provides regular health checkups for employees. Moreover, Ping An launched the Ping An Employee Assistance Program (EAP) to assist employees in dealing with personal difficulties. Ping An has developed HR-X, a smart human resources mobile app, to provide employees with a series of convenient services. Ping An respects and cares for female employees, and provides nursing rooms and necessary facilities in the workplace.

Development and Protection of Agents

Ping An Life advanced high-quality transformation of the agent team and improved team structure under the sustainable development strategy, aiming to build a team of "high-competence, high-performing, and high-quality" agents.

Ping An Life launched the "Talent +" program to attract and screen high-quality talents. Ping An Life supported and empowered agents through training, protection of rights and interests, and business development support to meet their career development needs and enhance their sense of belonging and acceptance of insurance business. By doing so, Ping An Life constantly improved agents' service capabilities and professional skills.

Pursuing transformation to a team of "high-competence, high-performing, and high-quality" agents, Ping An Life adopts three core strategies, namely a classified approach to branch development, tiered management of its agent force, and digital empowerment. Ping An Life applies differentiated development strategies according to economic development levels and competition trends in different cities and regions. Ping An Life designs different development models for new agents, high-productivity agents, and supervisors by offering exclusive development projects and support. Ping An Life enables the routine management, recruitment, training, and activity management of the agent team through a series of digital tools.

Ping An has formulated the *Ping An Group's Policy Statement on Agent Welfare and Management* to safeguard the fairness and justice and prohibit discrimination in agent recruitment. In addition, Ping An guarantees agents' freedom of expression and protects their legitimate rights and interests by establishing a communication channel for them to express opinions and make requests. Ping An bolsters agents' acceptance of insurance business and a sense of belonging by creating a feeling of care and warmth. Ping An provides a wide range of medical care, injury, death, and eldercare benefits, including four basic benefits, pensions, long-term service bonuses, value-added services, and health check-ups. Ping An Life upgraded remunerations, care, and management from 2020 to 2021. In terms of remunerations, Ping An Life strengthened support for new agents, high-productivity agents, and supervisors. In terms of care, Ping An Life introduced special care for elderly outlet managers and four exclusive value-added services for supervisors and high-productivity agents, namely consultation with specialists, VIP hospital registration, second medical opinions on critical illnesses, and hospitalization arrangement.

Community Impact

Ping An leverages its advantages in finance, technology, and healthcare to promote volunteerism and advocate civilization in a new era. Ping An has made solid progress in volunteering for rural revitalization, emergency response, and children services.

The Ping An Volunteers Association has set up 27 branches nationwide since its establishment in 2018, covering 30 member companies. Ping An fully upgraded the "Ping An Guardian Initiative" in 2021 and organized over 30,000 "Ping An Guardian Initiative" public welfare events. On the one hand, Ping An promoted the general public's financial literacy, consumer rights awareness, and safety literacy, so that public welfare events can enter the community and benefit the people. On the other hand, Ping An gave full play to insurance as a social "stabilizer" in supporting the fight against COVID-19 and earthquake and disaster relief. The "San Cun Hui" public welfare platform had 3.33 million registered users, including approximately 550,000 employees and sales agents of Ping An as of December 31, 2021; 3,858 "Beside You" public welfare initiatives were sponsored on the platform, attracting 3.6324 million participants from Ping An's employees and agents in 2021.

Ping An is committed to becoming a heartwarming financial institution providing caring, personalized, and meticulous services. Ping An Bank provided heartwarming financial services for the elderly by launching a large-font version of the "Ping An Pocket Bank" app with simpler interfaces and easier operations. Ping An Bank issued nearly 780,000 Smart Old-age Care Identity Cards in Shenzhen as of December 31, 2021, covering 91.46% of senior citizens domiciled in Shenzhen and meeting the financial life demands of most senior users.

Business Code of Conduct

Ping An formulated the *Business Code of Conduct of Ping An Group* and the *Employee's Code of Conduct of Ping An Group*, setting out its commitments to the corporate business ethics and employee code of conduct, and continued to standardize its management.

Corporate Business Ethics

In accordance with applicable laws and regulations, the Company formulated procedures which apply to all of its member companies, suppliers and partners, and pledges the following:

- In respect of tax policies, the Company complies with all applicable laws and regulations, proactively cooperates with governments in implementing tax policies, duly performs tax duties, discloses tax information as required by law, declares and pays taxes on time, and prevents tax dodging and evasion.

- In respect of anti-monopoly and fair trade, the Company complies with anti-monopoly laws and regulations, strictly scrutinizes all merger and acquisition deals, and meets all disclosure requirements.

- In respect of anti-money laundering, anti-terrorist financing, and sanctions compliance, the Company prevents, identifies, and monitors financial crimes in accordance with local applicable laws and regulations as well as relevant internal rules. The Company has built a robust anti-money laundering framework, and has incorporated it into its comprehensive risk management framework.

- In respect of fairness and protection of employees' rights and interests, the Company protects legitimate rights and interests of all employees. The Company opposes discrimination, and prohibits the use of child labor and forced labor. The Company has in place relevant procedures including the *Procurement Supplier Management Procedure* to ensure that suppliers' commitments to employee rights and welfare are met.

- In respect of petitioning and reporting management, the Company has formulated the *Whistle-blowing Management Procedure*. The Company has set up a dedicated petitioning and reporting hotline (0755-22625145) and an email box (lzxfjb@pingan.com.cn) to receive non-consumer customer service complaints against the Company, its employees or agents from internal and external complainants (including but not limited to the Company's employees, customers, providers, government, and regulatory authorities). The Company's petitioning unit deals with letters and calls in a lawful, objective, fair, and timely manner, and coordinates the joint investigation and handling by relevant units, to promote the effective and proper proceeding of petitions. Moreover, the Company requires special protection and confidentiality of the petitioners to protect their legitimate interests and prevent retaliation.

- In respect of intellectual property protection, the Company protects its own intellectual property rights in practical business operations, strictly prohibits its employees from being involved in activities that violate intellectual property right laws, and requires them not to infringe others' intellectual property rights.

Employee Code of Conduct

The Company has developed systematic management rules and procedures covering full-time and part-time employees, including the *Employee Interest Conflict Management Policy* and the *Anti-fraud Procedure*. Systematic training is conducted for employees on a half-yearly basis. Ping An has formulated its employee code of conduct covering the following aspects:

- In respect of information management and social media management, employees are required to strictly follow the requirements of customer information security management to actively protect customer information from being leaked. Official accounts and employee accounts on social media may not divulge trade secrets or spread illegal information.

- In respect of conflicts of interests, transfer of benefits, and management of confidential information, employees are required to understand and comply with the Company's rules and procedures on conflicts of interest. The Company prevents and punishes transfer of benefits in line with the principles of "risk coverage, self-declaration, conflict avoidance, and zero tolerance." Employees are responsible for maintaining the confidentiality of inside information and may not divulge it.

- In respect of anti-bribery, corruption, and fraud, employees and partners may not engage in any illegal or improper activities in exchange for personal benefits or damage the Company's legitimate economic interests and reputation. Once a fraudulent action is confirmed, the relevant employees will be subject to penalties and punishments.

Prospects of Future Development

MAJOR INDUSTRY TRENDS, MARKET LANDSCAPE, AND RISKS

Faced with the complexity of increasing risks and challenges in China and abroad in 2021, China got off to a good start with the 14th Five-Year Plan, maintained world-leading economic growth, and made new achievements in high-quality economic development and economic structure upgrade. However, global conditions remain complicated and severe with many instabilities and uncertainties as COVID-19 continues to spread worldwide. More effort is required to maintain steady economic recovery because of periodic and structural development issues in China.

Amidst profound changes in the domestic and foreign economic environments, the rising downside pressure on the Chinese economy will weigh on consumption growth in the short run, posing challenges to the Company's business development. Moreover, as credit risk increases, asset quality will remain under pressure. However, it also indicates new long-term opportunities for business development. On one hand, consumer demands for insurance and health management will be gradually generated due to stronger health awareness and needs for medical management and eldercare services, which creates huge potential for the Company's financial and insurance businesses. On the other hand, as demand for digital transformation grows stronger driven by policies and technological advancement, Ping An is accelerating innovation of its financial and healthcare business models to empower business growth.

- For the insurance business, the "Healthy China" initiative has raised people's awareness of healthcare and eldercare, presenting long-term opportunities to the insurance industry. Life insurers will embrace a vast market as healthcare reforms continue, new policies on people's livelihoods, welfare and security are implemented, and people's insurance awareness is continuously raised by COVID-19. For property and casualty insurers, business operations will become more specialized, refined, and intensive with a more balanced mix of auto and non-auto insurance products and significantly higher efficiency for the industry, as the auto insurance pricing reform gradually deepens and new regulations on sub-types of insurance roll out.

- For the banking business, new technological trends, business models and ecosystems will constantly emerge, and the advancement in new development directions will present new opportunities and challenges to the banking industry. The Company will stay attuned to macroeconomic development, market changes and customer demand, further digital operations across the board, strengthen financial risk prevention, and continue to serve the real economy with financial services.

- For the asset management business, 2021 marked the end of the transition period for the new asset management regulation. Through three years' transformation and reforms, the regulatory system for the asset management industry has been further improved, and business models have been focused on serving the real economy. This marks a new stage for the asset management industry. Ping An will strictly comply with national policies and maintain robust risk management. Empowered by technologies, Ping An will continue to improve its investment capability, leverage expertise to serve the real economy, and continue to support major national strategies and projects in key areas.

- For technology application, next-generation information technologies including cloud computing, big data, blockchain and AI propelled the transformation and upgrade of traditional sectors, made industries "smarter," and spawned emerging industries and new growth drivers. Empowered by technologies, the Company has become a more efficient organization. Going forward, the Company will continuously promote technological R&D and empower its core businesses with new technologies to improve operational efficiency and customer services.

In response to the CPC and government's call, Ping An will fulfill its mission to "serve the country, society, and public" by supporting the real economy, managing financial risks, and contributing to social and economic development.

DEVELOPMENT STRATEGY AND BUSINESS PLAN

Facing severe challenges in internal and external business environments, the Company took multiple measures to provide "heartwarming financial services" by leveraging its resources and advantages in finance, healthcare and technology in a forward-looking manner in 2021. In addition, the Company fulfilled its insurance mission and corporate social responsibilities to fully support the real economy and China's "dual circulation" strategy. Ping An achieved business goals for 2021 by adopting various measures including strengthening risk management, advancing reforms, rebuilding its culture of "original aspirations, wholeheartedness, and perseverance" and promoting digitization. The Company empowered financial services with technologies, empowered ecosystems with technologies, and empowered financial services with ecosystems by advocating innovation in fintech and healthtech, building the "integrated finance + HMO managed care" services system, and enhancing the integrated financial business model of "one customer, multiple products, and one-stop services." The Company enhanced retail customer and user development, boosted the value of retail businesses, and improved the operational management of corporate business to build a benchmark for integrated financial services. The Company maintained stable profitability as well as healthy, sustainable growth of its insurance, banking, asset management and technology businesses.

Prospects of Future Development

The Company will continue to transform toward smart, digital operations, sustain business growth, and strive to become a world-leading integrated financial and healthcare services provider in 2022.

- Being customer-centric, Ping An will provide customers with one-stop integrated financial service solutions through technological innovations, continue to improve customer experience and offer heartwarming financial services. The Company will boost the value of retail customers through sustainable development of integrated finance. In corporate business, Ping An focuses on boosting its shared and own values under the "1 + N" services model (one customer + N products). Moreover, Ping An will use technologies to improve customer experience, reduce service costs, and support the real economy and financial inclusion under its integrated financial business model.

- For the insurance business, Life & Health will pursue high-quality development by executing the two-pronged "channel + product" strategy and advancing Ping An Life's reform. Through technological empowerment, Life & Health will realize long-term sustainable growth by continuously transforming channels, offering "heartwarming insurance," and improving business quality. Ping An Property & Casualty will continue to transform toward digital operations and promote insurance product innovation to provide refined, high-quality services for customers and build differentiated advantages.

- Ping An's banking business will continue to follow national strategies and the "customer-centric" approach, and advance the strategic transformation. Ping An Bank will make every effort to build the "five-in-one" new model for the retail business, play "five cards" for the corporate business, and establish the "five business cards" for the interbank business. Ping An Bank will continue to advance its comprehensive digital operations, and make contribution to the dual-circulation development pattern which takes the domestic market as the mainstay while letting foreign and domestic markets reinforce each other.

- Ping An's asset management business is committed to building an industry-leading investment management platform. Being customer-centric, Ping An will adhere to the philosophies of value investing and long-term investing, and pursue steady growth in investment income. Ping An will strengthen product innovation, and develop flagship products and brand reputation in line with the times. Regarding the investment of insurance funds, Ping An always takes risk prevention as top priority, improves asset and liability management capabilities, pursues prudent investment, and increases support for the real economy.

- For the technology business, Ping An will continue to implement its strategies and proactively encourage fintech and healthtech innovations. The Company will employ cutting-edge technologies to support its core financial businesses. By doing so, the Company will provide customers with high-quality products and excellent service experiences, and advance the industry ecosystem and technologies. Moreover, Ping An will upgrade the healthcare ecosystem strategy by developing the healthcare ecosystem, building the "HMO managed care model," and integrating its customer base and resources.

In response to the ever-changing economic landscape and market conditions, the Company will conduct in-depth research on the macroeconomic situation. Moreover, the Company will implement the 14th Five-Year Plan by upholding the compliance philosophy of "Regulations + 1," strengthening risk management, and improving operations. The Company will advance the "integrated finance + healthcare" strategic upgrade under the customer-centric approach. Moreover, the Company will develop the "finance + eldercare" and "finance + healthcare" industry ecosystems, and build the "integrated finance + HMO managed care" services system with Chinese characteristics on the basis of diverse high-quality, efficient integrated financial services. In this way, Ping An will strive to become a world-leading integrated financial and healthcare services provider. Ping An will actively fulfill its social responsibilities, and create steadily growing value for customers, shareholders, and society. Ping An will make unremitting efforts to realize people's aspiration for a better life and the common prosperity of society.

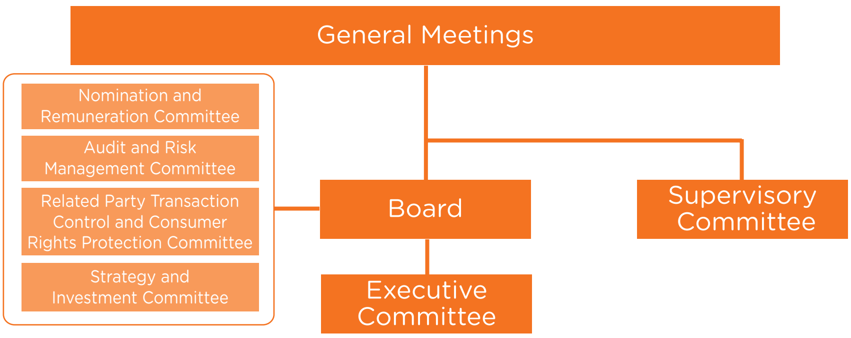
Corporate Governance Report

Ping An continues to adopt global best practices in corporate governance, and has established and kept improving its corporate governance structure which is built on both local advantages and international standards. The board of directors of the Company (the "Board" or "Board of Directors") hereby reports to the shareholders on the corporate governance of the Company for the year ended December 31, 2021 (the "Reporting Period").

CORPORATE GOVERNANCE STRUCTURE

During the Reporting Period, the Company implemented corporate governance measures taking into account practical concerns and in strict accordance with the applicable laws, including the *Company Law of the People's Republic of China* and the *Securities Law of the People's Republic of China*, the applicable regulations issued by regulators, and the principles set out in the *Corporate Governance Code*. The general meetings of shareholders ("General Meetings"), the Board of Directors, the supervisory committee ("Supervisory Committee") and the executive committee ("Executive Committee") of the Company exercised their rights and performed their obligations conferred by the *Articles of Association* respectively.

Corporate Governance Structure of Ping An



GENERAL MEETINGS AND SHAREHOLDERS

General Meetings

The general meeting established and expanded effective channels for communication between the Company and the shareholders, and through listening to their opinions and advice, shareholders' information rights, participation rights and voting rights on significant events of the Company were assured. During the Reporting Period, the notice, convocation and procedures for convening and voting at the general meeting were in accordance with the requirements of the *Company Law of the People's Republic of China* and the *Articles of Association*.

The Annual General Meeting of the Company for 2020 held on March 25, 2021 deliberated and approved twelve proposals including the *Report of the Board of Directors of the Company for 2020*, the *Report of the Supervisory Committee of the Company for 2020*, the Annual Report of the Company for 2020 and Its Summary, the *Report on Final Accounts of the Company for 2020*, the *Profit Distribution Plan of the Company for 2020* and the *Appointment of Auditors of the Company for 2021*. The resolutions of the above general meeting have also been published on the websites of SSE (www.sse.com.cn) and HKEX (www.hkexnews.hk).

Shareholders' Rights

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

Extraordinary general meetings may be convened on written request of shareholder(s) individually or collectively holding 10% or more of the Company's shares pursuant to Article 72(3) of the *Articles of Association*. Such request shall state clearly the matters to be deliberated at the general meetings and shall be signed by the requester(s) and submitted to the Board in writing. Shareholders should follow the requirements and procedures as set out in the *Articles of Association* for convening an extraordinary general meeting.

In addition, shareholder(s) individually or collectively holding 3% or more of the Company's shares may submit an interim proposal in writing to the convener 10 days before the date of the general meeting pursuant to Article 75 of the *Articles of Association*.

Shareholders may put forward any enquiries as set out in Article 58(5) of the *Articles of Association* in accordance with applicable laws and regulations, and send their enquiries or requests in exercise of such rights as mentioned above to the Company's IR Team or via email to IR@pingan.com.cn. Shareholders who put forward such enquiries shall provide the Company with written identification documents pursuant to laws, regulations, and the *Articles of Association*. The Company shall provide the information after verification.

Information Disclosure and Investor Relations

During the Reporting Period, the Company disclosed all material information in a truthful, accurate, complete, timely and impartial manner in accordance with the applicable laws and regulations and the *Articles of Association*, making sure that information was disseminated to every shareholder equally, and there was no breach of information disclosure regulations.

The Company adheres to the principles of compliance, objectiveness, consistency, timeliness, interactivity and fairness in providing services proactively, passionately and efficiently to institutional and individual investors in China and abroad, facilitating the understanding between the Company and its investors, enhancing corporate governance and realizing the fair corporate value of the Company.

The "Investor Relations" section on the Company's website (www.pingan.cn) serves as a platform for communication with investors on the Company's updates including but not limited to business development and operations, financial information and corporate governance practices. Investors are also welcomed to write directly to the Company's IR team or via email to IR@pingan.com.cn for further inquiries, which will be appropriately dealt with by the Company.

The Company proactively communicates with the market through various means and channels, including but not limited to roadshows, videos, conference calls and corporate open days, to improve communication effectiveness and facilitate value recognition. All these efforts have helped to deepen the capital market's understanding of the Company. Besides maintaining good communication with institutional investors, the Company has also established diverse channels to communicate with minority investors to provide better investor services and protect their interests, including but not limited to corporate websites, email and hotlines. Moreover, the Company is committed to strengthening the analysis and reporting of capital market situations and the collection of shareholders' information, paying special attention to addressing investors' concerns and advice in order to further enhance the operations, management and corporate governance of the Company. We constantly improve internal workflows and system construction to provide investors with more convenient services precisely and efficiently.

Independence of the Company from the Controlling Shareholders on Assets, Staff, Finance, Organization, and Business

The shareholding structure of the Company is scattered and there is no controlling shareholder or de facto controlling party. As an integrated financial group, the Company maintains full independence in terms of assets, staff, finance, organization and business under the supervision of the CBIRC. The Company is an independent corporation responsible for its own profits and losses, runs independent and complete business and is capable of independent business operations. During the Reporting Period, no controlling shareholders or other related parties misappropriated the Company's funds, as confirmed by Ernst & Young Hua Ming LLP in its specific report in this respect. The Company did not provide any controlling shareholder or de facto controlling party with any undisclosed information.

BOARD AND DIRECTORS

Corporate Governance Functions of the Board

The Board is responsible for the management of the Company and accountable to the shareholders for their entrusted assets and resources. The Board represents and owes a duty to act in the interests of the shareholders as a whole. The Board recognizes its responsibility to prepare the Company's financial statements. The principal responsibilities of the Board and the types of decisions that can be made by the Board include:

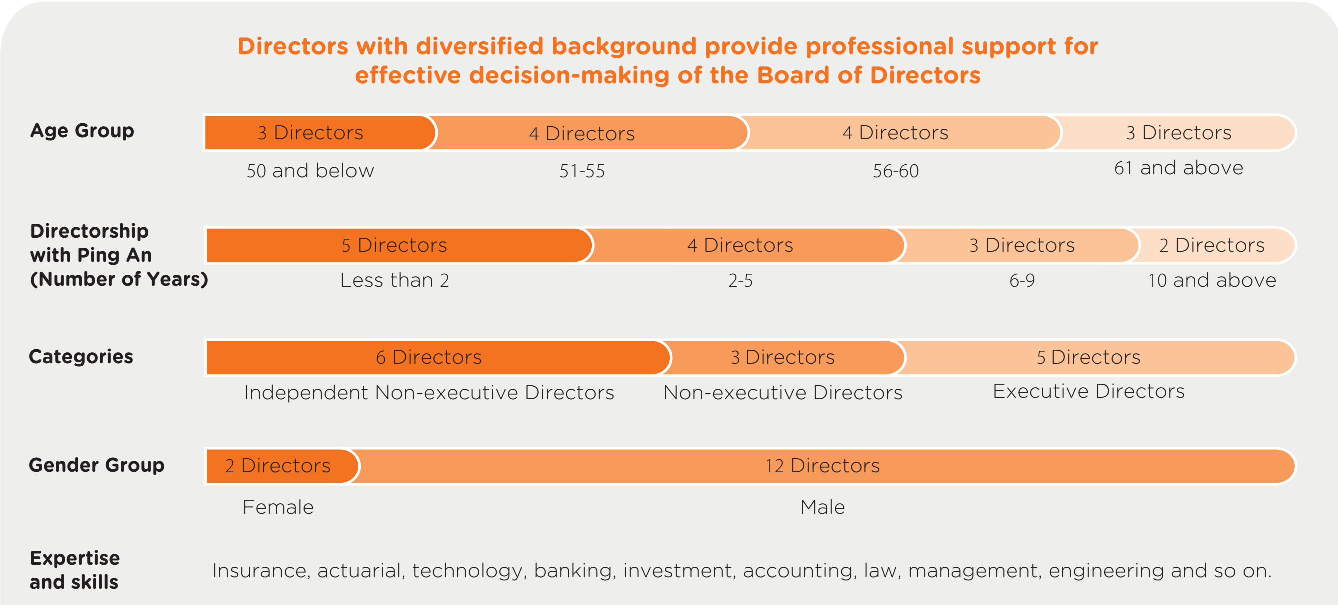
- formulating the Group's overall direction, objectives and strategies, business plans and investment proposals as well as monitoring and supervising the management's performance;
- formulating the Company's annual budgets, financial statements and monitoring the Company's performance;
- formulating the Company's profit distribution and loss recovery proposals;
- formulating plans for mergers or disposals and deciding on major investments, asset mortgage and other forms of guarantee in accordance with the mandate at general meetings;
- formulating proposals for any change in the Company's registered capital, the issuance of corporate bonds or other securities and listing plans;
- appointing or dismissing the senior management of the Company, and determining their remuneration, award and punishment; and
- performing the corporate governance function, monitoring, evaluating and ensuring the effectiveness of the Company's internal control systems and compliance with relevant laws and regulations.

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

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

Board Diversity

As of December 31, 2021, the Board consisted of 14 members, namely five Executive Directors, three Non-executive Directors and six Independent Non-executive Directors, and the profile of each Director is set out in the section headed "Directors, Supervisors, Senior Management and Employees" of this Report. As far as is known to the Company, there is no relationship between the members of the Board in terms of finance, business, family members, or other major related aspects. The number of Directors and the composition of the Board follow all the applicable legal and regulatory requirements, and provisions of the *Articles of Association*. As provided in the *Articles of Association*, Directors shall be elected at the general meeting with a term of three years, and are eligible for re-election upon expiry of such term. However, Independent Non-executive Directors shall not hold office cumulatively for more than six years. The term of office of the 12th Board is from March 2021 to the date of the 2023 Annual General Meeting.



Note: As of December 31, 2021.

Convening of Board of Directors Meetings

Session of the Board Meeting	Date	Resolutions of the Board Meeting
The 20th meeting of the 11th session of the Board	February 3, 2021	The Board Meeting deliberated and approved proposals including the *Proposal to Deliberate the Annual Report of the Company for 2020 and Its Summary*, the *Report on Final Accounts of the Company for 2020*, the *Profit Distribution Plan of the Company for 2020* and the *Proposal on Recommending Director Candidates for the 12th Board*.
The 1st meeting of the 12th session of the Board	March 25, 2021	The Board Meeting deliberated and approved proposals including the *Proposal on Reviewing the Establishment of the Board Committees of the 12th Board and the Terms of Reference and Modus Operandi of Each Committee*, and the *Proposal on Electing the Chairman for the 12th Board*.
The 2nd meeting of the 12th session of the Board	April 22, 2021	The Board Meeting deliberated and approved proposals including the *2021 First Quarter Report of the Company* and the *Unaudited Results for the Three Months Ended March 31, 2021* and the *Proposal on Reviewing the Report on the Participation in the 2021 Key Employee Share Purchase Plan*.
The 3rd meeting of the 12th session of the Board	April 30, 2021	The Board Meeting deliberated and approved the *Proposal on Appointing the Compliance Officer of the Company* and the *Proposal on Concluding the Restructuring Investment Agreement Relating to the Founder Group*.
The 4th meeting of the 12th session of the Board	August 26, 2021	The Board Meeting deliberated and approved proposals including the *Proposal on Reviewing the 2021 Interim Results Report of the Company and Its Summary*, the *Proposal on Distributing Interim Dividend for 2021*, and the *Proposal on Reviewing the A Share Repurchase*.
The 5th meeting of the 12th session of the Board	October 27, 2021	The Board Meeting deliberated and approved proposals including the *2021 Third Quarter Report of the Company*, the *Unaudited Results for the Nine Months Ended September 30, 2021* and the *Proposal on Reviewing the Asset Management Plan for 2022 of the Company*.
The 6th meeting of the 12th session of the Board	December 9, 2021	The Board Meeting deliberated and approved the *Proposal on Recommending Director Candidates*.

Performance of Duties by Directors

Attendance Record of Directors

During the Reporting Period, the Directors endeavored to attend the general meetings and the meetings of the Board and specialized committees under the Board in person, as well as to make prudent decisions based on their in-depth knowledge of the relevant circumstances. All the Directors have strictly fulfilled their duties and are committed to protecting the interests of the Company and its shareholders as a whole. The attendance records of each Director at the meetings are as follows:

		Meetings attended in person[4]/Meetings required to attend					
Members	Date of Appointment as Directors	General Meetings	Board	Nomination and Remuneration Committee[2]	Audit and Risk Management Committee	Related Party Transaction Control and Consumer Rights Protection Committee[3]	Strategy and Investment Committee
Executive Directors							
Ma Mingzhe (Chairman)	March 21, 1988	1/1	7/7	–	–	–	4/4
Xie Yonglin	April 3, 2020	1/1	7/7	–	–	–	–
Tan Sin Yin	April 3, 2020	1/1	7/7	–	–	4/4	–
Yao Jason Bo	June 9, 2009	1/1	7/7	–	–	4/4	–
Cai Fangfang	July 2, 2014	1/1	7/7	–	–	–	–
Non-executive Directors							
Soopakij Chearavanont	June 17, 2013	1/1	7/7	–	–	–	–
Yang Xiaoping	June 17, 2013	1/1	7/7	–	4/4	–	4/4
Huang Wei[1]	August 20, 2021	–	3/3	–	–	–	–
Wang Yongjian (Resigned)[1]	July 13, 2018	1/1	4/4	–	–	–	3/3
Independent Non-executive Directors							
Ouyang Hui	August 6, 2017	1/1	7/7	6/6	4/4	–	3/3
Ng Sing Yip	July 17, 2019	1/1	7/7	6/6	4/4	4/4	–
Chu Yiyun	July 17, 2019	1/1	7/7	6/6	4/4	–	–
Liu Hong	July 17, 2019	1/1	7/7	6/6	–	–	4/4
Ng Kong Ping Albert[1]	August 20, 2021	–	3/3	–	2/2	2/2	–
Jin Li[1]	August 20, 2021	–	3/3	2/3	–	2/2	–
Ge Ming (Retired)[1]	June 30, 2015	1/1	4/4	–	2/2	2/2	1/1

Notes: (1) Details of new appointments and departures of Directors of the Company during the Reporting Period are set out in the section headed "Directors, Supervisors, Senior Management and Employees" of the report.

(2) The original Nomination Committee and the original Remuneration Committee were merged into the Nomination and Remuneration Committee on March 25, 2021. Before the merger, each of the original Nomination Committee and the original Remuneration Committee held a meeting in the Reporting Period, and all the then members attended in person.

(3) The original Related Party Transaction Control Committee and the original Consumer Rights Protection Committee were merged into the Related Party Transaction Control and Consumer Rights Protection Committee on March 25, 2021. Before the merger, each of the original Related Party Transaction Control Committee and the original Consumer Rights Protection Committee held a meeting in the Reporting Period, and all the then members attended in person.

(4) Some Directors failed to attend certain meetings in person due to business scheduling conflicts.

Objections of Directors on Relevant Matters of the Company

During the Reporting Period, none of the Directors objected to the resolutions at the Board meetings and other matters that were not submitted to the Company's Board meetings.

Adoption of Directors' Suggestions on the Company

During the Reporting Period, Directors put forward constructive advice and suggestions in respect of the shareholders and the Company as a whole, including but not limited to corporate governance, reform and development, business operations, risk management and internal controls and consumer rights protection. Particular attention was paid to the legitimate rights and interests of the minority shareholders in the Independent Non-executive Directors' decision-making process. All of their opinions and suggestions were adopted by the Company.

Continuous Professional Development of the Directors

All the Directors of the Company have received a comprehensive Service Manual for the Performance of Duties upon their first appointment, so as to ensure their understanding of the business and operations of the Company and their responsibilities and obligations under the listing rules and relevant regulatory requirements. The Service Manual for the Performance of Duties is updated regularly.

The Company also continually provides information including updates on statutory and regulatory requirements and the business and market changes to all Directors to facilitate the performance of their responsibilities and obligations under the listing rules and relevant statutory requirements.

During the Reporting Period, all the Directors of the Company actively participated in continuous professional training by attending external training or seminars and in-house training or reading materials on various topics, to develop and refresh their knowledge and skills, which ensure that they have comprehensive and required information to make contributions to the Board. All Directors have provided their records of training to the Company.

In 2021, all the Directors of the Company attended professional training with topics covering corporate governance, regulations, and the Company's businesses, and training courses organized by the Insurance Association of China regarding Theoretical Basis of Corporate Governance in Insurance Industry, and Digital Finance and so on. In addition, Mr. Ouyang Hui, Mr. Chu Yiyun and Mr. Liu Hong attended the 2021 follow-up training courses for independent directors of listed companies.

Performance of Duties by Independent Non-Executive Directors

The 12th Board includes six Independent Non-executive Directors, exceeding one-third of the total number of the members of the Board, which complies with the relevant regulatory requirements of the Company's listing jurisdictions. All the Independent Non-executive Directors of the Company are professionals with extensive experience in their respective fields, including finance, accounting, law and technology, and thus crucial to the Company's sustainable development. All the Independent Non-executive Directors meet the specific independence guidelines as set out in the relevant regulatory rules of the Company's listing jurisdictions, and have presented to the Company their annual confirmations on independence, as disclosed in the Company's circular dated March 4, 2021. Therefore, the Company continues to believe that they are independent. The Independent Non-executive Directors owe fiduciary duties to the Company and its shareholders, and are especially responsible for protecting the interests of minority shareholders. They play a significant check-and-balance role in the decision-making of the Board and a key part in the corporate governance of the Company.

During the reporting period, the Independent Non-executive Directors of the Company conscientiously exercised their powers conferred by the *Articles of Association*, promptly learned the key operational information of the Company, paid close attention to the Company's development and actively attended the Board meetings during the Reporting Period. The Independent Non-executive Directors of the Company have conscientiously reviewed and provided independent opinions agreeing on the matters including profit distribution, changes in accounting estimates, A Share repurchase plan, remuneration of the Company's senior management, recommendation of Director candidates, appointment of the Company's senior management and major related party transactions, which were deliberated by the Board during the Reporting Period.

SPECIALIZED COMMITTEES UNDER THE BOARD

The Board has established four specialized committees, namely the Nomination and Remuneration Committee, the Audit and Risk Management Committee, the Related Party Transaction Control and Consumer Rights Protection Committee, and the Strategy and Investment Committee. Details of the roles, functions and the composition of each of these specialized committees are set out below.

Nomination and Remuneration Committee

The primary duties of the Nomination and Remuneration Committee are to provide recommendations on the size and composition of the Board of Directors (including skills, knowledge and experience), study the selection criteria and procedures for Directors and senior management, select qualified candidates and make recommendations to the Board. The Nomination and Remuneration Committee studies and reviews the remuneration policies, programs and structures of all Directors and senior management of the Company, and advises the Board in relation to establishing a formal and transparent procedure for developing remuneration policies. The Nomination and Remuneration Committee also reviews the criteria for appraisal of Directors and senior management, conduct appraisals and make recommendations to the Board, and reviews and approves senior management's remuneration proposals in line with the corporate policies and objectives set by the Board.

Members

Independent Non-Executive Directors
Ouyang Hui (Chairman),
Ng Sing Yip,
Chu Yiyun,
Liu Hong,
Jin Li

The nomination of Directors is considered with reference to an individual's business acumen and undertakings, academic and professional achievements and qualifications, experience and independence, having regard to the Company's business activities, assets and management portfolios. The Nomination and Remuneration Committee is delegated with the task of fully considering the Company's needs for Directors and senior management, reviewing the criteria and procedures for selecting Directors and senior management. After considering and identifying appropriate candidates, the Nomination and Remuneration Committee then makes recommendations to the Board and implements any decisions and recommendations of the Board in relation to appointments. The aim and principal objective of the Nomination and Remuneration Committee are to ensure that there remains a dedicated, professional and accountable Board to serve the Company and its shareholders.

The Nomination and Remuneration Committee also developed and followed the *Board Diversity Policy* to ensure a balance of Board members in terms of skills, experience and diversified perspectives, and thus to elevate the efficiency of the Board and maintain a high level of corporate governance. A summary of the Company's Nomination and Remuneration Committee diversity policy is as follows: All appointments under the Board are based on merits with due regard for the benefits of a diverse Board. Selection of candidates is based on a range of diversity aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contributions that the selected candidates will make to the Board. In 2021, to further improve the Company's governance structure and the Board's professional decision-making ability, the Nomination and Remuneration Committee recommended four Director candidates with extensive managerial experience to the Board.

In 2021, the Nomination and Remuneration Committee held six meetings, which were convened in accordance with the *Articles of Association* and the *Charter of the Nomination and Remuneration Committee of the Board*. All of the members' opinions and suggestions were adopted by the Company. The attendance records of each member of the Nomination and Remuneration Committee are set out in the part headed "Attendance Record of Directors" of this section.

Date	Contents of the Meeting
March 25, 2021	The meeting deliberated and approved proposals including the *Proposal on Recommending the Chairman of the 12th Board*.
April 22, 2021	The meeting deliberated and approved proposals including the *Proposal on Reviewing the Report on the Participation in the 2021 Key Employee Share Purchase Plan*.
April 30, 2021	The meeting deliberated and approved the *Proposal on Recommending the Compliance Officer of the Company*.
August 26, 2021	The meeting deliberated and approved proposals including the *Proposal on Reviewing the Remuneration of Ms. Zhang Xiaolu*.
October 27, 2021	The meeting deliberated and approved proposals including the *Proposal on Recommending Ji Guangheng as the Vice President of the Company*.
December 9, 2021	The meeting deliberated and approved the *Proposal on Recommending Director Candidates*.

Audit and Risk Management Committee

The primary duties of the Audit and Risk Management Committee are to review and supervise the Company's financial reporting process and conduct risk management. The Audit and Risk Management Committee is also responsible for reviewing any matters relating to the appointment or removal, and remuneration of external auditors. In addition, the Audit and Risk Management Committee examines the effectiveness of the Company's internal controls through regular reviews of the internal controls over various corporate structures and business processes, while taking into account respective potential risks and levels of urgency to ensure the effectiveness of the Company's business operations and the realization of its corporate objectives and strategies. Such examinations and reviews cover finance, operations, compliance and risk management. The Audit and Risk Management Committee also reviews the Company's internal audit plans and submits relevant reports and recommendations to the Board on a regular basis.

Members

Independent Non-Executive Directors

Ng Kong Ping Albert (Chairman),
Ouyang Hui,
Ng Sing Yip,
Chu Yiyun

Non-Executive Director

Yang Xiaoping

In 2021, the Audit and Risk Management Committee held four meetings, which were all convened in accordance with the *Articles of Association* and the *Charter of the Audit and Risk Management Committee of the Board*. All of the members' opinions and suggestions were adopted by the Company. Furthermore, the Audit and Risk Management Committee convened a meeting to review the unaudited financial report for the year 2021 and agreed to deliver it to the auditor for auditing. The Audit and Risk Management Committee also reviewed the audited financial report for the year ended December 31, 2021 at the first meeting in 2022 and was satisfied with the basis of preparation of the financial report, including the appropriateness of the assumptions and accounting policies and standards adopted, and made recommendations to the Board for their consideration. The attendance records of each member of the Audit and Risk Management Committee are set out in the part headed "Attendance Record of Directors" of this section.

Date	Contents of the Meeting
February 2, 2021	The meeting deliberated and approved proposals including the *Proposal on Reviewing the Annual Report of the Company for 2020 and Its Summary* and the *Report on Final Accounts of the Company for 2020*.
April 22, 2021	The meeting deliberated and approved proposals including the *2021 First Quarter Report of the Company* and the *Unaudited Results for the Three Months Ended March 31, 2021*.
August 25, 2021	The meeting deliberated and approved proposals including the *Proposal on Reviewing the Interim Report of the Company for 2021 and Its Summary*.
October 27, 2021	The meeting deliberated and approved proposals including the *Proposal on Reviewing the 2021 Third Quarter Internal Audit Report of the Company*.

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

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

According to the resolution of the Company's 2020 Annual General Meeting, the Company appointed Ernst & Young Hua Ming LLP and Ernst & Young (hereinafter refer to as "E&Y") as the auditors of the Company's financial statements under CAS and IFRS respectively for the year 2021. 2021 was the first year for which E&Y acted as the auditors of the Company. During the Reporting Period, the remuneration payable to E&Y is set out as follows:

(in RMB million)	Fees payable
Audit services for financial statements – audits, reviews and agreed-upon procedures	68
Audit services for internal controls	6
Other assurance services	12
Non-assurance services	44
Total	130

Related Party Transaction Control and Consumer Rights Protection Committee

The primary duties of the Related Party Transaction Control and Consumer Rights Protection Committee are to coordinate the management of related party transactions of the Company and the protection of consumer rights, including determining the overall objectives, basic policies and systems in respect of the management of related party transactions, reviewing material related party transactions, ensuring compliance and fairness of the Company's related party transactions, guarding against risks arising from such transactions, studying the major topics and policies of consumer rights protection, and guiding and supervising the establishment and promotion of the management system for consumers' legal rights.

In 2021, the Related Party Transaction Control and Consumer Rights Protection Committee held four meetings, which were convened in accordance with the *Articles of Association* and the *Charter of the Related Party Transaction Control and Consumer Rights Protection Committee of the Board*. All of the members' opinions and suggestions were adopted by the Company. The attendance records of each member of the Related Party Transaction Control and Consumer Rights Protection Committee are set out in the part headed "Attendance Record of Directors" of this section.

Members

Independent Non-Executive Directors
Ng Sing Yip (Chairman),
Ng Kong Ping Albert,
Jin Li

Executive Directors
Tan Sin Yin,
Yao Jason Bo

Date	Contents of the Meeting
March 25, 2021	The meeting deliberated and approved the *Proposal on Reviewing the Framework Agreements on Material Related Party Transactions for Non-Financial Subsidiaries*.
April 22, 2021	The meeting deliberated and approved proposals including the *Proposal on Reviewing the List of Related Parties of the Company under the Terms of the CBIRC in the First Half of 2021*.
August 25, 2021	The meeting deliberated and approved the *Proposal on Reviewing the Report on the Consumer Rights Protection for the First Half of 2021*.
October 27, 2021	The meeting deliberated and approved proposals including the *Proposal on the Material Related Party Transaction of Capital Injection into Ping An Annuity*.

Strategy and Investment Committee

The primary duties of the Strategy and Investment Committee are to conduct research and provide suggestions to the Board for their consideration in relation to major investments, property transactions, financing, major capital operations, asset management projects, production and operation projects and so on, and also to promptly monitor and track the investment projects approved by the General Meetings and the Board, and promptly notify all the Directors of any significant progress or changes in process.

In 2021, the Strategy and Investment Committee held four meetings, which were convened in accordance with the *Articles of Association* and the *Charter of the Strategy and Investment Committee of the Board*. All of the members' opinions and suggestions were adopted by the Company. The attendance records of each member of the Strategy and Investment Committee are set out in the part headed "Attendance Record of Directors" of this section.

Members

Executive Director
Ma Mingzhe (Chairman)

Independent Non-Executive Directors
Ouyang Hui,
Liu Hong

Non-Executive Director
Yang Xiaoping

Date	Contents of the Meeting
February 3, 2021	The meeting deliberated and approved proposals including the *Proposal on Reviewing the Company's 2020 Annual Plan Implementation Evaluation Report*.
April 22, 2021	The meeting deliberated and approved the *Proposal on Reviewing the Company's 2021 Annual Plan*.
April 30, 2021	The meeting deliberated and approved the *Proposal on Concluding the Restructuring Investment Agreement Relating to the Founder Group*.
August 26, 2021	The meeting deliberated and approved proposals including the *Proposal on Reviewing the A Share Repurchase*.

SUPERVISORY COMMITTEE AND SUPERVISORS

The composition of the Supervisory Committee and the profile of each Supervisor are set out in the section headed "Directors, Supervisors, Senior Management and Employees" of this Report. The details of the duty performance of the Supervisory Committee are set out in the section headed "Report of the Supervisory Committee."

THE EXECUTIVE COMMITTEE

The Company has established an Executive Committee, which is the highest execution authority under the Board. The primary duty of the Executive Committee is to review the Company's internal business reports, the Company's policies in relation to investment and profit distribution and the Company's management policies, development plans and resource allocation plans. The Executive Committee is also responsible for making management decisions and promoting significant matters including strategic planning of the Company, compliance/risk management, capital allocation and fund operations, human resource synergy and brand management. In addition, the Executive Committee is responsible for reviewing the business plans of the subsidiaries of the Company and evaluating the subsidiaries' financial performance. The Company has also established several management committees under the Executive Committee, including the Strategy and Budget Management committee, the Investment Management Committee, the Risk Management Executive Committee, the Investor Relations Management Committee, the Technology Development Committee and other committees.

OTHER MATTERS REGARDING CORPORATE GOVERNANCE IN THE REPORTING PERIOD

Amendments Made to the *Articles of Association*

A proposal was made and approved to amend the *Articles of Association* at the Company's 2020 Annual General Meeting. The amendments have been approved by the relevant regulatory authorities and became effective during the Reporting Period. The revised *Articles of Association* incorporating the amendments was published on the website of HKEX on June 17, 2021 and the website of SSE on June 18, 2021. The Company will further improve its *Articles of Association* on the basis of findings from the self-inspections of listed-company governance and relevant suggestions in accordance with applicable laws, regulations, and other rules.

Our Compliance with the *Corporate Governance Code*

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

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

None of the Directors is aware of any information that would reasonably indicate that the Company did not meet the applicable Code Provisions set out in the *Corporate Governance Code* any time from January 1, 2021 to December 31, 2021 save as disclosed below.

According to Code Provision C.3.2 of the *Corporate Governance Code*, a former partner of the issuer's existing auditing firm should be prohibited from acting as a member of its audit committee for a period of two years from the date of the person ceasing to be a partner of the auditing firm.

Auditors of the Company for 2021 are Ernst & Young Hua Ming LLP and Ernst & Young. Mr. Ng Kong Ping Albert was appointed as an Independent Non-executive Director and the Chairman of the Audit and Risk Management Committee of the Company on August 20, 2021. Mr. Ng retired from Ernst & Young and resigned all his posts including China Chairman of Ernst & Young on June 30, 2020. Therefore, the effective date of Mr. Ng's appointment was more than one year but less than two years after his retirement from Ernst & Young.

However, after considering the relevant principles under Code Provision C.3.2 of the *Corporate Governance Code* and reviewing the Company's management structure, and taking into account the following, the Company believes that the past position Mr. Ng Kong Ping Albert held in Ernst & Young has no influence on his independence, he has the necessary qualifications, expertise, and experience to serve as the Chairman of the Audit and Risk Management Committee, and he can exercise professional judgment fairly and independently and use his extensive knowledge to bring benefits to the Company and shareholders (especially independent shareholders) on the following basis:

(i) Mr. Ng confirmed to the Company at the time of his appointment that he was not involved in the business and operations of the Company in the two years immediately prior to his appointment, took no part in any negotiations or interaction between the Company and E&Y in respect of the appointment of E&Y as auditors of the Company for the year 2021, and he did not and will not receive any benefits (whether monetary or non-monetary in nature) in relation to the appointment of E&Y.

(ii) Mr. Ng has over 30 years of professional experience in the accounting industry in Hong Kong and the Chinese mainland, and is a member of Hong Kong Institute of Certified Public Accountants, Chartered Accountants Australia and New Zealand, CPA Australia, and Association of Chartered Certified Accountants.

Compliance with the *Model Code*

In August 2007, the Company adopted a code of conduct regarding securities transactions by Directors and Supervisors of the Company ("Code of Conduct"), which was amended in October 2018, on terms no less exacting than the required standards as set out in the *Model Code*. Specific enquiries have been made to all the Directors and Supervisors of the Company, who have confirmed that they complied with the required standards set out in the *Model Code* and the Code of Conduct from January 1, 2021 to December 31, 2021.

Establishment and Perfection of the Internal Control System

The Company is committed to establishing internal controls in line with international standards and regulatory requirements, and improving internal controls in response to changes in risks and environments. With its local advantages, the Company implements corporate governance in line with international standards, upholds the compliance philosophy of "Regulations + 1," and constantly enhances its risk management to ensure that the Group and its member companies abide by laws and regulations in their business activities, to keep single and accumulated residual risks at levels acceptable to the Company, and to promote the sustainable growth of the Group.

Regarding the management framework and rules for internal controls, the Company has a robust and well-staffed internal control management system in place with well-defined roles and responsibilities in line with applicable laws and regulations as well as its business and risk management needs. The Board is responsible for the establishment, improvement and implementation of internal controls. The Audit and Risk Management Committee under the Board monitors and assesses the implementation of internal controls, and coordinates the audits of internal controls and other relevant work. The Supervisory Committee supervises the establishment and implementation of internal controls by the Board. The Risk Management Executive Committee under the Group's Executive Committee (the management) sets risk management targets, basic policies and work procedures, guides the establishment and perfection of risk management rules, and supervises the risk management systems of member companies or business lines. The Company has established robust internal control policies and procedures, and has set out clear internal control targets, responsibilities and procedures to provide guidelines for business activities and operations.

Regarding internal control operations and assessment, the Company strictly complied with the applicable laws and regulations in 2021. In accordance with the CBIRC's *Circular on "Year of Improving Internal Control and Compliance Management" for Banking and Insurance Sectors*, the Company continuously optimized its governance structure, strengthened internal control management mechanisms, refined rules and procedures, strengthened the management of employees' behavioral standards, reviewed business processes, identified internal control weaknesses, and optimized internal control measures for business processes. First, the Company further optimized the rule management system, and implemented whole-process management requirements on rules. By strengthening rules, the Company laid a solid foundation for its internal controls, ensuring that all its internal control measures are in accordance with the applicable rules and regulations. The Company converted regulations into internal rules in a timely and dynamic manner, and regarded compliance review as a necessary procedure for formulating or amending the Company's important internal rules and contract templates. Moreover, the Company strengthened the internal control philosophy of rule-based management, procedure-based rules, and information-based procedures. Second, the Company has built up a system to manage employees' behavioral standards and formulated the *Guidelines for Employees' Behavioral Standards*. The Company took "regulated behavior, proper constraint, strong supervision, and effective evaluation" as its core philosophy, and "dare not, cannot, or reluctant to violate rules" as its management objective. The Company supervised its employees' implementation of internal control and compliance requirements by improving management framework, rules, specifications, mechanisms and standards, strengthening risk monitoring, building management platforms, and encouraging employees to take internal control requirements to heart and implement them in daily practice. Third, the Company has established and improved a group-wide internal controls and compliance framework in line with the *Measures for the Supervision and Administration of Insurance Group Companies*. Moreover, the Company optimized resource allocation, strengthened corporate governance capabilities, and performed the coordination and management functions to improve the overall operating efficiency and risk prevention. Fourth, the Company launched the "Year of Improving Internal Control and Compliance Management," and established a leadership group to oversee the fulfillment of responsibilities under the philosophy of "internal controls and compliance first." The Company aimed for a more robust internal control framework, more effective internal controls, stronger compliance awareness, and deeper compliance culture. To this end, the Company proactively organized relevant departments to conduct self-examinations and self-corrections, and carry out general and specific rectifications of recurrent findings. Fifth, the Company organized training and publicity campaigns on internal controls and compliance, and upheld a top-down compliance culture requiring the management to lead by example. Moreover, the Company strengthened employees' legal education, business training, and work ethics management through training, electronic posters, emails, mobile office platforms, and video broadcasts in offices and elevators. The Company continued to optimize appraisal indicators for internal controls and compliance, emphasized the "bottom line of compliance" and "limitation to employee behaviors," and constantly enhanced employees' compliance awareness, sense of responsibility, and service awareness.

Regarding money laundering and terrorist financing risk management, the Company adhered to a "risk-based" approach and took various measures to improve work effectiveness. Firstly, the Company continuously optimized and upgraded anti-money laundering and anti-terrorist financing management frameworks in line with the orientation of the Group's reform to delegate powers, streamline administration, and optimize services. Under the Group's supervision and guidance, the Company promoted duty performance of its member companies, and explored the best anti-money laundering practices for insurance groups. Secondly, the Company closely followed the industry regulatory focus and proactively responded to national strategy. The Company hosted the first Guangdong-Hong Kong-Macao Greater Bay Area Anti-money Laundering Summit, bringing together anti-money laundering experts from governments, enterprises, academia, and research institutes across Guangdong, Hong Kong and Macao. At the Summit, experts centered their discussions on "One Country, Two Systems, and Win-win of Three Regions" and offered advice on how to exploit regulatory synergies and improve the effectiveness of anti-money laundering across the Greater Bay Area. Thirdly, the Company strengthened information security protection by keeping its money laundering risk management strategies, policies and procedures up to date with new regulations and exploring cross-scenario application of money laundering risk self-assessment. The Company improved the effectiveness of anti-money laundering work in its member companies by developing an independent testing and inspection system under the philosophy of enhancing management via inspections. Fourthly, the Company rode the wave of fintech to enhance the application of AI, machine learning, big data, blockchain and other innovative technologies to anti-money laundering. By applying technologies to financial crime risk monitoring and crackdowns, the Company established a closed loop that enables dynamic monitoring, warning, and management of risks. The Company conducted targeted reviews and inspections to crack down on various money-laundering crimes in coordination with competent authorities and fulfilled its corporate social responsibilities in maintaining financial security and stability.

Regarding the management framework for internal audit and supervision, the Company established a highly independent, vertical audit and supervision framework. The Company established the Group's Audit and Risk Management Committee in accordance with applicable laws and regulations concerning the corporate governance structure and internal rules including the *Articles of Association*. The committee comprises two thirds or more of the Independent Non-executive Directors, and is responsible for reviewing and supervising financial reports and internal audit and control procedures of the Company. The Group's Person-in-charge of Auditing is responsible for assisting the Group's Audit and Risk Management Committee in establishing and improving the audit and supervision framework of the Company. The Group's Audit and Supervision Department is responsible for formulating audit and supervision policies as well as supervising the specific and effective implementation of such policies. The Group's Audit and Supervision Project Center and regional audit and supervision functions are responsible for the full implementation of audit and supervision projects. Audit and supervision departments at all levels are independent of business operation and management departments and are in the charge of the Person-in-charge of Auditing. Audit and supervision departments report to the Board of Directors through the Audit and Risk Management Committee, and are appraised and supervised by the Audit and Risk Management Committee. To ensure objectivity and fairness, audit and supervision are independent of business operations and management, and audit and supervision departments are not directly involved in or responsible for the design and implementation of risk management and internal control frameworks as well as auditees' business activities, and business decision-making and execution.

In 2021, the Company's internal control assessments covered the following: corporate governance, organizational structures, development strategies, human resources, corporate culture, social responsibilities, sales management, fund operations and management, actuarial management, investment and financing management, anti-money laundering management, related party transaction management, legal and compliance management, risk management, operations management, financial management, asset management, document and seal management, inquiries, complaints and customer surveys, information system management, information and communication, internal supervision, and consumer rights protection. The Company paid close attention to the following high-risk areas: corporate governance, sales management, fund operations and management, actuarial management, investment and financing management, anti-money laundering, related party transaction management, risk management, operations management, financial management, and information system management. The Company maintained the effectiveness of internal controls over financial reporting in all major aspects in accordance with the *Basic Norms for Internal Controls of Enterprises* and relevant rules in 2021. The *Internal Control Assessment Report on Ping An for 2021* has been approved by the Board of Directors. The Company has engaged Ernst & Young Hua Ming LLP to audit the effectiveness of internal controls over financial reporting, issue the *Internal Control Audit Report*, and pay attention to the effectiveness of internal controls over non-financial reporting matters.

For details of the Company's internal controls, please refer to the *Internal Control Assessment Report of Ping An for 2021* and the *Internal Control Audit Report on Ping An for 2021* released on the same date as this Report on the website of SSE (www.sse.com.cn).

RISK MANAGEMENT

The Company has always taken risk management as a core part of its operation and management as well as business activities. The Company takes steady steps to build a comprehensive risk management system that is aligned with the strategies and business characteristics of the Company. The Company keeps optimizing its risk management framework and standardizing its risk management procedures, while adopting both qualitative and quantitative risk management methodologies to identify, evaluate and mitigate risks and facilitate sustainable and healthy business development of the Company, provided that the risk is controllable.

For details of the Company's risk management, please refer to the section headed "Risk Management" in this Report.

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviews their effectiveness at least annually through the Audit and Risk Management Committee. The Audit and Risk Management Committee assists the Board in fulfilling its oversight and corporate governance functions in the Group's finance, operations, compliance and risk management and internal controls, as well as its role in monitoring and governing finance and internal audits.

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, that relevant laws, regulations and rules are adhered to and complied with, that reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and that key risks that may impact on the Group's performance are appropriately identified and managed. The internal controls systems can only provide reasonable but not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Company manages the handling and dissemination of inside information as set out in various inside information disclosure procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficient and consistent.

As disclosed above, the Audit and Risk Management Committee held four meetings in the Reporting Period to review the Group's risk management and internal control systems. Through the Audit and Risk Management Committee, the Board has conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended December 31, 2021, covering all material financial, operational and compliance controls, and has considered the Group's risk management and internal control systems to be effective and adequate.

By order of the Board

Ma Mingzhe
Chairman

Shenzhen, PRC
March 17, 2022

Changes in the Share Capital and Shareholders' Profile

CHANGES IN SHARE CAPITAL

Statement of changes in share capital

There was no change in the total number of shares and shareholding structure of the Company during the 12 months ended December 31, 2021 (the "Reporting Period").

Unit: Shares	January 1, 2021		Changes during the Reporting Period					December 31, 2021	
	Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Transfer from reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Selling-restricted shares	-	-	-	-	-	-	-	-	-
II. Selling-unrestricted circulating shares									
1. RMB ordinary shares	10,832,664,498	59.26	-	-	-	-	-	10,832,664,498	59.26
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	7,447,576,912	40.74	-	-	-	-	-	7,447,576,912	40.74
4. Others	-	-	-	-	-	-	-	-	-
Subtotal	18,280,241,410	100.00	-	-	-	-	-	18,280,241,410	100.00
III. Total number of shares	18,280,241,410	100.00	-	-	-	-	-	18,280,241,410	100.00

Security Issuance and Listing

Security Issuance of the Company

There was no issuance of securities during the Reporting Period.

Staff Shares

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

SHAREHOLDERS' INFORMATION

Number of Shareholders and Their Shareholdings

Number of Shareholders

Unit: Shareholder	December 31, 2021	February 28, 2022
Total number of shareholders	1,269,156 (including 1,264,882 domestic shareholders)	1,208,057 (including 1,203,791 domestic shareholders)

CORPORATE GOVERNANCE

Changes in the Share Capital and Shareholders' Profile

Shareholdings of Top Ten Shareholders as at the End of the Reporting Period

Name of shareholder	Nature of shareholder[1]	Shareholding percentage (%)	Total number of shares held	Changes during the Reporting Period	Type of shares	Number of selling-restricted shares held	Number of pledged, marked or frozen shares
Hong Kong Securities Clearing Company Nominees Limited[2]	Overseas legal person	37.01	6,764,835,056 [3]	+273,475,218	H share	-	Unknown
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	5.27	962,719,102	-	A share	-	341,740,000 pledged shares
Hong Kong Securities Clearing Company Limited[4]	Others	3.65	666,993,666	-131,486,618	A share	-	-
China Securities Finance Corporation Limited	Others	2.99	547,459,258	-78	A share	-	-
Central Huijin Asset Management Ltd.	State-owned legal person	2.57	470,302,252	-13,499,348	A share	-	-
Business Fortune Holdings Limited	Overseas legal person	2.43	443,639,264	-96,090,762	H share	-	269,768,865 pledged shares
Shum Yip Group Limited	State-owned legal person	1.41	257,728,008	-	A share	-	-
Plenty Ace Investments (SPV) Limited	Overseas legal person	1.20	219,127,694	+72,421,439	H share	-	-
Dacheng Fund - Agricultural Bank of China - Dacheng Zhongzheng Financial Asset Management Plan	Others	1.10	201,948,582	-	A share	-	-
Huaxia Fund - Agricultural Bank of China - Huaxia Zhongzheng Financial Asset Management Plan	Others	1.09	199,511,462	-	A share	-	-

Notes: (1) Nature of the holders of A shares represents the nature of accounts held by the holders of A shares registered on the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
(2) Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees Limited") is the nominee holder of the shares held by non-registered H shareholders of the Company.
(3) Business Fortune Holdings Limited and Plenty Ace Investments (SPV) Limited are indirect wholly-owned subsidiaries of 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.
(4) The shares held by Hong Kong Securities Clearing Company Limited refer to the shares held by non-registered shareholders of the Northbound Trading of the Shanghai-Hong Kong Stock Connect Program.

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

Business Fortune Holdings Limited and Plenty Ace Investments (SPV) Limited are indirect wholly-owned subsidiaries of CP Group Ltd., and they are presumed to be acting in concert with each other since they are under the common control of CP Group Ltd. CP Group Ltd. indirectly held 1,243,259,627 H shares of the Company, representing approximately 6.80% of the total share capital of the Company as of December 31, 2021, through the above two companies and other subsidiaries.

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

Voting delegation, delegated voting right or waiver of voting right regarding the top ten shareholders:

The Company is not aware of any voting delegation, delegated voting right or waiver of voting right regarding the above-mentioned shareholders.

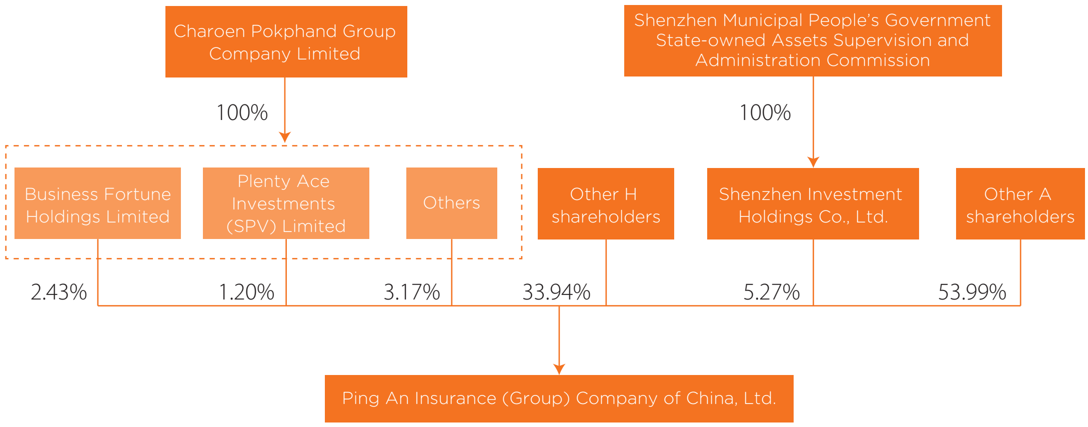
Particulars of Controlling Shareholder and De Facto Controlling Party

The shareholding structure of the Company is relatively scattered. There is neither controlling shareholder nor de facto controlling party.

Information on Shareholders Holding More Than 5% of Equity Interest of the Company

As of December 31, 2021, CP Group Ltd. indirectly held 1,243,259,627 H shares of the Company in total, representing 6.80% of the total share capital of the Company; Shenzhen Investment Holdings Co., Ltd. held 962,719,102 A Shares of the Company, representing 5.27% of the total share capital of the Company.

The following chart shows the relationship between the Company and the ultimate controlling party of shareholders holding more than 5% of equity interest of the Company:



Charoen Pokphand Group Co., Ltd., the flagship company of CP Group, was established on September 23, 1976 in Thailand with Mr. Dhanin Chearavanont as its Senior Chairman. CP Group operates across many industries ranging from industrial to service sectors, which are categorized into 8 business lines covering 14 business groups including agro-industrial and food, retail and distribution, media and telecommunications, e-commerce and digital technology, property development, automotive and industrial products, pharmaceuticals and finance and investment.

Established in 2004, Shenzhen Investment Holdings Co., Ltd. is a solely state-owned limited liability company, and its legal representative is He Jianfeng. Shenzhen Investment Holdings Co., Ltd. mainly engages in TechFin, science parks, and the technology industry. Based on Shenzhen's urban development strategy, Shenzhen Investment Holdings focuses on technological innovation and industrial cultivation, and strives to create three major industrial clusters of "TechFin, science parks, and the technology industry." The company develops a full life cycle industry ecosystem in which TechFin is "sunshine, rain and dew," science parks are "soil," and the technology industry is "seeds, seedlings and trees." By doing so, the company helps Shenzhen improve the whole-process innovative ecochain of "basic research + technological breakthroughs + achievement industrialization + TechFin + talent support," and develop into a modern, international and innovative city at an accelerated pace.

Directors, Supervisors, Senior Management and Employees

From left to right:

Ms. Cai Fangfang Mr. Yao Jason Bo Mr. Xie Yonglin Mr. Ma Mingzhe Ms. Tan Sin Yin Mr. Huang Baoxin

MAJOR WORK EXPERIENCE AND CONCURRENT POSITIONS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND KEY PERSONNEL

Directors

Mr. Ma Mingzhe

Founder of the Company
Chairman (Executive Director)
Aged 66

Director since March 1988

Work experience

Since the establishment of the Company, Mr. Ma had been fully involved in the operations and management of the Company until June 2020 when he ceased to act as the CEO. He now plays a core leadership role, in charge of decision-making on the Company's strategies, human resources, culture and major issues. Mr. Ma successively served as the President, a Director, and the Chairman and CEO of the Company.

Prior to founding the Company, Mr. Ma was the Deputy Manager of China Merchants Shekou Industrial Zone Social Insurance Company.

Educational background and qualifications

Ph.D. in Money and Banking from Zhongnan University of Economics and Law (previously known as Zhongnan University of Economics)

Mr. Xie Yonglin

Executive Director, President and Co-CEO
Aged 53

Joined the Company in 1994
Director since April 2020

Other positions held within the Group

Mr. Xie is the Chairman of Ping An Bank and a Director of Ping An Financial Leasing.

Past offices

Mr. Xie was the Deputy Director of the Company's Strategic Development & Reform Center from June 2005 to March 2006. He held positions of the Operations Director, the Human Resources Director, and a Vice President of Ping An Bank from March 2006 to November 2013, and served as the Special Assistant to the Chairman, the President and the CEO, and the Chairman of Ping An Securities from November 2013 to November 2016 consecutively. He was a Vice President of the Company from September 2016 to December 2019. Previously, Mr. Xie served as the Deputy General Manager of Ping An Property & Casualty's sub-branches, the Deputy General Manager and then the General Manager of Ping An Life's branches, and the General Manager of Ping An Life's Marketing Department.

Educational background and qualifications

Master's degree in Science from Nanjing University
Ph.D. in Corporate Management from Nanjing University

Directors, Supervisors, Senior Management and Employees

Ms. Tan Sin Yin
Executive Director, Co-CEO, and Executive Vice President
Aged 44

Joined the Company in 2013
Director since April 2020

Other positions held within the Group
Ms. Tan is a Director of a number of controlled subsidiaries of the Company including Ping An Bank, Ping An Property & Casualty, Ping An Life, and Ping An Asset Management.

Other major offices
Ms. Tan is a Non-executive Director of OneConnect, Ping An Health and HealthKonnect Medical and Health Technology Management Company Limited.

Past offices
Ms. Tan served as the Chief Information Officer of the Company from January 2013 to November 2019, the Chief Operating Officer of the Company from December 2013 to February 2021, a Vice President of the Company from June 2015 to December 2015, and the Deputy Chief Executive Officer of the Company from October 2017 to November 2018.

Prior to joining the Company, Ms. Tan was a Global Partner of McKinsey & Company.

Educational background and qualifications
Bachelor's degrees in Electrical Engineering and Economics from the Massachusetts Institute of Technology (MIT)
Master's degree in Electrical Engineering and Computer Science from MIT

Mr. Yao Jason Bo
Executive Director, Co-CEO, Executive Vice President, Chief Financial Officer
Aged 51

Joined the Company in 2001
Director since June 2009

Other positions held within the Group
Mr. Yao is a Director of a number of controlled subsidiaries of the Company including Ping An Bank, Ping An Life, Ping An Property & Casualty and Ping An Asset Management.

Past offices
Mr. Yao served as a Vice President of the Company from June 2009 to January 2016, and the Chief Actuary of the Company from October 2012 to March 2021. Prior to that, Mr. Yao successively held positions of the Deputy General Manager of the Product Center, the Deputy Chief Actuary, the General Manager of the Planning Department, the Deputy Financial Officer and Financial Director of the Company.

Prior to joining the Company, Mr. Yao served at Deloitte Touche Tohmatsu as a consulting actuary and a senior manager.

Educational background and qualifications
MBA degree from New York University
Fellow of the Society of Actuaries (FSA)

Ms. Cai Fangfang
Executive Director,
Vice President, Chief Human Resources Officer
Aged 48

Joined the Company in 2007
Director since July 2014

Other positions held within the Group

Ms. Cai is a Director of a number of controlled subsidiaries of the Company including Ping An Bank, Ping An Life, Ping An Property & Casualty and Ping An Asset Management.

Past offices

Ms. Cai successively held the positions of the Vice General Manager and the General Manager of the Remuneration Planning and Management Department of the Human Resources Center of the Company from October 2009 to February 2012, served as the Vice Chief Financial Officer and General Manager of the Planning Department of the Company from February 2012 to September 2013, and served as the Vice Chief Human Resources Officer of the Company from September 2013 to March 2015.

Prior to joining the Company, Ms. Cai served as the consulting director of Watson Wyatt Consultancy (Shanghai) Ltd. and the audit director on the financial industry of British Standards Institution Management Systems Certification Co., Ltd.

Educational background and qualifications

Master's degree in Accounting from The University of New South Wales

Mr. Soopakij Chearavanont
Non-executive Director
Aged 58

Director since June 2013

Other major offices

Mr. Chearavanont is the chairman of CP Group, an Executive Director and the chairman of C.P. Lotus Corporation, a Non-executive Director and the chairman of Chia Tai Enterprises International Limited, an Executive Director and the chairman of C.P. Pokphand Co., Ltd. and the chairman of CT Bright Holdings Limited. Mr. Chearavanont is also the chairman of CP ALL Public Company Limited and Charoen Pokphand Foods Public Company Limited (both listed in Thailand).

Past offices

Mr. Chearavanont served as a Director of True Corporation Public Company Limited (listed in Thailand).

Educational background and qualifications

Bachelor's degree in Science from the College of Business and Public Administration of New York University

Directors, Supervisors, Senior Management and Employees

Mr. Yang Xiaoping
Non-executive Director
Aged 58

Director since June 2013

Other major offices

Mr. Yang is the Senior Vice Chairman of CP Group, the Vice Chairman and CEO of CPG Overseas, an Executive Director and the Vice Chairman of C.P. Lotus Corporation, the CEO of CT Bright Holdings Limited, the Vice Chairman of the board of directors of China Minsheng Investment Group, and a Non-executive Director of CITIC Limited, Honma Golf Limited and Chery Holding Co., Ltd. Mr. Yang is an Associate Dean of the China Institute for Rural Studies of Tsinghua University, an Associate Dean of the Institute of Global Development of Tsinghua University, the President of Beijing Association of Enterprises with Foreign Investment and an Adviser on Foreign Investment to the Beijing Municipal Government.

Past offices

Mr. Yang was a member of the Twelfth National Committee of the Chinese People's Political Consultative Conference, and served as the Manager for China Division and the Chief Representative of Beijing Office of Nichiyo Co., Ltd. Mr. Yang was a Non-executive Director of Tianjin Binhai Teda Logistics (Group) Corporation Limited.

Educational background and qualifications

Bachelor's degree from Nanchang University (previously known as Jiangxi Polytechnic College)
Experience of studying in Japan
Certificate for completing a doctoral program in Tsinghua University

Mr. Huang Wei
Non-executive Director
Aged 51

Director since August 2021

Other major offices

Mr. Huang is the Party Committee Secretary and Chairman of Shenzhen Agricultural Products Group Co., Ltd, a director and the president of Shum Yip Group Limited, and an executive director and the president of Shenzhen Investment Limited.

Past offices

Mr. Huang served as a director, the Deputy Party Committee Secretary and the General Manager of Shum Yip Holdings Company Limited, the Deputy Secretary of the CPC Working Committee, the Deputy Director of the Management Committee and a Director of the Social Working Committee of Shenzhen Dapeng New District, as well as a member of the Standing Committee, Director of the Office of the District Party Committee (district government), a member of the Party Leadership Group and Secretary of the Youth League Committee of Longgang District.

Educational background and qualifications

MBA degree from Guanghua School of Management of Peking University

Mr. Ouyang Hui

Independent Non-executive Director

Aged 59

Director since August 2017

Other major offices

Mr. Ouyang is an Associate Dean and the Dean's Distinguished Chair Professor in Finance at Cheung Kong Graduate School of Business. Mr. Ouyang is also an Independent Non-executive Director of Aegon-Industrial Fund Management Co., Ltd., Peak Reinsurance Limited and Duiba Group Limited.

Past offices

Mr. Ouyang served as an Associate Professor of Finance at Duke University, Managing Director of UBS AG, Managing Director of Nomura Securities, Senior Vice President and Managing Director of Lehman Brothers and Independent Non-executive Director of Hytera Communications Corporation Limited.

Educational background and qualifications

Ph.D. in Finance from the University of California, Berkeley
Ph.D. in Chemical Physics from Tulane University

Mr. Ng Sing Yip

Independent Non-executive Director

Aged 71

Director since July 2019

Other major offices

Mr. Ng currently serves as the Vice Chairman of the Legal Committee of the Hong Kong General Chamber of Commerce, a member of the Professional Advisory Board of Asian Institute of International Financial Law of University of Hong Kong, the Chairman of the Board of Supervisors of HSBC Bank Vietnam Limited, an Independent Non-executive Director of HSBC Bank Australia Limited, and a Non-executive Director of Hang Seng Bank Limited.

Past offices

Mr. Ng served as a Crown Counsel in the Attorney General's Chambers in Hong Kong before going into private practice. Mr. Ng joined HSBC in June 1987 as an Assistant Group Legal Consultant, and was later appointed as a Deputy Head of the Legal and Compliance Department, and the Head of Legal and Compliance in Asia Pacific, and served as a Non-executive Director of HSBC Bank (China) Limited.

Educational background and qualifications

Bachelor's degree and Master's degree in Laws (L.L.B. and L.L.M.) from the University of London
Bachelor's degree in Laws (L.L.B.) from Peking University
Solicitor to the supreme courts of England, Hong Kong and Victoria, Australia

Directors, Supervisors, Senior Management and Employees

Mr. Chu Yiyun
Independent Non-executive Director
Aged 57

Director since July 2019

Other major offices

Mr. Chu's former name was Chu Yiyun (儲禕昀). He is a professor and doctoral supervisor of the School of Accountancy of Shanghai University of Finance and Economics, a full-time researcher of the Accounting and Finance Research Institute of Shanghai University of Finance and Economics, a Key Research Institute of Humanities and Social Sciences of the Ministry of Education, the Executive Secretary-General of the Accounting Education Branch of the Accounting Society of China, a Director of the Eighth Council of the Accounting Society of China and a member of the "Accounting Master Project of the Ministry of Finance." Mr. Chu is an Independent Non-executive Director of Universal Scientific Industrial (Shanghai) Co., Ltd., Bank of Jiaxing Co., Ltd. and Bank of Hebei Co., Ltd.

Past offices

Mr. Chu served as an Independent Supervisor of Ping An Bank, and an Independent Non-executive Director of Ping An Bank, Shanghai Jinfeng Wine Co., Ltd., China Jushi Co., Ltd., Shanghai Tongji Science & Technology Industrial Co., Ltd. and Tellhow Sci-Tech Co., Ltd. Mr. Chu served as a member of the First Accounting Standards Advisory Committee of the Ministry of Finance.

Educational background and qualifications

Ph.D. in Management (Accounting) from Shanghai University of Finance and Economics

Mr. Liu Hong
Independent Non-executive Director
Aged 54

Director since July 2019

Other major offices

Mr. Liu is currently a professor and doctoral supervisor of Peking University as well as the Vice President of Chinese Association for Artificial Intelligence. Mr. Liu is a member of the leading expert group of "Intelligent Robots" in the National "13th Five-Year Plan" Key Research and Development Plan and one of the first group of experts under the "National High-level Talent Special Support Plan."

Past offices

Mr. Liu served as an Independent Non-executive Director of Shenzhen JingQuanHua Electronics Co., Ltd.

Educational background and qualifications

Ph.D. in Mechanical Electronics and Automation from Harbin Institute of Technology
Completed postdoctoral research in Peking University

Mr. Ng Kong Ping Albert

Independent Non-executive Director

Aged 64

Director since August 2021

Other major offices

Mr. Ng is currently the President of the Hong Kong China Chamber of Commerce, an Honorary Advisor of the Hong Kong Business Accountants Association and a member of the Advisory Board of the School of Accountancy of The Chinese University of Hong Kong. Mr. Ng is a member of the Audit Committee of The Chinese University of Hong Kong, Shenzhen and a Council Member of the Education Foundation of The Chinese University of Hong Kong, Shenzhen. Mr. Ng is also an Independent Non-executive Director of Beijing Airdoc Technology Co., Ltd.

Past offices

Mr. Ng served as the Chairman of Ernst & Young China, Managing Partner of Ernst & Young in Greater China and a member of The EY Global Executive. He has over 30 years of professional experience in the accounting industry in Hong Kong and the Chinese mainland. Before joining Ernst & Young, Mr. Ng was the partner-in-charge of Arthur Andersen LLP in Greater China, the partner-in-charge of China business of PricewaterhouseCoopers and the Managing Director of Citigroup China Investment Banking. Mr. Ng served as a member of the First and Second Accounting Standards Advisory Committee of the Ministry of Finance of the PRC.

Educational background and qualifications

Bachelor's degree and Master's degree in Business Administration from The Chinese University of Hong Kong
Member of HKICPA, CA ANZ, CPAA and ACCA

Mr. Jin Li

Independent Non-executive Director

Aged 51

Director since August 2021

Other major offices

Mr. Jin is currently a Chair Professor of Finance at Guanghua School of Management, Peking University, a member of the Committee for Economic Affairs of the 13th CPPCC National Committee, a member of the Central Committee of Jiusan Society, a member of the Board of Directors and the Academic Committee of the Global Corporate Governance Forum, and the vice chairman of China Management Science Society. Mr. Jin is also an independent non-executive director of S.F. Holding Co., Ltd., Da Cheng Fund Management Co., Ltd. and CITIC aiBank Corporation Limited.

Past offices

Mr. Jin was an Associate Dean of Guanghua School of Management, Peking University, a tenured professor and a doctoral supervisor in the Department of Finance at Oxford University's Saïd Business School, and an associate professor of the Department of Finance at Harvard Business School. He was also an independent non-executive director of Yingda International Trust Company Limited and Beijing Financial Holdings Group.

Educational background and qualifications

Ph.D. in Finance, Massachusetts Institute of Technology, USA

CORPORATE GOVERNANCE

Directors, Supervisors, Senior Management and Employees

Supervisors

Mr. Sun Jianyi
Chairman of Supervisory Committee (Employee Representative Supervisor)
Aged 69

Joined the Company in 1990
Supervisor since August 2020

Other major offices

Mr. Sun is a Non-executive Director of China Insurance Security Fund Co., Ltd.

Past offices

Since joining the Company in July 1990, Mr. Sun has been the General Manager of the Management Department, Vice President, Executive Vice President, Vice Chief Executive Officer and Vice Chairman of the Company, and the Chairman of the board of directors of Ping An Bank.

Prior to joining the Company, Mr. Sun was the Head of the Wuhan Branch of the People's Bank of China, the Deputy General Manager of the Wuhan Branch of the People's Insurance Company of China and the General Manager of Wuhan Securities Company.

Mr. Sun was also a Non-executive Director of China Vanke Co., Ltd. and an Independent Non-Executive Director of Haichang Ocean Park Holdings Ltd.

Educational background and qualifications

Diploma in Finance from Zhongnan University of Economics and Law (previously Zhongnan University of Economics)

Mr. Gu Liji
Independent Supervisor
Aged 73

Supervisor since June 2009

Other major offices

Mr. Gu is a member of Shenzhen FinTech Ethics Committee and an expert on applied electronics of Shenzhen Expert Association.

Past offices

Mr. Gu was a Distinguished Professor of the Graduate School at Shenzhen, Tsinghua University, a Non-executive Director of Xiangtan Electric Manufacturing Group Co., Ltd., an Independent Non-executive Director of Bosera Asset Management Co., Ltd., Shenzhen Changhong Technology Co., Ltd. and Maxphotonics Co., Ltd., a Director of ERGO China Life Insurance Co., Ltd., and an Executive Director of China Merchants Technology Holdings Co., Ltd. and China Merchants Technology Investment Co., Ltd. (Shenzhen). Before retirement in October 2008, Mr. Gu served as the Managing Director of China International Marine Containers Co., Ltd., the Chairman and President of China Merchants Shekou Port Service Co., Ltd., the Vice Chairman of the Company, a Director of China Merchants Bank and China Merchants Group Ltd., the Managing Director of China Merchants Shekou Industrial Zone Co., Ltd., Hoi Tung Marine Machinery Suppliers Limited (Hong Kong) and China Merchants Technology Group, and the Chairman of China Merchants Technology Holdings Co., Ltd.

Educational background and qualifications

Bachelor of Engineering degree from Tsinghua University
Master's degree in Engineering from the Management Science Department of University of Science and Technology of China
Advanced Management Program AMP (151) certificate from Harvard Business School

Mr. Huang Baokui
Independent Supervisor
Aged 79

Supervisor since June 2016

Past offices

Mr. Huang was the Deputy Party Committee Secretary and Disciplinary Committee Secretary of China Merchants Shekou Industrial Zone Co., Ltd. Mr. Huang was the Deputy General Manager of Shenzhen Huada Electronic Co., Ltd. and held the position of Supervisor in various companies including China Merchants Shekou Industrial Zone Co., Ltd., Shenzhen Shekou Anda Industry Co., Ltd., Shenzhen Shekou Telecom Co., Ltd., China Merchants Petrochemical Co., Ltd. (Shenzhen) and China Merchants Logistics Co., Ltd.

Educational background and qualifications

Bachelor's degree in Physics from Jilin University
Senior political practitioner

Ms. Zhang Wangjin
Shareholder Representative Supervisor
Aged 42

Supervisor since June 2013

Other major offices

Ms. Zhang is the Managing Director of CPG Overseas Company Limited (Hong Kong).

Past offices

Before joining CPG Overseas Company Limited (Hong Kong), Ms. Zhang worked in the Audit Department of PricewaterhouseCoopers LLP and the M&A and Restructuring Department of Deloitte & Touche Financial Advisory Services Limited.

Educational background and qualifications

Bachelor's degree in Economics from University of International Business and Economics
EMBA degree from Guanghua School of Management of Peking University
Member of CPA Australia

Mr. Wang Zhiliang
Employee Representative Supervisor
Aged 42

Joined the Company in 2002
Supervisor since August 2017

Other Positions held within the Group

Mr. Wang is the Administrative Director and the Director of General Office of the Group as well as the Chairman of Ping An Financial Leasing.

Past offices

Mr. Wang served as the Deputy General Manager of the Group's Head Office in Shanghai and the Deputy Director of the Group's General Office, and served in the Administration Department of Tianjin Branch of Ping An Life.

Educational background and qualifications

Bachelor's degree in Economic Information Management from Tianjin University of Finance and Economics (previously known as Tianjin Institute of Finance and Economics)

Directors, Supervisors, Senior Management and Employees

Senior Management

For the work experience and concurrent positions of Mr. Ma Mingzhe, Mr. Xie Yonglin, Ms. Tan Sin Yin, Mr. Yao Jason Bo and Ms. Cai Fangfang, please refer to "Directors" in this section.

Mr. Huang Baoxin

Senior Vice President

Aged 57

Joined the Company in 2015

Term of office: April 2020-present

Other positions held within the Group

Mr. Huang is the General Manager of the Beijing Head Office of the Group.

Past offices

Prior to joining the Company, Mr. Huang served as the Deputy Division Director of the Industrial Transportation Department of the Ministry of Finance of the PRC, the Deputy Director General of the Second Secretary Bureau of the General Office of the State Council of the PRC, the Deputy Director General and then Director General of the Supervisory Bureau of the General Office of the State Council of the PRC, and the deputy head of the discipline inspection team of the Publicity Department of the Central Committee of the CPC accredited by the Central Commission for Discipline Inspection of the CPC.

Educational background and qualifications

Bachelor's degree in Finance from Zhongnan University of Economics and Law (previously known as Zhongnan University of Economics)
Master's degree in Political Economics from Renmin University of China
Doctorate degree in Public Finance from the Chinese Academy of Fiscal Sciences (previously known as Research Institute for Fiscal Science, Ministry of Finance of the PRC)

Mr. Sheng Ruisheng

Secretary of the Board of Directors, Joint Company Secretary

Aged 52

Joined the Company in 1997

Term of office: April 2017-present

Other positions held within the Group

Mr. Sheng serves as the Brand Director and spokesperson of the Company.

Past offices

Mr. Sheng served as the Assistant to the General Manager, Deputy General Manager, and General Manager of the Company's Branding Department from August 2002 to January 2014.

Educational background and qualifications

Bachelor of Arts degree from Nanjing University
MBA degree from the Chinese University of Hong Kong

Ms. Zhang Xiaolu

Compliance Officer, Chief Risk Officer

Aged 54

Joined the Company in 2019

Term of office: June 2021-present

Past offices

Ms. Zhang served as the Chief Operating Officer of the Company from February 2021 to October 2021 and a Special Assistant to the President of Ping An Bank from June 2019 to August 2020.

Prior to joining the Company, Ms. Zhang served as a Managing Partner of Advisory Service (CEO of Advisory) at Ernst & Young Greater China, and the General Manager of Consulting Service in Insurance Industry at IBM.

Educational background and qualifications

MBA degree from Massey University, New Zealand

Mr. Hu Jianfeng

Person-in-charge of Auditing

Aged 45

Joined the Company in 2000

Term of office: January 2021-present

Other positions held within the Group

Mr. Hu serves as the General Manager of the Group's Audit and Supervision Department.

Past offices

From April 2007 to March 2017, Mr. Hu successively served as the Assistant to General Manager of the Shanghai Division of the Company's Audit and Supervision Department, the Deputy General Manager and then the General Manager of the Shanghai Division of the Audit and Supervision Project Center of Ping An Processing & Technology (Shenzhen) Co., Ltd., and the Deputy General Manager of the Company's Audit and Supervision Department.

Educational background and qualifications

Bachelor's degree in International Finance from Fudan University

Certified Anti-Money Laundering Specialist (CAMS)

Certified Internal Auditor (CIA)

Certified Financial Risk Manager (CFRM)

Directors, Supervisors, Senior Management and Employees

Key Personnel

Mr. Chan Tak Yin
Chief Investment Officer
Aged 61

Joined the Company in 2005

Other positions held within the Group

Mr. Chan serves as a Director of Ping An Life.

Past offices

Mr. Chan served successively as the Deputy Chief Investment Officer of the Company, the Chairman and CEO of Ping An Asset Management, and the Chairman of Ping An of China Asset Management (Hong Kong) Company Limited. From December 2008 to May 2017, Mr. Chan acted as a Non-executive Director of Yunnan Baiyao Group Co., Ltd.

Prior to joining the Company, Mr. Chan worked successively as a Fund Manager, Investment Director, Chief Investment Director, and Managing Director at BNP Paribas Asset Management SAS, Barclays Investment Management Limited, SHK Fund Management Limited, and Standard Chartered Investment Management.

Educational background and qualifications

Bachelor's degree in Arts from the University of Hong Kong

POSITIONS HELD IN CORPORATE SHAREHOLDERS BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Name of corporate shareholder	Position	Period of engagement
Soopakij Chearavanont	CP Group	Chairman	Since January 2017
Yang Xiaoping	CP Group	Senior Vice Chairman	Since January 2017
Huang Wei	Shum Yip Holdings Company Limited	Deputy Secretary of the Party Committee and General Manager	June 2015 – August 2021

APPOINTMENT OR REMOVAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Gender	Age	Period of appointment
Huang Wei(1)	Newly-appointed Non-executive Director	Male	51	Since August 2021
Ng Kong Ping Albert(2)	Newly-appointed Independent Non-executive Director	Male	64	Since August 2021
Jin Li(2)	Newly-appointed Independent Non-executive Director	Male	51	Since August 2021
Ge Ming(2)	Retired Independent Non-executive Director	Male	70	June 2015 – August 2021
Wang Yongjian(3)	Resigned Non-executive Director	Male	57	July 2018 – August 2021
Zhang Xiaolu(4)	Newly-appointed Senior Management	Female	54	Since June 2021
Hu Jianfeng(5)	Newly-appointed Senior Management	Male	45	Since January 2021
Chen Kexiang(6)	Resigned Senior Management	Male	64	January 2007 – December 2021
Ip So Lan(7)	Resigned Senior Management	Female	65	March 2008 – June 2021

Notes: (1) Mr. Huang Wei took office as a Non-executive Director of the Company on August 20, 2021, and tendered his resignation on November 19, 2021 due to the change of his personal work arrangements. The resignation shall take effect upon the approval of the qualification of a new Director, who will be appointed to fill Mr. Huang's vacancy, from the China Banking and Insurance Regulatory Commission being obtained.

(2) Mr. Ng Kong Ping Albert and Mr. Jin Li took office as Independent Non-executive Directors of the Company on August 20, 2021. Mr. Ge Ming retired as an Independent Non-executive Director of the Company on August 20, 2021 because his six-year term of office expired.

(3) Mr. Wang Yongjian resigned as a Non-executive Director of the Company on August 23, 2021 due to the change of his personal work arrangements.

(4) Ms. Zhang Xiaolu took office as Compliance Officer of the Company on June 11, 2021.

(5) Mr. Hu Jianfeng took office as Person-in-charge of Auditing of the Company on January 27, 2021.

(6) Mr. Chen Kexiang resigned as a Senior Vice President of the Company on December 31, 2021 due to work arrangements.

(7) Ms. Ip So Lan resigned as Person-in-charge of Auditing, Senior Vice President, and Compliance Officer of the Company due to personal reasons on January 27, 2021, March 25, 2021 and June 11, 2021 respectively.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

Mr. Liu Hong, an Independent Non-executive Director of the Company, ceased to be an Independent Non-executive Director of Shenzhen JingQuanHua Electronics Co., Ltd. in January 2022.

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

PENALTIES IMPOSED ON THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT BY SECURITIES REGULATORY AUTHORITIES IN THE LAST THREE YEARS

The current Directors, Supervisors and senior management of the Company and those who vacated office during the Reporting Period were not subject to any punishment by securities regulatory authorities over the past three years.

Directors, Supervisors, Senior Management and Employees

SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Change in the Number of Shares Held in the Company

As of December 31, 2021, the interests of the current Directors, Supervisors and Senior Management of the Company and those who vacated office during the Reporting Period in the shares of the Company which shall be disclosed pursuant to the *Standard No. 2 Concerning the Contents and Formats of Information Disclosed by Listed Companies – The Contents and Formats of Annual Report* issued by the CSRC, were as follows:

Name	Capacity	H/A shares	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Change (shares)	Reason for the change	Nature of interest	Percentage of total issued H/A shares (%)	Percentage of total issued shares (%)
Ma Mingzhe	Beneficial owner	A	1,584,026	2,011,161	+427,135	Purchase, Key Employee Share Purchase Plan	Long position	0.01857	0.01100
Sun Jianyi	Beneficial owner	A	4,774,873	4,991,340	+216,467	Purchase, Key Employee Share Purchase Plan	Long position	0.04608	0.02730
Xie Yonglin	Beneficial owner	A	303,508	463,055	+159,547	Purchase, Key Employee Share Purchase Plan	Long position	0.00427	0.00253
Tan Sin Yin	Beneficial owner	A	301,528	419,628	+118,100	Key Employee Share Purchase Plan	Long position	0.00387	0.00230
	Beneficial owner	H	–	40,000	+40,000	Purchase	Long position	0.00054	0.00022
Yao Jason Bo	Beneficial owner	A	465,432	573,947	+108,515	Key Employee Share Purchase Plan	Long position	0.00530	0.00314
	Beneficial owner	H	24,000	24,000	–	–	Long position	0.00032	0.00013
Cai Fangfang	Beneficial owner	A	228,629	300,395	+71,766	Purchase, Key Employee Share Purchase Plan	Long position	0.00277	0.00164
Gu Liji	Beneficial owner	A	–	25,000	+25,000	Purchase	Long position	0.00023	0.00014
Zhang Wangjin	Beneficial owner	H	–	20,000	+20,000	Purchase	Long position	0.00027	0.00011
Huang Baoxin	Beneficial owner	A	63,512	91,186	+27,674	Purchase, Key Employee Share Purchase Plan	Long position	0.00084	0.00050
Sheng Ruisheng	Beneficial owner	A	249,098	314,539	+65,441	Key Employee Share Purchase Plan	Long position	0.00290	0.00172
Zhang Xiaolu	Beneficial owner	H	–	10,000	+10,000	Purchase	Long position	0.00013	0.00005
Wang Zhiliang	Beneficial owner	A	45,073	61,571	+16,498	Purchase, Key Employee Share Purchase Plan	Long position	0.00057	0.00034
Hu Jianfeng	Beneficial owner	A	41,768	59,343	+17,575	Purchase, Key Employee Share Purchase Plan	Long position	0.00055	0.00032
Chen Kexiang	Beneficial owner	A	401,967	499,034	+97,067	Purchase, Key Employee Share Purchase Plan	Long position	0.00461	0.00273
Ip So Lan	Beneficial owner	A	412,245	520,760	+108,515	Key Employee Share Purchase Plan	Long position	0.00481	0.00285

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

Save as disclosed above, as of December 31, 2021, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company which shall have been notified to the Company and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executives of the Company are taken as or deemed to have under such provisions of the SFO), or are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or are otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the HKEX pursuant to the *Model Code*, were as follows:

Name	Capacity	H/A shares	Interests held at the beginning of the period (shares)	Interests held at the end of the period (shares)	Change (shares)	Reason for the change	Nature of interest	Percentage of total issued H/A shares (%)	Percentage of total issued shares (%)
Ma Mingzhe	Interest of his spouse	H	20,000	20,000	–	–	Long position	0.00027	0.00011
	Others(1)	A	502,266	776,490	+274,224	Others(1)	Long position	0.00717	0.00425
Sun Jianyi	Others(1)	A	126,381	126,381	–	–	Long position	0.00117	0.00069
Xie Yonglin	Others(1)	A	376,699	582,367	+205,668	Others(1)	Long position	0.00538	0.00319
Tan Sin Yin	Others(1)	A	376,699	582,367	+205,668	Others(1)	Long position	0.00538	0.00319
Yao Jason Bo	Interest of his spouse	H	64,000	64,000	–	–	Long position	0.00086	0.00035
	Others(1)	A	251,133	388,245	+137,112	Others(1)	Long position	0.00358	0.00212
Cai Fangfang	Others(1)	A	251,133	388,245	+137,112	Others(1)	Long position	0.00358	0.00212
Wang Zhiliang	Others(1)	A	31,350	45,335	+13,985	Others(1)	Long position	0.00042	0.00025

Note: (1) Conditional interests that can be vested in future under the Long-term Service Plan, subject to terms and conditions in the *Long-term Service Plan of Ping An Insurance (Group) Company of China, Ltd.*

Change in the Number of Shares Held in Associated Corporations of the Company

Name	Associated corporation	Capacity	Interests held at the beginning of the period (shares)	Interests held at the end of the period (shares)	Change (shares)	Reason for the change	Nature of interest	Percentage of total issued shares in associated corporation (%)
Xie Yonglin	Ping An Bank	Beneficial owner	-	26,700	+26,700	Purchase	Long position	0.00014
Tan Sin Yin	OneConnect	Beneficial owner	-	26,000	+26,000	Purchase	Long position	0.00222

Save as disclosed above, as of December 31, 2021, none of the Directors, Supervisors and chief executives held or was deemed to hold any interests or short positions in the shares, underlying shares or debentures of the Company's associated corporations (as defined in the SFO), which shall have been notified to the Company and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO, or are recorded in the register required to be kept under Section 352 of the SFO, or are otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the HKEX pursuant to the *Model Code*.

THE ASSESSMENT & EVALUATION AND REMUNERATION SYSTEMS OF THE COMPANY

The purpose of the Company's remuneration policy is to attract, retain, and motivate talented people so as to help achieve the operating objectives of the Company. The principle of the remuneration policy is to characterize a clear orientation, motivate performances, respond to the market, and keep costs reasonable. The remuneration package for the Company's employees includes base salaries, performance-based salaries, benefits, and allowances. Base salaries are determined according to the post value, market levels, and so on. Performance-based salaries are linked to the Company's overall business results, personal performance, and so on. Benefits and allowances are determined in accordance with government regulations and industry standards. The specific structure and strategic arrangement of a remuneration package is adjusted and optimized according to market situations and the Company's business development needs.

The Executive Directors' and senior management's remunerations are determined according to the Company's remuneration policy and their administrative positions within the Company. The Non-executive Directors' emoluments are determined as per the standards approved at the Company's General Meetings.

The Company's appraisal schemes for senior management are determined by the Company in line with business plans, risk management and compliance requirements, and social responsibility requirements. Appraisal results are linked to senior management's performance-based remunerations and so on. Moreover, the Company has established a performance-based remuneration clawback mechanism for senior management and key personnel to give full play to the guiding role of performance-based remunerations in the Company's operations and management, ensure that remuneration incentives match risk-adjusted performance, prevent aggressive business behaviors and violations of laws and regulations, and promote prudent operations and sustainable development.

Directors, Supervisors, Senior Management and Employees

REMUNERATIONS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND KEY PERSONNEL

Name	Total after-tax remunerations received from the Company during the Reporting Period (in RMB thousand)	Individual income tax payable on total remunerations received from the Company during the Reporting Period (in RMB thousand)	Whether received any remuneration from related parties of the Company during the Reporting Period
Ma Mingzhe	4,618.4	3,361.0	No
Sun Jianyi	4,079.5	2,929.8	No
Xie Yonglin	5,132.8	3,626.3	No
Tan Sin Yin	9,675.0	7,328.7	No
Yao Jason Bo	7,965.9	6,334.2	No
Cai Fangfang	4,529.2	3,126.6	No
Huang Baoxin	4,212.3	2,900.1	No
Sheng Ruisheng	3,002.5	1,874.9	No
Chan Tak Yin	4,627.4	3,389.3	No
Zhang Xiaolu	7,131.5	5,432.9	No
Wang Zhiliang	1,814.7	889.3	No
Hu Jianfeng	1,538.9	790.0	No
Soopakij Chearavanont	508.9	91.1	Yes
Yang Xiaoping	524.1	95.9	Yes
Wang Yongjian	317.8	79.3	Yes
Huang Wei	188.6	50.8	Yes
Ge Ming	336.9	85.3	Yes
Ouyang Hui	539.3	100.7	Yes
Ng Sing Yip	508.9	91.1	Yes
Chu Yiyun	510.4	129.6	Yes
Liu Hong	487.6	122.4	Yes
Ng Kong Ping Albert	199.1	40.2	Yes
Jin Li	188.6	50.8	Yes
Gu Liji	518.0	132.0	No
Huang Baokui	510.4	129.6	No
Zhang Wangjin	516.5	93.5	Yes
Chen Kexiang	2,865.1	1,911.1	No
Ip So Lan	1,297.9	720.5	No

Notes: (1) The remunerations of Directors, Supervisors, senior management and key personnel are calculated on their respective periods in office during the Reporting Period.

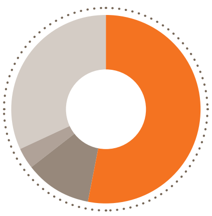
(2) Parts of the performance-based remunerations of the Company's senior management and key personnel will be deferred and paid over a period of 3 years in accordance with the *Code of Corporate Governance of Banking and Insurance Institutions* and the *Guidelines for Insurance Companies' Remuneration Management (Trial)* issued by the CBIRC. The deferred, unpaid parts are included in the total remunerations received by the Company's senior management and key personnel from the Company during the Reporting Period.

(3) The final remunerations of the Company's full-time Directors, Supervisors, senior management and key personnel are being recognized in accordance with applicable rules, and more information will be disclosed after review and recognition.

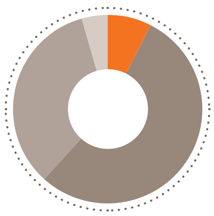
NUMBER OF EMPLOYEES BY PROFESSION AND EDUCATIONAL BACKGROUND

As of December 31, 2021, the Company had 355,982 current employees, of whom 249,966 were in the parent company and major subsidiaries, as well as 85 retired employees for whom the parent company and major subsidiaries needed to bear costs. By profession, 189,305 of the current employees were in the insurance business, 40,651 were in the banking business, 12,838 were in the asset management business, and 113,188 were in the technology business. By education, 27,512 of the current employees held a doctorate or master's degree, 192,912 held a bachelor's degree, 120,153 attained college education, and 15,405 had other educational backgrounds.

By profession



By education



STAFF TRAINING PROGRAMS

Ping An School of Financial Management (which will be renamed "Ping An (Shenzhen) Financial Education and Training Center," and is hereinafter referred to as "Training Center") supports the Group's strategy and provides the best training by optimizing the smart learning platform, diversifying courses and lecturers, launching multi-dimensional special training, and building case libraries for all positions. Working closely with the Group's member companies, Training Center provides comprehensive training for employees to build competitive teams and support the Group's long-term growth.

Training Center proactively optimized the talent training system, which covers all employees and executives. Training Center continuously provides numerous high-quality courses, and develops teams of highly competent lecturers. Training Center conducts dynamic online-merge-offline training to meet staff's growth needs via face-to-face classes, livestreaming sessions, and special training camps on a smart online learning platform. Training Center offered 66,000 internal and external high-quality online courses as of December 31, 2021. Over 37.5 million trainees attended online training sessions for nearly 9.761 million hours in 2021, with monthly activity rates up to 96.0%. An aggregate of 32,000 trainees attended a total of 1,047 face-to-face training sessions across the country, including 67.3% of the Group's senior and higher-level managers. Training Center offered a total of 58 livestreaming sessions, in which more than 34,000 trainees studied for nearly 50,000 hours. Training Center launched seven special training camps on professional competency, covering nearly 2,000 trainees.

Training Center continued to explore innovative ways of talent development as the Group pursues smart and digital transformation. Training Center launched an empowerment program named "Becoming Pioneers in the Digital Age" for senior and higher-level managers to boost digital transformation in member companies. For mid-level and junior employees, Training Center launched the "Best Practice Program," in which over 1,800 best practices were taught to help new recruits adapt to their positions and more employees improve performance. For managers of training, Training Center launched the "T Plan," which explores talent training solutions from the organizational, HR, business, and training perspectives to support business growth amid digital transformation.

Report of the Board of Directors and Significant Events

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries (the "Group") comprise the provision of a wide range of financial products and services with a focus on the businesses of insurance, banking, asset management, and technology. There were no significant changes in the nature of the Group's principal activities during 2021.

MAJOR CUSTOMERS

Revenue from the Group's five largest customers accounted for less than 1% of the total revenue for 2021.

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

Cash Dividend Policy

According to Article 216 of the *Articles of Association*, the Company shall attach importance to the reasonable investment returns for investors in its profit distribution. The profit distribution policy shall maintain its continuity and stability. The accumulated profit to be distributed in cash for the recent three years shall not be less than 30% of the average annual distributable profit realized in the recent three years, provided that the annual distributable profit of the Company (namely the profit after tax of the Company after covering the losses and making contributions to the surplus reserve) is positive in value and such distribution is in compliance with the prevailing laws and regulations and the requirements of regulatory authorities for solvency margin ratios. In determining a specific cash dividend payout ratio, the Company shall consider its profit, cash flow, solvency, and operational and business development requirements. The Board of Directors is responsible for formulating and implementing a distribution plan in accordance with the provisions of the *Articles of Association*.

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

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

Implementation of Profit Distribution Plans

The 2020 profit distribution plan of the Company was deliberated and approved at the 2020 Annual General Meeting, pursuant to which the Company paid in cash the 2020 final dividend of RMB1.40 per share (tax inclusive), totaling RMB25,494,328,449.80 (tax inclusive) based on 18,210,234,607 shares, the actual number of shares entitled to the dividend distribution (exclusive of A shares of the Company in the repurchased securities account).

The 2021 interim profit distribution plan of the Company was deliberated and approved at the 4th meeting of the 12th session of the Board of Directors held on August 26, 2021, pursuant to which the Company paid in cash the 2021 interim dividend of RMB0.88 per share (tax inclusive), totaling RMB15,974,953,573.04 (tax inclusive) based on 18,153,356,333 shares, the actual number of shares entitled to the dividend distribution (exclusive of A shares of the Company in the repurchased securities account).

The decision-making procedure and mechanism of the above profit distribution plans were complete, and the dividend payout standards and ratios were clear. The above profit distribution plans were in line with the *Articles of Association* and the relevant deliberation procedures, which fully protected the legitimate interests of the minority shareholders. All the Independent Non-executive Directors of the Company have expressed independent opinions of their agreement on the above profit distribution plans. The above profit distribution plans have been implemented.

ANNUAL RESULTS AND PROFIT DISTRIBUTION

The Group's business results for 2021 are set out in the section headed "FINANCIAL STATEMENTS."

As stated in the 2021 audited consolidated financial statements of the Group prepared under CAS and IFRS respectively, the net profit attributable to shareholders of the parent company was RMB101,618 million and the net profit of the parent company was RMB29,731 million. Pursuant to the *Articles of Association* and other relevant requirements, the Company shall make an appropriation to the statutory surplus reserve based on 10% of the net profit of the parent company as shown in the financial statements under CAS before determining the profit available for distribution to shareholders. Appropriation to the statutory surplus reserve may cease to apply if the balance of the statutory surplus reserve has reached 50% or more of the registered capital of the Company. After making the above profit distribution and carrying forward the retained profit from the previous year, in accordance with the *Articles of Association* and other applicable requirements, the profit available for distribution to shareholders of the Company based on undistributed profit in financial statements of the parent company under CAS or IFRS (whichever is lower) was RMB108,854 million.

The Company distributed the 2021 interim dividend of RMB0.88 per share (tax inclusive) in cash, which amounted to RMB15,974,953,573.04 (tax inclusive). The Board of Directors proposed to distribute the 2021 final dividend of RMB1.50 per share (tax inclusive) in cash to the shareholders of the Company. Pursuant to the *Shanghai Stock Exchange's Guidelines for Self-regulation of Listed Companies No.7—Repurchase of Shares* and other applicable regulations, the Company's A shares in the Company's repurchased securities account after trading hours on the record date of A shareholders for the final dividend will not be entitled to the final dividend distribution. The actual total amount of final dividend payment is subject to the total number of shares that will be entitled to the dividend distribution on the record date of A shareholders. The total amount of the final dividend payment for 2021 is RMB27,198,704,275.50 (tax inclusive) based on the total share capital of 18,280,241,410 shares less the 147,771,893 A shares of the Company in the repurchased securities account as of December 31, 2021. The final dividend payment will have no material impact on the Group's solvency margin ratios. After the final dividend payment, the Group's solvency margin ratios will still meet the relevant regulatory requirements. The remaining undistributed profit of the Company will be carried forward to 2022. The undistributed profit of the Company is mainly for the purpose of its organic capital accumulation to maintain reasonable solvency margin ratios as well as provide funding for subsidiaries to support subsidiaries' business development for stable shareholder returns and maintain subsidiaries' solvency margin or capital adequacy ratios at reasonable levels.

The above plan will be implemented upon deliberation and approval at the 2021 Annual General Meeting. The profit distribution plan is in line with the *Articles of Association* and the relevant deliberation procedures. The Company's annual cash dividend for 2021 is slightly above the Company's established plan for shareholder returns. However, the Company maintains the continuity and stability of its profit distribution policy, and fully protects the legitimate interests of all its shareholders including minority shareholders. All the Independent Non-executive Directors of the Company have expressed independent opinions of their agreement on the profit distribution plan.

For dividend payouts of the Company over the past three years, please refer to the section headed "Liquidity and Capital Resources."

DISTRIBUTABLE RESERVES

As of December 31, 2021, the Company's distributable reserves totaled RMB108,854 million. The Company has proposed to distribute the 2021 final dividend of RMB1.50 per share (tax inclusive) in cash. After deduction of the 2021 final dividend, the remaining distributable reserves will be carried forward to 2022. Moreover, the Company's capital reserve and surplus reserve amounted to RMB140,901 million, which can be distributed in a future capital issue.

USE OF PROCEEDS

An aggregate of 594,056,000 new H shares were successfully allotted and issued by the Company under the general mandate on December 8, 2014 and the gross proceeds raised amounted to HKD36,831,472,000. Out of this amount, HKD3,981,742,342.12 was used in 2021, including RMB1,950,260,000.00 for capital injection into the Company's subsidiaries (capital contributions have been completed by the Company, now pending regulatory approval) and the rest for replenishment of the Company's working capital. The use of the proceeds in 2021 is in line with the intended purposes previously disclosed by the Company (i.e. to develop the Company's main businesses and replenish its equity and working capital). As of December 31, 2021, all of the proceeds had been used, and the balance of HKD116,179,628.19 in the specific fund-raising account was interest income from and foreign exchange gains or losses on the proceeds. The Company plans to use the balance for the above-mentioned intended purposes within one year, and the specific timetable will be adjusted according to the Company's business strategy and actual situation. Below are the details of the use of the proceeds in 2021:

Total proceeds raised from the issue	Balance of unutilized proceeds as at January 1, 2021	Intended use of the proceeds as previously disclosed	Proceeds used during the Reporting Period	Balance in the specific fund-raising account as at December 31, 2021	Utilization plan for the balance in the specific fund-raising account
HKD36,831,472,000	HKD3,981,742,342.12	To develop the Company's main businesses and replenish its equity and working capital	HKD3,981,742,342.12	HKD116,179,628.19	The Company plans to use the funds for the intended purposes within one year, and the specific timetable will be adjusted according to the Company's business strategy and actual situation.

SHARE CAPITAL

The change in the share capital of the Company in 2021 and the share capital structure of the Company as of December 31, 2021 are set out in the section headed "Changes in the Share Capital and Shareholders' Profile."

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of changes in the property and equipment and investment properties of the Group during 2021 are set out in Notes 34 and 33 to the financial statements respectively.

PRE-EMPTIVE RIGHTS

There are no provisions regarding pre-emptive rights under the *Company Law of the People's Republic of China* or the *Articles of Association*, which would oblige the Company to issue new shares to its existing shareholders in proportion to their existing shareholdings.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

In view of the Company's confidence in its sustainable development and recognition of intrinsic investment value, and to safeguard the interests of investors, further establish and improve the long-term incentive mechanism and pursue a long-term and sustainable value for shareholders, the *Resolution regarding Share Repurchase* (the "Repurchase") was deliberated and approved at the 4th meeting of the 12th session of the Board of Directors held by the Company on August 26, 2021. The total amount of funds for the Repurchase is not less than RMB5 billion and not more than RMB10 billion (both figures included). Based on the maximum funds of RMB10 billion and the maximum price of RMB82.56 per share for the A share repurchase, the number of A shares to be repurchased by the Company is 121,124,031 shares, accounting for approximately 0.66% of the Company's current total share capital of 18,280,241,410 shares. The term for the Repurchase is up to 12 months from the date when the repurchase plan is deliberated and approved by the Company's Board of Directors. Under this resolution, a total of 77,765,090 A shares of the Company were repurchased by the Company by means of centralized bidding transaction via the system of the Shanghai Stock Exchange ("SSE"), representing approximately 0.42541% of the total share capital of the Company in 2021. The total amount of funds paid was RMB3,899,441,135.30 (exclusive of transaction costs)/ RMB3,900,104,053.43 (inclusive of transaction costs). The lowest transaction price was RMB48.18 per share and the highest transaction price was RMB51.96 per share. The repurchased A shares of the Company will be reserved exclusively for the employee stock ownership plans of the Company, including but not limited to the Long-term Service Plan which has been deliberated and approved at the general meeting of the Company. The monthly breakdown of A Share repurchase made by the Company during 2021 is as follows:

Month	Shares repurchased	Highest transaction price per share (RMB)	Lowest transaction price per share (RMB)	Total amount of funds paid (RMB, exclusive of transaction cost)
August 2021	33,165,822	51.96	48.89	1,659,293,682.20
September 2021	23,712,452	51.65	48.38	1,207,214,878.86
October 2021	6,005,000	50.23	49.26	299,953,310.00
November 2021	14,881,816	50.09	48.18	732,979,264.24

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from January 1, 2021 to December 31, 2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this Report, being March 17, 2022, at all times during the year ended December 31, 2021, not less than 20% of the issued share capital of the Company (being the minimum public float applicable to the shares of the Company) was held in public hands.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS AND REMUNERATIONS

The Company entered into service contracts with all the Directors and Supervisors in office. As of December 31, 2021, no Directors or Supervisors had a service contract with the Company or any of its subsidiaries which requires the Company to pay compensation (except statutory compensation) if the Company terminates the contract within one year.

Details of remunerations for the Directors and Supervisors for the year ended December 31, 2021 are set out in Note 58 to the financial statements.

Report of the Board of Directors and Significant Events

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

In 2021, no Director or Supervisor of the Company or entity connected with the Directors or Supervisors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

In 2021, no right to acquire benefits by means of acquisition of shares or debentures of the Company was granted to or exercised by any Directors, Supervisors or their respective spouse or minor children, and neither the Company nor any of its subsidiaries was a party to any arrangement which enables the Directors or Supervisors to acquire any such rights in any other legal entity.

DIRECTORS' AND SUPERVISORS' INTERESTS IN A COMPETING BUSINESS

As far as the Directors are aware, none of the Directors or Supervisors of the Company has any competing interest in a business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for possible legal actions against its Directors and senior management arising out of corporate activities, which was in force during the Reporting Period and up to the date of this Report.

POST BALANCE SHEET EVENTS

Details of the post balance sheet events are set out in Note 64 to the financial statements.

AUDITORS

According to the resolution passed at the Company's 2020 Annual General Meeting, the Company engaged Ernst & Young Hua Ming LLP and Ernst & Young as the auditors of the Company's financial statements under CAS and IFRS respectively for the year 2021, and engaged Ernst & Young Hua Ming LLP as the auditor of the Company's internal controls.

GENERAL ANALYSIS OF EXTERNAL INVESTMENT

The Company is an integrated financial services group, and investment is one of its main businesses. The investment of insurance funds represents a majority of the investment of the Company. The using of insurance funds is subject to applicable laws and regulations. For details of the asset allocation of the Company's investment portfolio of insurance funds, please refer to the section headed "Business Analysis."

Material Equity Investment

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

Material Non-Equity Investment

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

Financial Instruments Measured at Fair Value

Details of the Company's financial instruments measured at fair value are set out in Note 54 to the financial statements.

SALE OF MAJOR ASSETS AND EQUITIES

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

Material Acquisitions and Disposals of Subsidiaries, Joint Ventures or Associates

On January 29, 2021 and April 30, 2021 respectively, the Company announced that the consortium formed by Zhuhai Huafa Group Co., Ltd. (representing the state-owned enterprises of Zhuhai Municipality), the Company and Shenzhen SDG Co., Ltd. will participate in the substantive consolidated restructuring (the "Founder Group Restructuring") of Peking University Founder Group Company Limited, Peking University Founder Information Industry Group Co., Ltd., PKU Healthcare Industry Group Co., Ltd., Peking University Resources Group Limited and Founder Industry Holdings Co., Ltd. (the "Restructuring Entities"). Authorized by the Company, Ping An Life participated in the substantive consolidated restructuring and entered into the restructuring investment agreement of the Founder Group Restructuring ("the Restructuring Investment Agreement").

On July 5, 2021, the Company announced that, the *Restructuring Plan (Draft) of Five Companies Including Peking University Founder Group Company Limited*, which was formulated on the basis of the Restructuring Investment Agreement, was resolved and approved at the creditors' meeting held by the Restructuring Entities, and was approved by the civil order of the First Intermediate People's Court of Beijing Municipality and came into effect on June 28, 2021.

On January 31, 2022, the Company announced that, Ping An Life received the *Approval of Ping An Life Insurance Company of China, Ltd.'s Equity Investment in New Founder Group from the CBIRC* (Yin Bao Jian Fu [2022] No.81) on January 30, 2022, and the CBIRC approved Ping An Life's investment in New Founder Group. Ping An Life has fulfilled the fundamental condition for participating in the Founder Group Restructuring, and will promptly carry forward the relevant subsequent work as agreed under the Restructuring Investment Agreement and the restructuring plan of the Founder Group Restructuring with the relevant parties.

For more information, please refer to the announcements published by the Company on the websites of SSE (www.sse.com.cn) and HKEX (www.hkexnews.hk).

MAJOR SUBSIDIARIES AND ASSOCIATES OF THE COMPANY

Details of major subsidiaries and associates of the Company are set out in Note 4.(1) and Note 31 to the financial statements respectively.

STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

Details of structured entities controlled by the Company are set out in Note 4.(2) to the financial statements.

CONNECTED TRANSACTIONS

In respect of connected transactions, the Company has complied with requirements under the *HKEX Listing Rules* as amended from time to time. During the Reporting Period, the Company had no material connected transaction that was required to be disclosed under the *HKEX Listing Rules*. The Company's connected transactions stated in accordance with the accounting standards used in the preparation of financial statements for the year ended December 31, 2021 are presented in Note 60 to the financial statements.

IMPLEMENTATION OF SHARE PURCHASE PLANS OF THE COMPANY

Key Employee Share Purchase Plan

As deliberated at the 16th meeting of the ninth Board of Directors held on October 28, 2014 and approved at the first extraordinary general meeting for 2015 held on February 5, 2015, the Key Employee Share Purchase Plan of the Company has been officially implemented since 2015. For the Key Employee Share Purchase Plan of the Company, the participants are key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding are legitimate incomes and performance bonuses of the employees.

Seven phases of the Key Employee Share Purchase Plan were implemented as of the end of the Reporting Period. Among them, all shares under the three phases for 2015-2017 were unlocked, and the four phases for 2018-2021 were implemented as follows:

There were 1,296 participants in the Key Employee Share Purchase Plan for 2018. A total of 9,666,900 A shares of the Company were purchased for a total amount of RMB592,698,901.19 (expenses inclusive), accounting for approximately 0.053% of the total share capital of the Company at that time. During the Reporting Period, the lock-up period in respect of one third of the shares under the Key Employee Share Purchase Plan for this phase expired and all such shares were vested in batches to 1,043 employees. As to the remaining 133 employees who did not qualify for the vesting, 315,704 shares were forfeited. All shares under the Key Employee Share Purchase Plan for this phase were unlocked.

There were 1,267 participants in the Key Employee Share Purchase Plan for 2019. A total of 8,078,395 A shares of the Company were purchased for a total amount of RMB588,197,823.00 (expenses inclusive), accounting for approximately 0.044% of the total share capital of the Company at that time. During the Reporting Period, the lock-up period in respect of one third of the shares under the Key Employee Share Purchase Plan for this phase expired and all such shares were vested in batches to 1,077 employees. As to the remaining 130 employees who did not qualify for the vesting, 604,835 shares were forfeited.

There were 1,522 participants in the Key Employee Share Purchase Plan for 2020. A total of 7,955,730 A shares of the Company were purchased for a total amount of RMB638,032,305.75 (expenses inclusive), accounting for approximately 0.044% of the total share capital of the Company at that time. During the Reporting Period, the lock-up period in respect of one third of the shares under the Key Employee Share Purchase Plan for this phase expired and all such shares were vested in batches to 1,298 employees. As to the remaining 224 employees who did not qualify for the vesting, 727,801 shares were forfeited.

There were 1,754 participants in the Key Employee Share Purchase Plan for 2021. A total of 9,162,837 A shares of the Company were purchased for a total amount of RMB670,258,495.86 (expenses inclusive), accounting for approximately 0.050% 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 2021 Key Employee Share Purchase Plan* published by the Company on the websites of the HKEX and the SSE on April 30, 2021 and May 6, 2021 respectively. During the Reporting Period, no change was made in equity under the Key Employee Share Purchase Plan for 2021.

During the Reporting Period, the manager of the Key Employee Share Purchase Plan was not changed.

The key employees held 20,983,759 A shares of the Company in total through the Key Employee Share Purchase Plan as at the end of the Reporting Period, accounting for approximately 0.115% of the total share capital of the Company.

The Long-term Service Plan

The Company has implemented the Long-term Service Plan since 2019 as deliberated at the third meeting of the eleventh Board of Directors held on October 29, 2018 and approved at the second extraordinary general meeting for 2018 held on December 14, 2018. Participants in the Long-term Service Plan of the Company are the employees of the Company and its subsidiaries including directors, employee representative supervisors, and senior management. The source of funding is the remunerations payable to employees.

Three phases of the Long-term Service Plan were implemented as of the end of the Reporting Period:

There were 31,026 participants in the Long-term Service Plan for 2019. A total of 54,294,720 A shares of the Company were purchased for a total amount of RMB4,296,112,202.60 (expenses inclusive), accounting for approximately 0.297% of the total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 19 employees were qualified and applied for vesting, and their shares were vested; 2,723 employees were disqualified due to reasons including their resignation; 5,901,602 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 32,022 participants in the Long-term Service Plan for 2020. A total of 49,759,305 A shares of the Company were purchased for a total amount of RMB3,988,648,517.41 (expenses inclusive), accounting for approximately 0.272% of the total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 11 employees were qualified and applied for vesting, and their shares were vested; 3,367 employees were disqualified due to reasons including their resignation; 6,098,447 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 90,960 participants in the Long-term Service Plan for 2021. A total of 57,368,981 A shares of the Company were purchased for a total amount of RMB4,184,093,674.69 (expenses inclusive), accounting for approximately 0.314% of the total share capital of the Company at that time. For details of the share purchase, please refer to the *Announcement on Completion of Share Purchase under the 2021 Long-term Service Plan* published by the Company on the websites of the HKEX and the SSE on April 30, 2021 and May 6, 2021 respectively. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 6 employees were qualified and applied for vesting, and their shares were vested; 7,607 employees were disqualified due to reasons including their resignation; 4,666,872 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

During the Reporting Period, the manager of the Long-term Service Plan was not changed.

The Long-term Service Plan held a total of 161,376,466 A shares of the Company as at the end of the Reporting Period, accounting for approximately 0.883% of the total share capital of the Company.

The Company has operated stably and healthily since the implementation of the Key Employee Share Purchase Plan and the Long-term Service Plan. The shareholders, the Company, and the employees have shared benefits and risks, providing a strong foundation for further improving the Company's governance structure, establishing and strengthening long-term incentive and restraint mechanisms, and facilitating the long-term, sustainable and healthy development of the Company.

Report of the Board of Directors and Significant Events

IMPLEMENTATION OF SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS EFFECTS

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

AMENDED AND RESTATED 2016 SHARE INCENTIVE PLAN OF AUTOHOME ("AUTOHOME 2016 SHARE INCENTIVE PLAN")

The general meeting held by the Company on June 16, 2017 deliberated and approved the Autohome 2016 Share Incentive Plan with respect to the grant of options ("Autohome Options") to the directors, consultants, and employees of Autohome to purchase Class A ordinary shares of Autohome (re-designated and combined with Class B ordinary shares of Autohome into one single class of ordinary shares ("Autohome Shares") as a result of the share re-designation effective on February 5, 2021), restricted shares or restricted stock units and share appreciation rights.

The purpose of the Autohome 2016 Share Incentive Plan is to provide the relevant participants with an incentive for outstanding performance to generate superior returns to Autohome's shareholders. The Autohome 2016 Share Incentive Plan is also intended to provide flexibility to Autohome in its ability to motivate, attract, and retain its directors, employees, and consultants upon whose judgment, interest, and special effort the successful operation of Autohome is largely dependent.

Pursuant to the terms of the Autohome 2016 Share Incentive Plan, Autohome's board of directors or its compensation committee authorized by the board of directors ("Autohome Committee") may grant Autohome incentive awards to eligible participants, including the employees, consultants and all the directors of Autohome, based on their past, present and expected commitment and contribution to Autohome and/or the related entities, as the Autohome Committee may determine.

The total number of Autohome Shares which may be issued upon exercise of all Autohome Options to be granted under the Autohome 2016 Share Incentive Plan and any other share option schemes of Autohome must not in aggregate exceed 10% of the issued and outstanding Autohome Shares as of June 16, 2017, on which the shareholders of the Company approved the Autohome 2016 Share Incentive Plan, unless further approval from the shareholders of Autohome and the Company has been obtained. According to the Autohome 2016 Share Incentive Plan, the maximum aggregate number of Autohome Shares issuable is 19,560,000 (reflecting the 4-for-1 share split effective on February 5, 2021), representing approximately 3.87% of the total issued and outstanding Autohome Shares as at December 31, 2021. Unless approved by the shareholders of Autohome and the Company in the manner set out in the Autohome 2016 Share Incentive Plan, the total number of Autohome Shares issued and to be issued upon the exercise of the Autohome Options granted and to be granted to any participant (including both exercised and outstanding Autohome Options) in any 12-month period up to and including the date of grant shall not exceed 1% of the issued and outstanding Autohome Shares as at the date of grant.

The exercise price per Autohome Share subject to an Autohome Option shall be determined by the Autohome Committee and set forth in the award agreement. This price may be a fixed or variable price related to the fair market value of the Autohome Shares, to the extent not prohibited by the applicable laws. Autohome, as a company listed on the New York Stock Exchange and secondary-listed on the Hong Kong Stock Exchange, files its annual financial results with the U.S. Securities and Exchange Commission and will publish its financial results with the annual reports on the website of the Hong Kong Stock Exchange under the relevant regulatory rules of the U.S. and Hong Kong, respectively. To ensure the consistency of information, the Company would not herein disclose the value of the Autohome Options granted to the participants during the Reporting Period and the relevant accounting policies.

The Autohome Committee has the discretion to fix any minimum period(s) for which an Autohome Option or any part thereof has to be held before the exercise of the subscription rights attaching thereto. The Autohome 2016 Share Incentive Plan will expire on the tenth anniversary of the effective date, being March 21, 2027.

As of December 31, 2021, the Autohome Options granted pursuant to the Autohome 2016 Share Incentive Plan are as follows:

			Number of Options				
Type of grantees	Exercise period	Exercise price (per Autohome Share, US$)	Balance as at January 1, 2021	Granted during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Balance as at December 31, 2021
Employees	Not exceeding 10 years from the date of grant	5.55-24.61	1,914,248	1,540,480	921,084	445,132	2,088,512

SHARE INCENTIVE SCHEME OF SHANGHAI JAHWA OF 2018 ("SHANGHAI JAHWA SHARE INCENTIVE SCHEME")

The general meeting held by the Company on May 23, 2018 deliberated and approved the Shanghai Jahwa Share Incentive Scheme, involving the grant of options ("Shanghai Jahwa Options") to, or for the benefit of, specified participants to subscribe for ordinary shares of Shanghai Jahwa ("Shanghai Jahwa Shares"). As the conditions for the exercise of Shanghai Jahwa Options were not met within the agreed period, Shanghai Jahwa held board meetings to deliberate and approve the cancellation of Shanghai Jahwa Options during the Reporting Period.

As of December 31, 2021, the details and changes of the Shanghai Jahwa Share Incentive Scheme in relation to the Shanghai Jahwa Options were as follows:

			Number of Options				
Type of grantees	Exercise period	Exercise price (per Shanghai Jahwa Share, RMB)	Balance as at January 1, 2021	Granted during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Balance as at December 31, 2021
Employees	Canceled	None	2,205,000	–	2,205,000	–	–

For details of the value of Shanghai Jahwa Options and related accounting policies, please refer to the announcement published by Shanghai Jahwa on the website of SSE (www.sse.com.cn) dated July 25, 2018. For details of the cancellation of Shanghai Jahwa Options, please refer to the announcements published by Shanghai Jahwa on the website of SSE (www.sse.com.cn) dated April 23, 2020 and February 3, 2021.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

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	(18,138)
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	36,652

	Total guarantee of the Company (including the guarantee in favor of its subsidiaries)
Total guarantee	36,652
Total guarantee as a percentage of the Company's net assets (%)	4.5
Including: Direct or indirect guarantee for the companies with a total liabilities to total assets ratio over 70% (as of December 31, 2021)	32,888
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 does not include those arising from financial guarantee businesses conducted by the Company's controlled subsidiaries including Ping An Bank in strict compliance with the scope of business approved by regulatory authorities.

(2) During the Reporting Period, the total guarantee incurred was the guarantee withdrawal of RMB15,724 million less the guarantee repayment of RMB33,862 million.

INDEPENDENT OPINIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS ON EXTERNAL GUARANTEE OF THE COMPANY

According to the *Guidelines for Supervision of Listed Companies No.8-Regulatory Requirements for Fund Transactions and External Guarantees of Listed Companies* issued by the CSRC, the Independent Non-executive Directors of the Company conducted a prudent review of the Company's external guarantees in 2021. Their specific statements and independent opinions are set out as follows:

1. During the Reporting Period, the Company did not provide any guarantee to its controlling shareholder or other related parties in which the Company holds less than 50% shares, or any non-legal-person entities or individuals;

2. During the Reporting Period, the total guarantee withdrawal provided by the Company and its subsidiaries amounted to RMB15,724 million. The total guarantee balance of the Company and its subsidiaries was RMB36,652 million as of December 31, 2021, representing 4.5% of the Company's net assets. The balance did not exceed 50% of the net assets as stated in the financial statements of the latest fiscal year of the Company;

3. During the Reporting Period, the Company has strictly observed the approval procedures and internal control policies regarding external guarantee as set out in the *Articles of Association*, and there was no non-compliant external guarantee;

4. During the Reporting Period, the Company has fulfilled its obligation to disclose information on external guarantee and honestly provided chartered accountants with all the details about the Company's external guarantee, in strict compliance with the relevant requirements under the *SSE Listing Rules* and the *Articles of Association*.

ENTRUSTMENT, UNDERWRITING, LEASE, ENTRUSTED ASSET MANAGEMENT, ENTRUSTED LENDING AND OTHER MATERIAL CONTRACTS

No matter relating to entrustment, underwriting, lease or other material contracts of the Company was required to be disclosed during the Reporting Period.

During the Reporting Period, the Company did not engage in any entrusted asset management or entrusted lending outside its ordinary business scope. For details of the Company's entrusted asset management and entrusted lending, refer to the "Notes to Consolidated Financial Statements."

INCOME TAX AND TAX CONCESSIONS

Enterprise Income Tax of Overseas Non-Resident Enterprises

Pursuant to the tax laws and regulations of the Chinese mainland, the Company is required to withhold 10% enterprise income tax when it distributes dividend to non-resident enterprise holders of H shares as listed on the Company's register of members on the record date, including Hong Kong Securities Clearing Company Nominees Limited.

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 on the record date which is duly incorporated in the Chinese mainland or under the laws of an overseas country (or region) but with a Chinese mainland-based de facto management body does not want the Company to withhold the said enterprise income tax, it shall submit to Computershare Hong Kong Investor Services Limited a legal opinion, at or before 4:30 p.m. one business day before closure of register of the H shareholders for the dividend, issued by a lawyer qualified to practice law in the Chinese mainland and inscribed with the seal of the applicable law firm, that verifies its resident enterprise status. The legal opinion shall be submitted by the Company to the applicable tax authorities for approval, and then excess portions of the tax amounts withheld can be refunded.

Individual Income Tax of Overseas Individual Shareholders

Pursuant to the applicable tax laws and regulations of the Chinese mainland, the individual resident shareholders outside the Chinese mainland 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 the Company on behalf of such individual shareholders at the tax rate of 10% in general. However, if the tax laws and 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.

Those individual resident shareholders outside the Chinese mainland who hold the shares issued by domestic non-foreign investment enterprises in Hong Kong may enjoy preferential treatments (if any) 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 People's Republic of China as well as the tax arrangements made between the Chinese mainland and Hong Kong (Macau). Qualified shareholders are required to submit to Computershare Hong Kong Investor Services Limited a written authorization and relevant evidencing documents, at or before 4:30 p.m. one business day before closure of register of the H shareholders for the dividend, which shall be submitted 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 laws and regulations of the Chinese mainland.

Income Tax of H Shareholders via the Hong Kong Stock Connect Program

For the Chinese 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 dividend distributed by the Company and distribute such dividend to the relevant investors through its depositary and clearing system. The dividend to be distributed to the investors via the Hong Kong Stock Connect Program will be paid in RMB. Pursuant to the applicable tax laws and regulations of the Chinese mainland:

- For the Chinese 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 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 the Chinese 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 dividend pursuant to the above provisions.

- For the Chinese 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 dividend, and such investors shall declare and pay the tax on their own.

Income Tax of 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, pursuant to the applicable tax laws and regulations of the Chinese mainland, the dividend will be paid in RMB 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%.

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 Chinese mainland 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 Chinese mainland, Hong Kong and other countries and regions.

ENVIRONMENTAL PROTECTION

The Company is not a key pollutant discharging unit announced by the environmental protection department. For more information on environmental protection, please refer to the Company's *2021 Sustainability Report*.

No administrative penalty was imposed on the Company due to environmental problems during the Reporting Period.

CHARITABLE AND OTHER DONATIONS

Charitable donations made by the Group in 2021 totaled RMB221 million.

Report of the Board of Directors and Significant Events

SEIZURE, DISTRAINMENT OR FREEZE OF MAJOR ASSETS

During the Reporting Period, the Company had no event of seizure, distrainment or freeze of major assets that was required to be disclosed.

INTEGRITY CONDITIONS OF THE COMPANY

During the Reporting Period, the Company had neither failure to abide by any effective judicial ruling, nor default on any substantial debt due.

RELATIONSHIPS WITH CUSTOMERS

The Group aims to provide high-quality financial services to its customers. Adhering to a "customer-centric" business philosophy, the Group has embedded consumer rights protection in its corporate governance, corporate culture, and development strategy.

As required by the CBIRC, the Group has set up the Related Party Transaction Control and Consumer Rights Protection Committee under the Board of Directors. The Committee oversees the protection of consumer rights, optimizes the consumer rights protection structure, determines the responsibilities for consumer rights protection, improves the consumer rights protection framework, strengthens the implementation and oversight of decisions on consumer rights protection, enhances the consumer rights protection culture, ensures the effective execution of policies and the achievement of goals for consumer rights protection, and constantly enhances consumer rights protection capabilities.

There was no material and serious dispute between the Group and its customers in 2021.

MANAGEMENT AND CONTROL OVER SUBSIDIARIES

The Company implemented the *Measures for the Supervision and Administration of Insurance Group Companies* and managed the Group's human resources, finance and accounting, data governance, information systems, fund operations, branding, and corporate culture. The Company instructed its subsidiaries to establish standard corporate governance structures, and continued to improve the group-wide risk management, internal control, compliance and internal audit frameworks that cover the entire Group. Moreover, the Company organized its subsidiaries to monitor and assess the effectiveness of internal controls system in accordance with the *Basic Norms for Internal Controls of Enterprises* and the *Basic Principles for Internal Controls of Insurers*, continuously improving the Group's operational efficiency and risk prevention capability. For the matters covered, high-risk areas and conclusions of the internal control assessments over subsidiaries, please refer to the section headed "Establishment and Perfection of the Internal Control System" in this Report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Group maintained compliance with relevant laws and regulations that have significant impacts on operations of the Group.

MATERIAL LITIGATION AND ARBITRATION

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

PENALTIES AND RECTIFICATION

During the Reporting Period, neither the Company nor the Directors, the Supervisors, or the senior management of the Company were investigated or subjected to coercive measures by competent authorities, detained by disciplinary inspection and supervisory authorities, transferred to judicial authorities or held accountable for criminal liabilities, investigated or subjected to administrative punishment by the CSRC, subjected to major administrative punishment by other competent authorities, or subjected to disciplinary action by any securities exchanges.

FULFILLMENTS OF UNDERTAKINGS

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

(1) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, and in respect of the businesses or commercial opportunities similar to those of Shenzhen Development Bank that the Company and the enterprises under its control intend to carry out or have substantially obtained whereby the assets and businesses arising from such 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 the operations of Shenzhen Development Bank.

(2) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and in respect of the transactions between the Company and the enterprises under its control and Shenzhen Development Bank which constitute related 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 the decision-making process according to the requirements of the relevant laws and 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 illegal interests or make Shenzhen Development Bank undertake any illicit obligations through the transactions with Shenzhen Development Bank.

(3) The Company undertakes that, after the completion of the major asset restructuring and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, the Company shall maintain its independence from Shenzhen Development Bank and ensure that Shenzhen Development Bank is independent from the Company and the enterprises under its control in respect of personnel, assets, finance, organization and business.

As of December 31, 2021, the above undertakings were still being performed and there was no breach of the above undertakings.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As far as is known to any Directors or Supervisors of the Company, as of December 31, 2021, the following persons (other than the Directors, Supervisors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under Section 336 of the SFO:

Name of substantial shareholder	H/A shares	Capacity	Notes	Number of H/A shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
CP Group Ltd.	H	Interest of controlled corporations	(1)	1,260,074,198	Long position	16.91	6.89
		Interest of controlled corporations	(1)	16,814,571	Short position	0.22	0.09
UBS Group AG	H	Interest of controlled corporations	(2)	814,582,357	Long position	10.93	4.45
		Interest of controlled corporations	(2)	484,490,855	Short position	6.50	2.65
JPMorgan Chase & Co.	H	Interest of controlled corporations	(3)	342,725,450	Long position	4.60	1.87
		Investment manager		136,858,345	Long position	1.83	0.74
		Person having a security interest in shares		734,408	Long position	0.00	0.00
		Trustee		10,446	Long position	0.00	0.00
		Approved lending agent	(3)	274,282,862	Lending pool	3.68	1.50
		Total:	(3)	754,611,511		10.13	4.12
		Interest of controlled corporations	(3)	315,833,159	Short position	4.24	1.72
Citigroup Inc.	H	Interest of controlled corporations	(4)	58,338,637	Long position	0.78	0.31
		Approved lending agent	(4)	457,520,015	Lending pool	6.14	2.50
		Total:	(4)	515,858,652		6.92	2.82
		Interest of controlled corporations	(4)	46,319,229	Short position	0.62	0.25
BlackRock, Inc.	H	Interest of controlled corporations	(5)	417,279,083	Long position	5.60	2.28
		Interest of controlled corporations	(5)	794,000	Short position	0.01	0.00
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		962,719,102	Long position	8.89	5.27

Notes:

(1) According to the disclosure form filed by CP Group Ltd. on September 9, 2021, CP Group Ltd. was deemed to be interested in a total of 1,260,074,198 H shares (long position) and 16,814,571 H shares (short position) of the Company by virtue of its control over several wholly owned corporations.
The entire interests and short positions of CP Group Ltd. in the Company included 16,814,571 H shares (short position) held through unlisted derivatives which are physically settled.

(2) According to the disclosure form filed by UBS Group AG on December 31, 2021, UBS Group AG was deemed to be interested in a total of 814,582,357 H shares (long position) and 484,490,855 H shares (short position) of the Company by virtue of its controlled corporations.
The entire interests and short positions of UBS Group AG in the Company included 512,584,520 H shares (long position) and 382,093,702 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives – Physically settled	Long position Short position	57,192,724 24,301,000
Listed derivatives – Cash settled	Long position Short position	319,027 4,913,087
Unlisted derivatives – Physically settled	Long position Short position	394,677,675 261,711,769
Unlisted derivatives – Cash settled	Long position Short position	60,395,094 91,167,846

(3) According to the disclosure form filed by JPMorgan Chase & Co. on November 9, 2021, JPMorgan Chase & Co. was deemed to be interested in a total of 754,611,511 H shares (long position) and 315,833,159 H shares (short position) of the Company by virtue of its controlled corporations.
The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 274,282,862 H shares (long position). In addition, 296,668,449 H shares (long position) and 247,460,837 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives – Physically settled	Long position Short position	48,260,000 128,933,500
Listed derivatives – Cash settled	Long position Short position	468,500 9,711,400
Unlisted derivatives – Physically settled	Long position Short position	229,982,101 86,226,779
Unlisted derivatives – Cash settled	Long position Short position	17,081,363 21,674,430
Listed derivatives – Convertible instruments	Long position Short position	876,485 914,728

(4) According to the disclosure form filed by Citigroup Inc. on January 4, 2022, Citigroup Inc. was deemed to be interested in a total of 515,858,652 H shares (long position) and 46,319,229 H shares (short position) of the Company by virtue of its controlled corporations. The entire interests and short positions of Citigroup Inc. in the Company included a lending pool of 457,520,015 H shares (long position). In addition, 19,537,455 H shares (long position) and 45,397,713 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives – Physically settled	Long position	9,945,381
	Short position	7,855,500
Unlisted derivatives – Physically settled	Long position	6,254,230
	Short position	26,435,270
Unlisted derivatives – Cash settled	Long position	3,337,844
	Short position	11,106,943

(5) According to the disclosure form filed by BlackRock, Inc. on December 29, 2021, BlackRock, Inc. was deemed to be interested in a total of 417,279,083 H shares (long position) and 794,000 H shares (short position) of the Company by virtue of its controlled corporations.
The entire interests and short positions of BlackRock, Inc. in the Company included 2,613,539 H shares (long position) and 437,000 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Unlisted derivatives – Cash settled	Long position	1,970,000
	Short position	437,000
Listed derivatives – Convertible instruments	Long position	643,539

(6) Figures for the percentage of H shares held have been rounded down to the nearest second decimal place, so they may not add up to the totals due to rounding. The percentage figures are based on the number of shares of the Company as of December 31, 2021.

Save as disclosed above, to the best knowledge of the Directors and Supervisors, as of December 31, 2021, no person (other than the Directors, Supervisors and chief executives of the Company) had any interest or short position in the shares and underlying shares of the Company which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under Section 336 of the SFO.

By order of the Board of Directors

Ma Mingzhe
Chairman

Shenzhen, PRC
March 17, 2022

Report of the Supervisory Committee

During the Reporting Period, all the members of the Supervisory Committee duly carried out their supervisory duties in a stringent manner and adhered to the principles of fairness and honesty to effectively protect the rights and interests of the shareholders, the Company and its employees in accordance with the *Company Law of the People's Republic of China* and the *Articles of Association*.

ATTENDANCE RECORD OF SUPERVISORS

During the Reporting Period, the Supervisors endeavored to participate in the general meetings and the meetings of the Supervisory Committee in person, as well as to attend the Board meetings as non-voting participants. There was no objection to any of the matters put forward for consideration at the meetings. The attendance records of each Supervisor at the meetings are as follows:

Members	Date of Appointment as Supervisors	Meetings attended in person/ Meetings required to attend	
		General Meetings	Supervisory Committee Meetings
Employee Representative Supervisors			
Sun Jianyi (Chairman)	August 28, 2020	1/1	5/5
Wang Zhiliang	August 6, 2017	1/1	5/5
Independent Supervisors			
Gu Liji	June 3, 2009	1/1	5/5
Huang Baokui	June 28, 2016	1/1	5/5
Shareholder Representative Supervisor			
Zhang Wangjin	June 17, 2013	1/1	5/5

INSPECTIONS AND REVIEWS AT BRANCHES OF SUBSIDIARIES

In September 2021, certain members of the Supervisory Committee conducted on-site inspections and reviews at branches of subsidiaries including Ping An Life, Ping An Property & Casualty, Ping An Bank and Ping An Securities in Dalian and Harbin. Opinions collected from employees were consolidated and an investigation report was submitted to the management of the Company. The management paid close attention to relevant issues, tackled each of them, and submitted a feedback report to all the Directors and Supervisors.

INDEPENDENT OPINIONS ON RELEVANT ISSUES FROM THE SUPERVISORY COMMITTEE

Lawful Operations

During the Reporting Period, the Company operated and managed its businesses in accordance with the laws and regulations, and its operational results were objective and true. There was substantial development and improvement in the depth and breadth of internal control management, and the internal control system was complete, reasonable and effective. The Company's operational decision-making processes were legitimate. The Directors and other senior management were cautious, conscientious and diligent in the business operations and management processes, and they were not found to have breached any laws, regulations, or the *Articles of Association* or harmed the interests of the shareholders.

Authenticity of the Financial Statements

Ernst & Young Hua Ming LLP and Ernst & Young have issued the standard unqualified auditor's reports in accordance with the PRC and international auditing standards respectively, on the Company's financial statements for 2021. The financial statements truly, objectively and accurately reflect the financial status and operating results of the Company.

Report of the Supervisory Committee

Use of Proceeds
Detailed information about the use of proceeds is set out in the section headed "Report of the Board of Directors and Significant Events" of this Report.

Related Party Transactions
The Supervisory Committee considered the related party transactions of the Company to be fair and reasonable during the Reporting Period, and did not find any harm against the interests of the shareholders and the Company.

Internal Control System
During the Reporting Period, the Supervisory Committee reviewed the *Assessment and Evaluation Report on Internal Control of the Company* and the *Work Report on the Internal Control of the Company*, and was of the opinion that the Company had set up a complete, reasonable and effective internal control system.

Performance of the Board of Directors and Senior Management in Reputation Risk Management
Members of the Supervisory Committee, by attending the Board meetings and reviewing reports, heard the reports made by the senior management on the Company's reputation risk management, and supervised the performance of the Board in reputation risk management.

Implementation of the Resolutions Approved by the General Meetings
Members of the Supervisory Committee attended the Board meetings and the general meetings as non-voting participants, and did not have any objection to the reports and proposals submitted to the General Meetings by the Board of Directors. The Supervisory Committee monitored the implementation of the resolutions approved by the General Meetings, and was of the opinion that the Board of Directors could duly implement the resolutions approved by the General Meetings.

Implementation of the Cash Dividend Policy
The Supervisory Committee acknowledges that the Board of Directors strictly carried out the cash dividend policy, performed relevant decision-making procedures for cash dividends in strict compliance, and disclosed the cash dividend policy and its implementation truly, accurately and completely. The Company's annual cash dividend for 2021 is slightly above the Company's established plan for shareholder returns. However, the Company maintains the continuity and stability of its profit distribution policy, and delivers sustained, stable and rational returns to all its shareholders.

Evaluation of Directors' Performance of Duties
All Supervisors evaluated the composition of the Board of Directors, Directors' meeting attendance records, participation in training sessions, and provision of opinions and concluded unanimously that all the Directors of the Company performed their duties and responsibilities as stipulated under relevant laws, regulations and the *Articles of Association* in a sincere, loyal, diligent and conscientious manner in 2021. Specialized committees of the Board of Directors fully performed their duties and provided professional opinions and advice for the Board of Directors' decision-making processes. All supervisors agree that the performance evaluation results of all the Company's Directors for 2021 are "competent."

Appraisal of Senior Management's Performance of Duties
During the Reporting Period, the Company's management strictly abided by the *Articles of Association* and carried out business management in a lawful and compliant manner under the leadership of the Company's Party Committee and the guidance of the Board of Directors; all the senior management of the Company duly performed their duties and responsibilities in accordance with relevant requirements including loyalty and diligence obligations.

Implementation of the Management of the Company' Information Disclosure
During the Reporting Period, the Supervisory Committee supervised the Company's information disclosure, reviewed the Company's regular reports and put forward written review opinions. No violation of laws and regulations was found in the Company's information disclosure throughout the year.

SUMMARY AND OUTLOOK

In accordance with the *Rules for Appraisal of Supervisors' Performance of Duties*, the Supervisory Committee organized and conducted the appraisal of Supervisors' performance of duties for 2021. After comprehensive evaluation, in 2021 all the Supervisors of the Company performed their duties and responsibilities as stipulated under relevant laws, regulations and the *Articles of Association* in a sincere, loyal, diligent and conscientious manner, obtaining "competent" in their performance evaluation.

In the coming year, the Supervisory Committee will further expand its approach to work, and will continue to carry out its duties in accordance with the *Company Law of the People's Republic of China*, the *Articles of Association*, and the listing rules. The Supervisory Committee will adhere to the principle of honesty, maximize its supervisory efforts with the aim of protecting the interests of the Company and its shareholders, and perform supervisory duties honestly and diligently to achieve the best results in all respects.

By order of the Supervisory Committee

Sun Jianyi
Chairman of the Supervisory Committee

Shenzhen, PRC
March 17, 2022

Independent Auditor's Report

To the shareholders of Ping An Insurance (Group) Company of China, Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Ping An Insurance (Group) Company of China, Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 184 to 338, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Classification of financial assets at amortized cost	
As at 31 December 2021, the Group's "financial assets at amortized cost" amounted to RMB2,768,995 million, representing 27% of total assets. We identified the classification of these debt instruments as a key audit matter as it requires complex management judgement in: – Business model assessment: determining the Group's business model for managing these debt instruments. – Solely payments of principal and interest ("SPPI") testing. Relevant disclosures are included in Note 2.(12), Note 3.(2) and Note 28 to the consolidated financial statements.	We reviewed the Group's accounting policies in relation to the classification of financial assets at amortized cost, and understood the Group's methodologies and processes of business model assessment and SPPI testing. We evaluated and tested the design and operating effectiveness of key controls over SPPI testing. We evaluated the appropriateness of business model assessment for managing these debt instruments, and tested the supporting evidence. We evaluated the design of SPPI testing logic and re-performed SPPI testing on a sampling basis by examining the contracts of these debt instruments.

To the shareholders of Ping An Insurance (Group) Company of China, Ltd.
(Incorporated in the People's Republic of China with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of loans and advances to customers and financial assets at amortized cost	
As at 31 December 2021, the Group's "loans and advances to customers" and "financial assets at amortized cost" represented 29% and 27% of total assets and the amounts of expected credit loss provision for "loans and advances to customers" and "financial assets at amortized cost" were RMB90,202 million and RMB33,642 million, respectively. We identified the impairment assessment of "loans and advances to customers" and "financial assets at amortized cost" as a key audit matter, as it involves significant management judgements and assumptions. The Group uses a number of models and assumptions in the measurement of expected credit losses, for example: – Significant increase in credit risk – The selection of criteria for identifying significant increase in credit risk is highly dependent on judgement and may have a significant impact on the expected credit losses for "loans and advances to customers" and "financial assets at amortized cost" with longer remaining periods to maturity. – Models and parameters – Inherently complex models are used to measure expected credit losses. Modelled parameters have numerous inputs and the parameter estimation involves many judgements and assumptions.	We evaluated and tested the design and operating effectiveness of key controls over the approval process, post approval credit management, credit rating system, collateral monitoring, deferred principal and interest payments as well as impairment assessment of "loans and advances to customers" and "financial assets at amortized cost", including relevant data quality and information systems. We adopted a risk-based sampling approach in our credit review procedures on "loans and advances to customers" and "financial assets at amortized cost". We assessed the debtors' repayment capacity and evaluated the Group's credit rating, taking into consideration post lending or investing investigation reports, debtors' financial information, collateral valuation reports and other available information. With the support of our internal experts, we evaluated and tested the important parameters of the expected credit loss model, management's significant judgements and related assumptions, mainly focusing on the following aspects. 1) Expected credit loss model: – In response to the macroeconomic changes, we assessed the reasonableness of the expected credit loss model methodology and related parameters, including probability of default, loss given default, exposure at default, and significant increase in credit risk. – Assessed the forward-looking information management used to determine expected credit losses, including the forecasts of macroeconomic variables and the assumptions and weightings of multiple macroeconomic scenarios. – Evaluated the models and the related assumptions used in individual impairment assessment and analysed the amount, timing and likelihood of management's estimated future cash flows, especially cash flows from collateral.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of loans and advances to customers and financial assets at amortized cost (continued)	
– Forward-looking information – Expert judgement is used to create macroeconomic forecasts and to consider the impact on expected credit losses under multiple economic scenarios given different weights. – Individual impairment assessment – Identifying credit impaired "loans and advances to customers" and "financial assets at amortized cost" requires consideration of a range of factors, and individual impairment assessments are dependent upon estimates of future cash flows. Relevant disclosures are included in Note 2.(12), Note 3.(3), Note 26, Note 28 and Note 53.(3) to the consolidated financial statements.	2) Design and operating effectiveness of key controls: – Evaluated and tested the data and processes used to determine expected credit losses, including business data, internal credit rating data, macroeconomic data, as well as impairment system computational logic, inputs and interfaces among relevant systems. – Evaluated and tested key controls over expected credit loss models, including approval of model changes, ongoing monitoring of model performance, model validation and parameter calibration. We evaluated and tested the design and operating effectiveness of internal controls related to disclosures of credit risk and impairment allowance.

FINANCIAL STATEMENTS

To the shareholders of Ping An Insurance (Group) Company of China, Ltd.
(Incorporated in the People's Republic of China with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities	
As at 31 December 2021, the Group's significant life insurance contract liabilities (long-term life insurance policyholders' reserves) and non-life insurance contract liabilities (unearned premium reserves and claim reserves) amounted to RMB2,473,134 million, representing 27% of total liabilities. We identified the valuation of insurance contract liabilities as a key audit matter, as it requires significant estimates and judgements, and could be significantly impacted by the changes in actuarial assumptions. The valuation of insurance contract liabilities involves significant judgement over uncertain future cash flows. Complex actuarial models and actuarial assumptions with highly judgemental nature are used to support the valuation of insurance contract liabilities. Key assumptions include mortality, morbidity, lapse rates, discount rates, expenses and loss ratios, etc. Relevant disclosures are included in Note 2.(2), Note 2.(30), Note 3.(4), Note 48 and Note 53.(1) to the consolidated financial statements.	With the support of our internal experts, we performed the following audit procedures: – Evaluated and tested the design and operating effectiveness of key controls over the valuation of insurance contract liabilities. – Assessed key actuarial assumptions by comparing them to historical experience of the Group and industry data. – Assessed the appropriateness of the actuarial valuation methodologies adopted by the Group. Independently built models to perform recalculation on insurance contract liabilities of selected typical life insurance products; and performed independent recalculation on non-life insurance contract liabilities, and compared our results to the management record. – Tested the completeness and accuracy of the underlying data used in the valuation of insurance contract liabilities. – Evaluated the overall reasonableness of the insurance contract liabilities by performing movement analysis and assessing the impact of changes in assumptions.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit and Risk Management Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

To the shareholders of Ping An Insurance (Group) Company of China, Ltd.
(Incorporated in the People's Republic of China with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Management Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is *Benny Bing Yin Cheung.*

Ernst & Young
Certified Public Accountants

Hong Kong
17 March 2022

Consolidated Income Statement

For the year ended 31 December 2021

(in RMB million)	Notes	2021	2020
Gross written premiums	6	**760,843**	797,880
Less: Premiums ceded to reinsurers		**(30,208)**	(23,077)
Net written premiums	6	**730,635**	774,803
Change in unearned premium reserves		**9,298**	(17,204)
Net earned premiums		**739,933**	757,599
Reinsurance commission revenue		**5,908**	6,356
Interest revenue from banking operations	7	**213,439**	200,595
Interest revenue from non-banking operations	8	**125,474**	118,814
Fees and commission revenue from non-insurance operations	9	**51,524**	50,158
Investment income	10	**78,039**	106,232
Share of profits and losses of associates and joint ventures		**7,346**	16,845
Other revenues and other gains/(losses)	11	**66,012**	64,819
Total revenue		**1,287,675**	1,321,418
Gross claims and policyholders' benefits	12	**(638,866)**	(627,612)
Less: Reinsurers' share of claims and policyholders' benefits	12	**20,204**	12,861
Claims and policyholders' benefits		**(618,662)**	(614,751)
Commission expenses on insurance operations		**(80,711)**	(102,021)
Interest expenses on banking operations	7	**(92,071)**	(86,371)
Fees and commission expenses on non-insurance operations	9	**(9,940)**	(12,216)
Net impairment losses on financial assets	13	**(90,494)**	(77,042)
Net impairment losses on other assets	14	**(14,548)**	(2,416)
Foreign exchange gains/(losses)		**1,267**	2,219
General and administrative expenses		**(177,061)**	(181,166)
Interest expenses on non-banking operations		**(28,082)**	(26,436)
Other expenses		**(37,793)**	(33,454)
Total expenses		**(1,148,095)**	(1,133,654)
Profit before tax	15	**139,580**	187,764
Income tax	16	**(17,778)**	(28,405)
Profit for the year		**121,802**	159,359
Attributable to:			
– Owners of the parent		**101,618**	143,099
– Non-controlling interests		**20,184**	16,260
		121,802	159,359
Earnings per share attributable to ordinary equity holders of the parent:		**RMB**	RMB
– Basic	18	**5.77**	8.10
– Diluted	18	**5.72**	8.04

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

(in RMB million)	2021	2020
Profit for the year	**121,802**	159,359
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Changes in the fair value of debt instruments at fair value through other comprehensive income	**2,094**	(3,415)
Credit risks provision of debt instruments at fair value through other comprehensive income	**2,076**	225
Shadow accounting adjustments	**(1,432)**	501
Reserve from cash flow hedging instruments	**(341)**	164
Exchange differences on translation of foreign operations	**(1,275)**	(2,414)
Share of other comprehensive income of associates and joint ventures	**117**	(45)
Others	**(171)**	171
Items that will not be reclassified to profit or loss:		
Changes in the fair value of equity instruments at fair value through other comprehensive income	**(6,257)**	(45,729)
Shadow accounting adjustments	**4,256**	27,592
Share of other comprehensive income of associates and joint ventures	**(1,143)**	1,700
Other comprehensive income for the year, net of tax	**(2,076)**	(21,250)
Total comprehensive income for the year	**119,726**	138,109
Attributable to:		
– Owners of the parent	**99,281**	122,811
– Non-controlling interests	**20,445**	15,298
	119,726	138,109

Consolidated Statement of Financial Position

As at 31 December 2021

(in RMB million)	Notes	31 December 2021	31 December 2020
Assets			
Cash and amounts due from banks and other financial institutions	19	**584,995**	587,391
Balances with the Central Bank	20	**308,348**	280,177
Financial assets purchased under reverse repurchase agreements	21	**61,429**	122,765
Premium receivables	22	**79,834**	94,003
Accounts receivable		**26,628**	26,176
Derivative financial assets	23	**30,957**	37,661
Reinsurers' share of insurance liabilities	24	**26,852**	20,219
Policy loans		**178,298**	161,381
Finance lease receivable	25	**200,701**	202,050
Loans and advances to customers	26	**2,980,975**	2,599,510
Financial assets at fair value through profit or loss	27	**1,426,677**	1,231,331
Financial assets at amortized cost	28	**2,768,995**	2,624,848
Debt financial assets at fair value through other comprehensive income	29	**428,530**	511,386
Equity financial assets at fair value through other comprehensive income	30	**268,215**	277,401
Investments in associates and joint ventures	31	**284,061**	267,819
Statutory deposits for insurance operations	32	**12,606**	12,561
Investment properties	33	**86,041**	43,385
Property and equipment	34	**49,758**	46,286
Intangible assets	35	**68,462**	64,290
Right-of-use assets	36	**14,185**	16,172
Deferred tax assets	50	**65,360**	61,901
Other assets	37	**154,117**	186,098
Policyholder account assets in respect of insurance contracts	38	**31,847**	48,796
Policyholder account assets in respect of investment contracts	38	**4,155**	4,263
Total assets		**10,142,026**	9,527,870
Equity and liabilities			
Equity			
Share capital	39	**18,280**	18,280
Reserves	40	**234,186**	228,271
Treasury shares	43	**(9,895)**	(5,995)
Retained profits	40	**569,834**	522,004
Equity attributable to owners of the parent		**812,405**	762,560
Non-controlling interests	40	**265,318**	225,345
Total equity		**1,077,723**	987,905

(in RMB million)	Notes	31 December 2021	31 December 2020
Liabilities			
Due to banks and other financial institutions	44	**797,646**	960,175
Financial liabilities at fair value through profit or loss		**57,376**	37,217
Derivative financial liabilities	23	**35,049**	48,579
Assets sold under agreements to repurchase	45	**127,477**	276,602
Accounts payable		**6,663**	5,148
Income tax payable		**16,247**	17,283
Insurance payables		**150,767**	139,528
Policyholder dividend payable		**67,276**	63,806
Customer deposits and payables to brokerage customers	46	**3,002,049**	2,693,833
Bonds payable	47	**1,097,523**	901,285
Insurance contract liabilities	48	**3,261,354**	2,972,460
Investment contract liabilities for policyholders	49	**72,839**	67,581
Lease liabilities	36	**14,208**	15,620
Deferred tax liabilities	50	**13,605**	19,267
Other liabilities	51	**344,224**	321,581
Total liabilities		**9,064,303**	8,539,965
Total equity and liabilities		**10,142,026**	9,527,870

The financial statements on pages 184 to 338 were approved and authorized for issue by the Board of Directors on 17 March 2022 and were signed on its behalf.

MA Mingzhe	**XIE Yonglin**	**YAO Jason Bo**
Director	*Director*	*Director*

FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

(in RMB million)	For the year ended 31 December 2021											
		Reserves										
	Share capital	Share premium	Financial assets at FVOCI reserves	Shadow accounting adjustments	Others	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Treasury shares	Retained profits	Non-controlling interests	Total equity
As at 1 January	18,280	111,598	(33,923)	23,147	26,858	12,164	88,789	(362)	(5,995)	522,004	225,345	987,905
Profit for the year	-	-	-	-	-	-	-	-	-	101,618	20,184	121,802
Other comprehensive income for the year	-	-	(2,490)	2,810	(1,446)	-	-	(1,211)	-	-	261	(2,076)
Total comprehensive income for the year	-	-	(2,490)	2,810	(1,446)	-	-	(1,211)	-	101,618	20,445	119,726
Dividends declared (Note 17)	-	-	-	-	-	-	-	-	-	(41,469)	-	(41,469)
Appropriations to general reserves	-	-	-	-	-	-	12,319	-	-	(12,319)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5,452)	(5,452)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	13,621	13,621
Equity transactions with non - controlling interests	-	-	-	-	(1,029)	-	-	-	-	-	3,085	2,056
Contributions from non-controlling interests	-	-	-	-	739	-	-	-	-	-	2,844	3,583
Key Employee Share Purchase Plan (Note 41)	-	-	-	-	(170)	-	-	-	-	-	-	(170)
Long-term Service Plan (Note 42)	-	-	-	-	(3,890)	-	-	-	-	-	-	(3,890)
Acquisition of shares (Note 43)	-	-	-	-	-	-	-	-	(3,900)	-	-	(3,900)
Other equity instruments issued/redeemed by subsidiaries	-	-	-	-	-	-	-	-	-	-	7,068	7,068
Others	-	-	-	-	283	-	-	-	-	-	(1,638)	(1,355)
As at 31 December	18,280	111,598	(36,413)	25,957	21,345	12,164	101,108	(1,573)	(9,895)	569,834	265,318	1,077,723

(in RMB million)	For the year ended 31 December 2020											
		Reserves										
	Share capital	Share premium	Financial assets at FVOCI reserves	Shadow accounting adjustments	Others	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Treasury shares	Retained profits	Non-controlling interests	Total equity
As at 1 January	18,280	111,598	13,896	(4,809)	19,122	12,164	71,964	1,976	(5,001)	433,971	179,209	852,370
Profit for the year	-	-	-	-	-	-	-	-	-	143,099	16,260	159,359
Other comprehensive income for the year	-	-	(47,819)	27,956	1,913	-	-	(2,338)	-	-	(962)	(21,250)
Total comprehensive income for the year	-	-	(47,819)	27,956	1,913	-	-	(2,338)	-	143,099	15,298	138,109
Dividends declared (Note 17)	-	-	-	-	-	-	-	-	-	(38,241)	-	(38,241)
Appropriations to general reserves	-	-	-	-	-	-	16,825	-	-	(16,825)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,867)	(4,867)
Equity transactions with non-controlling interests	-	-	-	-	(284)	-	-	-	-	-	2,157	1,873
Contributions from non-controlling interests	-	-	-	-	(17)	-	-	-	-	-	763	746
Key Employee Share Purchase Plan (Note 41)	-	-	-	-	(16)	-	-	-	-	-	-	(16)
Long-term Service Plan (Note 42)	-	-	-	-	(3,698)	-	-	-	-	-	-	(3,698)
Acquisition of shares	-	-	-	-	-	-	-	-	(994)	-	-	(994)
Other equity instruments issued/redeemed by subsidiaries	-	-	-	-	-	-	-	-	-	-	31,456	31,456
Others	-	-	-	-	9,838	-	-	-	-	-	1,329	11,167
As at 31 December	18,280	111,598	(33,923)	23,147	26,858	12,164	88,789	(362)	(5,995)	522,004	225,345	987,905

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

(in RMB million)	Notes	2021	2020
Net cash flows from operating activities	57	**90,116**	312,075
Cash flows from investing activities			
Purchases of investment properties, property and equipment and intangible assets		**(12,186)**	(9,995)
Proceeds from disposal of investment properties, property and equipment and intangible assets, net		**679**	390
Proceeds from disposal of investments		**2,016,480**	2,039,192
Purchases of investments		**(2,198,579)**	(2,680,660)
Acquisition of subsidiaries, net		**(366)**	(978)
Disposal of subsidiaries, net		**5,234**	1,776
Interest received		**168,173**	167,123
Dividends received		**60,234**	54,815
Rentals received		**4,620**	3,146
Increase in policy loans, net		**(16,356)**	(21,947)
Net cash flows from/(used in) investing activities		**27,933**	(447,138)
Cash flows from financing activities			
Capital injected into subsidiaries by non-controlling interests		**14,383**	37,223
Proceeds from bonds issued		**1,252,176**	993,850
(Decrease)/increase in assets sold under agreements to repurchase of insurance operations, net		**(169,860)**	99,242
Proceeds from borrowings		**197,965**	183,876
Repayment of borrowings		**(1,335,187)**	(954,298)
Interest paid		**(45,887)**	(41,937)
Dividends paid		**(46,942)**	(43,074)
Increase in insurance placements from banks and other financial institutions, net		**4,300**	300
Payment of acquisition of shares		**(3,900)**	(994)
Payment of shares purchased for Long-term Service Plan		**(4,184)**	(3,989)
Repayment of lease liabilities		**(7,634)**	(7,806)
Payment of redemption for other equity instruments by subsidiaries		**(3,051)**	(5,000)
Others		**11,409**	3,248
Net cash flows (used in)/from financing activities		**(136,412)**	260,641
Net (decrease)/increase in cash and cash equivalents		**(18,363)**	125,578
Net foreign exchange differences		**(3,260)**	(4,296)
Cash and cash equivalents at the beginning of the year		**424,748**	303,466
Cash and cash equivalents at the end of the year	56	**403,125**	424,748

1. CORPORATE INFORMATION

Ping An Insurance (Group) Company of China, Ltd. (the "Company") was registered in Shenzhen, the People's Republic of China (the "PRC") on 21 March 1988. The business scope of the Company includes investing in financial and insurance enterprises, as well as supervising and managing various domestic and overseas businesses of subsidiaries, and controlled funds. The Company and its subsidiaries are collectively referred to as the Group. The Group mainly provides integrated financial products and services and is engaged in life insurance, property and casualty insurance, trust, securities, banking and other businesses.

The registered office address of the Company is 47th, 48th, 109th, 110th, 111th and 112th Floors, Ping An Finance Centre, No. 5033 Yitian Road, Futian District, Shenzhen, Guangdong Province, China.

These consolidated financial statements are presented in millions of Renminbi ("RMB") unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), amendments to IFRSs and interpretations issued by the International Accounting Standards Board ("IASB"), also comply with the applicable disclosure provisions of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and the applicable disclosure requirements of the *Hong Kong Companies Ordinance*. They have been prepared under the historical cost convention, except for some financial instruments and insurance contract liabilities.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

To the extent that a topic is not covered explicitly by IFRSs, the IFRSs framework permits reference to another comprehensive body of accounting principles, and therefore the Group has chosen to refer to the accounting practices currently adopted by insurance companies reporting under Accounting Standards for Business Enterprises.

(2) CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Changes in accounting estimates

Significant judgement is required in determining the economic assumptions, e.g., discount rates/investment return, and non-economic assumptions, e.g., mortality, morbidity, lapse rates, policy dividend, and expenses, used in the measurement of insurance contract liabilities for the long-term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group has changed the above assumptions based on current information available as at 31 December 2021 (mainly due to change of the benchmarking yield curve for the measurement of insurance contract liabilities and adjustments of non-economic assumptions based on the latest experience and trends), and updated the estimate of future cash flows, with the result of changes in the long-term life insurance contract liabilities being recognized in profit or loss. Consequently, the long-term life insurance policyholders' reserves were increased by RMB22,566 million as at 31 December 2021 and the profit before tax for the year ended 31 December 2021 was decreased by RMB22,566 million (the long-term life insurance policyholders' reserves were increased by RMB19,141 million as at 31 December 2020 and the profit before tax for the year ended 31 December 2020 was decreased by RMB19,141 million).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(3) ISSUED BUT NOT YET EFFECTIVE STANDARDS, AMENDMENTS AND INTERPRETATIONS

The Group has not applied the following new standards, which have been issued but are not yet effective.

IFRS 17—Insurance Contracts, was published on 18 May 2017. IFRS 17 established principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin representing the unearned profit of the contract. In June 2020, the IASB published the revised version of IFRS 17, stating that IFRS 17 is effective for financial years beginning on or after 1 January 2023. On 9 December 2021, the IASB amended IFRS 17 to add a transition option for a "classification overlay" to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17. The Group is currently assessing the impact of IFRS 17.

Except for IFRS 17, there are no amendments to IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(4) BUSINESS COMBINATIONS AND GOODWILL

Business combinations that are not under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or a liability that is a financial instrument and within the scope of IFRS 9 is measured at fair value with changes in fair value either recognized in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRSs. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(4) BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(5) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021 and for the year then ended.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends, are eliminated on consolidation in full, unless the transaction provides evidence of an impairment of the transferred asset.

Total comprehensive income within a subsidiary is still attributed to the non-controlling interest even if it results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(6) SUBSIDIARIES

A subsidiary is an entity (including structured entities) over which the Company has control. The Company controls an entity when the Company has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

(7) STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual or related arrangements.

The Group determines whether it is an agent or a principal in relation to those structured entities in which the Group acts as an asset manager on management's judgement. If an asset manager is agent, it acts primarily on behalf of others and so does not control the structured entity. It may be principal if it acts primarily for itself, and therefore controls the structured entity.

The Group has determined that all of its trust products, debt investment plans, equity investment plans and asset funding plans, which are not controlled by the Group, are unconsolidated structured entities. Trust products, equity investment plans and asset funding plans are managed by affiliated or unaffiliated trust companies or asset managers and invest the funds raised in loans or equities of other companies. Debt investment plans are managed by affiliated or unaffiliated asset managers and its major investment objectives are infrastructure funding projects. Trust products, debt investment plans, equity investment plans and asset funding plans finance their operations by issuing beneficiary certificates which entitle the holders to agreed stake according to contractual terms in the respective trust products', debt investment plans', equity investment plans' and asset funding plans' income.

The Group holds beneficiary certificates in its trust products, debt investment plans, equity investment plans and asset funding plans.

(8) ASSOCIATES

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(8) ASSOCIATES (CONTINUED)

The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon application of the equity method, the Group determines whether it is necessary to recognize additional impairment losses on the Group's investments in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment, as well as the gain on disposal of the associates, are recognized in profit or loss.

The results of associates are included in the Group's income statement to the extent of dividends received and receivable. The Group's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

(9) JOINT VENTURES

The Group has assessed the nature of its joint ventures and determined them to be joint ventures. The Group has rights to the net assets of these joint ventures. The Group's investments in its joint ventures are accounted for using the equity method of accounting, less any impairment losses. Refer to Note 2.(8) for details of the equity method of accounting.

(10) FOREIGN CURRENCIES

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss on change arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in profit or loss and other comprehensive income, respectively).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(10) FOREIGN CURRENCIES (CONTINUED)

The functional currency of most of overseas subsidiaries is the Hong Kong dollar. At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their income statements are translated into RMB at the average exchange rate for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange differences on translation of foreign operations reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates for their functional and currencies ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rate for the year.

(11) CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits, current accounts with the Central Bank and short term highly liquid investments including assets purchased under reverse repurchase agreements and others which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(12) FINANCIAL ASSETS

Recognition

The Group shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Classification and measurement

The Group classifies its financial assets in the following measurement categories, which depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows:

- those to be measured at amortized cost ("AC");
- those to be measured at fair value through other comprehensive income ("FVOCI"); or
- those to be measured at fair value through profit or loss ("FVPL").

The Group determines the classification of debt investments according to its business model and the contractual cash flow characteristics of the financial assets. The debt investments shall be classified as FVPL if the cash flows characteristics cannot pass the test on solely payments of principal and interest on the principal amount. Otherwise, the classification of debt investments will depend on the business model provided the fair value option is not elected. Investments in equity instruments are classified as FVPL in general, except those designated as at FVOCI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(12) FINANCIAL ASSETS (CONTINUED)

Classification and measurement (continued)

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds, etc. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL are measured at amortized cost. Interest income from these financial assets is included in the interest revenue using the effective interest rate method. Any gain or loss arising from derecognition or impairment is recognized directly in profit or loss. Such assets held by the Group mainly include cash and amounts due from banks and other financial institution, balances with the Central Bank, accounts receivable, finance lease receivable, financial assets at AC, loans and advances to customers measured at AC, etc.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in the interest revenue using the effective interest rate method. Such assets held by the Group mainly include debt financial assets at FVOCI and loans and advances to customers measured at FVOCI, etc.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. The gains or losses from fair value changes on the debt investments measured at FVPL are recognized in profit or loss. The Group also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends, representing a return on such investments, continue to be recognized in profit or loss when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(12) FINANCIAL ASSETS (CONTINUED)

Impairment

Expected credit loss refers to the weighted average amount of credit loss of financial instruments based on the probability of default. Credit loss refers to the difference between all contractual cash flows that are due to the entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI, and with the exposure arising from loan commitments and financial guarantee contracts that are not accounted for as "insurance contracts". A number of significant judgements are required in measuring the expected credit loss("ECL"), such as:

i) Choosing appropriate models and assumptions for the measurement of ECL including exposure at default (EAD), probability of default (PD), loss given default (LGD), etc.;

ii) Determining criteria for significant increase in credit risk;

iii) Establishing the number and relative weightings of forward-looking scenarios for the associated ECL.

For the financial instruments subject to ECL measurement, the Group assesses the significant increase in credit risk since initial recognition or whether an instrument is considered to be credit impaired, outlines a "three-stage" model expected credit loss models are established and staging definition are set for each of these financial assets class. Incorporating forward-looking information, expected credit losses for financial assets are recognized into the different stages and measured the impairment provisions respectively.

Stage 1: A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group. The impairment provisions are measured at an amount equal to the 12-month expected credit losses for the financial assets which are not considered to have significantly increased in credit risk since initial recognition;

Stage 2: If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The impairment provisions are measured based on expected credit losses on a lifetime basis;

Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3". The impairment provisions are measured based on expected credit losses on lifetime basis.

For the financial assets at Stage 1 and Stage 2, the interest income is calculated based on its gross carrying amount (i.e., amortized cost) before adjusting for impairment provision using the effective interest method. For the financial assets at Stage 3, the interest income is calculated based on the carrying amount of the asset, net of the impairment provision, using the effective interest method. Financial assets that are originated or purchased credit impaired are financial assets that are impaired at the time of initial recognition, and the impairment provision for these assets is the expected credit loss for the entire lifetime since initial recognition as purchased or originated credit-impaired financial assets.

The Group recognizes or reverses the impairment provision through profit or loss. For debt instruments measured at FVOCI, impairment gains or losses are included in the net impairment losses on financial instruments and correspondingly reduce the accumulated changes in fair value included in the other comprehensive income reserves of equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(12) FINANCIAL ASSETS (CONTINUED)

Impairment (Continued)

For account receivables, the Group refers to historical experience of credit loss, combines with current situation and forward-looking information, formulate the lifetime expected credit loss of the financial assets.

For loan commitments' the loss allowance is recognized as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognized as a provision.

Derecognition

Financial assets are derecognized when:

(a) the contractual rights to receive the cash flows from the financial assets have expired;

(b) they have been transferred and the Group transfers substantially all the risks and rewards of ownership;

(c) they have been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

When the equity financial assets measured at FVOCI are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to retained profits. When the other financial assets are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

(13) FINANCIAL LIABILITIES

At initial recognition, the Group classifies a financial liability at fair value through profit or loss or other financial liabilities. The Group measures a financial liability at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial liability. Transaction costs of financial liabilities carried at FVPL are expensed in profit or loss.

When a financial liability (or part of it) is extinguished, the Group derecognizes the financial liability (or part of it). The difference between the carrying amount of the derecognized liability and the consideration is recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(13) FINANCIAL LIABILITIES (CONTINUED)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Financial liabilities held for trading are the financial liabilities that:

(a) are incurred principally for the purpose of repurchasing in the near term;

(b) on initial recognition are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;

(c) are derivatives (except for a derivative that is a designated and effective hedging instrument or a financial guarantee contract).

The above financial liabilities are subsequently measured at fair value. All the realized and unrealized gains/(losses) are recognized in profit or loss.

The Group may, at initial recognition, designate a financial liability as at fair value through profit or loss when one of the following criteria is met:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases;

(b) a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel;

(c) a contract contains one or more embedded derivatives, with the host being not an asset within the scope of IFRS 9, and the embedded derivative(s) do(es) significantly modify the cash flows.

Once designated as financial liabilities at fair value through profit or loss at initial recognition, the financial liabilities shall not be reclassified to other financial liabilities in subsequent periods. Financial liabilities designated at FVPL are subsequently measured at fair value. Any changes in fair value are recognized in profit or loss, except for changes in fair value arising from changes in the Group's own credit risk which are recognized in other comprehensive income. Changes in fair value due to changes in the Group's own credit risk are not subsequently reclassified to profit or loss upon derecognition of the liabilities.

Other financial liabilities

The Group measures other financial liabilities subsequently at amortized cost, using the effective interest method. Other financial liabilities of the Group mainly include customer deposits and payables to brokerage customers, short-term borrowings, long-term borrowings and bonds payable, etc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(13) FINANCIAL LIABILITIES (CONTINUED)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss, which incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. The Group initially measures such contracts at fair value. The fair value at inception is likely to equal the premium received. This amount is recognized rateably over the period of the contract in fees and commission income. Subsequently, the liabilities arising from the financial guarantee contracts are measured at the higher of premium received on the initial recognition less income recognized in accordance with the principles of IFRS 15, and the amount of impairment provision calculated as described in Note 2.(12) – impairment.

Apart from the above financial guarantee contracts issued by the Group's banking operations which are accounted for under IFRS 9, the Group has also regarded certain financial guarantee contracts as insurance contracts and has elected to apply IFRS 4 to such financial guarantee contracts.

(14) DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments mainly include interest rate swaps, forward currency contracts and swap transaction, credit swap and stock index futures, etc. Such derivative financial instruments are initially recognized at fair value on the date of which the related derivative contracts are entered into and are subsequently measured at fair value. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The gains or losses from fair value changes of derivatives are recognized in profit or loss.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If a hybrid contract contains a host that is not an asset within the scope of IFRS 9, an embedded derivative shall be separated from the host and accounted for as a derivative if, and only if:

a. the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;

b. a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

c. the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss (i.e., a derivative that is embedded in the hybrid contract at fair value through profit or loss is not separated).

For the above assets, the Group may bifurcate the embedded derivative and measured it at fair value through profit or loss, or designate the entire hybrid instrument to be measured at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(15) FAIR VALUE OF FINANCIAL INSTRUMENTS

For financial instruments where there is active market, the fair value is determined by quoted prices in active markets. For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques should be appropriate in the circumstances for which sufficient data is available, and the inputs should be consistent with the objective of estimating the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions, and maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Such techniques include using recent prices in arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate for similar instruments. Certain financial instruments, including derivative financial instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

Determining whether to classify financial instruments into level 3 of the fair value hierarchy is generally based on the significance of the unobservable factors involved in valuation methodologies.

(16) OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(17) ASSETS PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS AND ASSETS SOLD UNDER REPURCHASE AGREEMENTS

Assets sold under repurchase agreements continue to be recognized but a liability is recognized and presented as "assets sold under agreements to repurchase" for the proceeds from selling such assets. The Group may be required to provide additional collateral based on the fair value of the underlying assets and such non-cash collateral assets continue to be recognized on the balance sheet. The difference between the selling price and repurchasing price is recognized as interest expense over the term of the agreement using the effective interest method.

The amounts advanced under these agreements are recognized and presented as "financial assets purchased under reverse repurchase agreements". The Group may not take physical possession of assets purchased under such agreements. In the event of default by the counterparty to repurchase the assets, the Group has the right to the underlying assets. The difference between the purchasing price and reselling price is recognized as interest income over the term of the agreement using the effective interest method.

Sale of assets under repurchase agreements and purchase of assets under reverse repurchase agreements conducted in the bank and securities businesses are included in the operating activities of consolidated statement of cash flows and sale of assets under repurchase agreements and purchase of assets under reverse repurchase agreements conducted in the insurance business are included in the financing and investing activities of consolidated statement of cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(18) FINANCE LEASE RECEIVABLE AND UNEARNED FINANCE INCOME

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. At the commencement of the lease term, the Group recognizes the minimum lease payments receivable by the Group, the initial direct costs and the unguaranteed residual value in the finance lease receivable. The difference between (a) the aggregate of the minimum lease payments, the unguaranteed residual value and the initial direct costs and (b) the aggregate of their present values is recognized as unearned finance lease income. Finance lease receivable net of unearned finance lease income which represents the Group's net investment in the finance lease is presented as finance lease receivable in the consolidated statement of financial position. Unearned finance lease income is allocated over the lease term based on a pattern reflecting a constant periodic return on the Group's net investment in the finance lease, and is recognized as "other revenues and other gains/(losses)".

The impairment provision measurement and derecognition of finance lease receivable are complied with the basic accounting policy of the financial assets (Note 2.(12)).The Group incorporates forward looking information in estimating the expected credit loss for finance lease receivable. The Group derecognizes finance lease receivables when the rights to receive cash flows from the finance lease have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Refer to Note 13 and Note 25 for details.

(19) PRECIOUS METALS

The Group's precious metals represent gold and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net recoverable amount. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in income statement.

(20) INVESTMENT PROPERTIES

Investment properties are interests in land and buildings that are held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, which is the fair value of the consideration given to acquire them, including transaction costs. Subsequently, all investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis, after taking into account the estimated residual value (1% to 10% of original cost), over the estimated useful lives. The estimated useful lives of investment properties vary from 15 to 40 years.

The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the individual investment properties.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Transfers to, or from, investment properties are made when, and only when, there is evidence of a change in use or the investment property is sold.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(21) PROPERTY AND EQUIPMENT

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the income statement in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal assumptions used for this purpose are as follows:

	Estimated residual values	Estimated useful lives
Leasehold improvements	–	Over the shorter of economic useful lives and terms of the leases
Buildings	1% – 10%	15 – 40 years
Equipment, furniture and fixtures	0% – 10%	3 – 15 years
Motor vehicles	1% – 15%	4 – 25 years

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(22) CONSTRUCTION IN PROGRESS

Construction in progress mainly represents costs incurred in the construction of building premises, as well as the cost of equipment pending installation, less any impairment losses.

No provision for depreciation is made on construction in progress until such time the relevant assets are completed and ready for use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(23) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized on the straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(a) Core deposits

Core deposits are accounts that a financial institution expects to maintain for an extended period of time due to ongoing business relationships. The intangible asset value associated with core deposits reflects the present value of additional cash flow resulted from the use of the deposits at a lower cost alternative source of funding in the future periods.

(b) Expressway operating rights

Expenditures on acquiring the expressway operating rights are capitalized as intangible assets and subsequently amortized on the straight-line basis over the contract terms.

(c) Prepaid land premiums

Prepaid land premiums are prepayments for land under PRC law for fixed periods. Prepaid land premiums are initially stated at cost and subsequently amortized on the straight-line basis over the lease terms. All lands related to the Group's prepaid land premiums are located in Mainland China.

(d) Trademarks

Trademarks are initially stated at cost and subsequently amortized on the straight-line basis over the estimated useful lives.

The estimated useful lives of intangible assets are set as below:

	Estimated useful lives
Expressway operating rights	20 – 30 years
Prepaid land premiums	30 – 50 years, indefinite
Core deposits	20 years
Trademarks	10 – 40 years, indefinite
Software and others (including patents and know-how, customer relationships and contract rights, etc.)	2 – 25 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(24) FORECLOSED ASSETS

Foreclosed assets are initially recognized at fair value. The difference between the initial fair value and the sum of the related loan principal, interest receivable and impairment provision is taken into the income statement. At the end of the reporting period, the foreclosed assets are measured at the lower of their carrying value and net recoverable amount. When the carrying value of the foreclosed assets is higher than the net recoverable amount, a provision for the decline in value of foreclosed assets is recognized as impairment losses in the income statement.

(25) INVENTORIES

The Group's inventories comprise raw materials, product in progress, finished goods, other supplemental materials, etc. and lands purchased for property development by real estate subsidiaries. Inventory is initially measured at cost which includes purchasing cost, processing cost and other costs which made the inventory to the present place and condition.

The actual cost of inventory is priced based on moving weighted average method.

At the end of the reporting period, inventory is measured at the lower of its cost and net realizable value. If the net realizable value is lower than cost, inventory impairment provisions are allotted.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and related taxes. Estimates of net recoverable amount are based on the most reliable evidence available at the time the estimates are made, also taking into consideration the purpose for which the inventory is held and the influence of events after the end of the reporting period.

Inventory impairment provisions should be accrued when the cost of individual inventory item is higher than its net realizable value.

After allotting inventory impairment provisions, if the influencing factors of previous inventory impairment provisions have disappeared, and hence the net realizable value of the inventories are higher than their book values, the previous written down amount should be recovered and the reversed amount which is within the amount of original allotted inventory impairment provisions should be included in current profit and loss.

(26) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that a non-financial asset other than deferred tax assets may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. A non-financial asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of a non-financial asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(26) IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

For non-financial assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the income statement.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. The recoverable amount is the higher of its fair value less costs to disposal and its value-in-use, determined on an individual asset (or cash-generating unit) basis, unless the individual asset (or cash-generating unit) does not generate cash flows that are largely independent from those of other assets or groups of assets (or groups of cash-generating units). Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Intangible assets with indefinite useful lives are tested for impairment annually at each year end either individually or at the cash-generating unit level, as appropriate.

(27) INSURANCE GUARANTEE FUND

According to the *Administrative Regulations on the Insurance Guarantee Fund* (CIRC [2008] No.2), the Group calculates the insurance guarantee fund as follows:

- 0.8% of the premium income for non-investment type property insurance, 0.08% of the consideration received for investment type property insurance with guaranteed return, and 0.05% of the consideration received for investment type property insurance without guaranteed return;
- 0.15% of the consideration received for life insurance with guaranteed return, and 0.05% of the consideration received for life insurance without guaranteed return;
- 0.8% of the premium income for short-term health insurance, and 0.15% of the premium income for long-term health insurance; and
- 0.8% of the premium income for non-investment type accident insurance; 0.08% of the consideration received for investment type accident insurance with guaranteed return, and 0.05% of the consideration received for investment type accident insurance without guaranteed return.

No additional provision is required when the accumulated insurance guarantee fund balances of Ping An Life Insurance Company of China, Ltd. ("Ping An Life"), Ping An Annuity Insurance Company of China, Ltd. ("Ping An Annuity") and Ping An Health Insurance Company of China, Ltd. ("Ping An Health Insurance") reach 1% of their respective total assets. For Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty"), no additional provision is required when the accumulated balance reaches 6% of its total assets. Insurance guarantee fund levy is charged to expenses as incurred.

The consideration received and premium income used in the calculation of the insurance guarantee fund is the amount agreed in the insurance policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(28) INSURANCE CONTRACTS

Insurance contracts are those contracts under which the Group has accepted insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance contracts are classified as direct insurance contracts and reinsurance contracts. The significance of insurance risk as determined by the Group is mainly dependent on the magnitude of its potential effect.

Some insurance contracts contain both an insurance component and a deposit component. The Group chooses to unbundle those components, if the insurance component and the deposit component are distinct and separately measurable. The unbundled insurance component is accounted for according to IFRS 4 and the unbundled deposit component is accounted for according to relevant accounting policies. If the insurance component and the deposit component are not distinct and separately measurable, the whole contract is accounted for as an insurance contract.

(29) SIGNIFICANT INSURANCE RISK TESTING

For other insurance contracts issued by the Group, tests are performed to determine if the contracts contain significant insurance risk, and contracts of similar nature are grouped together for this purpose. When performing the significant insurance risk test, the Group makes judgements in sequence as to whether the contract transfers insurance risk, whether the contract has commercial substance, and whether the transferred insurance risk is significant.

(30) INSURANCE CONTRACT LIABILITIES

The insurance contract liabilities of the Group include long-term life insurance policyholders' reserves, unearned premium reserves and claim reserves.

When measuring insurance contract liabilities, the Group classifies insurance contracts whose insurance risks are of similar nature as a measurement unit. Property and casualty and short-term life insurance policies are grouped into certain measurement units by lines of business. For long-term life insurance policies, the Group mainly considers the characteristics of the policies, including product type, gender, age, and durations of policies, when determining the measurement units.

Insurance contract liabilities are measured based on a reasonable estimate of amount of payments when the Group fulfills the relevant obligations under the insurance contracts, which represents the difference between expected future cash outflows and inflows under such contracts, i.e., the expected future net cash outflows.

- ► Expected future cash outflows represent reasonable cash outflows which are necessary for the Group to fulfill the obligations under the insurance contracts (including benefits attributable to the policyholders), and mainly include:

  - Guaranteed benefits under the insurance contracts, including claims, mortality benefits, disability benefits, morbidity benefits, survival benefits and maturity benefits;

  - Non-guaranteed benefits under the insurance contracts arising from constructive obligations, including policyholder dividends, etc.;

  - Reasonable expenses necessary for policy administration and claims handling, including policy maintenance expenses, claim expenses, etc.

- ► Expected future cash inflows represent cash inflows arising from assuming liabilities under the insurance contracts, including premium income and other charges.

A reasonable estimate of expected future net cash flows is determined based on information currently available as at the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(30) INSURANCE CONTRACT LIABILITIES (CONTINUED)

Margins are considered and separately measured in determining insurance contract liabilities. Margins are released in the income statement over the insurance coverage period using systematic and reasonable methods. Margins include risk margin and residual margin.

- Risk margin represents provision for the uncertainty and the degree of impact associated with the future net cash flows. The Group determines risk margins of the long-term life insurance policyholders' reserves using the scenario comparison method. The unfavourable scenarios are determined according to the uncertainty and impact of expected net cash outflows.

- At inception of an insurance contract, any "day-one" gain is not recognized in the income statement, but included in the insurance contract liabilities as a residual margin. The residual margin is calculated net of certain acquisition costs, mainly consisting of commission expenses on insurance operations. At inception of an insurance contract, any "day-one" loss is recognized in the income statement. Any residual margin is subsequently measured based on the assumptions of the years when the policies become effective, and will not be adjusted for future change in assumptions. For non-life insurance contracts, the Group amortizes the residual margin which is embedded in the unearned premium reserves on a time basis during the whole insurance coverage period and records it in profit or loss. For life insurance contracts, the Group amortizes the residual margin on the basis of the sums insured or the number of policies during the whole insurance coverage period.

When measuring insurance contract liabilities, the time value of money is considered. The related future cash flows are discounted when the impact of time value of money is significant. For short duration contracts whose duration is within one year, the cash flows are not discounted. The discount rates used in the measurement of time value of money is determined with reference to information currently available as at the end of the reporting period and is not locked.

When measuring insurance contract liabilities, the expected period of future net cash outflows is the entire insurance period. For insurance policies with a guaranteed renewal option, the expected period is extended to the date when the option to renew policy ceases if the probability that the policyholders may execute the option is high and the Group does not have the right to reprice the premium.

Unearned premium reserves

The unearned premium reserves are provided for unexpired insurance obligations of property and casualty and short-term life insurance contracts.

Unearned premium reserves are measured using the unearned premium approach. At inception of the insurance contracts, unearned premium reserves are measured based on written premiums, with deductions made for commissions, insurance guarantee fund, regulatory charges and other incremental costs. Subsequent to initial recognition, unearned premium reserves are measured on a 1/365 basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(30) INSURANCE CONTRACT LIABILITIES (CONTINUED)

Claim reserves

Claim reserves are insurance contract liabilities provided for insurance claims of the property and casualty and short-term life insurance contracts. Claim reserves include incurred and reported reserves, incurred but not reported ("IBNR") reserves and claim expense reserves.

Incurred and reported reserves are measured at amounts not higher than the sum insured of the insurance contracts, using the case-by-case estimate method and average claim per case method, based on a reasonable estimate of ultimate claim amounts as well as margins.

IBNR are measured according to the nature and distribution of insurance risks, claims development, experience data, etc., using the chain ladder method, the Bornhuetter-Ferguson method, the loss ratio method and the average claim per case method, based on a reasonable estimate of ultimate claim amounts as well as margins.

Claim expense reserves are measured based on a reasonable estimate of ultimate necessary claim expenses in the future by using the case-by-case estimate method and ratio allocation method as well as margins.

Long-term life insurance policyholders' reserves

Long-term life insurance policyholders' reserves are insurance contract liabilities provided for long-term life and health insurance contracts.

The Group determines risk margins of the long-term life insurance policyholders' reserves using the scenario comparison method. The unfavourable scenarios are determined according to the uncertainty and impact of expected net cash outflows.

The key assumptions used in the measurement of long-term life insurance policyholders' reserves include insurance accident occurrence rates, lapse and surrender rates, expense assumptions, policy dividend assumptions, discount rate, etc. In deriving these assumptions, the Group uses information currently available as at the end of the reporting period. Changes in assumptions are recognized immediately in the income statement.

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed on the unearned premium reserves, claim reserves and long-term life insurance policyholders' reserves. If the insurance contract liabilities re-calculated with the insurance actuarial methods exceeds their carrying amounts on date of the liability adequacy test, an additional provision is made for the respective insurance contract liabilities based on the difference and is charged in the income statement. Otherwise, no adjustment is made for the respective insurance contract liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(31) DISCRETIONARY PARTICIPATION FEATURES IN LONG-TERM LIFE INSURANCE CONTRACTS AND INVESTMENT CONTRACTS

Some of the Group's long-term life insurance contracts and investment contracts contain a discretionary participating feature, which is a contractual right to receive additional benefits as a supplement to guaranteed benefits. These contracts are collectively called participating contracts. Under the current PRC insurance regulations, the Group is obligated to pay to the policyholders of participating contracts at least 70% of the distributable surplus in each period, which includes net investment spread arising from the assets supporting these contracts and mortality gains or losses on the pool of contracts to which the participating contract belongs. The amounts to be collectively allocated to the policyholders are referred to as the eligible surplus. The amount and timing of the subsequent distribution of the eligible surplus to individual policyholders of participating contracts is subject to future declarations by the Group. As long as the eligible surplus has not been declared and paid, it is included in the long-term life insurance policyholders' reserves and investment contract reserves. To the extent that there is a subsequent change in the expected future eligible surplus due to realized and unrealized gains, which may be paid to policyholders of participating insurance contracts in the future under the policy terms, such a change in surplus is included in long-term life insurance policyholders' reserves and investment contract reserves.

A shadow accounting adjustment is applied to recognize the change in surplus in other comprehensive income to the extent that such change is derived from unrealized gains or losses on supporting assets recognized directly in other comprehensive income.

(32) INVESTMENT CONTRACTS

Insurance policies that are not considered insurance contracts under IFRS 4 are classified as investment contracts. These policies do not contain significant insurance risk.

- Premium receipts are recognized not as premium income, but rather as liabilities, presented as investment contract liabilities. For those non-life investment type policies without guaranteed benefits, the related contract liabilities are measured at fair value and the related transaction costs are recognized in the income statement. For other investment contracts, the related liabilities are initially measured at fair value and subsequently measured at amortized cost. Commissions, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the initial amount of the liabilities.

- Charges including policy administration fees are recognized as other income during the period of service provided.

(33) INVESTMENT-LINKED BUSINESS

The individual investment-linked contracts of the Group contain significant insurance risks and are classified as insurance contracts. These policies also contain both insurance components and deposit components. The deposit components are unbundled from these hybrid insurance contracts. The rest of the contracts are accounted for as insurance contracts. The Group investment-linked contracts of the Group that do not contain significant insurance risks are classified as investment contracts.

The assets and liabilities related to investment-linked contracts which are regarded as insurance contracts are presented as policyholder account assets and liabilities in respect of insurance contracts. The assets and liabilities related to investment-linked contracts which are regarded as investment contracts are presented as policyholder account assets and liabilities in respect of investment contracts. The assets and liabilities of each investment-linked fund are segregated from each other and from the rest of the Group's invested assets for record keeping purposes. As the investment risks of investment-linked contracts were fully borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of risk management in Note 53.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(33) INVESTMENT-LINKED BUSINESS (CONTINUED)

The Group investment-linked contracts and the deposit component unbundled from the above individual investment-linked insurance contracts are accounted for as follows:

- Premium receipts are recognized not as premium income, but rather as liabilities, presented in policyholder account liabilities. These liabilities are initially measured and subsequently carried at fair value. Commissions, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the income statement.

- Charges including account management fees and surrender charges are calculated at a fixed amount or certain percentage of policy account liabilities. Account management fees are recognized as other income during the period of service provided and surrender charges are recognized as other income as incurred.

- Assets of investment-linked contracts are initially measured and subsequently carried at fair value, presented as policyholder account assets.

(34) UNIVERSAL LIFE BUSINESS

The universal life contracts of the Group contain significant insurance risks are classified as insurance contracts. These policies also contain both insurance components and deposit components. The deposit components are separated from these hybrid insurance contracts. The rest of the contracts are accounted for as insurance contracts as described in Note 2.(30).

The deposit components separated from the above universal life insurance contracts are accounted for as follows:

- Premium receipts are recognized not as premium income, but rather as liabilities, presented in policyholder contract deposits. These liabilities are initially measured at fair value and subsequently measured using a discounted cash flow model. Commissions, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the initial amount of the liabilities.

- Fair value changes on financial assets at FVOCI related to the universal life insurance portfolio are recognized in other comprehensive income. Changes in the insurance liabilities for the universal life insurance portfolio is also recognized in other comprehensive income to the extent that such change is derived from fair value changes on financial assets at FVOCI related to the universal life insurance portfolio attributable to policyholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(35) PROVISIONS

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognized is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

Except for contingent considerations deriving from or contingent liabilities assumed in business combinations and the provision recognized for the loss allowance of off-balance sheet credit exposure, contingent liabilities are recognized as provisions if the following conditions are met:

- An entity has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period with the consideration of risks, uncertainties and the present value. Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

The Group incorporates forward looking information in estimating the expected credit loss for loan commitments and financial guarantee contracts. Refer to Note 13 and Note 51 for details.

(36) REVENUE RECOGNITION

The Group's main revenue is recognized on the following bases:

(a) Gross premium

Premium income and reinsurance premium income is recognized when the insurance contracts are issued, related insurance risk is undertaken by the Group, it is probable that related economic benefits will flow to the Group and related income can be reliably measured.

Premiums from long-term life insurance contracts with instalment or single payments are recognized as revenue when due. Premiums from property and casualty and short-term life insurance contracts are recognized as revenue based on the amount of total premium stated in the contracts.

Reinsurance premiums are recognized as revenue in accordance with the terms stated in the reinsurance contracts. Accounting policies for reinsurance contracts are described in Note 2.(37).

(b) Income from investment contracts

Revenues from investment contracts issued by the Group are fees charged for policy administration, investment management, surrenders or other contract services. The fees may be for fixed amounts or vary with the amounts being managed, and will generally be charged as an adjustment to the policyholders' balance. The fees are recognized when, or as, the control of services is transferred to customers unless the related services still need to be provided in the future periods, in which fees should be recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Initiation and other front-end fees are charged for certain investment contracts recorded at amortized cost and are recognized through an adjustment to the effective yield.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(36) REVENUE RECOGNITION (CONTINUED)

(c) Interest income

Interest income for interest bearing financial instruments, is recognized in the income statement using the effective interest rate method. When a financial asset is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(d) Fees and commission income of non-insurance operations

The fees and commission income of non-insurance operations from a diverse range of services it provides to its customers are recognized when the control of services is transferred to customers. Fee income can be divided into the following main categories:

Fee income earned from services that are provided over a certain period of time

Fees earned from the provision of services over a period of time are accrued over that period. These fees include investment fund administration fees, custodian fees, fiduciary fees, credit related fees, asset management fees, portfolio and other management fees, advisory fees, etc. However, loan commitment fees for loans that are likely to be drawn down are deferred (together with any incremental costs) and recognized as an adjustment to the effective interest rate on the loan.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on the completion of the underlying transaction and the control of services is transferred to customers. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria. These fees may include underwriting fees, corporate finance fees and brokerage fees. Loan syndication fees are recognized in the income statement when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same effective interest rate as for the other participants.

(e) Dividend income

Dividend income is recognized when the right to receive dividend payment is established.

(f) Expressway toll fee income

Expressway toll fee income is recognized upon the completion of the performance obligation of services.

(g) Sale of goods

Revenue from the sale of goods is recognized when control of the goods has been transferred. Control of goods or services refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods or services.

The amount of revenue from the sale of goods shall be measured by the transaction price, which is allocated to each performance obligation. The transaction price is the amount of consideration to be entitled in exchange for transferring promised goods to a customer. The Group considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Group considers the effects of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer.

The part with unconditional rights is recognized as a receivable by the Group, while the rest is recognized as contracts assets. And the impairment provisions of receivables and contracts assets are recognized based on ECL. If the consideration received or receivable from the contract exceeds the performance completed, the excess part would be recognized as contracts liabilities. The Group presents the net amount by the offsetting between contracts assets and contracts liabilities under one contact.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(37) REINSURANCE

The Group undertakes inward and outward reinsurance in the normal course of operations. All of the reinsurance business of the Group has significant insurance risk transfer.

Outward reinsurance business

Outward reinsurance arrangements do not relieve the Group from its obligations to policyholders. When recognizing premium income from insurance contracts, the Group determines the amount of premium ceded and reinsurers' share of expenses and recognize them through profit or loss according to reinsurance contracts. As for profit commission, the Group recognizes it as a reinsurance expense through profit or loss according to the reinsurance contracts when it is feasible to determine the amount of profit commission to be received from the reinsurers. When calculating unearned premium reserves, claim reserves and long-term life insurance policyholders' reserves of insurance contracts, the Group estimates the reinsurance related cash flows according to the reinsurance contracts, considers the risk margin when determining the amount of insurance contract reserves to be recovered from reinsurers, and recognizes reinsurers' share of insurance contract liabilities. When insurance contract liabilities are reduced for actual payment of claims and claim expenses, reinsurers' share of insurance contract liabilities are reduced accordingly. In the meantime, the Group determines the amount of claim expenses to be recovered from the reinsurers according to the reinsurance contracts and recognizes the amount through profit or loss. When there is an early termination of an insurance contract, the Group determines the adjustment amount of premium ceded and reinsurers' share of expenses according to the reinsurance contracts and recognizes the amount through profit or loss, and the balance of reinsurers' share of insurance contract liabilities is reversed accordingly.

As a cedent, the Group presents in the statement of financial position the assets arising from reinsurance contracts and the liabilities arising from insurance contracts separately instead of offsetting the assets and liabilities. The Group also presents in the income statement the income derived from reinsurance contracts and the expenses incurred for insurance contracts separately instead of offsetting the income and expenses.

Inward reinsurance business

During the period of recognizing reinsurance premium income, the Group determines reinsurance expenses according to the reinsurance contracts and recognizes the expenses through profit or loss. As for profit commission, the Group recognizes it as a reinsurance expense through profit or loss according to the reinsurance contracts when it is feasible to determine the amount of profit commission to be paid to the reinsurers.

Upon receipt of the statement of the reinsurance business, the Group adjusts the reinsurance premium income and reinsurance expenses, and then recognizes the adjusted amounts through profit or loss according to the ceding company statements.

(38) POLICYHOLDER DIVIDENDS

Policyholder dividends represent dividends payable by the Group to policyholders in accordance with the terms of direct insurance contracts. The dividends are calculated and provided based on the dividend allocation method and the results of actuarial valuation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(39) LEASES

Leases refer to a contract in which the lessor transfers the right to use the assets to the lessee for a certain period of time to obtain the consideration. Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases.

As lessor of operating leases

Where the Group is the lessor, assets leased by the Group under operating leases are included in investment properties and rentals receivable under such operating leases are credited to the income statement on the straight-line basis over the lease terms. Contingent rents are recognized as profit or loss in the period in which they are earned.

Group as a lessee

The Group mainly leases buildings as right-of-use assets. The Group applies the lease recognition exemption to short-term leases and leases of low-value assets, and does not recognize the right-of-use assets and lease liabilities. Lease payments on short-term leases and leases of low-value assets are recognized as costs of asset or expenses on a straight-line basis over the lease term. Except for lease applying lease recognition exemption, leases are recognized as a right-of-use asset at the date at which the lease begins, lease liabilities are initial measured at the present value of the lease payments that have not been paid. Lease payments include fixed payments, variable lease payment based on an index or a rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, etc. The variable lease payments determined on a certain percentage of sales are not included in the lease payments and are recognized in profit or loss when incurred.

Right-of-use assets are initial measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and deduct any lease incentives receivable. The right-of-use asset is depreciated over the asset's useful life on a straight-line basis if the Group can reasonably determine the ownership of the assets at the end of the lease term; The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term if the ownership of the assets is uncertain at the end of the lease term. When the recoverable amount is lower than the carrying amount of the right-of-use asset, the Group reduces its carrying amount to the recoverable amount.

(40) EMPLOYEE BENEFITS

(a) Pension obligations

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by the related government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

(b) Housing benefits

The employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(c) Medical benefits

The Group makes monthly contributions for medical benefits to the local authorities in accordance with the relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(41) SHARE-BASED PAYMENT

Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments.

The total amount to be expensed is determined by reference to the fair value of the shares granted, which includes the impact of market performance conditions (for example, an entity's share price) but excludes the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period) and includes the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time). The Group estimates the number of total shares expected to vest taking into consideration of service and non-market performance conditions. Based on number of shares expected to vest, related cost or expense is recognized over the vesting period according to fair value of the shares granted on granted date.

At the end of each reporting period, the Group revises its estimates of the number of options and awarded shares that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The Company settles with the awardees under the share purchase scheme upon vesting.

(42) SHARES HELD BY CONSOLIDATED STRUCTURED ENTITIES

The Group's subsidiaries consolidated certain asset management schemes that were managed by third parties. These asset management schemes invested in the insurance index shares which included the Company's shares. As such the Group indirectly hold the Company's shares. The employee share purchase scheme consolidated by the Group also hold the Company's shares. The consideration paid by the consolidated structured entities in purchasing the Company's shares from the market, including any directly attributable incremental cost, is debited to "Share premium" under "Reserves". No gain or loss shall be recognized in profit or loss on the sale of those shares, the consideration received is credited to "Share premium" under "Reserves".

(43) TAX

Income tax comprises current and deferred tax. Income tax is recognized in the income statement, or in other comprehensive income or in equity if it relates to items that are recognized in the same or a different period directly in other comprehensive income or in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(43) TAX (CONTINUED)

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed by the end of each reporting period and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(44) DIVIDENDS

When the final dividends proposed by the directors have been approved by the shareholders and declared, they are recognized as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(45) RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

Or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same Group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(46) SEGMENT REPORTING

For management purposes, the Group is organized into operating segments based on the internal organization structure, management requirements and internal reporting. The reportable segments are determined and disclosed based on operating segments and the presentation is consistent with the information reported to the Board of Directors.

Operating segments refer to the Group's component that satisfies the following conditions:

(a) The component produces income and expenses in its daily operation;

(b) The management of the Company regularly assesses the operating results of its business units for the purpose of making decisions about resources allocations and performance assessment;

(c) The Group is able to obtain the accounting information such as the financial position, operating results and cash flows of the component.

Two or more operating segments can be merged as one if they have similar characteristics and satisfy certain conditions.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities in these financial statements. Estimates and judgements are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgements and accounting estimation, which have the significant effect on the amounts recognized in the financial statements.

(1) FAIR VALUE OF FINANCIAL INSTRUMENTS DETERMINED USING VALUATION TECHNIQUES

Fair value, in the absence of an active market, is estimated by using valuation techniques, applying currently applicable and sufficiently available data, and the valuation techniques supported by other information, mainly include market approach and income approach, reference to the recent arm's length transactions, current market value of another instrument which is substantially the same, and by using the discounted cash flow analysis and option pricing models.

When using valuation techniques to determine the fair value of financial instruments, the Group would choose the input value in consistent with market participants, considering the transactions of related assets and liabilities. All related observable market parameters are considered in priority, including interest rate, foreign exchange rate, commodity prices and share prices or index. When related observable parameters are unavailable or inaccessible, the Group uses unobservable parameters and makes estimates for credit risk, market volatility and liquidity adjustments.

Using different valuation techniques and parameter assumptions may lead to significant difference of fair value estimation.

(2) CLASSIFICATION OF FINANCIAL ASSETS

The judgements in determining the classification of financial assets include the analysis of business models and the contractual cash flows characteristics.

An entity's business model refers to how an entity manages its financial assets in order to generate cash flows. That is, the entity's business model determines whether cash flows are arising from collecting contractual cash flows, selling financial assets or both. The business model of managing financial assets is not determined by a single factor or activity. Instead, the entity should consider all relevant evidence available when making the assessment. Relevant evidence mainly includes, but not limited to, how the cash flow of the group of assets is collected, how the performance of the group of assets is reported to key management personnel, and how the risk of group of assets is being assessed and managed.

The contractual cash flows characteristics of financial assets refer to the cash flow attributes of the financial assets reflecting the economic characteristics of the relevant financial assets (i.e., whether the contractual cash flows generated by the relevant financial assets on a specified date solely represents the payments of principal and interest). The principal amount refers to the fair value of the financial asset at initial recognition. The principal amount may change throughout the lifetime of the financial assets due to prepayment or other reasons. The interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, other basic lending credit risks, and the consideration of costs and profits.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(3) MEASUREMENT OF THE EXPECTED CREDIT LOSSES

The measurement of the expected credit losses for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 53.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(4) MEASUREMENT UNIT AND VALUATION OF INSURANCE CONTRACT LIABILITIES

The Group makes significant judgements on whether a group of insurance contracts' insurance risks are of the same nature. Different measurement units would affect the measurement of insurance contract liabilities.

At the end of the reporting period, when measuring the insurance contract liabilities, the Group needs to make a reasonable estimate of amounts of the payments which the Group is required to make in fulfilling the obligations under the insurance contracts, based on information currently available at the end of the reporting period.

At the end of the reporting period, the Group shall make an estimate of the assumptions used in the measurement of insurance contract liabilities. Such assumptions shall be determined based on information currently available at the end of the reporting period. To determine these assumptions, the Group selects proper risk margins according to both uncertainties and degree of impact of expected future cash outflows. Refer to Note 2.(2) for the changes in accounting policies and estimates.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(4) MEASUREMENT UNIT AND VALUATION OF INSURANCE CONTRACT LIABILITIES (CONTINUED)

The main assumptions used in the measurement of insurance contract liabilities are as follows:

- For long-term life insurance contracts where the future insurance benefits are not affected by investment return of the underlying asset portfolio, with consideration of the Cai Kuai [2017] No.637 issued by the former CIRC and other relevant regulations, the discount rate assumption is based on the benchmarking yield curve for the measurement of insurance contract liabilities published by the China Central Depository & Clearing Co., Ltd. ("CCDC"), with consideration of the impact of the tax and liquidity premium. The current discount rate assumption for the measurement as at 31 December 2021 ranged from 2.83%-4.60% (31 December 2020: 3.01%-4.60%).

  For long-term non-life insurance contracts where the future insurance benefits are not affected by investment return of the underlying asset portfolio, as the risk margin has no material impact on the reserve measurement, the discount rate assumption used is the benchmarking yield curve for the measurement of insurance contract liabilities published by the CCDC.

  For long-term life insurance contracts where the future insurance benefits are affected by investment return of the underlying asset portfolio, the discount rates are determined based on expected future investment returns of the asset portfolio backing those liabilities. The future investment returns assumption for the measurement as at 31 December 2021 ranged from 4.75%-5.00% (31 December 2020: 4.75% – 5.00%).

  For short-term insurance contracts liabilities whose duration is within one year, the future cash flows are not discounted.

  The discount rate and investment return assumptions are affected by the future macro-economy, capital market, investment channels of insurance funds, investment strategy, etc., and therefore subject to uncertainty.

- The Group uses reasonable estimates, based on market and actual experience and expected future development trends, in deriving assumptions of mortality rates, morbidity rates, disability rates, etc.

  The assumption of mortality rates is based on the Group's prior experience data on mortality rates, estimates of current and future expectations, the industrial benchmark, the understanding of the China insurance market as well as the risk margin. The assumption of mortality rates is presented as a percentage of *China Life Insurance Mortality Table (2010-2013)*, which is the industry standard for life insurance in China.

  The assumption of morbidity rates is determined based on the industrial benchmark, the Group's assumptions used in product pricing, experience data of morbidity rates, and estimates of current and future expectation as well as the risk margin.

  The assumptions of mortality and morbidity rates are affected by factors such as changes in lifestyles of national citizens, social development, and improvement of medical treatment, and hence subject to uncertainty.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(4) MEASUREMENT UNIT AND VALUATION OF INSURANCE CONTRACT LIABILITIES (CONTINUED)

► The Group uses reasonable estimates, based on actual experience and future development trends, in deriving lapse rate assumptions.

  The assumptions of lapse rates are determined by reference to different pricing interest rates, product categories and sales channels.

► The Group uses reasonable estimates, based on an expense study and future development trends, in deriving expense assumptions. If the future expense level becomes sensitive to inflation, the Group will consider the inflation factor as well in determining expense assumptions.

  The expense assumptions include assumptions of acquisition costs and maintenance costs. The assumption of maintenance costs also has a risk margin.

► The Group uses reasonable estimates, based on expected investment returns of participating insurance accounts, participating dividend policy, policyholders' reasonable expectations, etc. in deriving policy dividend assumptions.

  The assumption of participating insurance accounts is affected by the above factors, and hence bears uncertainty. The future assumption of life and participating insurance with a risk margin is based on a dividend rate of 85%.

► In the measurement of unearned premium reserves for the property and casualty insurance and short-term life insurance business, the Group applies the cost of capital approach and considers the insurance industry guideline ranged from 3% to 6% to determine risk margins.

The major assumptions needed in measuring claim reserves include the claim development factor and expected claim ratio, which can be used to forecast trends of future claims so as to estimate the ultimate claim expenses. The claim development factors and expected claim ratio of each measurement unit are based on the Group's historical claim development experience and claims paid, with consideration of adjustments to company policies like underwriting policies, level of premium rates, claim management and the changing trends of external environment such as macroeconomic, regulations, and legislation. In the measurement of claim reserves, the Group applies the cost of capital approach and considers insurance industry guideline ranged from 2.5% to 5.5% to determine risk margins.

(5) CLASSIFICATION AND UNBUNDLING/SEPARATION OF INSURANCE CONTRACTS AND SIGNIFICANT INSURANCE RISK TESTS

The Group makes significant judgements on whether a written policy undertake both insurance risks and other risks, whether contains both an insurance component and a deposit component and whether the insurance component and deposit component are distinct and separately measurable. Such judgement affects the unbundling/separation of insurance contracts.

The Group makes significant judgements on whether the contract transfers insurance risk, whether transfer of insurance risk has commercial substance, and whether the transferred insurance risk is significant when performing significant insurance risk tests. Such judgement affects the classification of insurance contracts.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(5) CLASSIFICATION AND UNBUNDLING/SEPARATION OF INSURANCE CONTRACTS AND SIGNIFICANT INSURANCE RISK TESTS (CONTINUED)

When determining whether the policies transfer a significant insurance risk, the Group makes the following judgements for different policies:

- If the insurance risk ratio of a non-annuity policy is equal or greater than 5% at one or more points in time during the policy coverage period, the Group classifies it as an insurance contract. The insurance risk ratio of a direct insurance policy is the percentage of the benefits to be paid when the insured event occurs divided by the amounts to be paid when the insured event does not occur minus 100%;

- Annuity policies where the longevity risk is transferred are classified as insurance contracts;

- If a property and casualty insurance or a short-term life insurance policy obviously meets the criteria for significant insurance risk transfer, the Group directly classifies it as an insurance contract.

When determining whether a reinsurance policy transfers significant insurance risks, judgement is made on a comprehensive understanding of the commercial substance of the reinsurance policy and other relevant contracts and agreements. If the reinsurance risk ratio of the reinsurance policy is greater than 1%, the Group classifies it as a reinsurance contract. The reinsurance risk ratio of a reinsurance policy is derived from the present value of probability-weighted average net losses where the reinsurer incurs a net loss divided by expected premium income of the reinsurer. If a reinsurance policy obviously transfers a significant insurance risk, the Group directly classifies it as a reinsurance contract without calculating the reinsurance risk ratio.

When performing significant insurance risk testing, the Group would group all policies of the same product with similar risk characteristics into the same portfolio. The Group would then select sufficient and representative policy samples from each policy portfolio to perform individual testing.

The unbundling/separation and classification of insurance contracts would affect the Group's revenue recognition, liability measurement and financial statement presentation.

(6) DETERMINATION OF CONTROL OVER THE STRUCTURED ENTITIES

To determine whether the Group controls the structured entities of which the Group acts as an asset manager, management applies judgement based on all relevant fact and circumstance to determine whether the Group is acting as the principal or agent for the structured entities. If the Group is acting as the principal, it has control over the structured entities. In assessing whether the Group is acting as the principal, the Group considers factors such as scope of the asset manager's decision-making authority, rights held by other parties, remuneration to which it is entitled, and exposure to variable returns results from its additional involvement with structured entities. The Group will perform reassessment once the fact and circumstance changes leading to changes in above factors.

For further disclosure in respect of the maximum risk exposure of unconsolidated structured entities of the Group, see Note 53.(8).

4. SCOPE OF CONSOLIDATION

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Ping An Life	Shenzhen, Corporation	Life insurance, Shenzhen	99.51%	-	99.51%	33,800,000,000
Ping An Property & Casualty	Shenzhen, Corporation	Property and casualty insurance, Shenzhen	99.54%	-	99.54%	21,000,000,000
Ping An Bank Co., Ltd. (ii) ("Ping An Bank")	Shenzhen, Corporation	Banking, Shenzhen	49.56%	8.40%	58.00%	19,405,918,198
Ping An Trust Co., Ltd.	Shenzhen, Corporation	Investment and trust, Shenzhen	99.88%	-	99.88%	13,000,000,000
Ping An Securities Co., Ltd. ("Ping An Securities")	Shenzhen, Corporation	Securities investment and brokerage, Shenzhen	40.96%	55.59%	96.62%	13,800,000,000
Ping An Annuity	Shanghai, Corporation	Annuity insurance, Shanghai	86.11%	13.82%	100.00%	4,860,000,000
Ping An Asset Management Co., Ltd.	Shanghai, Corporation	Asset management, Shanghai	98.67%	1.33%	100.00%	1,500,000,000
Ping An Health Insurance	Shanghai, Corporation	Health insurance, Shanghai	73.45%	1.55%	75.01%	2,016,577,790
China Ping An Insurance Overseas (Holdings) Limited	Hong Kong, Corporation	Investment holding, Hong Kong	100.00%	-	100.00%	HKD7,085,000,000
China Ping An Insurance (Hong Kong) Company Limited	Hong Kong, Corporation	Property and casualty insurance, Hong Kong	-	100.00%	100.00%	HKD490,000,000
Ping An International Financial Leasing Co., Ltd. ("Ping An Financial Leasing")	Shanghai, Corporation	Finance leasing, Shanghai	69.44%	30.56%	100.00%	14,500,000,000
Ping An of China Asset Management (Hong Kong) Company Limited	Hong Kong, Corporation	Asset management, Hong Kong	-	100.00%	100.00%	HKD345,000,000
Shenzhen Ping An Innovation Capital Investment Co., Ltd.	Shenzhen, Corporation	Investment holding, Shenzhen	-	99.88%	100.00%	4,000,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Ping An Trendwin Capital Management Co., Ltd.	Shanghai, Corporation	Investment consulting, Shanghai	-	99.75%	100.00%	100,000,000
Ping An Real Estate Co., Ltd. ("Ping An Real Estate")	Shenzhen, Corporation	Property management and investment management, Shenzhen	-	99.60%	100.00%	20,000,000,000
Ping An Technology (Shenzhen) Co., Ltd. (iii)	Shenzhen, Corporation	IT services, Shenzhen	37.66%	62.34%	100.00%	5,310,315,757
Shenzhen Ping An Financial Services Co., Ltd.	Shenzhen, Corporation	IT and business process outsourcing services, Shenzhen	-	100.00%	100.00%	598,583,070
Ping An E-wallet Electronic Commerce Company Limited ("Ping An E-wallet")	Shenzhen, Corporation	Internet service, Shenzhen	-	77.14%	78.63%	1,000,000,000
eLink Commerce Company Limited	Hong Kong, Corporation	E-commerce trade, Hong Kong	-	99.89%	100.00%	HKD25,124,600
Shenzhen Wanlitong Network Information Technology Co., Ltd.	Shenzhen, Corporation	Custom loyalty service, Shenzhen	-	77.14%	100.00%	200,000,000
Shenzhen Ping An Commercial Property Investment Co., Ltd. ("Ping An Commercial Property Investment")	Shenzhen, Corporation	Property leasing and property management, Shenzhen	-	99.50%	99.99%	1,567,000,000
Ping An Futures Co., Ltd. (iii)	Shenzhen, Corporation	Futures brokerage, Shenzhen	-	96.66%	100.00%	721,716,042
Shenzhen Ping An Real Estate Investment Co., Ltd.	Shenzhen, Corporation	Real estate investment, Shenzhen	-	100.00%	100.00%	1,310,000,000
Shanghai Pingpu Investment Co., Ltd.	Shanghai, Corporation	Investment management, Shanghai	-	99.51%	100.00%	9,130,500,000
Ansheng Investment Company Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	99.51%	100.00%	USD50,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Shenzhen Ping An Financial Technology Consulting Co., Ltd. ("Ping An Financial Technology")	Shenzhen, Corporation	Corporation management advisory services, Shenzhen	100.00%	-	100.00%	30,406,000,000
Ping An Tradition International Money Broking Company Ltd.	Shenzhen, Corporation	Currency brokerage, Shenzhen	-	66.92%	67.00%	50,000,000
Pingan Haofang (Shanghai) E-commerce Co., Ltd.	Shanghai, Corporation	Property agency, Shanghai	-	86.37%	100.00%	1,930,000,000
Ping An Wealthtone Investment Management Co., Ltd.	Shenzhen, Corporation	Asset management, Shenzhen	-	68.11%	100.00%	800,000,000
Ping An Fund Management Company Limited	Shenzhen, Corporation	Fund raising and distribution, Shenzhen	-	68.11%	68.19%	1,300,000,000
Shenzhen Ping An Financial Center Development Company Ltd.	Shenzhen, Corporation	Property leasing and property management, Shenzhen	-	99.51%	100.00%	6,688,870,000
Ping An Insurance Sales Services Co., Ltd.	Shenzhen, Corporation	Sales agency of insurance, Shenzhen	-	75.10%	75.10%	515,000,000
Ping An Chuang Zhan Insurance Sales & Service Co., Ltd	Guangzhou, Corporation	Insurance agent, Shenzhen	-	99.54%	100.00%	50,000,000
Reach Success International Company Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	99.51%	100.00%	USD50,000
Jade Reach Investment Company Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	99.51%	100.00%	USD50,000
Shenyang Shengping Investment Management Co., Ltd.	Shenyang, Corporation	Property management and investment management, Shenyang	-	99.51%	100.00%	419,000,000
Tongxiang Ping An Investment Co., Ltd.	Jiaxing, Corporation	Investment management, Jiaxing	-	99.60%	100.00%	500,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Ping An Commercial Factoring Co., Ltd.	Shanghai, Corporation	Commercial factoring, Shanghai	-	100.00%	100.00%	700,000,000
Shanxi Changjin Expressway Co., Ltd.	Taiyuan, Corporation	Expressway operation, Taiyuan	-	59.71%	60.00%	750,000,000
Shanxi Jinjiao Expressway Co., Ltd.	Taiyuan, Corporation	Expressway operation, Taiyuan	-	59.71%	60.00%	504,000,000
Ping An Caizhi Investment Management Company Limited	Shenzhen, Corporation	Equity investment, Shenzhen	-	96.55%	100.00%	600,000,000
Ping An of China Securities (Hong Kong) Company Limited	Hong Kong, Corporation	Investment holding, Hong Kong	-	96.55%	100.00%	HKD663,514,734
Ping An of China Futures (Hong Kong) Company Limited	Hong Kong, Corporation	Futures brokerage, Hong Kong	-	96.55%	100.00%	HKD20,000,000
Ping An of China Capital (Hong Kong) Company Limited	Hong Kong, Corporation	Investment management, Hong Kong	-	96.55%	100.00%	HKD20,000,000
China PA Securities (Hong Kong) Company Limited	Hong Kong, Corporation	Securities investment and brokerage, Hong Kong	-	96.55%	100.00%	HKD440,000,000
Shanghai Lufax Fund Sales Co., Ltd.	Shanghai, Corporation	Fund sales, Shanghai	-	100.00%	100.00%	20,000,000
Fuer Insurance Broker Co., Ltd.	Shanghai, Corporation	Insurance brokerage service, Shanghai	-	100.00%	100.00%	50,000,000
Beijing Shuangronghui Investment Co., Ltd.	Beijing, Corporation	Property leasing, Beijing	-	99.51%	100.00%	256,323,143
Chengdu Ping An Property Investment Co., Ltd.	Chengdu, Corporation	Real estate investment, Chengdu	-	99.51%	100.00%	840,000,000
Hangzhou Pingjiang Investment Co., Ltd.	Hangzhou, Corporation	Real estate development and management, Hangzhou	-	99.51%	100.00%	1,430,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Beijing Jingxinlize Investment Co., Ltd.	Beijing, Corporation	Investment management, Beijing	-	99.51%	100.00%	1,160,000,000
Anbon Allied Investment Company Limited.	Hong Kong, Corporation	Real estate investment, United Kingdom	-	99.51%	100.00%	GBP90,000,160
Talent Bronze Limited	Hong Kong, Corporation	Real estate investment, United Kingdom	-	99.51%	100.00%	GBP133,000,000
Ping An Pioneer Capital Co., Ltd.	Shenzhen, Corporation	Financial products and equity investment, Shenzhen	-	96.55%	100.00%	1,000,000,000
Shenzhen Pingke Information Consulting Co., Ltd. (iii)	Shenzhen, Corporation	Management consulting, Shenzhen	-	100.00%	100.00%	5,092,341,943
Beijing Jingping Shangdi Investment Co., Ltd.	Beijing, Corporation	Property leasing, Beijing	-	99.51%	100.00%	45,000,000
Guangzhou Xinping Property Investment Co., Ltd.	Guangzhou, Corporation	Property leasing, Guangzhou	-	99.51%	100.00%	50,000,000
Shanghai Jahwa (Group) Company Ltd. ("Shanghai Jahwa")	Shanghai, Corporation	Production and sale of consumer chemicals, Shanghai	-	99.51%	100.00%	5,268,261,234
Shanghai Jahwa United Co., Ltd. (iii)	Shanghai, Corporation	Industry, Shanghai	-	51.30%	51.55%	679,634,461
Falcon Vision Global Limited	British Virgin Islands, Corporation	Investment management, British Virgin Islands	-	99.51%	100.00%	USD50,000
Shanghai Zean Investment Management Company Limited	Shanghai, Corporation	Asset management, Shanghai	-	99.51%	100.00%	4,810,000,000
PA Dragon LLC	USA, Corporation	Logistics and real estate, USA	-	99.52%	100.00%	USD143,954,940
Shanghai Pingan Automobile E-commerce Co., Ltd.	Shanghai, Corporation	E-commerce, Shanghai	-	94.74%	94.74%	63,330,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Shanghai Gezhouba Yangming Property Co., Ltd.	Shanghai, Corporation	Real estate development and management, Shanghai	-	99.51%	100.00%	20,000,000
Shanghai Jinyao Investment Management Co., Ltd.	Shanghai, Corporation	Investment management, Shanghai	-	99.05%	100.00%	1,290,000,000
Shanghai Pingxin Asset Management Co., Ltd.	Shanghai, Corporation	Asset management, Shanghai	-	100.00%	100.00%	1,010,000,000
Shenzhen Qianhai Credit Service Centre Co., Ltd.	Shenzhen, Corporation	Credit Information services, Shenzhen	-	100.00%	100.00%	345,075,000
Pingan Real Estate Capital Limited	Hong Kong, Corporation	Investment platform, Hong Kong	-	99.60%	100.00%	2,536,129,600
Shenzhen Qianhai Inclusive Crowdfunding & Trading Co., Ltd.	Shenzhen, Corporation	Private equity financing, Shenzhen	-	100.00%	100.00%	100,000,000
Zhuhai Hengqin Ping An Money Micro Loan Co., Ltd.	Zhuhai, Corporation	Micro loan, Zhuhai	-	100.00%	100.00%	300,000,000
Guangzhou Ping An Good Loan Microfinance Co., Ltd.	Guangzhou, Corporation	Micro loan, Guangzhou	-	100.00%	100.00%	600,000,000
Ping An International Financial Leasing (Shenzhen) Co., Ltd.	Shenzhen, Corporation	Financial leasing, Shenzhen	-	100.00%	100.00%	1,800,000,000
An Ke Technology Company Limited	Hong Kong, Corporation	Investment management and investment consulting, Hong Kong	-	100.00%	100.00%	USD582,996,000
Ping An Pay Technology Service Co., Ltd.	Shenzhen, Corporation	Internet service, Shenzhen	-	77.14%	100.00%	680,000,000
Ping An Pay Electronic Payment Co., Ltd.	Shanghai, Corporation	Internet service, Shanghai	-	77.14%	100.00%	489,580,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Tongxiang Anhao Investment Management Co., Ltd.	Jiaxing, Corporation	Investment management, Jiaxing	-	99.70%	100.00%	300,000,000
Ping An Infrastructure Investment Fund Management Co., Ltd	Shenzhen, Corporation	Investment management, Shenzhen	-	97.99%	99.00%	1,000,000,000
Ping An Fortune Management Co., Ltd.	Shanghai, Corporation	Consulting services, Shanghai	-	100.00%	100.00%	100,000,000
Shenzhen Dingshuntong Investment Co., Ltd. ("Dingshuntong Investment")	Shenzhen, Corporation	Investment consulting, Shenzhen	-	100.00%	100.00%	100,000,000
Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd. ("Evergreen Investment Development")	Shenzhen, Corporation	Investment consulting, Shenzhen	-	100.00%	100.00%	1,500,100,000
Ping An International Financial Leasing (Tianjin) Co., Ltd.	Tianjin, Corporation	Financial leasing, Tianjin	-	100.00%	100.00%	10,400,000,000
Shenzhen Anpu Development Co., Ltd.	Shenzhen, Corporation	Logistics and warehousing, Shenzhen	-	79.61%	80.00%	5,625,000,000
China PA Asset Management (Hong Kong) Company Limited	Hong Kong, Corporation	Asset management, Hong Kong	-	96.55%	100.00%	HKD10,000,000
Shanghai Tianhe Insurance Brokerage Co., Ltd.	Shanghai, Corporation	Insurance broker, Shanghai	-	40.68%	100.00%	50,000,000
Helios P.A. Company Limited	Hong Kong, Corporation	Project investment, Hong Kong	-	99.51%	100.00%	USD677,161,910
Value Success International Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	100.00%	100.00%	USD50,000
Ping An Urban-Tech (Shenzhen) Co., Ltd.	Shenzhen, Corporation	IT services, Shenzhen	-	79.21%	100.00%	50,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Shenzhen Ping An Chuangke Investment Management Co., Ltd.	Shenzhen, Corporation	Investment management, Shenzhen	-	99.80%	100.00%	100,000,000
Shenzhen Anchuang Investment Management Co., Ltd.	Shenzhen, Corporation	Investment management, Shenzhen	-	99.70%	100.00%	100,000,000
Lianxin (Shenzhen) Investment Management Co., Ltd. ("Lianxin Investment") (iii)	Shenzhen, Corporation	Investment management, Shenzhen	-	99.70%	100.00%	5,100,000,000
Autohome Inc. (iii)	Cayman Islands, Corporation	Automotive internet platform, Beijing	-	40.68%	40.88%	USD1,273,469
Mayborn Group Limited	United Kingdom, Corporation	Infant products, United Kingdom	-	51.30%	100.00%	GBP1,154,873
Jiaxing Ping An Cornerstone I Equity Investment Management Co., Ltd.	Jiaxing, Corporation	Investment management, Jiaxing	-	99.51%	100.00%	1,000,000
Shenzhen Qianhai Jinxuan Investment Co., Ltd.	Shenzhen, Corporation	Investment management and investment consulting, Shenzhen	-	99.90%	100.00%	2,270,000,000
Ping An Wealth Management Co., Ltd.	Shenzhen, Corporation	Asset management, Shenzhen	-	57.96%	100.00%	5,000,000,000
TTP Car Inc. (iii)	Cayman Islands, Corporation	Second-hand car platform, Shanghai	-	20.75%	51.00%	USD15,753
Shenzhen Shengjun Investment Management Co., Ltd.	Shenzhen, Corporation	Investment management, Shenzhen	-	99.70%	100.00%	5,000,000
Overseas W.H. Investment Company Limited	Cayman Islands, Corporation	Investment holding, Cayman Islands	-	100.00%	100.00%	USD4,724,570,300
Shenzhen Pingjia Investment Management Co., Ltd.	Shenzhen, Corporation	Investment platform, Shenzhen	-	99.70%	100.00%	5,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Chongqing Youshengda Real Estate Consulting Co., Ltd.	Chongqing, Corporation	Real estate consulting, Chongqing	-	99.51%	100.00%	12,537,286,000
Hangzhou Xiaoshan Ping An Cornerstone II Equity Investment Co., Ltd.	Hangzhou, Corporation	Investment management, Hangzhou	-	99.51%	100.00%	10,000,000
Shenzhen Hengchuang Investment Management Co., Ltd.	Shenzhen, Corporation	Investment platform, Shenzhen	-	99.60%	100.00%	5,000,000
Global Voyager Fund (HK) Company Limited	Hong Kong, Corporation	Asset management, Hong Kong	-	100.00%	100.00%	USD14,794,701
China PA Wealth Management (Hong Kong) Company Limited	Hong Kong, Corporation	Insurance brokerage service, Hong Kong	-	96.55%	100.00%	HKD1,000,000
Ping An Commodities Trading Co., Ltd.	Shenzhen, Corporation	Commodity trade, Shenzhen	-	96.66%	100.00%	1,000,000,000
Shanghai Orient Overseas Kaixuan Real Estate Co., Ltd. (iv, v)	Shanghai, Corporation	Property leasing and property management, Shanghai	-	69.66%	70.00%	2,208,601,418
Shanghai Huaqing Real Estate Management Co., Ltd. (iv, v)	Shanghai, Corporation	Property leasing and property management, Shanghai	-	59.71%	60.00%	USD30,000,000
Beijing Xinjie Real Estate Development Co., Ltd. (iv, v)	Beijing, Corporation	Property leasing and property management, Beijing	-	69.66%	70.00%	USD24,500,000
Chengdu Raffles City Industry Co., Ltd. (iv, v)	Chengdu, Corporation	Property leasing and property management, Chengdu	-	69.66%	70.00%	USD217,700,000
Raffles City (Hangzhou) Real Estate Development Co., Ltd. (iv, v)	Hangzhou, Corporation	Property leasing and property management, Hangzhou	-	69.66%	70.00%	USD299,740,000
Ningbo Xinyin Property Development Co., Ltd. (iv, v)	Ningbo, Corporation	Property leasing and property management, Ningbo	-	69.66%	70.00%	800,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Notes:

(i) The proportion of ordinary shares, as shown in the above table, is the sum product of direct holding by the Company and indirect holding by a multiplication of the proportion of shares held in each holding layer. The proportion of votes is the sum product of the proportion of votes held directly by the Company and indirectly via subsidiaries controlled by the Company.

(ii) For the year ended 31 December 2021, Ping An Bank's profit attributable to its non-controlling interest was RMB15,276 million (2020: RMB12,162 million), the dividend paid to its non-controlling interest was RMB3,809 million (2020: RMB2,964 million). As at 31 December 2021, Ping An Bank's equity attributable to its non-controlling interest was RMB195,231 million (2020: RMB182,064 million). Ping An Bank's summarized financial information is disclosed in "segment reporting" under the "Banking" segment.

(iii) The registered capitals of these subsidiaries were changed in 2021.

(iv) The subsidiaries were incorporated into the scope of consolidation in 2021.

(v) The six subsidiaries mentioned above are project companies that invest in Raffles City commercial office real estate, hereinafter referred to as "Raffles Project".

The Company and its subsidiaries are subject to the *Company Law* as well as various listing requirements, where applicable. Capital or asset transactions between the Company and its subsidiaries might be subject to regulatory requirements. Certain of the Company's subsidiaries are subject to regulatory capital requirements. As such, there are restrictions on the Group's ability to access or use the assets of these subsidiaries or use them to settle the liabilities of these subsidiaries. Please refer to Note 53.(7) for detailed disclosure on the relevant regulatory capital requirements.

(2) As at 31 December 2021, the Group consolidated the following principal structured entities:

Name	Attributable equity interest	Paid-in capital (RMB)	Principal activities
Ping An Asset Xinxiang No.28 Assets Management	99.51%	21,806,684,511	Investment in wealth management products
Huabao East Aggregated Fund Trust Scheme	98.86%	12,000,000,000	Investment in debt schemes
Shanghai Trust Huarong Aggregated Fund Trust Scheme	99.52%	9,500,000,000	Investment in debt schemes
Ping An Asset Xinxiang No.19 Assets Management	99.51%	7,449,913,531	Investment in wealth management products
Ping An Asset Xinxiang No.5 Assets Management	99.54%	1,620,000,000	Investment in wealth management products
Ping An Asset Xinxiang No.20 Assets Management	99.51%	6,508,823,782	Investment in wealth management products
Ping An Asset Xinxiang No.18 Assets Management	99.51%	6,730,552,460	Investment in wealth management products
Ping An Asset Xinxiang No.10 Assets Management	99.51%	7,139,468,987	Investment in wealth management products
Ping An Asset Xinxiang No.14 Assets Management	99.51%	4,551,171,317	Investment in wealth management products
Ping An Asset Xinxiang No.11 Assets Management	99.51%	2,781,690,208	Investment in wealth management products

5. SEGMENT REPORTING

The segment businesses are separately presented as the insurance segment, the banking segment, the trust segment, the securities segment, the other asset management segment, the technology business segment and the other businesses, based on the products and service offerings. The insurance segment is divided into the life and health insurance and the property and casualty insurance segment which are in line with the nature of products, risk and asset portfolios. The types of products and services from which reportable segments derive revenue are listed below:

- The life and health insurance segment offers a comprehensive range of life insurance products to individual and corporate customers, including term, whole-life, endowment, annuity, investment-linked, universal life and health care and medical insurance, reflecting performance summary of life insurance, annuity insurance and health insurance subsidiaries;

- The property and casualty insurance segment offers a wide variety of insurance products to individual and corporate customers, including auto insurance, non-auto insurance, accident and health insurance, reflecting performance of property and casualty insurance subsidiary;

- The banking segment undertakes loan and intermediary business with corporate customers and retail business customers as well as wealth management and credit card services with individual customers, reflecting performance of banking subsidiary;

- The trust segment provides trust products services and undertake investing activities;

- The securities segment undertakes brokerage, trading, investment banking and asset management services;

- The other asset management segment provides investment management services, finance lease business and other asset management services, reflecting performance summary of asset management and finance lease and the other asset management subsidiaries;

- The technology business segment provides various financial and daily-life services through internet platforms such as financial transaction information service platform, health care service platform, reflecting performance summary of the technology business subsidiaries, associates and joint ventures.

Except for the above business segments, the other segments did not have a material impact on the Group's operating outcome, and as such are not separately presented.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions with regard to resources allocation and performance assessment. Segment performance is assessed based on key performance indicators.

Transfer prices between operating segments are based on the amount stated in the contracts agreed by the both sides.

During 2021 and 2020, revenue from the Group's top five customers accounted for less than 1% of the total revenue for the year.

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2021 and for the year then ended is as follows:

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Gross written premiums	494,011	270,113	-	-	-	-	-	(3,281)	760,843
Less: Premiums ceded to reinsurers	(16,406)	(17,324)	-	-	-	-	-	3,522	(30,208)
Change in unearned premium reserves	1,590	7,701	-	-	-	-	-	7	9,298
Net earned premiums	479,195	260,490	-	-	-	-	-	248	739,933
Reinsurance commission revenue	2,749	4,527	-	-	-	-	-	(1,368)	5,908
Interest revenue from banking operations	-	-	213,536	-	-	-	-	(97)	213,439
Fees and commission revenue from non-insurance operations	-	-	40,190	3,611	9,309	1,726	-	(3,312)	51,524
Including: Inter-segment fees and commission revenue from non-insurance operations	-	-	2,776	312	57	122	-	(3,267)	-
Interest revenue from non-banking operations	98,317	7,372	-	614	5,857	15,621	439	(2,746)	125,474
Including: Inter-segment interest revenue from non - banking operations	176	76	-	18	369	2,761	67	(3,467)	-
Investment income	57,835	5,896	14,380	(998)	1,978	12,320	(9,866)	(3,506)	78,039
Including: Inter-segment investment income	2,339	135	17	-	4	237	34	(2,766)	-
Including: Operating lease income from investment properties	5,744	205	57	-	3	140	-	(1,529)	4,620
Share of profits and losses of associates and joint ventures	2,034	1,696	-	72	(22)	(117)	7,351	(3,668)	7,346
Other revenues and other gains/(losses)	24,804	1,225	443	480	5,704	33,103	22,564	(22,311)	66,012
Including: Inter-segment other revenues	10,334	31	22	-	-	5,076	6,801	(22,264)	-
Including: Non-operating gains	218	165	158	-	-	10	25	3	579
Total revenue	664,934	281,206	268,549	3,779	22,826	62,653	20,488	(36,760)	1,287,675

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5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2021 and for the year then ended is as follows (continued):

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Claims and policyholders' benefits	(444,096)	(174,769)	-	-	-	-	-	203	(618,662)
Commission expenses on insurance operations	(52,277)	(32,039)	-	-	-	-	-	3,605	(80,711)
Interest expenses on banking operations	-	-	(93,200)	-	-	-	-	1,129	(92,071)
Fees and commission expenses on non-insurance operations	-	-	(7,128)	(366)	(2,570)	(100)	-	224	(9,940)
Net impairment losses on financial assets and other assets	(24,492)	(1,496)	(73,817)	(1,146)	(574)	(2,428)	(1,033)	(56)	(105,042)
Including: Loan impairment losses, net	-	-	(59,407)	-	-	-	-	-	(59,407)
Including: Impairment losses on investment assets	(24,447)	(441)	(13,248)	(1,120)	(570)	(882)	(859)	-	(41,567)
Including: Impairment losses on receivables and others	(45)	(1,055)	(1,162)	(26)	(4)	(1,546)	(174)	(56)	(4,068)
Foreign exchange gains/(losses)	7	(52)	1,320	(1)	(3)	(61)	7	50	1,267
Investment expenses	(4,281)	(345)	-	-	-	-	-	4,490	(136)
Including: taxes and surcharges on investment operations	(120)	(16)	-	-	-	-	-	-	(136)
Administrative expenses	(48,177)	(52,018)	(49,581)	(1,443)	(5,819)	(12,439)	(14,449)	7,001	(176,925)
Including: Taxes and surcharges on insurance operations	(1,051)	(1,091)	-	-	-	-	-	-	(2,142)
Interest expenses on non-banking operations	(4,519)	(1,326)	-	(148)	(3,803)	(21,364)	(530)	3,608	(28,082)
Including: Financial costs	(2,066)	(926)	-	(74)	(2,871)	(21,358)	(530)	3,643	(24,182)
Including: Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	(2,453)	(400)	-	(74)	(932)	(6)	-	(35)	(3,900)
Other expenses	(26,814)	(465)	(264)	288	(5,454)	(11,665)	(5,428)	12,009	(37,793)
Total expenses	(604,649)	(262,510)	(222,670)	(2,816)	(18,223)	(48,057)	(21,433)	32,263	(1,148,095)
Profit before tax	60,285	18,696	45,879	963	4,603	14,596	(945)	(4,497)	139,580
Income tax	18	(2,504)	(9,543)	(734)	(774)	(4,702)	488	(27)	(17,778)
Profit for the year	60,303	16,192	36,336	229	3,829	9,894	(457)	(4,524)	121,802
- Attributable to owners of the parent	59,468	16,117	21,060	229	3,614	8,378	(1,957)	(5,291)	101,618

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2021 and for the year then ended is as follows (continued):

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Cash and amounts due from banks and other financial institutions	207,013	59,110	176,373	6,439	89,483	59,855	23,067	(36,345)	584,995
Balances with the Central Bank and statutory deposits for insurance operations	8,293	4,300	308,348	-	-	-	5	8	320,954
Accounts receivable	2,019	7	-	-	-	22,971	2,571	(940)	26,628
Finance lease receivable	-	-	-	-	-	200,701	-	-	200,701
Loans and advances to customers	-	-	2,984,753	-	-	-	-	(3,778)	2,980,975
Financial assets at fair value through profit or loss	709,874	119,501	389,703	14,639	50,824	108,277	18,245	15,614	1,426,677
Financial assets at amortized cost	1,771,695	113,333	738,166	6,625	60	179,522	777	(41,183)	2,768,995
Financial assets at fair value through other comprehensive income	447,189	25,502	155,020	14	87,752	11,791	210	(30,733)	696,745
Investments in associates and joint ventures	134,856	25,789	-	1,046	158	86,150	77,387	(41,325)	284,061
Others	435,565	122,865	169,017	2,962	25,091	76,706	27,523	(8,434)	851,295
Segment assets	**3,716,504**	**470,407**	**4,921,380**	**31,725**	**253,368**	**745,973**	**149,785**	**(147,116)**	**10,142,026**
Due to banks and other financial institutions	32,020	3,978	525,687	-	4,895	277,712	5,149	(51,795)	797,646
Assets sold under agreements to repurchase	27,300	9,484	47,703	-	37,556	4,921	-	513	127,477
Accounts payable	2,632	288	-	-	-	3,578	1,055	(890)	6,663
Insurance payables	122,163	32,247	-	-	-	-	-	(3,643)	150,767
Customer deposits and payables to brokerage customers	-	-	2,990,518	-	73,134	-	-	(61,603)	3,002,049
Bonds payable	20,665	13,996	823,934	-	68,818	161,124	-	8,986	1,097,523
Insurance contract liabilities	2,995,147	267,128	-	-	-	-	-	(921)	3,261,354
Investment contract liabilities for policyholders	72,820	19	-	-	-	-	-	-	72,839
Policyholder dividend payable	67,276	-	-	-	-	-	-	-	67,276
Others	57,161	28,638	138,090	6,778	26,388	219,693	24,694	(20,733)	480,709
Segment liabilities	**3,397,184**	**355,778**	**4,525,932**	**6,778**	**210,791**	**667,028**	**30,898**	**(130,086)**	**9,064,303**
Segment equity	**319,320**	**114,629**	**395,448**	**24,947**	**42,577**	**78,945**	**118,887**	**(17,030)**	**1,077,723**
- Attributable to owners of the parent	296,877	113,898	200,217	24,918	36,003	54,922	100,697	(15,127)	812,405
Other segment information:									
Capital expenditures	6,198	1,382	8,583	18	782	2,081	1,334	(491)	19,887
Depreciation and amortization	7,053	1,612	6,416	74	415	835	2,158	(684)	17,879
Total other non-cash expenses charged to consolidated results	24,492	1,496	73,817	1,146	574	2,428	1,033	56	105,042

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2020 and for the year then ended is as follows:

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Gross written premiums	514,513	285,911	–	–	–	–	–	(2,544)	797,880
Less: Premiums ceded to reinsurers	(9,167)	(16,714)	–	–	–	–	–	2,804	(23,077)
Change in unearned premium reserves	(1,020)	(16,180)	–	–	–	–	–	(4)	(17,204)
Net earned premiums	504,326	253,017	–	–	–	–	–	256	757,599
Reinsurance commission revenue	2,239	5,473	–	–	–	–	–	(1,356)	6,356
Interest revenue from banking operations	–	–	201,007	–	–	–	–	(412)	200,595
Fees and commission revenue from non-insurance operations	–	–	39,476	4,335	8,175	1,576	–	(3,404)	50,158
Including: Inter-segment fees and commission revenue from non-insurance operations	–	–	2,648	615	119	99	–	(3,481)	–
Interest revenue from non-banking operations	93,779	7,369	–	256	4,717	15,285	291	(2,883)	118,814
Including: Inter-segment interest revenue from non-banking operations	206	70	–	23	300	2,547	81	(3,227)	–
Investment income	83,061	9,203	9,350	189	1,405	3,993	1,821	(2,790)	106,232
Including: Inter-segment investment income	2,389	135	–	–	48	98	21	(2,691)	–
Including: Operating lease income from investment properties	4,413	169	43	–	3	140	10	(1,632)	3,146
Share of profits and losses of associates and joint ventures	9,472	1,881	–	48	(15)	2,685	5,192	(2,418)	16,845
Other revenues and other gains/(losses)	24,946	944	376	722	4,208	33,284	25,176	(24,837)	64,819
Including: Inter-segment other revenues	12,335	78	7	–	–	4,295	8,328	(25,043)	–
Including: Non-operating gains	172	82	77	–	–	31	15	2	379
Total revenue	717,823	277,887	250,209	5,550	18,490	56,823	32,480	(37,844)	1,321,418

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2020 and for the year then ended is as follows (continued):

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Claims and policyholders' benefits	(461,753)	(153,177)	-	-	-	-	-	179	(614,751)
Commission expenses on insurance operations	(65,156)	(40,704)	-	-	-	-	-	3,839	(102,021)
Interest expenses on banking operations	-	-	(87,537)	-	-	-	-	1,166	(86,371)
Fees and commission expenses on non-insurance operations	-	-	(9,815)	(451)	(2,017)	(174)	-	241	(12,216)
Net impairment losses on financial assets and other assets	(734)	(1,423)	(70,418)	(155)	(779)	(5,519)	(218)	(212)	(79,458)
Including: Loan impairment losses, net	-	-	(43,148)	-	-	-	-	-	(43,148)
Including: Impairment losses on investment assets	(535)	213	(26,578)	(33)	(785)	(3,224)	(35)	(213)	(31,190)
Including: Impairment losses on receivables and others	(199)	(1,636)	(692)	(122)	6	(2,295)	(183)	1	(5,120)
Foreign exchange gains/(losses)	1,123	(7)	762	(3)	(8)	384	(22)	(10)	2,219
Investment expenses	(3,458)	(329)	-	-	-	-	-	3,616	(171)
Including: Taxes and surcharges on investment operations	(163)	(8)	-	-	-	-	-	-	(171)
Administrative expenses	(49,057)	(60,883)	(46,215)	(1,475)	(4,893)	(11,860)	(15,795)	9,183	(180,995)
Including: Taxes and surcharges on insurance operations	(887)	(1,400)	-	-	-	-	-	-	(2,287)
Interest expenses on non-banking operations	(6,020)	(1,292)	-	(247)	(2,846)	(18,231)	(683)	2,883	(26,436)
Including: Financial costs	(2,773)	(996)	-	(186)	(2,095)	(18,216)	(683)	2,954	(21,995)
Including: Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	(3,247)	(296)	-	(61)	(751)	(15)	-	(71)	(4,441)
Other expenses	(25,634)	(443)	(232)	(3)	(4,063)	(10,309)	(5,808)	13,038	(33,454)
Total expenses	(610,689)	(258,258)	(213,455)	(2,334)	(14,606)	(45,709)	(22,526)	33,923	(1,133,654)
Profit before tax	107,134	19,629	36,754	3,216	3,884	11,114	9,954	(3,921)	187,764
Income tax	(11,062)	(3,470)	(7,826)	(737)	(782)	(4,403)	(451)	326	(28,405)
Profit for the year	96,072	16,159	28,928	2,479	3,102	6,711	9,503	(3,595)	159,359
- Attributable to owners of the parent	95,018	16,083	16,766	2,476	2,959	5,737	7,936	(3,876)	143,099

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2020 and for the year then ended is as follows (continued):

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Cash and amounts due from banks and other financial institutions	224,480	58,935	180,975	7,490	73,701	51,582	18,858	(28,630)	587,391
Balances with the Central Bank and statutory deposits for insurance operations	8,267	4,281	280,177	-	-	-	5	8	292,738
Accounts receivable	1,714	-	-	-	-	22,339	3,524	(1,401)	26,176
Finance lease receivable	-	-	-	-	-	202,050	-	-	202,050
Loans and advances to customers	-	-	2,610,841	-	-	-	-	(11,331)	2,599,510
Financial assets at fair value through profit or loss	587,173	118,599	311,270	14,951	36,191	118,735	30,084	14,328	1,231,331
Financial assets at amortized cost	1,724,256	101,109	633,619	5,930	213	202,132	1,012	(43,423)	2,624,848
Financial assets at fair value through other comprehensive income	520,581	29,365	198,722	14	73,170	9,679	49	(42,793)	788,787
Investments in associates and joint ventures	142,206	13,799	-	1,126	91	64,659	71,932	(25,994)	267,819
Others	363,884	126,753	252,910	2,709	15,917	123,505	28,354	(6,812)	907,220
Segment assets	3,572,561	452,841	4,468,514	32,220	199,283	794,681	153,818	(146,048)	9,527,870
Due to banks and other financial institutions	36,290	5,195	635,171	-	304	325,030	7,378	(49,193)	960,175
Assets sold under agreements to repurchase	187,846	13,807	35,286	-	34,295	5,159	-	209	276,602
Accounts payable	2,169	20	-	-	-	3,401	1,012	(1,454)	5,148
Insurance payables	114,001	28,566	-	-	-	-	-	(3,039)	139,528
Customer deposits and payables to brokerage customers	-	-	2,695,935	-	59,472	-	-	(61,574)	2,693,833
Bonds payable	34,137	13,927	611,865	-	51,776	179,456	-	10,124	901,285
Insurance contract liabilities	2,710,089	262,918	-	-	-	-	-	(547)	2,972,460
Investment contract liabilities for policyholders	67,562	19	-	-	-	-	-	-	67,581
Policyholder dividend payable	63,806	-	-	-	-	-	-	-	63,806
Others	75,137	24,918	126,126	8,717	19,630	210,816	28,617	(34,414)	459,547
Segment liabilities	3,291,037	349,370	4,104,383	8,717	165,477	723,862	37,007	(139,888)	8,539,965
Segment equity	281,524	103,471	364,131	23,503	33,806	70,819	116,811	(6,160)	987,905
- Attributable to owners of the parent	273,161	102,991	182,067	23,475	32,346	49,240	104,523	(5,243)	762,560
Other segment information:									
Capital expenditures	7,095	2,124	5,888	8	374	1,720	2,306	(1,197)	18,318
Depreciation and amortization	6,670	1,647	5,662	46	399	714	2,550	(507)	17,181
Total other non-cash expenses charged to consolidated results	734	1,423	70,418	155	779	5,519	218	212	79,458

6. GROSS AND NET WRITTEN PREMIUMS

(in RMB million)	2021	2020
Gross written premiums and premium deposits	**837,834**	885,826
Less: Premium deposits of policies without significant insurance risk transfer	**(3,060)**	(3,145)
Premium deposits separated out from universal life and investment-linked products	**(73,931)**	(84,801)
Gross written premiums	**760,843**	797,880

(in RMB million)	2021	2020
Long-term life business gross written premiums	**454,051**	468,782
Short-term life business gross written premiums	**36,239**	42,745
Property and casualty business gross written premiums	**270,553**	286,353
Gross written premiums	**760,843**	797,880

(in RMB million)	2021	2020
Gross written premiums		
Life insurance		
Individual business	**470,214**	488,094
Group business	**20,076**	23,433
	490,290	511,527
Property and casualty insurance		
Automobile insurance	**188,990**	196,335
Non-automobile insurance	**58,943**	72,928
Accident and health insurance	**22,620**	17,090
	270,553	286,353
Gross written premiums	**760,843**	797,880

(in RMB million)	2021	2020
Net of reinsurance premiums ceded		
Life insurance		
Individual business	**464,345**	482,454
Group business	**13,260**	22,892
	477,605	505,346
Property and casualty insurance		
Automobile insurance	**182,567**	188,969
Non-automobile insurance	**48,297**	63,785
Accident and health insurance	**22,166**	16,703
	253,030	269,457
Net written premiums	**730,635**	774,803

7. NET INTEREST INCOME FROM BANKING OPERATIONS

(in RMB million)	2021	2020
Interest revenue from banking operations		
Due from the Central Bank	**3,595**	3,379
Due from financial institutions	**7,253**	7,850
Loans and advances to customers	**171,231**	157,830
Financial investments	**31,360**	31,536
Subtotal	**213,439**	200,595
Interest expenses on banking operations		
Due to the Central Bank	**3,664**	3,745
Due to financial institutions	**9,535**	10,437
Customer deposits	**56,967**	56,170
Bonds payable	**21,905**	15,909
Others	**–**	110
Subtotal	**92,071**	86,371
Net interest income from banking operations	**121,368**	114,224

8. INTEREST REVENUE FROM NON-BANKING OPERATIONS

(in RMB million)	2021	2020
Financial assets at amortized cost	**113,708**	107,201
Debt financial assets at fair value through other comprehensive income	**11,766**	11,613
	125,474	118,814

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

(in RMB million)	2021	2020
Fees and commission revenue from non-insurance operations		
Brokerage commission	**7,440**	5,828
Underwriting commission	**914**	1,146
Trust service fees	**2,930**	3,474
Fees and commission from the banking business	**37,414**	36,828
Others	**2,826**	2,882
Subtotal	**51,524**	50,158
Fees and commission expenses on non-insurance operations		
Brokerage commission	**2,466**	1,924
Fees and commission on the banking business	**7,128**	9,815
Others	**346**	477
Subtotal	**9,940**	12,216
Net fees and commission income from non-insurance operations	**41,584**	37,942

10. INVESTMENT INCOME

(in RMB million)	2021	2020
Net investment income	**74,985**	64,020
Realized gains from disposal	**25,667**	46,982
Unrealized gains/(losses)	**(22,613)**	(4,770)
Total investment income	**78,039**	106,232

(1) NET INVESTMENT INCOME

(in RMB million)	2021	2020
Financial assets at fair value through profit or loss	**55,742**	49,180
Equity financial assets at fair value through other comprehensive income	**14,623**	11,694
Operating lease income from investment properties	**4,620**	3,146
	74,985	64,020

(2) REALIZED GAINS FROM DISPOSAL

(in RMB million)	2021	2020
Financial assets at fair value through profit or loss	**18,495**	42,400
Debt financial assets at fair value through other comprehensive income	**(159)**	2,045
Financial assets at amortized cost	**(363)**	131
Derivative financial instruments	**(356)**	(222)
Gain on disposals of loans and advances at fair value through other comprehensive income	**1,884**	1,414
Precious metal transactions investment gains/(losses)	**121**	(209)
Investment in subsidiaries, associates and joint ventures	**6,045**	1,423
	25,667	46,982

(3) UNREALIZED GAINS/(LOSSES)

(in RMB million)	2021	2020
Financial assets at fair value through profit or loss		
- Bonds	**3,220**	(1,009)
- Funds	**(2,354)**	1,108
- Stocks	**(15,052)**	(10,742)
- Wealth management investments, debt schemes and other investments	**(6,964)**	5,666
Financial liabilities at fair value through profit or loss	**(1,571)**	161
Derivative financial instruments	**108**	46
	(22,613)	(4,770)

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11. OTHER REVENUES AND OTHER GAINS/(LOSSES)

(in RMB million)	2021	2020
Sales revenue	**24,776**	24,443
Expressway toll fee	**889**	704
Annuity management fee	**1,844**	683
Management fee and consulting fee income	**11,098**	11,168
Finance lease income	**17,192**	16,876
Others	**10,213**	10,945
	66,012	64,819

12. CLAIMS AND POLICYHOLDERS' BENEFITS

	2021		
(in RMB million)	**Gross**	**Reinsurers' share**	**Net**
Claims and claim adjustment expenses	**243,970**	**(19,862)**	**224,108**
Surrenders	**52,931**	**–**	**52,931**
Annuities	**7,887**	**–**	**7,887**
Maturities and survival benefits	**25,980**	**–**	**25,980**
Policyholder dividends	**19,405**	**–**	**19,405**
Increase in long-term life insurance policyholders' reserves	**257,832**	**(342)**	**257,490**
Interest credited to policyholder contract deposits	**30,861**	**–**	**30,861**
	638,866	**(20,204)**	**618,662**

	2020		
(in RMB million)	Gross	Reinsurers' share	Net
Claims and claim adjustment expenses	216,734	(12,237)	204,497
Surrenders	36,914	–	36,914
Annuities	6,940	–	6,940
Maturities and survival benefits	25,257	–	25,257
Policyholder dividends	19,001	–	19,001
Increase in long-term life insurance policyholders' reserves	292,116	(624)	291,492
Interest credited to policyholder contract deposits	30,650	–	30,650
	627,612	(12,861)	614,751

12. CLAIMS AND POLICYHOLDERS' BENEFITS (CONTINUED)

(in RMB million)	2021 Gross	2021 Reinsurers' share	2021 Net
Long-term life insurance contract benefits	**431,385**	**(3,327)**	**428,058**
Short-term life insurance claims	**21,886**	**(6,227)**	**15,659**
Property and casualty insurance claims	**185,595**	**(10,650)**	**174,945**
	638,866	**(20,204)**	**618,662**

(in RMB million)	2020 Gross	2020 Reinsurers' share	2020 Net
Long-term life insurance contract benefits	440,644	(2,454)	438,190
Short-term life insurance claims	26,219	(3,015)	23,204
Property and casualty insurance claims	160,749	(7,392)	153,357
	627,612	(12,861)	614,751

13. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

(in RMB million)	2021	2020
Accounts receivable	**242**	417
Loans and advances to customers	**59,407**	43,148
Debt financial assets at fair value through other comprehensive income	**2,399**	792
Financial assets at amortized cost	**23,144**	31,121
Finance lease receivable	**1,013**	1,811
Placements with banks and other financial institutions	**(54)**	54
Loan commitments	**3,027**	(820)
Due from banks and other financial institutions	**(63)**	(183)
Others	**1,379**	702
	90,494	77,042

14. NET IMPAIRMENT LOSSES ON OTHER ASSETS

(in RMB million)	2021	2020
Impairment losses on investments in associates and joint ventures	**12,260**	25
Net impairment losses on other assets	**2,288**	2,391
	14,548	2,416

15. PROFIT BEFORE TAX

(1) PROFIT BEFORE TAX IS ARRIVED AT AFTER CHARGING THE FOLLOWING ITEMS:

(in RMB million)	2021	2020
Employee costs (Note 15.(2))	**78,859**	75,164
Interest expenses on policyholder contract deposits and investment contract reserves	**30,861**	30,650
Depreciation of investment properties	**1,620**	1,341
Depreciation of property and equipment	**6,895**	6,537
Amortization of intangible assets	**2,564**	2,470
Depreciation of right-of-use assets	**6,364**	7,234
Net impairment losses on financial assets	**90,494**	77,042
Net impairment losses on other assets	**14,548**	2,416
Cost of sales	**12,763**	11,202
Auditors' remuneration	**88**	98

(2) EMPLOYEE COSTS

(in RMB million)	2021	2020
Wages, salaries and bonuses	**61,209**	61,379
Retirement benefits, social security contributions and welfare benefits	**15,561**	11,376
Others	**2,089**	2,409
	78,859	75,164

16. INCOME TAX

(in RMB million)	2021	2020
Current income tax		
– Charge for the year	**26,588**	36,923
– Adjustments in respect of current income tax of previous years	**228**	1,638
Deferred income tax	**(9,038)**	(10,156)
	17,778	28,405

Certain subsidiaries enjoy tax preferential treatments. These subsidiaries are not material to the Group. Except for those subsidiaries enjoying tax preferential treatments, the applicable corporate income tax rate of the Group for 2021 was 25%.

16. INCOME TAX (CONTINUED)

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate of 25% (2020: 25%) is as follows:

(in RMB million)	2021	2020
Profit before tax	**139,580**	187,764
Tax at the applicable tax rate of 25% (2020: 25%)	**34,895**	46,941
Expenses not deductible for tax	**4,073**	2,603
Income not subject to tax	**(25,500)**	(24,253)
Adjustments in respect of current income tax of previous years	**228**	1,638
Others	**4,082**	1,476
Income tax per consolidated income statement	**17,778**	28,405

Taxes for taxable income attained from outside of the PRC are measured at the tax rates under local and PRC law, regulations and conventions. The income tax credited by the Group is verified by official tax bureau.

17. DIVIDENDS

(in RMB million)	2021	2020
2020 final dividend declared in 2021 – RMB1.40 (2019 final dividend declared in 2020 – RMB1.30) per ordinary share (i)	**25,494**	23,673
2021 interim dividend – RMB0.88 (2020 interim dividend -RMB0.80) per ordinary share (ii)	**15,975**	14,568

(i) On 3 February 2021, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2020, agreeing to declare a cash dividend in the amount of RMB1.40 (tax inclusive) per share. The total amount of the cash dividend for 2020 was RMB25,494 million (tax inclusive).

On 25 March 2021, the above profit appropriation plan was approved by the shareholders of the Company at the annual general meeting.

(ii) On 26 August 2021, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for Interim Dividend of 2021, and declared an interim cash dividend of RMB0.88 (tax inclusive) per share. The total amount of the cash dividend was RMB15,975 million (tax inclusive).

(iii) On 17 March 2022, the Board of Directors of the Company approved the Resolution of the Profit Distribution Plan for 2021, and declared a final cash dividend of 2021 in the amount of RMB1.50 (tax inclusive) per share. Pursuant to the *Shanghai Stock Exchange's Guidelines for Self-regulation of Listed Companies No.7—Repurchase of Shares* and other applicable regulations, the Company's A shares in the Company's repurchased securities account after trading hours on the record date of A shareholders for the final dividend will not be entitled to the final dividend distribution. The actual total amount of final dividend payment is subject to the total number of shares that will be entitled to the dividend distribution on the record date of A shareholders. The total amount of the final dividend payment for 2021 is RMB27,198,704,275.50 (tax inclusive) based on the total share capital of 18,280,241,410 shares less the 147,771,893 A shares of the Company in the repurchased securities account as at 31 December 2021, which was not recognized as a liability as at 31 December 2021.

18. EARNINGS PER SHARE

(1) BASIC

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Group.

	2021	2020
Profit attributable to owners of the parent (in RMB million)	**101,618**	143,099
Weighted average number of ordinary shares in issue (million shares)	**17,607**	17,675
Basic earnings per share (in RMB)	**5.77**	8.10

Weighted average number of ordinary shares in issue (million shares)	2021	2020
Issued ordinary shares as at 1 January	**18,280**	18,280
Weighted average number of shares held by the Key Employee Share Purchase Plan	**(21)**	(23)
Weighted average number of shares held by the Long-term Service Plan	**(143)**	(97)
Weighted average number of shares held by the consolidated assets management scheme (i)	**(417)**	(417)
Weighted average number of shares held by the treasury share	**(92)**	(68)
Weighted average number of ordinary shares in issue	**17,607**	17,675

(i) As at 31 December 2021, 417 million (31 December 2020: 417 million) shares were held by the consolidated assets management scheme.

(2) DILUTED

Diluted earnings per share was computed by dividing the adjusted profit attributable to the equity holders of the Company based on assuming conversion of all dilutive potential shares for the year by the adjusted weighted average number of ordinary shares in issue. The shares granted by the Company under the Key Employee Share Purchase Plan (Note 41) and Long-term Service Plan (Note 42) have a potential dilutive effect on the earnings per share.

	2021	2020
Earnings (in RMB million)		
Profit attributable to owners of the parent	**101,618**	143,099
Weighted average number of ordinary shares (million shares)		
Weighted average number of ordinary shares in issue	**17,607**	17,675
Adjustments for:		
– Assumed vesting of Key Employee Share Purchase Plan	**21**	23
– Assumed vesting of Long-term Service Plan	**143**	97
Weighted average number of ordinary shares for diluted earnings per share in issue (million shares)	**17,771**	17,795
Diluted earnings per share (in RMB)	**5.72**	8.04

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

(in RMB million)	31 December 2021	31 December 2020
Cash on hand	**3,686**	3,814
Term deposits	**258,176**	332,812
Due from banks and other financial institutions	**227,690**	179,769
Placements with banks and other financial institutions	**95,443**	70,996
	584,995	587,391

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

(in RMB million)	31 December 2021	31 December 2020
Measured at amortized cost:		
Placements with banks	**59,142**	52,788
Placements with other financial institutions	**25,145**	5,055
Gross	**84,287**	57,843
Less: Provision for impairment losses	**(72)**	(70)
Net	**84,215**	57,773
Measured at fair value through other comprehensive income:		
Placements with other financial institutions	**11,228**	13,223
Total	**95,443**	70,996

As at 31 December 2021, the provision for impairment losses of placements with banks and other financial institutions measured at fair value through other comprehensive income is RMB170 million (31 December 2020: RMB228 million).

As at 31 December 2021, cash and amounts due from banks and other financial institutions of RMB11,579 million (31 December 2020: RMB9,654 million) were restricted from use.

As at 31 December 2021, cash and amounts due from overseas amounted to RMB29,474 million (31 December 2020: RMB57,169 million).

20. BALANCES WITH THE CENTRAL BANK

(in RMB million)	31 December 2021	31 December 2020
Statutory reserve deposits with the Central Bank for banking operations	**221,619**	217,320
– Statutory reserve deposits with the Central Bank for banking operations-RMB	**211,488**	210,297
– Statutory reserve deposits with the Central Bank for banking operations-foreign currencies	**10,131**	7,023
Surplus reserve deposits with the Central Bank	**84,057**	61,996
Fiscal deposits with the Central Bank	**2,672**	861
	308,348	280,177

In accordance with relevant regulations, subsidiaries of the Group engaged in bank operations are required to place mandatory reserve deposits with the People's Bank of China (the 'PBC') for customer deposits in both local currency and foreign currencies. As at 31 December 2021, the mandatory deposits are calculated at 8.0% (31 December 2020: 9.0%) of customer deposits denominated in RMB and 9.0% (31 December 2020: 5.0%) of customer deposits denominated in foreign currencies. Mandatory reserve deposits are not available for use by the Group in its day-to-day operations.

21. FINANCIAL ASSETS PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS

Classified by collateral:

(in RMB million)	31 December 2021	31 December 2020
Bonds	**55,662**	116,885
Stocks and others	**6,091**	6,137
Gross	**61,753**	123,022
Less: Provision for impairment losses	**(324)**	(257)
Net	**61,429**	122,765

22. PREMIUM RECEIVABLES

(in RMB million)	31 December 2021	31 December 2020
Premium receivables	**84,742**	98,366
Less: Provision for doubtful receivables	**(4,908)**	(4,363)
Premium receivables, net	**79,834**	94,003
Life insurance	**17,482**	18,826
Property and casualty insurance	**62,352**	75,177
Premium receivables, net	**79,834**	94,003

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

An aging analysis of premium receivables is as follows:

(in RMB million)	31 December 2021	31 December 2020
Within 3 months	**76,279**	91,007
Over 3 months but within 1 year	**3,509**	3,356
Over 1 year	**4,954**	4,003
	84,742	98,366

23. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2021			
	Assets		Liabilities	
(in RMB million)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	**3,538,229**	**14,164**	**2,773,780**	**13,237**
Currency forwards and swaps	**1,047,646**	**15,687**	**1,023,471**	**15,855**
Gold derivative instruments	**33,424**	**567**	**26,865**	**2,779**
Stock index options	**79**	**3**	**5,782**	**19**
Stock index swaps	**2,249**	**75**	**–**	**–**
Others	**1,923**	**461**	**23,254**	**3,159**
	4,623,550	**30,957**	**3,853,152**	**35,049**

	31 December 2020			
	Assets		Liabilities	
(in RMB million)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	4,435,630	18,363	3,284,141	17,887
Currency forwards and swaps	682,713	16,246	622,991	17,154
Gold derivative instruments	39,500	1,761	60,243	7,032
Stock index options	302	1	–	–
Stock index swaps	2,455	137	–	–
Others	3,695	1,153	10,514	6,506
	5,164,295	37,661	3,977,889	48,579

24. REINSURERS' SHARE OF INSURANCE LIABILITIES

(in RMB million)	31 December 2021	31 December 2020
Reinsurers' share of unearned premium reserves	**11,084**	8,408
Reinsurers' share of claim reserves	**13,477**	9,863
Reinsurers' share of long-term life insurance policyholders' reserves	**2,291**	1,948
	26,852	20,219

25. FINANCE LEASE RECEIVABLE

(in RMB million)	31 December 2021	31 December 2020
Finance lease receivables, net of unrealized financial gains	**205,907**	207,053
Less: Provision for impairment losses	**(5,206)**	(5,003)
	200,701	202,050

The Group's long-term receivables are finance lease receivables to offset the net unrealized financial gains.

26. LOANS AND ADVANCES TO CUSTOMERS

(1) ANALYSED BY CORPORATE AND INDIVIDUAL

(in RMB million)	31 December 2021	31 December 2020
Measured at amortized cost		
Corporate customers		
Loans	**901,295**	847,939
Individual customers		
Xinyidai	**158,981**	146,293
Credit card receivables	**621,448**	529,251
Mortgage loans and licensed mortgage loans	**654,870**	528,384
Auto loans	**301,229**	246,416
Others	**173,793**	154,596
Gross	**2,811,616**	2,452,879
Add: Interest receivable	**10,561**	7,365
Less: Provision for impairment losses	**(89,256)**	(62,821)
Net	**2,732,921**	2,397,423
Measured at fair value through other comprehensive income		
Corporate customers		
Loans	**93,401**	89,454
Discounted bills	**154,653**	112,633
Subtotal	**248,054**	202,087
Carrying amount	**2,980,975**	2,599,510

As at 31 December 2021, discounted bills with a carrying amount of RMB2,841 million (31 December 2020: RMB7,302 million) were pledged for amounts due to the Central Bank.

As at 31 December 2021, the provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income was RMB946 million (31 December 2020: RMB398 million), refer to Note 26.(6).

26. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(2) ANALYSED BY INDUSTRY

(in RMB million)	31 December 2021	31 December 2020
Loans and advances to customers		
Agriculture, husbandry and fishery	**4,416**	3,087
Mining	**22,099**	24,448
Manufacturing	**157,027**	145,939
Energy	**26,037**	20,856
Transportation and communication	**49,031**	51,644
Wholesaling and retailing	**103,784**	74,257
Real estate	**288,923**	271,963
Social service, technology, culture and sanitary industries	**212,943**	166,000
Construction	**48,073**	42,568
Individual customers	**1,910,321**	1,604,940
Others	**237,016**	249,264
Gross	**3,059,670**	2,654,966
Add: Interest receivable	**10,561**	7,365
Less: Provision for impairment losses	**(89,256)**	(62,821)
Carrying amount	**2,980,975**	2,599,510

(3) ANALYSED BY TYPE OF COLLATERAL HELD

(in RMB million)	31 December 2021	31 December 2020
Unsecured	**1,258,615**	1,089,759
Guaranteed	**203,818**	196,585
Secured by collateral		
Secured by mortgages	**1,154,938**	983,796
Secured by monetary assets	**287,646**	272,193
Subtotal	**2,905,017**	2,542,333
Discounted bills	**154,653**	112,633
Gross	**3,059,670**	2,654,966
Add: Interest receivable	**10,561**	7,365
Less: Provision for impairment losses	**(89,256)**	(62,821)
Carrying amount	**2,980,975**	2,599,510

(4) AGING ANALYSIS OF PAST DUE LOANS BY PASS DUE DAYS

	31 December 2021				
(in RMB million)	Within 3 months	3 months to 1 year	1 to 3 years	More than 3 years	Total
Unsecured	**22,410**	**11,123**	**1,224**	**438**	**35,195**
Guaranteed	**1,920**	**853**	**196**	**266**	**3,235**
Secured by collateral					
Secured by mortgages	**9,657**	**8,282**	**251**	**10**	**18,200**
Pledged loan	**828**	**35**	**10**	**–**	**873**
	34,815	**20,293**	**1,681**	**714**	**57,503**

26. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(4) AGING ANALYSIS OF PAST DUE LOANS BY PASS DUE DAYS (CONTINUED)

	31 December 2020				
(in RMB million)	Within 3 months	3 months to 1 year	1 to 3 years	More than 3 years	Total
Unsecured	10,143	10,638	1,376	38	22,195
Guaranteed	671	1,335	1,020	185	3,211
Secured by collateral					
Secured by mortgages	6,080	4,251	778	141	11,250
Pledged loan	2,617	1,839	1,890	50	6,396
	19,511	18,063	5,064	414	43,052

Past due loans refer to the loans with either principal or interest being past due by one day or more.

(5) ANALYSED BY REGION

	31 December 2021		31 December 2020	
(in RMB million)	**Amount**	**%**	Amount	%
Eastern	**597,650**	**19.53%**	516,724	19.46%
Southern	**599,433**	**19.59%**	560,237	21.10%
Western	**280,397**	**9.16%**	244,223	9.20%
Northern	**451,643**	**14.76%**	403,723	15.21%
Head office	**1,115,419**	**36.46%**	922,455	34.74%
Overseas	**15,128**	**0.50%**	7,604	0.29%
Gross	**3,059,670**	**100.00%**	2,654,966	100.00%
Add: Interest receivable	**10,561**		7,365	
Less: Loan allowance	**(89,256)**		(62,821)	
Carrying amount	**2,980,975**		2,599,510	

(6) LOAN IMPAIRMENT PROVISION

(in RMB million)	**2021**	2020
Measured at amortized cost		
As at 1 January	**62,821**	69,560
Charge for the year	**58,859**	43,203
Write-off and transfer during the year	**(48,084)**	(62,598)
Recovery of loans written off previously	**15,888**	13,099
Unwinding of discount of impairment provisions recognized as interest income	**(109)**	(260)
Others	**(119)**	(183)
As at 31 December	**89,256**	62,821
Measured at fair value through other comprehensive income		
As at 1 January	**398**	453
Charge/(reversal) for the year	**548**	(55)
As at 31 December	**946**	398
As at 31 December	**90,202**	63,219

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27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in RMB million)	31 December 2021	31 December 2020
Bonds		
Government bonds	**167,688**	139,209
Finance bonds	**171,644**	122,563
Corporate bonds	**80,011**	66,112
Funds	**351,183**	252,719
Stocks	**100,485**	131,991
Preferred shares	**32,958**	33,922
Unlisted equity investments	**125,363**	99,779
Debt schemes	**62,164**	44,658
Wealth management investments	**245,208**	239,483
Other investments	**89,973**	100,895
Total	**1,426,677**	1,231,331
Listed	**185,601**	216,984
Unlisted	**1,241,076**	1,014,347
	1,426,677	1,231,331

28. FINANCIAL ASSETS AT AMORTIZED COST

(in RMB million)	31 December 2021	31 December 2020
Bonds		
Government bonds	**1,804,351**	1,608,135
Finance bonds	**306,714**	374,262
Corporate bonds	**77,606**	92,680
Debt schemes	**136,654**	119,002
Wealth management investments	**327,717**	287,441
Other investments	**149,595**	159,228
Gross	**2,802,637**	2,640,748
Less: Provisions for impairment losses	**(33,642)**	(15,900)
Net	**2,768,995**	2,624,848
Listed	**326,326**	306,603
Unlisted	**2,442,669**	2,318,245
	2,768,995	2,624,848

29. DEBT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(in RMB million)	31 December 2021	31 December 2020
Bonds		
Government bonds	**188,185**	236,286
Finance bonds	**96,784**	97,747
Corporate bonds	**43,347**	64,337
Margin accounts receivable	**54,253**	45,054
Wealth management investments	**45,961**	67,962
Total	**428,530**	511,386
Listed	**37,830**	66,887
Unlisted	**390,700**	444,499
	428,530	511,386

As at 31 December 2021, the total provision for impairment losses recognized in debt financial assets at fair value through other comprehensive income is RMB4,821 million (31 December 2020: RMB2,533 million).

30. EQUITY FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity financial assets at fair value through other comprehensive income comprise the following individual investments:

(in RMB million)	31 December 2021	31 December 2020
Stocks	**189,541**	198,025
Preferred shares	**76,115**	77,452
Unlisted equity investments	**2,559**	1,924
Total	**268,215**	277,401
Listed	**265,656**	275,477
Unlisted	**2,559**	1,924
	268,215	277,401

For the equity investments which are not held for trading but for long-term investments, the Group has irrevocably elected to recognize them in this category at initial recognition.

There is no material disposal of equity financial assets at fair value through other comprehensive income in the current year.

The dividends income of equity financial assets at fair value through other comprehensive income recognized during the year are disclosed in Note 10.

31. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in the principal associates and joint ventures as at 31 December 2021 are as follows:

	2021							
(in RMB million)	As at 1 January	Additional investment	Increase/ (Decrease) in current year	As at 31 December	Provision balance as at 31 December	Change of provision in current year	Cash dividends in current year	Proportion of ordinary shares held by the Group (%)(i)
Associates								
Veolia Water (Kunming) Investment Co., Ltd. ("Veolia Kunming")	280	-	(8)	272	(34)	-	-	23.88%
Veolia Water (Yellow River) Investment Co., Ltd. ("Veolia Yellow River")	179	-	(21)	158	(368)	-	-	48.76%
Veolia Water (Liuzhou) Investment Co., Ltd. ("Veolia Liuzhou")	143	-	(50)	93	(21)	-	5	44.78%
Shanxi Taichang Expressway Co., Ltd. ("Shanxi Taichang")	861	-	12	873	-	-	85	29.85%
Beijing-Shanghai High-Speed Railway Equity Investment Scheme ("Beijing-Shanghai Railway")	10,842	-	(1,524)	9,318	-	-	57	39.19%
Massive Idea Investments Limited	1,082	-	(8)	1,074	-	-	-	36.65%
Guangzhou Jinglun Property Development Co., Ltd.	661	-	40	701	-	-	-	39.92%
Xuhui Holdings Co., Ltd.	4,237	-	99	4,336	-	-	253	7.91%
Lufax Holding Ltd. ("Lufax Holding")	43,310	-	8,254	51,564	-	-	-	41.50%
Ping An Healthcare and Technology Co., Ltd. ("Ping An Health")	19,481	-	(559)	18,922	-	-	-	38.43%
HealthKonnect Medical and Health Technology Management Company Limited ("Ping An HealthKonnect")	3,033	-	(130)	2,903	-	-	-	29.55%
OneConnect Financial Technology Co., Ltd. ("OneConnect")	3,236	-	(977)	2,259	-	-	-	30.43%
Shenzhen China Merchants-Ping An Asset Management Co., Ltd.	1,452	-	118	1,570	-	-	104	38.81%
ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online")	1,609	-	126	1,735	-	-	-	10.21%
Beijing Beiqi Penglong Automobile Service Co., Ltd.	1,725	-	105	1,830	-	-	128	39.18%
China Yangtze Power Co., Ltd.	15,269	-	415	15,684	-	-	693	4.32%
China Traditional Chinese Medicine Holdings Co., Ltd.	2,583	-	214	2,797	-	-	33	11.94%
China Fortune Land Development Co., Ltd. ("China Fortune")	19,331	-	(15,710)	3,621	(9,822)	(9,822)	-	25.02%
China Jinmao Holding Group Co., Ltd.	7,880	-	(743)	7,137	(1,558)	(1,558)	384	14.02%
Ping An Consumer Finance Co., Ltd. ("Ping An Consumer Finance")	1,431	-	(101)	1,330	-	-	-	30.00%
Vivid Synergy Limited	9,488	-	(271)	9,217	-	-	-	29.85%
Shanghai Yibin Property Co., Ltd.	13,278	74	(7)	13,345	-	-	-	41.80%
Guangzhou Futures Exchange Co., Ltd.	-	450	-	450	-	-	-	15.00%
Others	44,118	6,923	(15,408)	35,633	(1,520)	(880)	1,788	
Subtotal	205,509	7,447	(26,134)	186,822	(13,323)	(12,260)	3,530	
Joint ventures								
Yunnan Kunyu Highway Development Co., Ltd. ("Kunyu Highway")	841	-	(79)	762	-	-	151	49.94%
Nanjing Mingwan Property Development Co., Ltd.	2,186	-	(2,186)	-	-	-	381	-
Beijing Zhaotai Property Development Co., Ltd.	1,694	-	(62)	1,632	-	-	26	24.95%
Wuhan DAJT Property Development Co., Ltd.	487	-	(5)	482	-	-	-	49.80%
Others	57,102	36,068	1,193	94,363	-	-	3,144	
Subtotal	62,310	36,068	(1,139)	97,239	-	-	3,702	
Investments in associates and joint ventures	267,819	43,515	(27,273)	284,061	(13,323)	(12,260)	7,232	

31. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The Group's investments in the principal associates and joint ventures as at 31 December 2020 are as follows:

	2020							
(in RMB million)	As at 1 January	Additional investment	Increase/ (Decrease) in current year	As at 31 December	Provision balance as at 31 December	Change of provision in current Year	Cash dividends in current Year	Proportion of ordinary shares held by the Group (%)(i)
Associates								
Veolia Kunming	304	-	(24)	280	(35)	-	13	23.88%
Veolia Yellow River	203	-	(24)	179	(379)	-	-	48.76%
Veolia Liuzhou	136	-	7	143	(22)	-	57	44.78%
Shanxi Taichang	850	-	11	861	-	-	93	29.85%
Beijing-Shanghai Railway	8,006	-	2,836	10,842	-	-	96	39.19%
Massive Idea Investments Limited	1,018	-	64	1,082	-	-	-	36.65%
Guangzhou Jinglun Property Development Co., Ltd.	952	-	(291)	661	-	-	412	39.92%
Xuhui Holdings Co., Ltd.	3,827	-	410	4,237	-	-	192	9.02%
Lufax Holding	28,226	-	15,084	43,310	-	-	-	38.57%
Ping An Health	18,384	49	1,048	19,481	-	-	-	38.43%
Ping An HealthKonnect	4,222	-	(1,189)	3,033	-	-	-	29.55%
OneConnect	3,196	-	40	3,236	-	-	-	34.33%
Shenzhen China Merchants-Ping An Asset Management Co., Ltd.	1,274	-	178	1,452	-	-	7	38.81%
ZhongAn Online	1,597	-	12	1,609	-	-	-	10.21%
Beijing Beiqi Penglong Automobile Service Co., Ltd.	1,551	-	174	1,725	-	-	-	39.18%
China Yangtze Power Co., Ltd.	14,494	-	775	15,269	-	-	673	4.34%
China Traditional Chinese Medicine Holdings Co., Ltd.	2,406	-	177	2,583	-	-	26	11.94%
China Fortune	19,627	-	(296)	19,331	-	-	1,135	25.02%
China Jinmao Holding Group Co., Ltd.	7,650	-	230	7,880	-	-	366	13.96%
Ping An Consumer Finance	-	1,500	(69)	1,431	-	-	-	30.00%
Vivid Synergy Limited	-	9,488	-	9,488	-	-	-	29.85%
Shanghai Yibin Property Co., Lid.	-	13,278	-	13,278	-	-	-	41.80%
Others	36,565	10,048	(2,495)	44,118	(801)	(25)	4,696	
Subtotal	154,488	34,363	16,658	205,509	(1,237)	(25)	7,766	
Joint ventures								
Kunyu Highway	793	-	48	841	-	-	-	49.94%
Nanjing Mingwan Property Development Co., Ltd.	2,163	-	23	2,186	-	-	-	48.90%
Beijing Zhaotai Property Development Co., Ltd.	1,493	-	201	1,694	-	-	63	24.95%
Wuhan DAJT Property Development Co., Ltd.	868	-	(381)	487	-	-	353	49.80%
Xi'an Languang Meidu Enterprise Management Service Ltd.	1,198	-	(1,198)	-	-	-	289	-
Others	43,132	15,484	(1,514)	57,102	-	-	1,516	
Subtotal	49,647	15,484	(2,821)	62,310	-	-	2,221	
Investments in associates and joint ventures	204,135	49,847	13,837	267,819	(1,237)	(25)	9,987	

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31. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The financial information summary of the Group's principal associates and joint ventures as at year end of 2021 are as follows:

(in RMB million)	Place of business	Place of incorporation	Principal activities	Significant to the Group's operation	Total assets as at 31 December	Total liabilities as at 31 December	Total revenue in current year	Net profit/ (loss) in current year[ii]
Associates								
Ping An Health	China	Cayman	Online health care	Yes	**17,881**	**3,795**	**7,334**	**(1,538)**
OneConnect	China	Cayman	Technology-as-a-service cloud platform for financial institutions	Yes	**9,341**	**5,506**	**4,132**	**(1,282)**
Lufax Holding	China	Cayman	Financial technology	Yes	**360,433**	**265,874**	**61,835**	**16,804**

The financial information summary of the Group's principal associates and joint ventures as at year end of 2020 are as follows:

(in RMB million)	Place of business	Place of incorporation	Principal activities	Significant to the Group's operation	Total assets as at 31 December	Total liabilities as at 31 December	Total revenue in current year	Net profit/ (loss) in current year[ii]
Associates								
Ping An Health	China	Cayman	Online health care	Yes	18,563	2,707	6,866	(948)
OneConnect	China	Cayman	Technology-as-a-service cloud platform for financial institutions	Yes	10,885	5,600	3,312	(1,354)
Lufax Holding	China	Cayman	Financial technology	Yes	248,890	165,739	52,046	12,354

The Group has no significant contingent liabilities relating to the associates and joint ventures listed above.

Note i: The proportion of ordinary shares, as shown in the above table, is the multiplication of the proportion of shares held in each holding layer.

Note ii: Net profit/(loss) refers to the net profit/(loss) attributable to shareholders of the parent company of Ping An Health, OneConnect and Lufax Holding respectively.

32. STATUTORY DEPOSITS FOR INSURANCE OPERATIONS

(in RMB million)	31 December 2021	31 December 2020
Ping An Life	**6,760**	6,760
Ping An Property & Casualty	**4,200**	4,200
Ping An Annuity	**972**	972
Ping An Health Insurance	**420**	414
Others	**20**	19
Subtotal	**12,372**	12,365
Less: Provision for impairment losses	**(4)**	(8)
Add: Interest receivable	**238**	204
Total	**12,606**	12,561

Statutory deposits for insurance operations are placed with PRC national commercial banks in accordance with the relevant regulations issued by the China Banking and Insurance Regulatory Commission (the "CBIRC") based on 20% of the registered capital for the insurance company subsidiaries and 5% of the registered capital for insurance sales agency subsidiaries within the Group, respectively. Statutory deposits for insurance operations can only be utilized to settle liabilities during liquidation of insurance companies, insurance sales agency companies and insurance brokerage companies.

33. INVESTMENT PROPERTIES

(in RMB million)	2021	2020
Cost		
As at 1 January	**53,739**	48,324
Acquisition of subsidiaries	**47,614**	5,267
Additions	**2,755**	1,587
Transfer to property and equipment, net	**(1,511)**	(128)
Disposals of subsidiaries	**(9)**	(83)
Disposals	**(422)**	(1,228)
As at 31 December	**102,166**	53,739
Accumulated depreciation		
As at 1 January	**10,350**	8,474
Acquisition of subsidiaries	**4,266**	541
Charge for the year	**1,620**	1,341
Transfer (to)/from property and equipment, net	**(110)**	20
Disposals of subsidiaries	**-**	(13)
Disposals	**(5)**	(13)
As at 31 December	**16,121**	10,350
Impairment losses		
As at 1 January	**4**	2
Transfer from property and equipment, net	**-**	2
As at 31 December	**4**	4
Net book value		
As at 31 December	**86,041**	43,385
As at 1 January	**43,385**	39,848
Fair value as at 31 December	**121,526**	79,678

The fair value of the investment properties as at 31 December 2021 were estimated by the Group, based on valuation performed by independent valuers. It falls under level 3 in the fair value hierarchy.

The rental income arising from investment properties for the year 2021 amounted to RMB4,620 million (2020: RMB3,146 million), which is included in net investment income.

As at 31 December 2021, investment properties with a carrying amount of RMB23,229 million (31 December 2020: RMB12,223 million) were pledged as collateral for long-term borrowings with a carrying amount of RMB10,729 million (31 December 2020: RMB7,440 million).

The Group was still in the process of applying for title certificates for certain investment properties with a carrying amount of RMB991 million as at 31 December 2021(31 December 2020: RMB307 million).

34. PROPERTY AND EQUIPMENT

	2021					
(in RMB million)	Leasehold improvements	Buildings	Equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
Cost						
As at 1 January	11,653	37,726	23,256	1,811	3,118	77,564
Acquisitions of subsidiaries	-	3,299	2	557	34	3,892
Additions	443	558	3,326	510	2,184	7,021
Transfer from/(to) construction in progress	674	1,343	131	-	(2,148)	-
Transfer from investment properties, net	-	1,511	-	-	-	1,511
Disposals of subsidiaries	-	-	(4)	-	-	(4)
Disposals	(285)	(927)	(2,509)	(221)	(19)	(3,961)
As at 31 December	12,485	43,510	24,202	2,657	3,169	86,023
Accumulated depreciation						
As at 1 January	7,216	10,812	11,953	1,179	-	31,160
Acquisitions of subsidiaries	-	561	2	337	-	900
Charge for the year	1,369	1,462	3,709	178	-	6,718
Transfer from investment properties, net	-	110	-	-	-	110
Disposals of subsidiaries	-	-	(3)	-	-	(3)
Disposals	(35)	(795)	(1,829)	(145)	-	(2,804)
As at 31 December	8,550	12,150	13,832	1,549	-	36,081
Impairment losses						
As at 1 January	-	83	-	35	-	118
Charge for the year	-	-	66	4	-	70
Disposals	-	(2)	-	(2)	-	(4)
As at 31 December	-	81	66	37	-	184
Net book value						
As at 31 December	3,935	31,279	10,304	1,071	3,169	49,758
As at 1 January	4,437	26,831	11,303	597	3,118	46,286

34. PROPERTY AND EQUIPMENT (CONTINUED)

(in RMB million)	Leasehold improvements	Buildings	Equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
	2020					
Cost						
As at 1 January	10,849	37,985	20,930	2,493	2,240	74,497
Acquisitions of subsidiaries	–	–	79	3	–	82
Additions	535	276	4,054	157	1,896	6,918
Transfer from/(to) construction in progress	898	28	235	–	(1,161)	–
Transfer from/(to) investment properties, net	–	(85)	–	–	213	128
Disposals of subsidiaries	(5)	(251)	(3)	(3)	–	(262)
Disposals	(624)	(227)	(2,039)	(839)	(70)	(3,799)
As at 31 December	11,653	37,726	23,256	1,811	3,118	77,564
Accumulated depreciation						
As at 1 January	6,528	9,737	9,810	1,337	–	27,412
Acquisitions of subsidiaries	–	–	68	2	–	70
Charge for the year	1,057	1,260	3,537	200	–	6,054
Transfer to investment properties, net	–	(20)	–	–	–	(20)
Disposals of subsidiaries	(4)	(25)	(2)	(2)	–	(33)
Disposals	(365)	(140)	(1,460)	(358)	–	(2,323)
As at 31 December	7,216	10,812	11,953	1,179	–	31,160
Impairment losses						
As at 1 January	–	85	–	29	–	114
Charge for the year	–	–	–	9	–	9
Transfer to investment properties, net	–	(2)	–	–	–	(2)
Disposals	–	–	–	(3)	–	(3)
As at 31 December	–	83	–	35	–	118
Net book value						
As at 31 December	4,437	26,831	11,303	597	3,118	46,286
As at 1 January	4,321	28,163	11,120	1,127	2,240	46,971

The Group was still in the process of applying for title certificates for its buildings with a carrying amount of RMB21 million as at 31 December 2021 (31 December 2020: RMB129 million).

35. INTANGIBLE ASSETS

(in RMB million)	2021						
	Goodwill (i)	Expressway operating rights	Prepaid land premiums	Core deposits	Trademarks	Software and others	Total
Cost							
As at 1 January	23,058	5,129	19,336	15,082	10,008	12,700	85,313
Acquisitions of subsidiaries		-	4,501	-	-	-	4,501
Additions	267	-	3,200	-	-	1,187	4,654
Disposals	(92)	-	(769)	-	(21)	(316)	(1,198)
As at 31 December	23,233	5,129	26,268	15,082	9,987	13,571	93,270
Accumulated amortization							
As at 1 January	-	2,962	1,628	7,132	680	8,594	20,996
Acquisitions of subsidiaries	-	-	913	-	-	-	913
Charge for the year	-	184	514	754	103	1,469	3,024
Disposals	-	-	(170)	-	-	(24)	(194)
As at 31 December	-	3,146	2,885	7,886	783	10,039	24,739
Impairment losses							
As at 1 January	27	-	-	-	-	-	27
Additions	31	-	-	-	-	11	42
As at 31 December	58	-	-	-	-	11	69
Net book value							
As at 31 December	23,175	1,983	23,383	7,196	9,204	3,521	68,462
As at 1 January	23,031	2,167	17,708	7,950	9,328	4,106	64,290

35. INTANGIBLE ASSETS (CONTINUED)

	2020						
(in RMB million)	Goodwill (i)	Expressway operating rights	Prepaid land premiums	Core deposits	Trademarks	Software and others	Total
Cost							
As at 1 January	20,942	5,129	18,830	15,082	9,916	11,680	81,579
Acquisitions of subsidiaries	–	–	824	–	105	397	1,326
Additions	2,171	–	437	–	–	1,025	3,633
Disposals of subsidiaries	–	–	(594)	–	–	(2)	(596)
Disposals/decrease	(55)	–	(161)	–	(13)	(400)	(629)
As at 31 December	23,058	5,129	19,336	15,082	10,008	12,700	85,313
Accumulated amortization							
As at 1 January	–	2,773	1,393	6,378	584	7,103	18,231
Acquisitions of subsidiaries	–	–	20	–	–	–	20
Charge for the year	–	189	216	754	98	1,554	2,811
Disposals of subsidiaries	–	–	(1)	–	–	(2)	(3)
Disposals	–	–	–	–	(2)	(61)	(63)
As at 31 December	–	2,962	1,628	7,132	680	8,594	20,996
Impairment losses							
As at 1 January	15	–	–	–	–	–	15
Additions	12	–	–	–	–	–	12
As at 31 December	27	–	–	–	–	–	27
Net book value							
As at 31 December	23,031	2,167	17,708	7,950	9,328	4,106	64,290
As at 1 January	20,927	2,356	17,437	8,704	9,332	4,577	63,333

As at 31 December 2021, expressway operating rights with a carrying amount of RMB1,715 million (31 December 2020: RMB2,168 million) were pledged as collateral for long-term borrowings amounting to RMB368 million (31 December 2020: RMB525 million).

As at 31 December 2021, prepaid land premiums with a carrying amount of RMB1,547 million (31 December 2020: RMB2,159 million) were pledged as collateral for long-term borrowings amounting to RMB896 million (31 December 2020: RMB1,509 million).

The Group was still in the process of applying for its prepaid land premiums with a carrying amount of RMB1,992 million as at 31 December 2021 (31 December 2020: RMB33 million).

35. INTANGIBLE ASSETS (CONTINUED)

(I) GOODWILL

	2021			
(in RMB million)	As at 1 January	Increase	Decrease	As at 31 December
Ping An Bank	**8,761**	**–**	**–**	**8,761**
Shanghai Jahwa	**2,502**	**–**	**–**	**2,502**
Mayborn Group Limited	**1,838**	**–**	**(89)**	**1,749**
Ping An Securities	**328**	**–**	**–**	**328**
Ping An Commercial Property Investment	**66**	**–**	**–**	**66**
Beijing Shuangronghui Investment Co., Ltd.	**134**	**–**	**–**	**134**
Shanghai Gezhouba Yangming Property Co., Ltd.	**241**	**–**	**–**	**241**
Ping An E-wallet	**1,073**	**–**	**–**	**1,073**
Autohome Inc.	**5,265**	**–**	**–**	**5,265**
TTP Car Inc.	**2,171**	**267**	**–**	**2,438**
Other	**679**	**–**	**(3)**	**676**
Total	**23,058**	**267**	**(92)**	**23,233**
Less: Impairment losses	**(27)**	**(31)**	**–**	**(58)**
Net book value	**23,031**	**236**	**(92)**	**23,175**

	2020			
(in RMB million)	As at 1 January	Increase	Decrease	As at 31 December
Ping An Bank	8,761	–	–	8,761
Shanghai Jahwa	2,502	–	–	2,502
Mayborn Group Limited	1,885	–	(47)	1,838
Ping An Securities	328	–	–	328
Ping An Commercial Property Investment	66	–	–	66
Beijing Shuangronghui Investment Co., Ltd.	134	–	–	134
Shanghai Gezhouba Yangming Property Co., Ltd.	241	–	–	241
Ping An E-wallet	1,073	–	–	1,073
Autohome Inc.	5,265	–	–	5,265
TTP Car Inc.	–	2,171	–	2,171
Other	687	–	(8)	679
Total	20,942	2,171	(55)	23,058
Less: Impairment losses	(15)	(12)	–	(27)
Net book value	20,927	2,159	(55)	23,031

When assessing the impairment of goodwill, the main valuation technique used to determine the recoverable amount of the groups of assets (or groups of cash-generating units) are Fair Value Less Cost to Sale and The Present Value of Future Cash Flows.

Fair value is based on the fair value of stocks issued in the public market. The present value of future cash flows is based on business plans approved by management covering a three to five year period and a risk adjusted discount rate. Cash flows beyond that period have been extrapolated using a steady growth rate and terminal value. Discount rates used by the Group range from 10% to 17% (2020: 11% to 17%) and growth rates, where applicable, range from 2% to 31% (2020: 2% to 41%).

The Group's right-of-use assets include the above prepaid land premiums and right-of-use assets disclosed in Note 36.

36. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

(in RMB million)	2021 Buildings	2021 Others	2021 Total
Cost			
As at 1 January	**25,814**	**26**	**25,840**
Additions	**5,725**	**2**	**5,727**
Disposals	**(6,787)**	**(24)**	**(6,811)**
As at 31 December	**24,752**	**4**	**24,756**
Accumulated depreciation and amortization			
As at 1 January	**9,643**	**25**	**9,668**
Additions	**6,518**	**2**	**6,520**
Disposals	**(5,593)**	**(24)**	**(5,617)**
As at 31 December	**10,568**	**3**	**10,571**
Impairment provision			
As at 1 January	**–**	**–**	**–**
As at 31 December	**–**	**–**	**–**
Net book value			
As at 31 December	**14,184**	**1**	**14,185**
As at 1 January	**16,171**	**1**	**16,172**

(in RMB million)	2020 Buildings	2020 Others	2020 Total
Cost			
As at 1 January	23,517	25	23,542
Additions	8,403	2	8,405
Disposals	(6,106)	(1)	(6,107)
As at 31 December	25,814	26	25,840
Accumulated depreciation and amortization			
As at 1 January	6,969	20	6,989
Additions	7,359	6	7,365
Disposals	(4,685)	(1)	(4,686)
As at 31 December	9,643	25	9,668
Impairment provision			
As at 1 January	–	–	–
As at 31 December	–	–	–
Net book value			
As at 31 December	16,171	1	16,172
As at 1 January	16,548	5	16,553

36. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

RIGHT-OF-USE ASSETS (CONTINUED)

The Group's right-of-use assets include the above assets and prepaid land premiums disclosed in Note 35.

The amount recognized in the Consolidated Income Statement and the Consolidated Statement of Cash Flows for the year relating to the lease contracts are as follows:

(in RMB million)	2021	2020
Interest expense on lease liabilities	**602**	641
Expense relating to leases of low-value assets and short-term leases applied the simplified approach	**760**	724
Total cash outflows for lease	**8,265**	8,491

37. OTHER ASSETS

(in RMB million)	31 December 2021	31 December 2020
Other receivables	**74,645**	118,454
Due from reinsurers	**16,300**	11,860
Foreclosed assets	**2,345**	3,700
Prepayments	**4,114**	3,950
Precious metals held for trading	**18,071**	31,691
Dividends receivable	**469**	2,616
Amounts in the processing clearance and settlement	**30,107**	7,666
Others	**16,310**	12,591
Gross	**162,361**	192,528
Less: Impairment provisions	**(8,244)**	(6,430)
Including:		
Other receivables	**(4,531)**	(4,175)
Due from reinsurers	**(24)**	(20)
Foreclosed assets	**(1,895)**	(1,271)
Precious metals held for trading	**(251)**	(351)
Others	**(1,543)**	(613)
Net	**154,117**	186,098

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

(1) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE CONTRACTS

(in RMB million)	31 December 2021	31 December 2020
Cash and amounts due from banks and other financial institutions	**6,284**	7,927
Financial assets at fair value through profit or loss		
Bonds	**759**	1,414
Funds	**20,322**	34,658
Stocks	**4,211**	4,248
Other investments	**183**	514
Financial assets purchased under reverse repurchase agreements	**49**	–
Other assets	**39**	35
	31,847	48,796

(2) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INVESTMENT CONTRACTS

(in RMB million)	31 December 2021	31 December 2020
Cash and amounts due from banks and other financial institutions	**870**	938
Financial assets at fair value through profit or loss		
Bonds	**1,167**	1,458
Funds	**1,343**	1,376
Other investments	**647**	423
Financial assets purchased under reverse repurchase agreements	**105**	24
Other assets	**23**	44
	4,155	4,263

39. SHARE CAPITAL

(million shares)	Domestic listed A shares, par value RMB1.00 per share	Overseas listed H shares, par value RMB1.00 per share	Total
1 January 2021	**10,832**	**7,448**	**18,280**
31 December 2021	**10,832**	**7,448**	**18,280**

40. RESERVES, RETAINED PROFITS AND NON-CONTROLLING INTERESTS

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance, banking, trust, securities, futures and fund businesses. The Group's respective entities engaged in such businesses would need to make appropriations for such reserves based on their respective year-end profit or risk assets, the companies operating in insurance should make appropriations for general reserves based on 10% of net profit, the company operating in banking should make appropriations based on 1.5% of risk assets, the company operating in securities should make appropriations based on 10% of net profit, the companies operating in trust should make appropriations based on 5% of trust claim reserves, the companies operating in futures should make appropriation based on 10% of net profit, and the companies operating in fund should make appropriation based on 10% of fund management fees as determined in accordance with PRC Accounting Standards, and based on the applicable PRC financial regulations, in their annual financial statements. Such reserves are not available for dividend distribution or transfer to share capital.

In accordance with the relevant regulations, the net profit after tax of the Company for profit distribution is deemed to be the lower of (i) the retained profits determined in accordance with PRC Accounting Standards and (ii) the retained profits determined in accordance with IFRSs.

41. KEY EMPLOYEE SHARE PURCHASE PLAN

The Company has adopted a Key Employee Share Purchase Plan for the key employees (including executive directors and senior management) of the Company and its subsidiaries. Shares shall be vested and awarded to the key employees approved for participation in the plan, subject to the achievement of certain performance targets.

Movement of reserves relating to the Key Employee Share Purchase Plan is as follows:

(in RMB million)	**Cost of shares held for share purchase plan**	**Value of employee services**	**Total**
As at 1 January 2021	**(1,595)**	**1,310**	**(285)**
Purchased (i)	**(670)**	**-**	**(670)**
Share-based compensation expenses (ii)	**-**	**378**	**378**
Exercised	**704**	**(704)**	**-**
Expired	**122**	**-**	**122**
As at 31 December 2021	**(1,439)**	**984**	**(455)**

(in RMB million)	Cost of shares held for share purchase plan	Value of employee services	Total
As at 1 January 2020	(1,517)	1,248	(269)
Purchased (i)	(638)	–	(638)
Share-based compensation expenses (ii)	–	565	565
Exercised	503	(503)	–
Expired	57	–	57
As at 31 December 2020	(1,595)	1,310	(285)

(i) During the period from 26 April 2021 to 29 April 2021, 9,162,837 ordinary A shares were purchased from the market. The average price of shares purchased was RMB73.13 per share. The total purchasing cost was RMB670 million (transaction expenses included).

During the period from 24 February 2020 to 27 February 2020, 7,955,730 ordinary A shares were purchased from the market. The average price of shares purchased was RMB80.17 per share. The total purchasing cost was RMB638 million (transaction expenses included).

(ii) The share-based compensation expenses of the Key Employee Share Purchase Plan and the total value of employee services were RMB378 million during 2021 (2020: RMB565 million).

42. LONG-TERM SERVICE PLAN

The Company has adopted a Long-term Service Plan for the employees of the Company and its subsidiaries. Shares shall be vested and awarded to the employees participated in the Long-term Service Plan, subject to the confirmation of their applications made when they retire from the Company.

Movement of reserves relating to the Long-term Service Plan is as follows:

(in RMB million)	**Cost of shares held for Long-term Service Plan**	**Value of employee services**	**Total**
As at 1 January 2021	**(8,284)**	**371**	**(7,913)**
Purchased (i)	**(4,184)**	**-**	**(4,184)**
Share-based compensation expenses (ii)	**-**	**294**	**294**
Exercised	**3**	**(3)**	**-**
As at 31 December 2021	**(12,465)**	**662**	**(11,803)**

(in RMB million)	Cost of shares held for Long-term Service Plan	Value of employee services	Total
As at 1 January 2020	(4,296)	81	(4,215)
Purchased (i)	(3,989)	–	(3,989)
Share-based compensation expenses (ii)	–	291	291
Exercised	1	(1)	–
As at 31 December 2020	(8,284)	371	(7,913)

(i) From 26 April 2021 to 29 April 2021, 57,368,981 ordinary A shares were purchased from the market. The average price of shares purchased was RMB72.92 per share. The total purchasing cost was RMB4,184 million (transaction expenses included).

From 24 February 2020 to 28 February 2020, 49,759,305 ordinary A shares were purchased from the market. The average price of shares purchased was RMB80.15 per share. The total purchasing cost was RMB3,989 million (transaction expenses included).

(ii) The share-based compensation expense and the total value of employee services of the Long-term Service Plan were RMB294 million during 2021 (2020: RMB291 million).

43. TREASURY SHARES

(in RMB million)	31 December 2020	Additions	Disposals	31 December 2021
Treasury shares	**5,995**	**3,900**	**–**	**9,895**

As at 31 December 2021, 147,771,893 A shares had been purchased from the Shanghai Stock Exchange by centralized bidding. The total repurchasing cost was RMB9,895 million (transaction expenses included).

44. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	31 December 2021	31 December 2020
Deposits from other banks and financial institutions	**361,700**	495,011
Due to the Central Bank	**148,162**	124,587
Short-term borrowings	**116,102**	134,753
Long-term borrowings	**171,682**	205,824
	797,646	960,175

45. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(in RMB million)	31 December 2021	31 December 2020
Bonds	**127,477**	276,602

As at 31 December 2021, bonds with a carrying amount of RMB95,158 million (31 December 2020: RMB157,581 million) were pledged as collateral for financial assets sold under agreements to repurchase resulted from repurchase transactions entered into by the Group in the inter-bank market. The collaterals are restricted from trading during the period of the repurchase transactions.

As at 31 December 2021, the carrying amount of bonds deposited in the collateral pool was RMB284,423 million (31 December 2020: RMB285,107 million). The collaterals are restricted from trading during the period of the repurchase transactions. The Group can withdraw the exchange-traded bonds from the collateral pool in short time provided that the value of the bonds is no less than the balance of related repurchase transactions.

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

46. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

(in RMB million)	31 December 2021	31 December 2020
Current and savings accounts		
– Corporate customers	**828,389**	802,417
– Individual customers	**242,554**	245,477
Term deposits		
– Corporate customers	**1,319,315**	1,140,123
– Individual customers	**538,863**	446,344
Subtotal	**2,929,121**	2,634,361
Payables to brokerage customers		
– Individual customers	**54,285**	49,959
– Corporate customers	**18,643**	9,513
Subtotal	**72,928**	59,472
Total	**3,002,049**	2,693,833

As at 31 December 2021, bonds classified as financial assets carried at amortized costs with a carrying amount of RMB20,245 million (31 December 2020: RMB14,263 million) were pledged as main collaterals for term deposit with the Central Bank.

47. BONDS PAYABLE

The information of the Group's main bonds payable is as follows:

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	**31 December 2021**	31 December 2020
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	3,600	2019	Fixed	3.84%-4.30%	**3,659**	3,661
Ping An Financial Leasing	Corporate bonds	None	4 years	End of the second year	2,500	2020	Fixed	3.65%-3.85%	**2,541**	2,542
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	2,750	2020	Fixed	3.88%-4.02%	**2,795**	2,796
Ping An Financial Leasing	Private corporate bonds	None	5 years	End of the third year	2,710	2018	Fixed	4.20%-4.30%	**2,755**	2,756
Ping An Financial Leasing	Private corporate bonds	None	3 years	End of the second year	600	2019	Fixed	3.95%	**610**	610
Ping An Financial Leasing	Private corporate bonds	None	4 years	End of the second year	2,700	2019	Fixed	4.10%-4.18%	**2,745**	2,745
Ping An Financial Leasing	Private corporate bonds	None	5 years	End of the third year	2,500	2019	Fixed	4.98%-5.00%	**2,541**	2,542
Ping An Financial Leasing	Corporate bonds	None	2-4 years	End of the second year	3,100	2021	Fixed	3.60%-4.05%	**3,151**	-
Ping An Financial Leasing	Corporate bonds	None	3-5 years	End of the third year	1,700	2021	Fixed	3.89%-4.08%	**1,728**	-
Ping An Bank	Hybrid capital debt instrument	None	15 years	End of the tenth year	3,650	2011	Fixed	7.50%	**-**	3,835
Ping An Bank	Tier-2 Capital bonds	None	10 years	End of the fifth year	10,000	2016	Fixed	3.85%	**-**	10,280
Ping An Bank	Financial bonds	None	3 years	None	35,000	2018	Fixed	3.79%	**-**	35,042
Ping An Bank	Tier-2 Capital bonds	None	10 years	End of the fifth year	30,000	2019	Fixed	4.55%	**30,910**	30,910
Ping An Bank	Financial bonds	None	3 years	None	30,000	2020	Fixed	2.30%	**30,416**	30,416
Ping An Bank	Financial bonds	None	3 years	None	20,000	2021	Fixed	3.45%	**20,631**	-
Ping An Bank	Tier-2 Capital bonds	None	10 years	End of the fifth year	30,000	2021	Fixed	3.69%	**30,149**	-
Ping An Life	Capital supplement bonds	None	10 years	End of the fifth year	10,000	2016	Fixed	First 5 years: 3.82% Next 5 years:4.82% (if not redeemed)	**-**	10,258
Ping An Life	Offshore USD bonds	None	5 years	None	3,280	2016	Fixed	2.88%	**-**	3,312
Ping An Life	Capital supplement bonds	None	10 years	End of the fifth year	20,000	2020	Fixed	First 5 years: 3.58% Next 5 years: 4.58% (if not redeemed)	**20,665**	20,567
Ping An Property & Casualty	Capital supplement bonds	None	10 years	End of the fifth year	3,500	2017	Fixed	First 5 years: 5.10% Next 5 years:6.10% (if not redeemed)	**3,562**	3,543
Ping An Property & Casualty	Capital supplement bonds	None	10 years	End of the fifth year	10,000	2019	Fixed	First 5 years: 4.64% Next 5 years:5.64% (if not redeemed)	**10,434**	10,384
Ping An Securities	Private corporate bonds	None	3 years	None	1,000	2018	Fixed	5.30%	**-**	1,033
Ping An Securities	Corporate bonds	None	5 years	End of the third year	100	2018	Fixed	3.00%	**100**	3,017

47. BONDS PAYABLE (CONTINUED)

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	**31 December 2021**	31 December 2020
Ping An Securities	Corporate bonds	None	5 years	End of the third year	2,000	2019	Fixed	3.70%	**2,062**	2,061
Ping An Securities	Corporate bonds	None	5 years	End of the third year	2,700	2019	Fixed	3.75%	**2,774**	2,774
Ping An Securities	Corporate bonds	None	5 years	End of the third year	2,300	2019	Fixed	3.73%	**2,350**	2,350
Ping An Securities	Private corporate bonds	None	3 years	None	3,500	2019	Fixed	4.05%	**3,612**	3,612
Ping An Securities	Private corporate bonds	None	3 years	None	2,000	2019	Fixed	4.20%	**2,058**	2,058
Ping An Securities	Corporate bonds	None	5 years	End of the third year	1,500	2020	Fixed	3.40%	**1,547**	1,547
Ping An Securities	Private corporate bonds	None	1 year	None	1,000	2020	Fixed	2.86%	**-**	1,024
Ping An Securities	Private corporate bonds	None	3 years	None	3,000	2020	Fixed	3.19%	**3,077**	3,077
Ping An Securities	Corporate bonds	None	3 years	None	4,000	2020	Fixed	3.58%	**4,061**	4,060
Ping An Securities	Corporate bonds	None	457 days	None	3,000	2020	Fixed	3.10%	**-**	3,037
Ping An Securities	Corporate bonds	None	2 years	End of the first year	2,000	2020	Fixed	2.95%	**-**	2,020
Ping An Securities	Corporate bonds	None	487 days	None	1,000	2020	Fixed	3.07%	**-**	1,010
Ping An Securities	Corporate bonds	None	3 years	None	2,550	2020	Fixed	3.70%	**2,565**	2,564
Ping An Securities	Corporate bonds	None	547 days	None	2,450	2020	Fixed	3.44%	**2,536**	2,451
Ping An Securities	Private corporate bonds	None	18 months	None	1,500	2021	Fixed	3.70%	**1,547**	-
Ping An Securities	Private corporate bonds	None	18 months	None	1,500	2021	Fixed	3.50%	**1,541**	-
Ping An Securities	Corporate bonds	None	3 years	None	3,000	2021	Fixed	3.40%	**3,059**	-
Ping An Securities	Corporate bonds	None	549 days	None	2,000	2021	Fixed	3.05%	**2,035**	-
Ping An Securities	Corporate bonds	None	3 years	None	2,400	2021	Fixed	3.48%	**2,444**	-
Ping An Securities	Corporate bonds	None	3 years	None	1,200	2021	Fixed	3.50%	**1,221**	-
Ping An Securities	Corporate bonds	None	2 years	None	2,000	2021	Fixed	3.35%	**2,034**	-
Ping An Securities	Corporate bonds	None	3 years	None	1,800	2021	Fixed	3.25%	**1,825**	-
Ping An Securities	Corporate bonds	None	1 year	None	2,000	2021	Fixed	2.77%	**2,024**	-
Ping An Securities	Corporate bonds	None	1 year	None	2,000	2021	Fixed	2.67%	**2,018**	-
Ping An Securities	Corporate bonds	None	3 years	None	3,000	2021	Fixed	3.05%	**3,033**	-
Ping An Securities	Corporate bonds	None	5 years	None	2,000	2021	Fixed	3.47%	**2,024**	-
Ping An Securities	Corporate bonds	None	3 years	None	2,600	2021	Fixed	3.37%	**2,615**	-
Ping An Securities	Corporate bonds	None	1 year	None	2,000	2021	Fixed	2.75%	**2,015**	-
Ping An Securities	Private corporate bonds	None	2 years	None	2,000	2021	Fixed	3.25%	**2,009**	-
Ping An Securities	Private corporate bonds	None	2 years	None	1,500	2021	Fixed	3.20%	**1,500**	-

47. BONDS PAYABLE (CONTINUED)

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	**31 December 2021**	31 December 2020
Ping An Real Estate	Corporate bonds	None	5 years	End of the third year	710	2019	Fixed	3.70%	**720**	719
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	750	2019	Fixed	4.40%	**764**	763
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	940	2019	Fixed	4.30%	**955**	954
Ping An Real Estate	Corporate bonds	None	5 years	End of the third year	1,500	2018	Fixed	5.00%	**-**	1,555
Ping An Real Estate	Corporate bonds	None	5 years	End of the third year	14	2017	Fixed	2.38%	**-**	14
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	244	2016	Fixed	3.28%	**265**	4,052
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	3,000	2019	Fixed	4.30%	**3,017**	3,017
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	2,000	2020	Fixed	3.40%	**2,045**	2,045
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	3,000	2020	Fixed	3.80%	**3,062**	3,061
Ping An Financial Technology	Private corporate bonds	None	3 years	End of the second year	2,000	2020	Fixed	4.19%	**2,014**	2,013
Dingshuntong Investment	Private corporate bonds	None	2 years	Yes	272	2020	Fixed	6.74%	**278**	381
Dingshuntong Investment	Private corporate bonds	None	2 years	Yes	240	2020	Fixed	6.74%	**245**	269
Evergreen Investment Development	Private corporate bonds	Yes	2 years	Yes	3,000	2020	Fixed	4.30%	**3,029**	3,027
Evergreen Investment Development	Private corporate bonds	Yes	2 years	Yes	3,000	2020	Fixed	4.50%	**-**	3,007
Shenzhen Ping An Real Estate Investment Co., Ltd.	Convertible bonds	None	3 years	Yes	273	2019	Fixed	6.74%	**280**	391
Shenzhen Ping An Real Estate Investment Co., Ltd.	Convertible bonds	None	1 year	Yes	311	2020	Fixed	6.59%	**-**	326
Shenzhen Ping An Real Estate Investment Co., Ltd.	Convertible bonds	None	2 years	Yes	289	2020	Fixed	6.69%	**302**	403
Lianxin Investment	Private corporate bonds	None	5 years	End of the third year	2,000	2020	Fixed	5.40%	**2,004**	2,005
Lianxin Investment	Private corporate bonds	None	3 years	End of the second year	1,000	2021	Fixed	4.50%	**1,031**	-

47. BONDS PAYABLE (CONTINUED)

As at 31 December 2021, the original term of interbank certificates of deposit issued by Ping An Bank, but unmatured was from 3 months to 1 year, and the annual interest rate was from 0.27% to 3.18% (31 December 2020: the original term was from 1 month to 1 year, and the annual interest rate was from 0.63% to 3.35%). The carrying amount was RMB711,828 million (31 December 2020: RMB501,383 million).

As at 31 December 2021, the original term of short-term financial bonds issued by Ping An Securities, but unmatured was from 92 days to 365 days, and the annual interest rate was from 2.70% to 2.79% (31 December 2020: the original term was from 90 days to 91 days, and the annual interest rate was from 2.98% to 3.23%). The carrying amount was RMB6,929 million (31 December 2020: RMB9,040 million).

As at 31 December 2021, the original term of short-term financial bonds issued by Ping An Financial Leasing, but unmatured was from 150 days to 365 days, and the annual interest rate was from 2.78% to 4.00% (31 December 2020: the original term was from 105 days to 1 year, and the annual interest rate was from 2.05% to 3.47%). The carrying amount was RMB12,097 million (31 December 2020: RMB9,253 million).

As at 31 December 2021, the original term of short-term financial bonds issued by Ping An Real Estate, but unmatured was from 268 days to 270 days, and the annual interest rate was from 3.08% to 3.20% (31 December 2020: the original term was 6 months, and the annual interest rate was 2.90%). The carrying amount was RMB2,532 million (31 December 2020: RMB1,712 million).

As at 31 December 2021, the original term of income certificates issued by Ping An Securities, but unmatured was from 14 days to 240 days, and the annual interest rate was from 3.65% to 5.20% (31 December 2020: the original term was from 14 days to 365 days, and the annual interest rate was from 2.85% to 11.00%). The carrying amount was RMB2,201 million (31 December 2020: RMB5,040 million).

48. INSURANCE CONTRACT LIABILITIES

(in RMB million)	**31 December 2021**	31 December 2020
Long-term life insurance policyholders' reserves	**2,183,788**	1,931,023
Policyholder contract deposits	**756,373**	705,657
Policyholder account liabilities in respect of insurance contracts	**31,847**	48,796
Unearned premium reserves	**170,420**	177,041
Claim reserves	**118,926**	109,943
Total	**3,261,354**	2,972,460

	31 December 2021		
(in RMB million)	**Insurance contract liabilities**	**Reinsurers' share**	**Net**
Long-term life insurance contracts	**2,972,008**	**(2,291)**	**2,969,717**
Short-term life insurance contracts	**21,401**	**(4,725)**	**16,676**
Property and casualty insurance contracts	**267,945**	**(19,836)**	**248,109**
	3,261,354	**(26,852)**	**3,234,502**

48. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(in RMB million)	31 December 2020 Insurance contract liabilities	Reinsurers' share	Net
Long-term life insurance contracts	2,685,476	(1,947)	2,683,529
Short-term life insurance contracts	23,168	(1,988)	21,180
Property and casualty insurance contracts	263,816	(16,284)	247,532
	2,972,460	(20,219)	2,952,241

(in RMB million)	**31 December 2021**	31 December 2020
Current portion*		
Long-term life	**(67,907)**	(91,220)
Short-term life	**19,851**	22,058
Property and casualty	**166,017**	148,159
Non-current portion		
Long-term life	**3,039,915**	2,776,696
Short-term life	**1,550**	1,110
Property and casualty	**101,928**	115,657
Total	**3,261,354**	2,972,460

* Estimated net cash flows within 12 months from the end of the reporting period.

(1) LONG-TERM LIFE INSURANCE CONTRACTS

(in RMB million)	**31 December 2021**	31 December 2020
Long-term life insurance policyholders' reserves	**2,183,788**	1,931,023
Policyholder contract deposits	**756,373**	705,657
Policyholder account liabilities in respect of insurance contracts	**31,847**	48,796
	2,972,008	2,685,476

The long-term life insurance policyholders' reserves are analysed as follows:

(in RMB million)	**2021**	2020
As at 1 January	**1,931,023**	1,665,080
Increase during the year	**403,536**	406,692
Decrease during the year		
– Claims and benefits paid	**(96,804)**	(91,685)
– Surrender	**(54,823)**	(49,361)
– Others	**856**	297
As at 31 December	**2,183,788**	1,931,023

48. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) LONG-TERM LIFE INSURANCE CONTRACTS (CONTINUED)

The policyholder contract deposits are analysed as follows:

(in RMB million)	2021	2020
As at 1 January	**705,657**	648,514
Policyholder principal increased	**86,519**	96,523
Accretion of investment income	**33,327**	20,561
Liabilities released for benefits paid	**(55,763)**	(46,091)
Policy administration fees and risk premiums deducted	**(13,367)**	(13,850)
As at 31 December	**756,373**	705,657

(2) SHORT-TERM LIFE INSURANCE CONTRACTS

(in RMB million)	31 December 2021	31 December 2020
Unearned premium reserves	**10,613**	10,479
Claim reserves	**10,788**	12,689
	21,401	23,168

The unearned premium reserves of short-term life insurance are analysed as follows:

	2021			2020		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**10,479**	**(747)**	**9,732**	9,419	(706)	8,713
Increase	**35,423**	**(13,619)**	**21,804**	40,623	(8,822)	31,801
Decrease	**(35,289)**	**11,893**	**(23,396)**	(39,563)	8,781	(30,782)
As at 31 December	**10,613**	**(2,473)**	**8,140**	10,479	(747)	9,732

The claim reserves of short-term life insurance are analysed as follows:

	2021			2020		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**12,689**	**(1,239)**	**11,450**	8,734	(680)	8,054
Increase	**21,586**	**(9,029)**	**12,557**	25,540	(5,574)	19,966
Decrease	**(23,487)**	**8,016**	**(15,471)**	(21,585)	5,015	(16,570)
As at 31 December	**10,788**	**(2,252)**	**8,536**	12,689	(1,239)	11,450

48. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(3) PROPERTY AND CASUALTY INSURANCE CONTRACTS

(in RMB million)	31 December 2021	31 December 2020
Unearned premium reserves	**159,807**	166,562
Claim reserves	**108,138**	97,254
	267,945	263,816

The unearned premium reserves of property and casualty insurance are analysed as follows:

	2021			2020		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**166,562**	**(7,661)**	**158,901**	149,261	(6,544)	142,717
Increase	**231,665**	**(12,854)**	**218,811**	239,819	(11,667)	228,152
Decrease	**(238,420)**	**11,904**	**(226,516)**	(222,518)	10,550	(211,968)
As at 31 December	**159,807**	**(8,611)**	**151,196**	166,562	(7,661)	158,901

The claim reserves of property and casualty insurance are analysed as follows:

	2021			2020		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**97,254**	**(8,624)**	**88,630**	89,413	(8,449)	80,964
Increase	**185,664**	**(10,725)**	**174,939**	160,776	(7,409)	153,367
Decrease	**(174,780)**	**8,124**	**(166,656)**	(152,935)	7,234	(145,701)
As at 31 December	**108,138**	**(11,225)**	**96,913**	97,254	(8,624)	88,630

49. INVESTMENT CONTRACT LIABILITIES FOR POLICYHOLDERS

(in RMB million)	31 December 2021	31 December 2020
Policyholder account liabilities in respect of investment contracts	**4,155**	4,263
Investment contract reserves	**68,684**	63,318
	72,839	67,581

The investment contract liabilities are analysed as follows:

(in RMB million)	2021	2020
As at 1 January	**67,581**	57,489
Policyholder principal increased	**14,209**	18,999
Accretion of investment income	**2,412**	2,646
Liabilities released for benefits paid	**(11,270)**	(11,196)
Policy administration fees and risk premiums deducted	**(68)**	(62)
Others	**(25)**	(295)
As at 31 December	**72,839**	67,581

As at 31 December 2021 and 2020, all reinsurance contracts of the Group transferred significant insurance risks.

50. DEFERRED TAX ASSETS AND LIABILITIES

(in RMB million)	31 December 2021	31 December 2020
Deferred tax assets	**65,360**	61,901
Deferred tax liabilities	**(13,605)**	(19,267)
Net	**51,755**	42,634

The deferred tax assets are analysed as follows:

	2021					
(in RMB million)	**As at 1 January**	**Charged to profit or loss**	**Charged to equity**	**Other changes**	**As at 31 December**	**Temporary difference as at 31 December**
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	**163**	**849**	**-**	**6**	**1,018**	**(4,072)**
Fair value adjustments on financial assets at fair value through other comprehensive income	**12,251**	**-**	**1,339**	**-**	**13,590**	**(54,360)**
Insurance contract liabilities	**8,745**	**(1,395)**	**(942)**	**-**	**6,408**	**(25,632)**
Impairment provisions	**41,808**	**8,349**	**(702)**	**(45)**	**49,410**	**(197,640)**
Others	**7,172**	**414**	**57**	**368**	**8,011**	**(32,044)**
	70,139	**8,217**	**(248)**	**329**	**78,437**	**(313,748)**

	2020					
(in RMB million)	As at 1 January	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	255	(92)	-	-	163	(652)
Fair value adjustments on financial assets at fair value through other comprehensive income	580	-	11,671	-	12,251	(49,004)
Insurance contract liabilities	14,052	4,119	(9,426)	-	8,745	(34,980)
Impairment provisions	37,506	4,389	(75)	(12)	41,808	(167,232)
Others	6,598	760	6	(192)	7,172	(28,688)
	58,991	9,176	2,176	(204)	70,139	(280,556)

50. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The deferred tax liabilities are analysed as follows:

	2021					
(in RMB million)	**As at 1 January**	**Charged to profit or loss**	**Charged to equity**	**Other changes**	**As at 31 December**	**Temporary difference as at 31 December**
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	**(12,994)**	**2,833**	**-**	**18**	**(10,143)**	**40,572**
Fair value adjustments on financial instruments at fair value through other comprehensive income	**(763)**	**-**	**94**	**(4)**	**(673)**	**2,692**
Intangible assets-core deposits	**(1,987)**	**188**	**-**	**-**	**(1,799)**	**7,196**
Intangible assets evaluation premium from acquisition of Autohome Inc.	**(1,966)**	**43**	**-**	**-**	**(1,923)**	**7,692**
Assets evaluation premium from disposal of subsidiaries	**(3,615)**	**-**	**-**	**-**	**(3,615)**	**14,460**
Others	**(6,180)**	**(2,243)**	**153**	**(259)**	**(8,529)**	**34,116**
	(27,505)	**821**	**247**	**(245)**	**(26,682)**	**106,728**

	2020					
(in RMB million)	As at 1 January	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	(14,627)	1,551	-	82	(12,994)	51,976
Fair value adjustments on financial instruments at fair value through other comprehensive income	(5,519)	(8)	4,780	(16)	(763)	3,052
Intangible assets-core deposits	(2,176)	189	-	-	(1,987)	7,948
Intangible assets evaluation premium from acquisition of Autohome Inc.	(2,003)	37	-	-	(1,966)	7,864
Assets evaluation premium from disposal of subsidiaries	(3,615)	-	-	-	(3,615)	14,460
Others	(3,032)	(789)	(2,436)	77	(6,180)	24,720
	(30,972)	980	2,344	143	(27,505)	110,020

50. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2021, unrecognized tax losses of the Group were RMB24,847 million (31 December 2020: RMB23,468 million).

The following table shows unrecognized tax losses based on its expected expiry date:

(in RMB million)	31 December 2021	31 December 2020
2021	–	1,525
2022	**1,054**	2,161
2023	**2,032**	4,253
2024	**5,585**	6,535
2025	**7,689**	8,994
2026	**8,487**	–
	24,847	23,468

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2021		31 December 2020	
(in RMB million)	Offsetting	Net	Offsetting	Net
Deferred tax assets	**(13,077)**	**65,360**	(8,238)	61,901
Deferred tax liabilities	**13,077**	**(13,605)**	8,238	(19,267)

51. OTHER LIABILITIES

(in RMB million)	31 December 2021	31 December 2020
Other payables	**191,577**	172,694
Payables to non-controlling interests of consolidated structured entities	**31,815**	31,862
Salaries and welfare payable	**45,759**	43,495
Other tax payable	**9,668**	8,777
Contingency provision	**4,026**	1,002
Insurance guarantee fund	**804**	1,008
Provision payables	**6,569**	8,702
Accruals	**9,599**	10,523
Deferred income	**1,661**	1,778
Contract liabilities	**5,179**	4,456
Finance lease deposits	**19,297**	20,779
Others	**18,270**	16,505
	344,224	321,581

52. FIDUCIARY ACTIVITIES

(in RMB million)	31 December 2021	31 December 2020
Assets under trust schemes	**444,454**	375,014
Assets under annuity investments and annuity schemes	**712,159**	627,150
Assets under asset management schemes	**1,719,031**	1,169,897
Entrusted loans of banking operations	**190,853**	191,133
Entrusted investments of banking operations	**872,066**	648,185
	3,938,563	3,011,379

53. RISK AND CAPITAL MANAGEMENT

(1) INSURANCE RISK

Type of insurance risk

Insurance risk refers to the risk that actual indemnity might exceed expected indemnity due to the frequency and severity of insurance accidents, as well as the possibility that insurance surrender rates are being underestimated. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This could occur due to any of the following factors:

- Occurrence risk – the possibility that the number of insured events will differ from those expected.
- Severity risk – the possibility that the cost of the events will differ from those expected.
- Development risk – the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategies and guidelines.

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

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

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Type of insurance risk (Continued)

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

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

Concentration of insurance risks

The Group runs its insurance business primarily within the PRC. Hence the geographical insurance risk is concentrated primarily within the PRC.

The Group's concentration of insurance risk is reflected by its major lines of business as analysed by insurance contract liabilities in Note 48.

Assumptions and sensitivities

(a) Long-term life insurance contracts

Assumptions

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

Sensitivities

The Group has measured the impact on long-term life insurance contract liabilities using sensitivity analysis, of varying independently certain assumptions under reasonable and possible circumstances. The following changes in assumptions have been considered:

- discount rate/investment return assumption increased by 10 basis points;
- discount rate/investment return assumption decreased by 10 basis points;
- a 10% increase in mortality, morbidity, accident rates and etc. (a 10% increase in mortality rates of annuity policies before the payment period, a 10% decrease in the payment period);
- a 10% increase in policy lapse rates; and
- a 5% increase in maintenance expense rates.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (Continued)

(a) Long-term life insurance contracts (Continued)

		31 December 2021			
		Impact on gross long-term life insurance policyholders' reserves	Impact on net long-term life insurance policyholders' reserves	Impact on profit before tax	Impact on equity before tax
(in RMB million)	Change in assumptions	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
Discount rate/investment return	+10bps	(13,141)	(13,142)	13,142	13,142
Discount rate/investment return	-10bps	13,460	13,461	(13,461)	(13,461)
Mortality, morbidity, accident rates and etc.	+10%	66,256	66,207	(66,207)	(66,207)
Policy lapse rates	+10%	16,694	16,693	(16,693)	(16,693)
Maintenance expense rates	+5%	4,122	4,122	(4,122)	(4,122)

Note: For long-term life and health insurance contracts where the future insurance benefits are not affected by investment return of the underlying asset portfolio, the amounts above represent the results of sensitivity analysis calculated by the discount rates when the benchmarking yield curve for the measurement of insurance contract liabilities increases or decreases 10bps, with consideration of the Cai Kuai [2017] No.637 issued by the former CIRC and other relevant regulations.

		31 December 2020			
		Impact on gross long-term life insurance policyholders' reserves	Impact on net long-term life insurance policyholders' reserves	Impact on profit before tax	Impact on equity before tax
(in RMB million)	Change in assumptions	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
Discount rate/investment return	+10bps	(10,852)	(10,854)	10,854	10,854
Discount rate/investment return	-10bps	11,139	11,140	(11,140)	(11,140)
Mortality, morbidity, accident rates and etc.	+10%	63,623	63,580	(63,580)	(63,580)
Policy lapse rates	+10%	17,429	17,431	(17,431)	(17,431)
Maintenance expense rates	+5%	4,130	4,130	(4,130)	(4,130)

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (Continued)

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

Assumptions

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

Other key assumptions include delays in settlement, etc.

Sensitivities

The property and casualty and short-term life insurance claim reserves are sensitive to the above key assumptions. The sensitivity of certain variables including legislative change, uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim reserves are not known with certainty at the end of the reporting period.

Reproduced below is an exhibit that shows the development of gross claim reserves of property and casualty insurance by the accident year:

(in RMB million)	2017	2018	2019	2020	**2021**	Total
Estimated cumulative claims paid:						
As at the end of current year	112,013	134,483	150,592	166,997	**194,826**	
One year later	109,867	129,907	146,275	161,174		
Two years later	103,639	124,672	142,235			
Three years later	99,514	120,933				
Four years later	95,507					
Estimated cumulative claims	95,507	120,933	142,235	161,174	**194,826**	714,675
Cumulative claims paid	(92,659)	(116,905)	(135,184)	(141,924)	**(129,234)**	(615,906)
Subtotal						98,769
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						9,369
Outstanding claim reserves						108,138

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53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

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

Sensitivities (continued)

Reproduced below is an exhibit that shows the development of net claim reserves of property and casualty insurance by the accident year:

(in RMB million)	2017	2018	2019	2020	**2021**	Total
Estimated cumulative claims paid:						
As at the end of current year	104,195	125,966	141,982	158,308	**183,409**	
One year later	101,879	121,579	138,059	152,791		
Two years later	96,274	116,721	134,343			
Three years later	92,359	113,193				
Four years later	88,502					
Estimated cumulative claims	88,502	113,193	134,343	152,791	**183,409**	672,238
Cumulative claims paid	(85,908)	(109,824)	(128,399)	(135,569)	**(124,102)**	(583,802)
Subtotal						88,436
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						8,477
Outstanding claim reserves						96,913

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

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

Sensitivities (continued)

Reproduced below is an exhibit that shows the development of gross claim reserves of short-term life insurance by the accident year:

(in RMB million)	2017	2018	2019	2020	**2021**	Total
Estimated cumulative claims paid:						
As at the end of current year	13,341	16,879	21,107	26,858	**25,963**	
One year later	12,779	15,917	21,157	24,707		
Two years later	12,685	15,986	20,478			
Three years later	12,691	15,802				
Four years later	12,657					
Estimated cumulative claims	12,657	15,802	20,478	24,707	**25,963**	99,607
Cumulative claims paid	(12,657)	(15,794)	(20,328)	(23,063)	**(17,370)**	(89,212)
Subtotal						10,395
Prior year adjustments, unallocated loss adjustment expenses and risk margin						393
Outstanding claim reserves						10,788

Reproduced below is an exhibit that shows the development of net claim reserves of short-term life insurance by the accident year:

(in RMB million)	2017	2018	2019	2020	**2021**	Total
Estimated cumulative claims paid:						
As at the end of current year	12,779	15,809	19,146	24,258	**18,842**	
One year later	12,191	14,760	18,997	21,819		
Two years later	12,175	14,849	18,202			
Three years later	12,182	14,663				
Four years later	12,148					
Estimated cumulative claims	12,148	14,663	18,202	21,819	**18,842**	85,674
Cumulative claims paid	(12,148)	(14,656)	(18,053)	(20,487)	**(12,125)**	(77,469)
Subtotal						8,205
Prior year adjustments, unallocated loss adjustment expenses and risk margin						331
Outstanding claim reserves						8,536

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

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

Sensitivities (continued)

To illustrate the sensitivities of ultimate claims costs, for example, a respective percentage change in the average claim costs alone results in a similar percentage change in claim reserves:

	31 December 2021				
(in RMB million)	Change in assumptions	Impact on gross claim reserves increase	Impact on net claim reserves increase	Impact on profit before tax decrease	Impact on equity before tax decrease
Average claim costs					
Property and casualty insurance	**+5%**	**5,407**	**4,846**	**(4,846)**	**(4,846)**
Short-term life insurance	**+5%**	**561**	**427**	**(427)**	**(427)**

	31 December 2020				
(in RMB million)	Change in assumptions	Impact on gross claim reserves increase	Impact on net claim reserves increase	Impact on profit before tax decrease	Impact on equity before tax decrease
Average claim costs					
Property and casualty insurance	+5%	4,863	4,432	(4,432)	(4,432)
Short-term life insurance	+5%	634	573	(573)	(573)

(c) Reinsurance

The Group limits its exposure to losses from insurance operations mainly through participation in reinsurance arrangements. The majority of the business ceded is placed on the quota share basis and the surplus basis with retention limits varying by product lines. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statement of financial position as reinsurers' share of insurance liabilities and due from reinsurers.

Even though the Group may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK

Market risk is the risk of changes in fair value of financial instruments and future cash flows from fluctuation of market prices, which includes three types of risks from volatility of foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk).

(a) Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk facing the Group mainly comes from movements in the USD/RMB and HKD/RMB exchange rates. The Group sets limitation to its position of foreign currency, monitors the size of foreign currency position, and limits the foreign currency position within the threshold set by utilizing hedging strategy.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the pre-tax impact on profit and equity (due to changes in fair value of foreign currency denominated non-monetary assets and liabilities measured at fair value, as well as monetary assets and liabilities). The correlation of variables will have a significant effect on determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

		31 December 2021		31 December 2020	
(in RMB million)	Change in variables	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax
USD	+5%	**823**	**2,559**	774	2,523
HKD	+5%	**898**	**1,448**	1,147	1,446
Other currencies	+5%	**591**	**924**	497	823
		2,312	**4,931**	2,418	4,792
USD	-5%	**(823)**	**(2,559)**	(774)	(2,523)
HKD	-5%	**(898)**	**(1,448)**	(1,147)	(1,446)
Other currencies	-5%	**(591)**	**(924)**	(497)	(823)
		(2,312)	**(4,931)**	(2,418)	(4,792)

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(a) Foreign currency risk (continued)

The main monetary assets and liabilities of the Group (excluding balances of investment-linked contracts) and non-monetary assets and liabilities measured at fair value are analysed as follows by currency:

	31 December 2021				
(in RMB million)	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	RMB equivalent total
Assets					
Cash and amounts due from banks and other financial institutions	481,286	82,019	15,764	5,926	584,995
Balances with the Central Bank and statutory deposits for insurance operations	310,223	10,171	560	-	320,954
Financial assets purchased under reverse repurchase agreements	61,429	-	-	-	61,429
Premium receivables	77,922	1,861	51	-	79,834
Accounts receivable	26,541	1	-	86	26,628
Reinsurers' share of insurance liabilities	24,205	2,219	428	-	26,852
Policy loans	178,298	-	-	-	178,298
Finance lease receivable	200,701	-	-	-	200,701
Loans and advances to customers	2,799,799	142,393	16,221	22,562	2,980,975
Financial assets at fair value through profit or loss	1,287,033	101,821	17,460	20,363	1,426,677
Financial assets at amortized cost	2,727,348	38,392	2,123	1,132	2,768,995
Debt financial assets at fair value through other comprehensive income	398,471	28,977	1,082	-	428,530
Equity financial assets at fair value through other comprehensive income	262,383	620	5,212	-	268,215
Other assets	111,060	6,008	962	135	118,165
	8,946,699	414,482	59,863	50,204	9,471,248
Liabilities					
Due to banks and other financial institutions	700,202	89,335	1,625	6,484	797,646
Financial liabilities at fair value through profit or loss	54,738	2,548	-	90	57,376
Assets sold under agreements to repurchase	122,577	4,900	-	-	127,477
Accounts payable	6,663	-	-	-	6,663
Insurance payables	149,750	947	67	3	150,767
Policyholder dividend payable	67,249	25	-	2	67,276
Customer deposits and payables to brokerage customers	2,724,575	253,388	17,133	6,953	3,002,049
Bonds payable	1,064,171	32,625	-	727	1,097,523
Insurance contract liabilities	3,256,611	3,837	890	16	3,261,354
Investment contract liabilities for policyholders	72,833	6	-	-	72,839
Other liabilities	223,043	3,469	1,074	23	227,609
	8,442,412	391,080	20,789	14,298	8,868,579
Net position of foreign currency		23,402	39,074	35,906	98,382
Notional amount of foreign exchange derivative financial instruments		27,780	(10,112)	(17,433)	235
		51,182	28,962	18,473	98,617
Off-balance sheet credit commitments	1,522,035	30,485	1,126	7,561	1,561,207

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(a) Foreign currency risk (continued)

(in RMB million)	31 December 2020 RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	RMB equivalent total
Assets					
Cash and amounts due from banks and other financial institutions	475,075	95,030	10,154	7,132	587,391
Balances with the Central Bank and statutory deposits for insurance operations	284,392	7,915	429	2	292,738
Financial assets purchased under reverse repurchase agreements	122,765	–	–	–	122,765
Premium receivables	92,379	1,555	69	–	94,003
Accounts receivable	26,089	2	–	85	26,176
Reinsurers' share of insurance liabilities	18,552	1,191	476	–	20,219
Policy loans	161,381	–	–	–	161,381
Finance lease receivable	202,050	–	–	–	202,050
Loans and advances to customers	2,436,120	123,800	13,868	25,722	2,599,510
Financial assets at fair value through profit or loss	1,082,923	107,936	20,969	19,503	1,231,331
Financial assets at amortized cost	2,584,592	36,657	2,312	1,287	2,624,848
Debt financial assets at fair value through other comprehensive income	491,483	19,482	421	–	511,386
Equity financial assets at fair value through other comprehensive income	271,017	754	5,630	–	277,401
Other assets	132,644	3,697	723	82	137,146
	8,381,462	398,019	55,051	53,813	8,888,345
Liabilities					
Due to banks and other financial institutions	843,981	89,835	2,943	23,416	960,175
Financial liabilities at fair value through profit or loss	36,216	1,001	–	–	37,217
Assets sold under agreements to repurchase	271,796	4,806	–	–	276,602
Accounts payable	5,147	1	–	–	5,148
Insurance payables	138,640	804	81	3	139,528
Policyholder dividend payable	63,781	23	–	2	63,806
Customer deposits and payables to brokerage customers	2,470,778	204,665	12,216	6,174	2,693,833
Bonds payable	871,407	23,840	3,245	2,793	901,285
Insurance contract liabilities	2,968,782	2,689	972	17	2,972,460
Investment contract liabilities for policyholders	67,574	6	–	1	67,581
Other liabilities	173,270	10,099	980	7	184,356
	7,911,372	337,769	20,437	32,413	8,301,991
Net position of foreign currency		60,250	34,614	21,400	116,264
Notional amount of foreign exchange derivative financial instruments		(9,784)	(5,700)	(4,933)	(20,417)
		50,466	28,914	16,467	95,847
Off-balance sheet credit commitments	1,212,885	24,285	25	5,669	1,242,864

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53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(b) Price risk

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

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

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

The Group uses a 10-day market price value-at-risk ("VaR") technique to estimate its risk exposure for listed equity securities and equity investments funds. The Group adopts 10-day as the holding period on the assumption that not all the investments can be sold on the same day. Moreover, the VaR calculation is made based on normal market conditions and a 99% confidence interval.

The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the normal distribution assumption. The VaR may also be under or over estimated due to the assumption placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence interval.

In practice, the actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions.

The analysis below is the estimated impact for listed stocks and security investment funds with 10-day reasonable market fluctuation in using the VaR model in the normal market.

(in RMB million)	**31 December 2021**	31 December 2020
Listed stocks and security investment funds	**21,492**	42,168

The Group expects that current listed stocks and equity investments funds will not lose more than RMB21,492 million due to market price movements in a 10-trading-day holding period on 99% of occasions.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk

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

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

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

The analysis below is performed for reasonably possible movements in interest rate with all other variables held constant, for the following financial instruments, showing the pre-tax impact on the Group's profit (fair value change on bonds carried at fair value through profit or loss) and equity (fair value change on bonds carried at fair value through profit or loss and bonds carried at fair value through other comprehensive income).

		31 December 2021		31 December 2020	
(in RMB million)	Change in interest rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity before tax**	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax
Bonds carried at fair value through profit or loss and through other comprehensive income	-50 bps	**6,138**	**13,700**	4,377	14,384
Bonds carried at fair value through profit or loss and through other comprehensive income	+50 bps	**(6,138)**	**(13,700)**	(4,377)	(14,384)

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (continued)

The following sensitivity analysis is based on the assumption that the floating rate bonds, floating rate term deposits and loans and advances have a static structure of interest rate risk. The analysis only measured interest rate changes within one year, reflecting the impact on interest income and interest expenses from the re-pricing of financial assets and liabilities within a year with the following assumptions: firstly, the interest rate of the floating rate bonds, floating rate term deposits/loans and advances is re-priced after the end of the reporting period; secondly, the yield curve moved in parallel with the changes in the interest rate; and thirdly, there are no other changes in the portfolio of financial assets and liabilities. Regarding the above assumptions, the pre-tax impact on the Group's profit and equity as a result of actual increases or decreases in interest rates may differ from that of the following sensitivity analysis.

		31 December 2021		31 December 2020	
(in RMB million)	Change in interest rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity before tax**	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax
Floating interest rate bonds	+50 bps	**79**	**79**	44	44
Loans and advances to customers	+50 bps	**7,873**	**7,873**	7,017	7,017
Floating interest rate bonds	-50 bps	**(79)**	**(79)**	(44)	(44)
Loans and advances to customers	-50 bps	**(7,873)**	**(7,873)**	(7,017)	(7,017)

The following table sets out the Group's term deposits (excluding balances of investment-linked contracts) exposed to interest rate risk by maturity or repricing date (whichever is the earlier):

(in RMB million)	**31 December 2021**	31 December 2020
Fixed interest rate		
Less than 3 months (including 3 months)	**26,119**	93,516
3 months to 1 year (including 1 year)	**47,126**	34,586
1-2 years (including 2 years)	**83,554**	51,287
2-3 years (including 3 years)	**74,583**	83,281
3-4 years (including 4 years)	**2,848**	59,016
4-5 years (including 5 years)	**18,425**	4,641
More than 5 years	**260**	1,369
	252,915	327,696

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (continued)

The following table sets out the Group's bonds, debt schemes, wealth management investments and other debt financial assets (excluding balances of investment-linked contracts) by maturity or repricing date (whichever is the earlier):

	31 December 2021			
(in RMB million)	**Financial assets at amortized cost**	**Debt financial assets at fair value through other comprehensive income**	**Financial assets at fair value through profit or loss**	**Total**
Fixed interest rate				
Less than 3 months (including 3 months)	**96,649**	**30,269**	**19,153**	**146,071**
3 months to 1 year (including 1 year)	**290,016**	**93,510**	**140,411**	**523,937**
1-2 years (including 2 years)	**211,864**	**61,068**	**83,964**	**356,896**
2-3 years (including 3 years)	**161,906**	**54,212**	**75,273**	**291,391**
3-4 years (including 4 years)	**144,917**	**37,432**	**49,617**	**231,966**
4-5 years (including 5 years)	**84,264**	**31,582**	**64,033**	**179,879**
More than 5 years	**1,681,658**	**109,244**	**166,251**	**1,957,153**
Floating interest rate	**65,501**	**5,942**	**13,389**	**84,832**
	2,736,775	**423,259**	**612,091**	**3,772,125**

	31 December 2020			
(in RMB million)	Financial assets at amortized cost	Debt financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Fixed interest rate				
Less than 3 months (including 3 months)	83,599	32,438	41,467	157,504
3 months to 1 year (including 1 year)	245,798	84,501	92,181	422,480
1-2 years (including 2 years)	258,605	71,321	105,275	435,201
2-3 years (including 3 years)	155,166	67,178	44,865	267,209
3-4 years (including 4 years)	117,113	33,871	38,216	189,200
4-5 years (including 5 years)	137,718	42,565	40,450	220,733
More than 5 years	1,514,351	169,222	116,623	1,800,196
Floating interest rate	80,648	3,871	30,016	114,535
	2,592,998	504,967	509,093	3,607,058

Interest rates on floating rate term deposits and floating rate bonds are repriced at intervals of less than one year. Interest rates on fixed rate term deposits and fixed rate bonds are fixed before maturity.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK

Credit risks refer to the risk of losses incurred by the inabilities of debtors or counterparties to fulfill their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, loans and advances to customers, financial assets at amortized cost and debt financial assets at fair value through other comprehensive income, reinsurance arrangement with reinsurers, policy loans, margin financing, financial guarantee contracts and loan commitments, etc. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

(a) Credit risk management

Credit risk of banking business

The banking business of the Group has formulated a set of credit management processes and internal control mechanisms, so as to carry out the whole process management of credit business. Credit management procedures for its corporate and retail loans of comprise credit origination, credit review, credit approval, disbursement, post credit monitoring and collection. In addition, the banking business of the Group has formulated procedure manuals for credit management, which clarifies the duties of each part in the credit management processes, effectively monitoring credit risk and enhancing credit compliance.

Credit risks arising from financial guarantees and loan commitments are similar to those of loans and advances. Therefore, financial guarantees and loan commitments are also subject to the same application, post crediting monitoring and collateral requirements as loan and advances business.

Credit risk of investment business

As to debt investment, the Group rates these investments by internal credit rating policies, selects counterparties with high credit quality and sets strict entry criteria.

The Group's debt investment mainly includes domestic government bonds, the Central Bank bills, financial institution bonds, corporate bonds and debt investment schemes, wealth management investments, etc. The Group manages the credit risk for these investments mainly through controlling the investment scales, selecting counterparties within the financial institutions with appropriate credit quality prudently, balancing the credit risks and rate of return of investment and considering the internal and external credit rating information comprehensively.

Credit risk of insurance business

The Group evaluated the credit rating of the reinsurance companies before signing the reinsurance contracts, and chose the reinsurance companies with higher credit quality to reduce the credit risk.

The limits of policy loans are based on the cash values of valid insurance policies, with appropriate discounts, and the validity periods of policy loans are within the validity periods of insurance policies. The credit risk associated with policy loans did not have material impact on the Group's consolidated financial statements.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss

The Group formulates the credit losses of financial assets at amortized cost, debt financial assets at FVOCI, finance lease receivable and other financial assets, as well as loan commitment and financial guarantee contracts using expected credit loss models according to IFRS 9 requirements.

Parameters of ECL model

The parameters and assumptions involved in ECL model are described below.

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, 12-month or lifetime expected credit losses are provided respectively. The expected credit loss is the result of discounting the product of EAD, PD and LGD.

i) Exposure at Default (EAD): EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

ii) Probability of Default (PD): The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

iii) Loss Given Default (LGD): LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the Lifetime. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grading band. This is supported by historical analysis.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

Judgement of significant increase in credit risk ("SICR")

Under IFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period. The Group considers various reasonable supporting information to judge if there is significant increase in credit risk, including the forward-looking information, when determining the ECL staging for financial assets. Major factor being considered include regulatory and operating environment, internal and external credit ratings, solvency, and operational capabilities. The Group could base on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine ECL staging by comparing the credit risks of the financial instruments at the reporting date with initial recognition.

The Group set quantitative and qualitative criteria to judge whether the credit risk has SICR after initial recognition. The judgement criteria mainly include the PD changes of the debtors, changes of credit risk categories and other indicators of SICR, etc. In the judgement of whether the financial instruments have SICR after initial recognition, the Group considers the 30 days past due as one of criteria of SICR, in accordance with the standard.

The definition of credit-impaired assets

Under IFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets, while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- The debtor has overdue more than 90 days after the contract payment date;
- Internal credit rating is default grade;
- The lender gives the debtor concessions for economic or contractual reasons due to the debtor's financial difficulties, where such concessions are normally reluctant to be made by the lender;
- The debtor has significant financial difficulties;
- The debtor is likely to go bankrupt or other financial restructuring;
- The active market for financial assets disappears

The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable events.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

Forward-looking information and management overlay

The determinations of 12 months and the lifetime EAD, PD and LGD also incorporates forward-looking information. The Group has performed historical data analysis and identified the key macroeconomic variables associated with credit risk and expected credit losses for each portfolio. The Group has developed macroeconomic forward looking adjustment model by establishing a pool of macro-economic indicators, preparing data, filtering model factors and adjusting forward-looking elements, and the indicators include gross domestic product (GDP) quarter on quarter percentage change, customer price index (CPI) year on year percentage change, purchasing manager's index (PMI) and other macroeconomic variables. Through regression analysis, the relationship among these economic indicators in history with EAD, PD and LGD is determined, and the EAD, PD, LGD are then determined through forecasting economic indicator.

During the reporting period, the Group adjusted the predicted values of forward-looking economic indicators by statistical analysis and also considered the range of possible outcomes represented by each scenario, to determine the final macroeconomic scenarios and weights for measuring the relevant expected credit loss. The impact of these economic indicators on PD and LGD varies to different businesses. The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators with PD and LGD. The Group evaluates and forecasts these economic indicators at least annually, provides the best estimates for the future, and regularly evaluates the results. Similar to other economic forecasts, the estimates of economic indicators have high inherent uncertainties, actual results may have significant difference with estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

In 2021, the key macroeconomic assumptions used by the Group to estimate expected credit losses in different macroeconomic scenarios include GDP quarter on quarter percentage change, CPI year on year percentage change and PMI. For the GDP quarter on quarter percentage change, the average predictive value in the base scenario in year 2022 is about 5.71%, and is 0.49 percentage upper in the upside scenario while 0.52 percentage lower in the downside scenario. The average predictive value in the base scenario in year 2023 is about 5.54%, and is 0.42 percentage upper in the upside scenario while 0.37 percentage lower in the downside scenario.

Sensitivity analysis

Expected credit losses are sensitive to the parameters used in the model, the macroeconomic variables of the forward-looking forecast, the weight probabilities in the three scenarios, and other factors considered in the application of expert judgement. Changes in these input parameters, assumptions, models, and judgements will have an impact on the significant increase in credit risk and the measurement of expected credit losses.

The Group has the highest weight of the base scenario, and the weight of the base scenario is slightly higher than the sum of the weight of other base scenarios. The banking business of the Group assumed that if the weight of the upside scenario increased by 10% and the weight of the base scenario reduced by 10%, the Group's ECL impairment provision on 31 December 2021 would be reduced by RMB1,161 million(31 December 2020: RMB741 million); if the weight of the downside scenario increased by 10% and the weight of the base scenarios reduced by 10%, the Group's ECL impairment provision would be increased by RMB1,883 million(31 December 2020: RMB1,327 million).

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

Credit exposure

Without considering the impact of collateral and other credit enhancements, for on-balance sheet assets, the maximum exposures are based on net carrying amounts as reported in the consolidated financial statements. The Group also assumes credit risk due to credit commitments and financial guarantee contracts. The details are disclosed in Note 61.(2).

Please refer to Note 26.(2) and (5) for an analysis of concentration of loans and advances by industry and geographical region.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Policies are established regarding to the selection of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

► for policy loans, collaterals are cash value of policies;

► for reverse repurchase transactions, collaterals are quoted securities;

► for commercial loans, collaterals are real estate properties, inventories, equity investments and trade receivables, etc.;

► for retail lending loans to individuals, collaterals are residential properties mortgages.

Management monitors the market value of the collateral, and requires additional collateral when needed according to contracts, when assessing the adequacy of impairment.

It is the Group's policy to dispose collateral orderly. The proceeds are used to repay all or part of the outstanding balance. Generally, the Group would not use the collateralised assets for business purpose.

Restructured loans and advances to customers

Restructured loans and advances to customers are those loans and advances to customers for which the Group has renegotiated the contract terms with borrowers as a result of the deterioration in their financial position or of their inability to make payments when due. Concessions are given by the Group that would not otherwise be granted to these borrowers for economic or legal reasons relating to their financial difficulties. As at 31 December 2021, the Group's restructured loans and advances to customers was RMB11,417 million (31 December 2020: RMB15,627 million).

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

The following table presents the credit risk exposure of the financial assets under the scope of expected credit loss. Without considering guarantee or any other credit enhancement measures, for on-balance sheet assets, the maximum credit risk exposure is presented as the net carrying amount of the financial assets:

Carrying amount (in RMB million)	31 December 2021			
	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure
Cash and amounts due from banks and other financial institutions	**584,995**	**-**	**-**	**584,995**
Balances with the Central Bank and statutory deposits for insurance operations	**320,954**	**-**	**-**	**320,954**
Financial assets purchased under reverse repurchase agreements	**61,262**	**-**	**167**	**61,429**
Accounts receivable	**26,529**	**90**	**9**	**26,628**
Finance lease receivable	**195,123**	**5,023**	**555**	**200,701**
Loans and advances to customers	**2,939,619**	**34,512**	**6,844**	**2,980,975**
Financial assets at amortized cost	**2,730,744**	**8,838**	**29,413**	**2,768,995**
Debt financial assets at fair value through other comprehensive income	**424,733**	**2,871**	**926**	**428,530**
Other assets	**99,806**	**100**	**819**	**100,725**
Subtotal	**7,383,765**	**51,434**	**38,733**	**7,473,932**
Off-balance sheet	**1,569,949**	**2,165**	**99**	**1,572,213**
Total	**8,953,714**	**53,599**	**38,832**	**9,046,145**

Carrying amount (in RMB million)	31 December 2020			
	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure
Cash and amounts due from banks and other financial institutions	587,391	–	–	587,391
Balances with the Central Bank and statutory deposits for insurance operations	292,738	–	–	292,738
Financial assets purchased under reverse repurchase agreements	122,478	–	287	122,765
Accounts receivable	25,902	246	28	26,176
Finance lease receivable	196,267	4,894	889	202,050
Loans and advances to customers	2,558,863	29,369	11,278	2,599,510
Financial assets at amortized cost	2,596,172	11,772	16,904	2,624,848
Debt financial assets at fair value through other comprehensive income	508,948	2,121	317	511,386
Other assets	123,508	115	278	123,901
Subtotal	7,012,267	48,517	29,981	7,090,765
Off-balance sheet	1,277,993	2,123	615	1,280,731
Total	8,290,260	50,640	30,596	8,371,496

The Group closely monitors collateral of credit-impaired financial assets.

As at 31 December 2021, the fair value of collateral of credit-impaired loans and advances to customers is RMB22,808 million (31 December 2020: RMB21,160 million). The fair value of collateral of credit-impaired financial assets at amortized cost is RMB9,641 million (31 December 2020: RMB8,108 million).

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets between the beginning and the end of the annual period due to these factors:

(in RMB million)		2021						
				Stages transfers				
Gross carrying amount	Stage	1 January	Net increase/ (decrease) (Note)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Loans and advances to customers	Stage 1	2,590,183	483,394	(79,567)	(2,000)	-	-	2,992,010
	Stage 2	37,233	(21,965)	79,567	-	(50,286)	-	44,549
	Stage 3	34,915	(13,111)	-	2,000	50,286	(40,418)	33,672
	Subtotal	2,662,331	448,318	-	-	-	(40,418)	3,070,231
Financial assets at amortized cost	Stage 1	2,601,200	160,574	(17,214)	(6,377)	-	-	2,738,183
	Stage 2	13,308	7,025	17,214	-	(27,472)	-	10,075
	Stage 3	26,240	2,328	-	6,377	27,472	(8,038)	54,379
	Subtotal	2,640,748	169,927	-	-	-	(8,038)	2,802,637
Debt financial assets at fair value through other comprehensive income	Stage 1	508,948	(81,310)	(2,851)	(54)	-	-	424,733
	Stage 2	2,121	(1,278)	2,851	-	(823)	-	2,871
	Stage 3	317	(268)	-	54	823	-	926
	Subtotal	511,386	(82,856)	-	-	-	-	428,530

Note: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

(in RMB million)		2021							
					Stages transfers				
Impairment provision	Stage	1 January	Net increase/ (decrease) (Note 1)	Charge/ (recover) for the year (Note 2)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Loans and advances to customers	Stage 1	31,718	18,662	7,077	(4,210)	38	-	-	53,285
	Stage 2	7,864	(1,220)	14,435	4,210	-	(15,201)	-	10,088
	Stage 3	23,637	912	27,535	-	(38)	15,201	(40,418)	26,829
	Subtotal	63,219	18,354	49,047	-	-	-	(40,418)	90,202
Financial assets at amortized cost	Stage 1	5,028	2,118	1,643	(1,054)	(296)	-	-	7,439
	Stage 2	1,536	1,562	1,489	1,054	-	(4,404)	-	1,237
	Stage 3	9,336	2,579	16,389	-	296	4,404	(8,038)	24,966
	Subtotal	15,900	6,259	19,521	-	-	-	(8,038)	33,642
Debt financial assets at fair value through other comprehensive income	Stage 1	1,155	66	94	(119)	(23)	-	-	1,173
	Stage 2	245	(39)	1,912	119	-	(2,016)	-	221
	Stage 3	1,134	(460)	714	-	23	2,016	-	3,427
	Subtotal	2,534	(433)	2,720	-	-	-	-	4,821

Note 1: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

Note 2: Changes in PDs, EADs, and LGDs in the current year, arising from regular update of inputs to models.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets between the beginning and the end of the annual period due to these factors (continued):

(in RMB million)				2020				
				Stages transfers				
Gross carrying amount	Stage	1 January	Net increase/ (decrease) (Note)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Loans and advances to customers	Stage 1	2,213,463	450,047	(72,212)	(1,115)	–	–	2,590,183
	Stage 2	49,365	(30,425)	72,212	–	(53,919)	–	37,233
	Stage 3	47,128	(7,887)	–	1,115	53,919	(59,360)	34,915
	Subtotal	2,309,956	411,735	–	–	–	(59,360)	2,662,331
Financial assets at amortized cost	Stage 1	2,263,114	356,948	(18,483)	(379)	–	–	2,601,200
	Stage 2	2,433	(365)	18,483	–	(7,243)	–	13,308
	Stage 3	32,397	17,694	–	379	7,243	(31,473)	26,240
	Subtotal	2,297,944	374,277	–	–	–	(31,473)	2,640,748
Debt financial assets at fair value through other comprehensive income	Stage 1	457,068	54,996	(3,116)	–	–	–	508,948
	Stage 2	248	(798)	3,116	–	(445)	–	2,121
	Stage 3	849	(527)	–	–	445	(450)	317
	Subtotal	458,165	53,671	–	–	–	(450)	511,386

Note: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

(in RMB million)					2020				
					Stages transfers				
Impairment provision	Stage	1 January	Net increase/ (decrease) (Note 1)	Charge/ (recover) for the year (Note 2)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Loans and advances to customers	Stage 1	30,408	10,194	(5,855)	(3,428)	399	–	–	31,718
	Stage 2	7,889	(2,029)	14,001	3,428	–	(15,425)	–	7,864
	Stage 3	31,716	(6,255)	42,510	–	(399)	15,425	(59,360)	23,637
	Subtotal	70,013	1,910	50,656	–	–	–	(59,360)	63,219
Financial assets at amortized cost	Stage 1	3,809	3,717	(389)	(1,989)	(120)	–	–	5,028
	Stage 2	308	(156)	1,121	1,989	–	(1,726)	–	1,536
	Stage 3	12,602	18,715	7,646	–	120	1,726	(31,473)	9,336
	Subtotal	16,719	22,276	8,378	–	–	–	(31,473)	15,900
Debt financial assets at fair value through other comprehensive income	Stage 1	1,045	178	(2)	(66)	–	–	–	1,155
	Stage 2	42	(23)	228	66	–	(68)	–	245
	Stage 3	1,247	(412)	681	–	–	68	(450)	1,134
	Subtotal	2,334	(257)	907	–	–	–	(450)	2,534

Note 1: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

Note 2: Changes in PDs, EADs, and LGDs in the current year, arising from regular update of inputs to models.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

The Group internally grades the financial instruments based on the credit quality and risk characteristics. The credit rating of the financial instruments could further be classified as "low risk", "medium risk", "high risk" and "default" according to the internal rating scale. "Low risk" means that the asset quality is good, there is sufficient evidence to show that the asset is not expected to have default, or there is no reason to suspect that the asset had incurred default. "Medium risk" means that the asset quality is acceptable or there are factors revealing potential negative impact on the asset quality, but there is no sufficient reason to suspect that the asset had incurred default. "High risk" means that there are factors revealing significant adverse impact on the asset quality, but there is no event indicating incurred default. The criteria of "default" are consistent with those of "credit-impaired".

The following table contains an analysis of the credit risk grading of loans and advances to customers and financial assets at amortized cost. The carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Loans and advances to customers:

	31 December 2021			
(in RMB million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade				
Low risk	**1,615,901**	**280**	**–**	**1,616,181**
Medium risk	**1,363,769**	**9,164**	**–**	**1,372,933**
High risk	**12,340**	**35,105**	**–**	**47,445**
Default	**–**	**–**	**33,672**	**33,672**
Gross carrying amount	**2,992,010**	**44,549**	**33,672**	**3,070,231**
Loss allowance	**(52,391)**	**(10,037)**	**(26,828)**	**(89,256)**
Carrying amount	**2,939,619**	**34,512**	**6,844**	**2,980,975**

	31 December 2020			
(in RMB million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade				
Low risk	1,484,219	368	–	1,484,587
Medium risk	1,098,640	10,093	–	1,108,733
High risk	7,324	26,772	–	34,096
Default	–	–	34,915	34,915
Gross carrying amount	2,590,183	37,233	34,915	2,662,331
Loss allowance	(31,320)	(7,864)	(23,637)	(62,821)
Carrying amount	2,558,863	29,369	11,278	2,599,510

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

Financial assets at amortized cost:

	31 December 2021			
(in RMB million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade				
Low risk	**2,563,219**	**-**	**-**	**2,563,219**
Medium risk	**152,547**	**3,289**	**-**	**155,836**
High risk	**22,417**	**6,786**	**-**	**29,203**
Default	**-**	**-**	**54,379**	**54,379**
Gross carrying amount	**2,738,183**	**10,075**	**54,379**	**2,802,637**
Impairment provision	**(7,439)**	**(1,237)**	**(24,966)**	**(33,642)**
Carrying amount	**2,730,744**	**8,838**	**29,413**	**2,768,995**

	31 December 2020			
(in RMB million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade				
Low risk	2,490,124	1,151	–	2,491,275
Medium risk	107,006	54	–	107,060
High risk	4,070	12,103	–	16,173
Default	–	–	26,240	26,240
Gross carrying amount	2,601,200	13,308	26,240	2,640,748
Impairment provision	(5,028)	(1,536)	(9,336)	(15,900)
Carrying amount	2,596,172	11,772	16,904	2,624,848

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK

Liquidity risk is the risk of not having access to sufficient funds or being unable to realize an asset in a timely manner at a reasonable price to meet the Group's obligations as they become due.

The Group is exposed to liquidity risk on insurance policies that permit surrender, withdrawal or other forms of early termination. The Group seeks to manage its liquidity risk by matching to the extent possible the duration of its investment assets with the duration of its insurance policies and to ensure that the Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis.

The banking business of the Group is exposed to potential liquidity risk. The Group utilizes multiple regulatory methods, establish comprehensive liquidity risk management framework, effectively recognize, measure, monitor and control liquidity risk, maintain sufficient liquidity level to satisfy various funds requirement and to face adverse market status. In case of monitoring liquidity risks effectively, the Group pays attention to the funds resources and diversified utilization, keep relatively high liquidity assets consistently. The Group monitors the sourcing and usage of funds, deposit to loan ratio, and quick ratio on a daily basis. Moreover, when adopting various benchmarks for management of liquidity risk, the Group compares the expected results against the ones derived from stress tests, critically assesses the potential impact to the future liquidity risk, and formulates remedial actions according to specific situations. The Group seeks to mitigate the liquidity risk of the banking business by optimizing the assets and liabilities structure, and maintaining stable deposits, etc.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

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

	31 December 2021						
(in RMB million)	Undated	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and amounts due from banks and other financial institutions	-	193,428	127,027	83,917	187,780	260	592,412
Balances with the Central Bank and statutory deposits for insurance operations	221,546	86,804	2,455	4,085	6,981	-	321,871
Financial assets purchased under reverse repurchase agreements	-	428	56,590	4,639	-	-	61,657
Premium receivables	-	8,380	19,448	5,538	46,248	220	79,834
Accounts receivable	-	122	6,713	13,036	8,190	-	28,061
Policy loans	-	3,603	72,867	101,828	-	-	178,298
Finance lease receivable	-	1,675	31,094	80,777	109,958	736	224,240
Loans and advances to customers	-	19,623	743,780	896,148	1,023,335	826,218	3,509,104
Financial assets at fair value through profit or loss	740,402	11,841	39,362	189,183	349,522	188,359	1,518,669
Financial assets at amortized cost	-	19,325	124,892	397,929	968,013	2,877,915	4,388,074
Debt financial assets at fair value through other comprehensive income	-	185	38,092	105,046	215,534	140,368	499,225
Equity financial assets at fair value through other comprehensive income	268,215	-	-	-	-	-	268,215
Other assets	-	47,514	36,252	40,460	5,326	1,247	130,799
	1,230,163	392,928	1,298,572	1,922,586	2,920,887	4,035,323	11,800,459
Due to banks and other financial institutions	-	256,691	221,458	236,197	93,356	4,720	812,422
Financial liabilities at fair value through profit or loss	306	1,367	51,732	465	3,553	-	57,423
Assets sold under agreements to repurchase	-	-	127,502	-	-	-	127,502
Accounts payable	-	392	1,103	4,762	406	-	6,663
Insurance payables	-	86,379	16,128	3,260	1,178	38	106,983
Policyholder dividend payable	-	67,276	-	-	-	-	67,276
Customer deposits and payables to brokerage customers	-	1,174,547	671,502	605,122	619,866	2,356	3,073,393
Bonds payable	-	-	314,135	546,317	232,199	46,949	1,139,600
Insurance contract liability	-	-	6,957	71,874	132,243	7,364,210	7,575,284
Insurance and investment contract liabilities for policyholders	-	-	2,731	7,781	33,565	41,062	85,139
Lease liabilities	-	212	1,559	4,428	9,223	490	15,912
Other liabilities	-	27,050	43,261	75,829	108,426	12,945	267,511
	306	1,613,914	1,458,068	1,556,035	1,234,015	7,472,770	13,335,108
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	(36)	191	(104)	(2,142)	(2)	(2,093)
Derivative financial instruments settled on a gross basis							
- Cash inflow	-	8,108	1,235,405	851,252	51,767	405	2,146,937
- Cash outflow	-	(9,911)	(1,235,745)	(853,207)	(52,375)	(695)	(2,151,933)
	-	(1,803)	(340)	(1,955)	(608)	(290)	(4,996)

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53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

	31 December 2020						
(in RMB million)	Undated	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and amounts due from banks and other financial institutions	–	204,816	98,272	85,256	215,099	1,376	604,819
Balances with the Central Bank and statutory deposits for insurance operations	217,239	62,938	126	1,566	12,118	–	293,987
Financial assets purchased under reverse repurchase agreements	–	345	118,446	4,643	–	–	123,434
Premium receivables	–	7,969	19,586	5,661	60,589	198	94,003
Accounts receivable	–	267	8,177	11,184	8,473	–	28,101
Policy Loans	–	3,026	137,192	21,163	–	–	161,381
Finance lease receivable	–	1,749	25,476	73,538	124,896	1,902	227,561
Loans and advances to customers	–	12,811	723,593	762,808	870,030	688,633	3,057,875
Financial assets at fair value through profit or loss	644,276	8,610	49,535	171,670	287,242	144,329	1,305,662
Financial assets at amortized cost	–	29,657	103,579	356,148	1,019,279	2,688,280	4,196,943
Debt financial assets at fair value through other comprehensive income	–	68	38,428	100,011	256,213	215,113	609,833
Equity financial assets at fair value through other comprehensive income	277,402	–	–	–	–	–	277,402
Other assets	–	25,048	46,841	66,621	6,575	570	145,655
	1,138,917	357,304	1,369,251	1,660,269	2,860,514	3,740,401	11,126,656
Due to banks and other financial institutions	–	274,512	252,966	315,253	130,819	10,152	983,702
Financial liabilities at fair value through profit or loss	836	1,219	33,417	299	1,745	–	37,516
Assets sold under agreements to repurchase	–	–	276,718	3	–	–	276,721
Accounts payable	–	481	1,288	3,906	140	–	5,815
Insurance payables	–	75,695	9,587	4,485	1,319	–	91,086
Policyholder dividend payable	–	63,806	–	–	–	–	63,806
Customer deposits and payables to brokerage customers	–	1,010,863	746,543	431,200	544,294	27,023	2,759,923
Bonds payable	–	–	258,013	428,833	205,040	52,327	944,213
Insurance contract liability	–	–	1,086	42,382	30,581	7,209,264	7,283,313
Insurance and investment contract liabilities for policyholders	–	–	2,309	4,262	30,244	43,356	80,171
Lease liabilities	–	258	1,814	5,127	10,568	1,359	19,126
Other liabilities	–	56,958	52,911	78,435	140,076	3,587	331,967
	836	1,483,792	1,636,652	1,314,185	1,094,826	7,347,068	12,877,359
Derivative cash flows							
Derivative financial instruments settled on a net basis	(47)	–	806	616	(913)	(2)	460
Derivative financial instruments settled on a gross basis							
– Cash inflow	–	14,811	704,165	626,930	48,922	3	1,394,831
– Cash outflow	–	(20,378)	(705,992)	(631,860)	(51,088)	(9)	(1,409,327)
	–	(5,567)	(1,827)	(4,930)	(2,166)	(6)	(14,496)

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

The table below summarizes the remaining contractual maturity profile of the credit commitments of the Group:

(in RMB million)	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31 December 2021						
Credit commitments	**97,420**	**164,186**	**456,632**	**517,234**	**325,735**	**1,561,207**
31 December 2020						
Credit commitments	67,430	155,831	311,071	448,760	298,478	1,281,570

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

The assets and liabilities related to investment-linked contracts which are regarded as insurance contracts are presented as policyholder account assets and liabilities in respect of insurance contracts. The assets and liabilities related to investment-linked contracts which are regarded as investment contracts are presented as policyholder account assets and liabilities in respect of investment contracts. The assets and liabilities of each investment-linked fund are segregated from each other and from the rest of the Group's invested assets for record keeping purposes. As the investment risks of investment-linked contracts were fully borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of risk management. The Group manages liquidity risk related to the investment-linked contracts by investing mainly in assets with high liquidity, as disclosed in Note 38.

(5) MISMATCHING RISK OF ASSETS AND LIABILITIES

The objective of the Group's asset and liability management is to match the maturity and interest rates of assets and liabilities. Under the current constraints of the shortage of long-term interest rate bond market, however, the Group does not have sufficient long-duration assets for investment to match the duration of insurance and investment contract liabilities. As permitted by law regulations and market conditions, the Group actively invest in preferred stocks and other broad-term duration assets, and continuously improves the allocation of long-duration assets, considering the requirements for asset-liability duration matching and revenue-cost matching.

(6) OPERATIONAL RISK

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

(7) CAPITAL MANAGEMENT

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

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(7) CAPITAL MANAGEMENT (CONTINUED)

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

The Group has formally implemented the China Risk Oriented Solvency System issued by the former CIRC since 1 January 2016 by reference to the *Notice on the Formal Implementation of China Risk Oriented Solvency System by CIRC*. The Group adjusted the objective, policy and process of capital management accordingly. As at 31 December 2021, the Group was compliant with the CBIRC's requirements for solvency margin ratios. In addition, pursuant to the *Notice on the Implementation of Regulatory Rules on Solvency of Insurance Companies (II)* issued by the CBIRC, the Group will compute solvency margin ratios and recognize, assess and manage related risks from 2022 in accordance with the *Regulatory Rules on Solvency of Insurance Companies (II)*.

The table below summarizes the minimum regulatory capital for the Group and its major insurance subsidiaries and the regulatory capital held against each of them.

	31 December 2021		
	The Group	Ping An Life	Ping An Property & Casualty
Core capital	**1,861,487**	**1,026,410**	**112,277**
Actual capital	**1,899,989**	**1,046,410**	**125,777**
Minimum capital	**813,781**	**454,175**	**45,171**
Core solvency margin ratio	**228.7%**	**226.0%**	**248.6%**
Comprehensive solvency margin ratio	**233.5%**	**230.4%**	**278.4%**

	31 December 2020		
	The Group	Ping An Life	Ping An Property & Casualty
Core capital	1,779,640	1,046,787	103,377
Actual capital	1,815,140	1,068,787	116,877
Minimum capital	767,804	442,031	48,418
Core solvency margin ratio	231.8%	236.8%	213.5%
Comprehensive solvency margin ratio	236.4%	241.8%	241.4%

The Group's solvency ratio is calculated based on the relevant regulations promulgated by the former CIRC, which is an indicator of the overall solvency position of a financial conglomerate.

The banking business subsidiary measures the capital adequacy ratio in accordance with the Capital Rules for Commercial Banks (Provisional) issued by the former CBRC in June 2012. According to the requirements, risk weighted assets for credit risk is measured by Weighted Approach, risk weighted assets for market risk is measured by Standardised Approach, and risk weighted assets for operation risk is measured by the Basic Indicator Approach.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(7) CAPITAL MANAGEMENT (CONTINUED)

The banking operation's core Tier 1 capital adequacy ratio, Tier 1 capital adequacy ratio and capital adequacy ratio are shown below:

	31 December 2021	31 December 2020
Core Tier 1 capital adequacy ratio	**8.60%**	8.69%
Tier 1 capital adequacy ratio	**10.56%**	10.91%
Capital adequacy ratio	**13.34%**	13.29%

(8) THE GROUP'S MAXIMUM EXPOSURE TO STRUCTURED ENTITIES

The Group uses structured entities in the normal course of business for a number of purposes, for example, structured transactions for customers, to provide finance to public and private sector infrastructure projects, and to generate fees from managing assets on behalf of third-party investors. These structured entities are financed through the issue of beneficiary notes or trust units to investors. Refer to Note 3.(6) for the Group's consolidation consideration related to structured entities.

The following table also shows the size, the Group's funding and the Group's maximum exposure to the unconsolidated structured entities representing the Group's maximum possible risk exposure that could occur as a result of the Group's arrangements with structured entities. The maximum exposure is contingent in nature and approximates the sum of direct investments made by the Group.

The size of unconsolidated structured entities and the Group's funding and maximum exposure are shown below:

	Unconsolidated structured entities			
31 December 2021 (in RMB million)	Size	Carrying amount	The Group's maximum exposure	Interest held by the Group
Securitization	**57,756**	**5,848**	**5,848**	Investment income and service fee
Assets management products managed by affiliated entities	**2,417,458**	**253,973**	**253,973**	Investment income and service fee
Assets management products managed by third parties	**Note 1**	**333,527**	**333,527**	Investment income
Wealth management products managed by affiliated entities	**872,066**	**7,995**	**7,995**	Investment income and service fee
Wealth management products managed by third parties	**Note 1**	**8,844**	**8,844**	Investment income

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(8) THE GROUP'S MAXIMUM EXPOSURE TO STRUCTURED ENTITIES (CONTINUED)

31 December 2020 (in RMB million)	Unconsolidated structured entities Size	Carrying amount	The Group's maximum exposure	Interest held by the Group
Securitization	72,393	4,947	4,947	Investment income and service fee
Assets management products managed by affiliated entities	1,740,506	195,595	195,595	Investment income and service fee
Assets management products managed by third parties	Note 1	346,509	346,509	Investment income
Wealth management products managed by affiliated entities	648,185	3,509	3,509	Investment income and service fee
Wealth management products managed by third parties	Note 1	9,664	9,664	Investment income

Note 1: These assets management products and wealth management products are sponsored by third party financial institutions and the information related to size of these structured entities were not publicly available.

The Group's interests in unconsolidated structured entities are recorded as wealth management investments under FVPL, FVOCI and AC, and beneficial right under trust schemes under assets purchased under reverse repurchase agreements.

The unconsolidated structured entities held by the Group included the trust plans consolidated by Lufax Holding.

54. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments mainly consist of cash and amounts due from banks and other financial institutions, term deposits, bonds, funds, stocks, loans, borrowings, deposits from other banks and financial institutions, customer deposits and payables to brokerage customers, etc.

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

(in RMB million)	Carrying value		Fair value	
	31 December 2021	31 December 2020	**31 December 2021**	31 December 2020
Financial assets				
Cash and amounts due from banks and other financial institutions	**584,995**	587,391	**584,995**	587,391
Balances with the Central Bank and statutory deposits for insurance operations	**320,954**	292,738	**320,954**	292,738
Financial assets purchased under reverse repurchase agreements	**61,429**	122,765	**61,429**	122,765
Accounts receivable	**26,628**	26,176	**26,628**	26,176
Derivative financial assets	**30,957**	37,661	**30,957**	37,661
Finance lease receivable	**200,701**	202,050	**200,701**	202,050
Loans and advances to customers	**2,980,975**	2,599,510	**2,980,975**	2,599,510
Financial assets at fair value through profit or loss	**1,426,677**	1,231,331	**1,426,677**	1,231,331
Financial assets at amortized cost	**2,768,995**	2,624,848	**2,919,483**	2,680,106
Debt financial assets at fair value through other comprehensive income	**428,530**	511,386	**428,530**	511,386
Equity financial assets at fair value through other comprehensive income	**268,215**	277,401	**268,215**	277,401
Other assets	**100,725**	123,901	**100,725**	123,901
Financial liabilities				
Due to banks and other financial institutions	**797,646**	960,175	**797,646**	960,175
Financial liabilities at fair value through profit or loss	**57,376**	37,217	**57,376**	37,217
Derivative financial liabilities	**35,049**	48,579	**35,049**	48,579
Assets sold under agreements to repurchase	**127,477**	276,602	**127,477**	276,602
Accounts payable	**6,663**	5,148	**6,663**	5,148
Customer deposits and payables to brokerage customers	**3,002,049**	2,693,833	**3,002,049**	2,693,833
Bonds payable	**1,097,523**	901,285	**1,098,380**	899,911
Other liabilities	**271,853**	214,987	**271,853**	214,987

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

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

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair value for those financial instruments which are not recorded at fair value in the financial statements, i.e., financial assets at amortized costs and loans and receivables.

Financial assets and liabilities for which fair value approximates to carrying value

For financial assets and financial liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to term deposits, and savings accounts without a specific maturity. For other variable rate instruments, adjustment is also made to reflect the subsequent changes in the market rate after initial recognition.

Floating rate loans and advances to customers of the Group are repriced each year, and the interest rates are adjusted according to the loan prime rate announced by the PBC. Thus, the carrying amounts approximate to their fair value.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortized cost is estimated by comparing market interest rates when they were first recognized with current market rates for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for financial products with similar credit risk and maturity. For quoted debts issued, the fair values are determined based on quoted market prices. For those debts issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

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

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The main quoted market price used for financial assets held by the Group is the current closing price. Financial instruments included in Level 1 comprise primarily equity investments, fund investments and bond investments traded on stock exchanges and open-ended mutual funds;

Level 2: either directly (such as price) or indirectly (such as calculated based on price) other than quoted prices included within Level 1 that are observable for the asset or liability. This valuation method maximizes the use of observable market data and minimizes the use of company's own parameters;

Level 3: inputs which are based on parameters other than observable market data (unobservable inputs).

The level of fair value measurement is determined by the lowest level input that is significant to the entire measurement. As such, the significance of a particular input should be considered from an overall perspective in the fair value measurement.

Valuation methods for Level 2 and Level 3 financial instruments

For Level 2 financial instruments, valuations are generally using observable market inputs, or recent quoted market prices. The valuation providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from public valuation service providers. The fair value of debt investments denominated in RMB is determined based upon the valuation results by the CCDC. All significant inputs are observable in the market.

For Level 3 financial instruments, the consideration of being classified as Level 3 is mainly based on the significance of the unobservable factors to the overall fair value measurement.

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

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

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

	31 December 2021			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	8,862	410,261	220	419,343
Funds	202,292	144,823	4,068	351,183
Stocks	97,966	2,519	-	100,485
Wealth management investments, debt schemes and other investments	79	358,843	196,744	555,666
	309,199	916,446	201,032	1,426,677
Derivative financial assets				
Interest rate swaps	-	14,164	-	14,164
Currency forwards and swaps	-	15,687	-	15,687
Others	-	1,037	69	1,106
	-	30,888	69	30,957
Debt financial assets at fair value through other comprehensive income				
Bonds	12,116	315,344	856	328,316
Wealth management investments, debt schemes and other investments	-	41,557	58,657	100,214
	12,116	356,901	59,513	428,530
Equity financial assets at fair value through other comprehensive income				
Stocks	189,540	1	-	189,541
Preferred shares	-	76,115	-	76,115
Unlisted equity investments	-	-	2,559	2,559
	189,540	76,116	2,559	268,215
Placements with banks and other financial institutions measured at fair value through other comprehensive income	-	11,228	-	11,228
Loans and advances to customers measured at fair value through other comprehensive income	-	248,054	-	248,054
Total financial assets	510,855	1,639,633	263,173	2,413,661
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	-	13,237	-	13,237
Currency forwards and swaps	-	15,855	-	15,855
Others	-	5,957	-	5,957
	-	35,049	-	35,049
Financial liabilities at fair value through profit or loss	11,976	42,438	2,962	57,376
Total financial liabilities	11,976	77,487	2,962	92,425

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

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

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

	31 December 2020			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	10,247	317,382	255	327,884
Funds	122,414	126,285	4,020	252,719
Stocks	127,926	4,065	–	131,991
Wealth management investments, debt schemes and other investments	997	323,103	194,637	518,737
	261,584	770,835	198,912	1,231,331
Derivative financial assets				
Interest rate swaps	–	18,363	–	18,363
Currency forwards and swaps	–	16,246	–	16,246
Others	–	3,052	–	3,052
	–	37,661	–	37,661
Debt financial assets at fair value through other comprehensive income				
Bonds	19,477	378,798	95	398,370
Wealth management investments, debt schemes and other investments	–	65,459	47,557	113,016
	19,477	444,257	47,652	511,386
Equity financial assets at fair value through other comprehensive income				
Stocks	198,024	1	–	198,025
Preferred shares	–	77,452	–	77,452
Unlisted equity investments	–	–	1,924	1,924
	198,024	77,453	1,924	277,401
Placements with banks and other financial institutions measured at fair value through other comprehensive income	–	13,223	–	13,223
Loans and advances to customers measured at fair value through other comprehensive income	–	–	202,088	202,088
Total financial assets	479,085	1,343,429	450,576	2,273,090
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	–	17,887	–	17,887
Currency forwards and swaps	–	17,154	–	17,154
Others	–	13,538	–	13,538
	–	48,579	–	48,579
Financial liabilities at fair value through profit or loss	7,178	29,471	568	37,217
Total financial liabilities	7,178	78,050	568	85,796

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

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

The following table shows an analysis of financial instruments not recorded at fair value but for which fair value is disclosed by level of the fair value hierarchy:

	31 December 2021			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at amortized cost	**145,590**	**2,622,420**	**151,473**	**2,919,483**
Total	**145,590**	**2,622,420**	**151,473**	**2,919,483**
Financial liabilities				
Bonds payable	**16,765**	**1,080,510**	**1,105**	**1,098,380**
Total	**16,765**	**1,080,510**	**1,105**	**1,098,380**

	31 December 2020			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at amortized cost	134,710	2,385,775	159,621	2,680,106
Total	134,710	2,385,775	159,621	2,680,106
Financial liabilities				
Bonds payable	23,324	874,817	1,770	899,911
Total	23,324	874,817	1,770	899,911

Financial assets and liabilities for which fair value approximates carrying value are not included in the above disclosure.

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows:

	Financial assets at fair value through profit or loss	
(in RMB million)	2021	2020
As at 1 January	**198,912**	146,540
Additions	**184,884**	256,778
Disposals	**(193,205)**	(190,034)
Transfers into Level 3	**5,112**	255
Transfers from Level 3	**(1,231)**	(21,910)
Total gains/losses		
Gains through loss or profit	**6,560**	7,283
As at 31 December	**201,032**	198,912

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

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

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows (continued):

	Debt financial assets at fair value through other comprehensive income	
(in RMB million)	**2021**	2020
As at 1 January	**47,652**	25,223
Purchase	**32,369**	26,727
Disposals	**(33,667)**	(25,688)
Issue	**696,323**	539,094
Settlement	**(686,779)**	(519,209)
Transfers into Level 3	**965**	106
Total gains/losses		
Gains through profit or loss	**2,650**	1,399
As at 31 December	**59,513**	47,652

	Equity financial assets at fair value through other comprehensive income	
(in RMB million)	**2021**	2020
As at 1 January	**1,924**	2,082
Additions	**632**	449
Disposals	**(2)**	–
Total gains/losses		
Gains/losses through other comprehensive income	**5**	(607)
As at 31 December	**2,559**	1,924

	Loans and advances to customers at fair value through other comprehensive income	
(in RMB million)	**2021**	2020
As at 1 January	**202,088**	156,485
Additions	**2,481,850**	3,671,120
Disposals	**(2,687,938)**	(3,632,495)
Total gains/losses		
Gains through profit or loss	**4,000**	6,978
As at 31 December	**-**	202,088

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

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

The gains or losses of level 3 financial instruments included in the income statement for the year are presented as follows:

	2021		
(in RMB million)	**Realized gains**	**Unrealized gains**	**Total**
Financial assets at fair value through profit or loss	**7,204**	**(644)**	**6,560**
Debt financial assets at fair value through other comprehensive income	**2,930**	**(280)**	**2,650**
Loans and advances to customers at fair value through other comprehensive income	**4,000**	**–**	**4,000**
	14,134	**(924)**	**13,210**

	2020		
(in RMB million)	Realized gains	Unrealized gains	Total
Financial assets at fair value through profit or loss	1,787	5,496	7,283
Debt financial assets at fair value through other comprehensive income	1,399	–	1,399
Loans and advances to customers at fair value through other comprehensive income	6,978	–	6,978
	10,164	5,496	15,660

Transfers

For the year ended 31 December 2021 and the year ended 31 December 2020, there were no significant transfers between Level 1 and Level 2 fair value measurements.

55. TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognized financial assets to third parties or to structured entities. When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset and retained control of the asset, the Group continues to recognize the financial asset to the extent of the Group's continuing involvement, in which case, the Group also recognizes an associated liability. In other cases where the transferred financial assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these financial assets, the Group continued to recognize the transferred financial assets.

The Group's subsidiaries, Ping An Bank and Ping An Financial Leasing, entered into loan securitization transactions. The Group may retain risks or rewards in the securitization business which would give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognized on the statement of financial position to the extent of the Group's continuing involvement, otherwise the financial assets are derecognized.

55. TRANSFERRED FINANCIAL ASSETS (CONTINUED)

Other transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements. The counterparties are allowed to sell or repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require the counterparties to provide additional or return collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them.

The following table analyses the carrying amount of the above-mentioned financial assets transferred to third parties that did not qualify for derecognition or continuing involvement and their associated financial liabilities:

	31 December 2021		31 December 2020	
(in RMB million)	**Carrying amount of transferred or continuing involvement financial assets**	**Carrying amount of associated liabilities**	Carrying amount of transferred or continuing involvement financial assets	Carrying amount of associated liabilities
Repurchase transactions	**2,923**	**2,819**	2,237	2,132
Assets securitization	**2,581**	**2,581**	2,390	2,390

56. CASH AND CASH EQUIVALENTS

(in RMB million)	**31 December 2021**	31 December 2020
Cash		
Cash and amounts due from banks and other financial institutions		
Cash on hand	**3,686**	3,814
Term deposits	**15,208**	32,647
Due from banks and other financial institutions	**174,345**	165,988
Placements with banks and other financial institutions	**70,821**	43,390
Balances with the Central Bank	**84,028**	61,973
Subtotal	**348,088**	307,812
Cash equivalents		
Bonds	**365**	1,573
Financial assets purchased under reverse repurchase agreements	**54,672**	115,363
Subtotal	**55,037**	116,936
Total	**403,125**	424,748

57. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(1) RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES:

(in RMB million)	2021	2020
Profit before tax	**139,580**	187,764
Adjustments for:		
Depreciation of investment properties	**1,620**	1,341
Depreciation of property and equipment	**6,718**	6,054
Amortization of intangible assets	**3,024**	2,811
Depreciation of right-of-use assets	**6,520**	7,365
Amortization of long-term deferred expenses	**539**	740
Gains on disposal of investment properties, property and equipment, intangible assets and other long-term assets	**(14)**	(7)
Investment income and interest revenue from non-banking operations	**(224,411)**	(254,526)
Fair value losses/(gains) on investments at fair value through profit or loss	**22,613**	4,770
Interest expenses on non-banking operations	**28,082**	26,436
Foreign exchange gains/(losses)	**(1,267)**	(2,219)
Net impairment losses of financial assets and other assets	**105,042**	79,458
Operating profit before working capital changes	**88,046**	59,987
Changes in operating assets and liabilities:		
Changes in balances with the Central Bank and statutory deposits	**(6,157)**	(2,644)
Changes in amounts due from banks and other financial institutions	**15,105**	30,555
Changes in premium receivables	**13,540**	(11,587)
Changes in account receivable	**(694)**	2,405
Changes in inventories	**(1,169)**	2,251
Changes in reinsurers' share of insurance liabilities	**(6,633)**	(2,516)
Changes in loans and advances to customers	**(454,989)**	(413,452)
Changes in assets purchased under agreements to resell of banking and securities business	**(221)**	1,136
Changes in other assets	**(101,248)**	(83,382)
Changes in due to banks and other financial institutions	**(114,037)**	129,636
Changes in customer deposits and payables to brokerage customers	**294,760**	240,766
Changes in insurance payables	**11,238**	13,273
Changes in insurance contract liabilities	**260,088**	296,100
Changes in investment contract liabilities for policyholders	**56,082**	67,339
Changes in policyholder dividend payable	**3,470**	4,724
Changes in assets sold under agreements to repurchase of banking and securities business	**16,037**	11,198
Changes in other liabilities	**43,859**	(372)
Cash generated from operations	**117,077**	345,417
Less: Current income tax charged for the year	**(26,816)**	(38,561)
Changes in income tax payable	**(145)**	5,219
Net cash flows from operating activities	**90,116**	312,075

57. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(2) NET DEBT RECONCILIATION:

This section sets out an analysis of net debt and movements in net debt of current year.

(in RMB million)	Short-term borrowings	Long-term borrowings	Bonds payable	Total
Balance as at 1 January 2021	**99,482**	**132,907**	**894,990**	**1,127,379**
Cash flows	**(4,805)**	**(43,983)**	**163,742**	**114,954**
Foreign exchange adjustments	**(186)**	**(338)**	**(382)**	**(906)**
Other non-cash movements	**-**	**-**	**15,930**	**15,930**
Balance as at 31 December 2021	**94,491**	**88,586**	**1,074,280**	**1,257,357**

58. COMPENSATION OF KEY MANAGEMENT PERSONNEL

(1) KEY MANAGEMENT PERSONNEL COMPRISE THE COMPANY'S DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND KEY PERSONNEL

The summary of compensation of key management personnel for the year is as follows:

(in RMB million)	2021	2020
Salaries and other short-term employee benefits after tax	**68**	71
Individual income tax	**46**	48

The estimated amount of total compensation has been provided in the Group's 2021 financial statements. The total compensation for certain key management personnel has not yet been finalized in accordance with relevant policies. The remaining compensation will be disclosed in a separate announcement when approved.

Parts of the performance-based remunerations of the Company's key management personnel will be deferred and paid over a period of 3 years in accordance with the *Code of Corporate Governance of Banking and Insurance Institutions* and the *Guidelines for Insurance Companies' Remuneration Management (Trial)* issued by the CBIRC. The deferred, unpaid parts are included in the total remunerations received by the Company's key management personnel from the Company during the Reporting Period.

(2) COMPENSATION OF KEY MANAGEMENT PERSONNEL OTHER THAN DIRECTORS AND SUPERVISORS IS AS FOLLOWS

(in RMB million)	2021	2020
Salaries and other short-term employee benefits after tax	**25**	25
Individual income tax	**17**	18

58. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of every director and supervisor is set out below:

For the year ended 31 December 2021:

	2021									
(in RMB thousand)	Fees	Salaries	Discretionary bonuses (ii)	Housing allowance	Other employee benefits	Employer's contribution to a retirement benefit scheme	Remunerations received or receivable in respect of accepting office as director	Emoluments received or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total	Individual income tax
Directors										
Ma Mingzhe (iii)	-	2,850	1,759	2	7	-	-	-	4,618	3,361
Xie Yonglin (iv)	-	4,088	906	28	39	72	-	-	5,133	3,626
Tan Sin Yin (v)	-	5,708	3,913	-	18	36	-	-	9,675	7,329
Yao Jason Bo	-	5,563	2,353	-	14	36	-	-	7,966	6,334
Cai Fangfang (vi)	-	2,997	1,407	28	36	61	-	-	4,529	3,127
Soopakij Chearavanont	509	-	-	-	-	-	-	-	509	91
Yang Xiaoping	524	-	-	-	-	-	-	-	524	96
Wang Yongjian (vii)	318	-	-	-	-	-	-	-	318	79
Huang Wei (viii)	189	-	-	-	-	-	-	-	189	51
Ge Ming (ix)	337	-	-	-	-	-	-	-	337	85
Ng Kong Ping Albert (x)	199	-	-	-	-	-	-	-	199	40
Ouyang Hui	539	-	-	-	-	-	-	-	539	101
Ng Sing Yip	509	-	-	-	-	-	-	-	509	91
Chu Yiyun	510	-	-	-	-	-	-	-	510	130
Liu Hong	488	-	-	-	-	-	-	-	488	122
Jin Li (xi)	189	-	-	-	-	-	-	-	189	51
Subtotal	4,311	21,206	10,338	58	114	205	-	-	36,232	24,714
Supervisors										
Sun Jianyi (xii)	-	2,130	1,940	2	8	-	-	-	4,080	2,930
Wang Zhiliang	-	946	565	220	18	66	-	-	1,815	889
Gu Liji	518	-	-	-	-	-	-	-	518	132
Zhang Wangjin	517	-	-	-	-	-	-	-	517	94
Huang Baokui	510	-	-	-	-	-	-	-	510	130
Subtotal	1,545	3,076	2,505	222	26	66	-	-	7,440	4,175
Total	5,856	24,282	12,843	280	140	271	-	-	43,672	28,889

58. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2020:

(in RMB thousand)	Fees	Salaries	Discretionary bonuses (ii)	Housing allowance	Other employee benefits	Employer's contribution to a retirement benefit scheme	Remunerations received or receivable in respect of accepting office as director	Emoluments received or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total	Individual income tax
	2020									
Directors										
Ma Mingzhe (iii)	-	2,850	1,968	2	7	-	-	-	4,827	3,532
Xie Yonglin (iv)	-	4,110	1,594	25	29	59	-	-	5,817	4,167
Tan Sin Yin (v)	-	5,708	5,041	-	10	24	-	-	10,783	8,251
Yao Jason Bo	-	5,158	3,941	-	8	25	-	-	9,132	6,901
Cai Fangfang (vi)	-	3,019	1,665	25	28	47	-	-	4,784	3,316
Lee Yuansiong (xiii)	-	384	-	-	-	3	-	-	387	283
Ren Huichuan (xiv)	-	497	-	5	5	10	-	-	517	221
Yang Xiaoping	517	-	-	-	-	-	-	-	517	93
Soopakij Chearavanont	509	-	-	-	-	-	-	-	509	91
Liu Chong (xv)	229	-	-	-	-	-	-	-	229	56
Wang Yongjian (vii)	488	-	-	-	-	-	-	-	488	122
Ng Sing Yip	509	-	-	-	-	-	-	-	509	91
Ouyang Hui	524	-	-	-	-	-	-	-	524	96
Ge Ming (ix)	495	-	-	-	-	-	-	-	495	125
Chu Yiyun	495	-	-	-	-	-	-	-	495	125
Liu Hong	488	-	-	-	-	-	-	-	488	122
Subtotal	4,254	21,726	14,209	57	87	168	-	-	40,501	27,592
Supervisors										
Sun Jianyi (xii)	-	759	668	1	3	-	-	-	1,431	983
Wang Zhiliang	-	946	565	214	34	30	-	-	1,789	889
Pan Zhongwu (xii)	-	478	278	16	15	33	-	-	820	223
Zhang Wangjin	524	-	-	-	-	-	-	-	524	96
Gu Liji	510	-	-	-	-	-	-	-	510	130
Huang Baokui	503	-	-	-	-	-	-	-	503	127
Subtotal	1,537	2,183	1,511	231	52	63	-	-	5,577	2,448
Total	5,791	23,909	15,720	288	139	231	-	-	46,078	30,040

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58. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

(i) Other non-monetary benefits include share purchase scheme and Long-Term Service Plan, in 2015, the Company has adopted an employee share purchase scheme for the key employees of the Company and its subsidiaries. In 2021, the vesting condition of the shares granted during the year 2018, 2019 and 2020 for attribution part of year 2021 was fulfilled. As at 11 May 2021, the shares of MA Mingzhe, XIE Yonglin, TAN Sin Yin, YAO Jason Bo, CAI Fangfang, SUN Jianyi and WANG Zhiliang were allocated to personal accounts at respective employee's request and the closing price was RMB70.28 per share and the vested shares net of tax are summarised as follows:

Name	Shares
MA Mingzhe	219,135
XIE Yonglin	149,747
TAN Sin Yin	118,100
YAO Jason Bo	108,515
CAI Fangfang	69,766
SUN Jianyi	116,467
WANG Zhiliang	6,498

In 2018, the Company adopted the Long-Term Service Plan for the key employees of the Company and its subsidiaries. By the end of the reporting period, it has been implemented thrice, and shares of Director or Supervisor has not been vested during the years.

(ii) Discretionary bonuses are determined on the achievement of targeted profit of the Company, the personal performance and approved by the board of directors.

(iii) MA Mingzhe is the Founder, Chairman (Executive Director) of the Company.

(iv) XIE Yonglin was appointed as Executive Director of the Company on 3 April 2020.

(v) The long-term benefits attributed to year 2017 for TAN Sin Yin were paid in 2020 as the required payment conditions had been fulfilled. The amount after tax paid to TAN Sin Yin were RMB825 thousand respectively and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 27 August 2020.

TAN Sin Yin was appointed as Executive Director of the Company on 3 April 2020.

(vi) The long-term benefits attributed to year 2017 for CAI Fangfang were paid in 2020 as the required payment conditions had been fulfilled. The amount after tax paid to CAI Fangfang were RMB550 thousand respectively and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 27 August 2020.

(vii) Wang Yongjian resigned as Non-Executive Director of the Company on 23 August 2021.

(viii) Huang Wei was appointed as Non-Executive Director of the Company on 20 August 2021, and tendered his resignation on 19 November 2021 due to the change of his personal work arrangements. The resignation shall take effect upon the approval of the qualification of a new Director, who will be appointed to fill Mr. Huang's vacancy, from the CBIRC being obtained.

(ix) Ge Ming resigned as Independent Non-executive Director of the Company on 20 August 2021 because his six-year term of office expired.

(x) Ng Kong Ping Albert was appointed as Independent Non-executive Director of the Company on 20 August 2021.

(xi) Jin Li was appointed as Independent Non-executive Director of the Company on 20 August 2021.

(xii) PAN Zhongwu resigned as Employee Representative Supervisor on 28 August 2020, took over by SUN Jianyi and SUN Jianyi was appointed as the Chairman of Supervisory Committee of the Company on the same day.

(xiii) The long-term benefits attributed to year 2017 for LEE Yuansiong were paid in 2020 as the required payment conditions had been fulfilled. The amount after tax paid to LEE Yuansiong were RMB605 thousand respectively and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 27 August 2020.

LEE Yuansiong resigned as Executive Director, Co-CEO and the Executive Vice President of the Company on 1 February 2020.

(xiv) REN Huichuan resigned as Executive Director and Vice Chairman of the Company on 16 March 2020.

(xv) LIU Chong resigned as Non-Executive Director of the Company on 15 June 2020.

59. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group were not included in the key management personnel whose emoluments were reflected in Note 58.

The total emoluments of the five highest paid individuals in the Group are as follows:

(in RMB million)	2021	2020
Salaries and other short-term employee benefits after tax	**106**	110

The number of five highest paid individuals in the Group whose emoluments after tax fell within the following bands is as follows:

	2021	2020
RMB5,000,001 – RMB10,000,000	**–**	–
RMB10,000,001 – RMB15,000,000	**2**	2
RMB15,000,001 – RMB20,000,000	**–**	–
RMB20,000,001 – RMB25,000,000	**1**	–
RMB25,000,001 – RMB30,000,000	**2**	1
RMB30,000,001 – RMB35,000,000	**–**	2
RMB35,000,001 – RMB40,000,000	**–**	–

The five highest paid individuals in the Group pay individual income tax in strict accordance with the local tax rules. The tax rate is between 15% and 45%.

60. SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY'S SHARE ARE AS SET OUT BELOW:

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

As at 31 December 2021, CP Group indirectly held 6.80% (31 December 2020: 7.85%) equity interests in the Company and is the largest shareholder of the Company.

60. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) THE SUMMARY OF SIGNIFICANT MAJOR RELATED PARTY TRANSACTIONS IS AS FOLLOWS:

(in RMB million)	2021	2020
CP Group		
Premiums income from	**29**	42
Claims expenses to	**9**	10
Rental revenue from	**29**	25
Goods sold from	**11**	10
Interest revenue from	**–**	2
SIHC		
Premiums income from	**9**	3
Interest revenue from	**21**	–
Rental revenue from	**1**	–
Interest expenses to	**48**	66
Claims expenses to	**–**	1
Lufax Holding		
Interest expenses to	**827**	378
Other revenues from	**3,360**	3,627
Other expenses to	**4,880**	1,828
Ping An Health		
Interest expenses to	**192**	159
Other revenues from	**361**	515
Other expenses to	**2,587**	2,302
Ping An HealthKonnect		
Interest expenses to	**23**	24
Other revenues from	**448**	399
Other expenses to	**178**	345
OneConnect		
Interest revenue from	**16**	32
Interest expenses to	**12**	28
Other revenues from	**1,795**	1,558
Other expenses to	**2,325**	1,587

60. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

(in RMB million)	31 December 2021	31 December 2020
SIHC		
Customer deposits	**2,127**	1,271
Loans and advances to customers	**280**	–
Lufax Holding		
Customer deposits	**9,798**	14,354
Derivative financial assets	**26**	548
Derivative financial liabilities	**38**	–
Accounts payable and other payables	**8,714**	9,216
Accounts receivable and other receivables	**661**	1,374
Ping An Health		
Customer deposits	**4,075**	7,299
Accounts payable and other payables	**3,465**	3,903
Accounts receivable and other receivables	**66**	48
Ping An HealthKonnect		
Customer deposits	**851**	420
Accounts payable and other payables	**232**	1,796
Accounts receivable and other receivables	**6,780**	7,097
OneConnect		
Customer deposits	**1,132**	2,002
Loans and advances to customers	**301**	705
Derivative financial assets	**191**	166
Accounts payable and other payables	**1,617**	844
Accounts receivable and other receivables	**1,173**	487

In addition to transactions and balances stated above, the Group transferred 100% shareholding of Gem Alliance Limited to Lufax Holding, which issued convertible bonds amounting to USD1,953.8 million to the Group as the consideration in 2016, and pay interest to the Group every six months at an annual rate of 0.7375%. As at 31 December 2021, the Group still held these convertible bonds.

61. COMMITMENTS

(1) CAPITAL COMMITMENTS

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

(in RMB million)	31 December 2021	31 December 2020
Contracted, but not provided for (i)	**59,273**	7,445
Authorized, but not contracted for	**6,898**	4,496
	66,171	11,941

(i) The contracted capital commitments include investment commitment to New Founder Group, refer to Note 65 for more details.

FINANCIAL STATEMENTS

61. COMMITMENTS (CONTINUED)

(2) CREDIT COMMITMENTS

(in RMB million)	31 December 2021	31 December 2020
Bank acceptances	**576,355**	408,958
Guarantees issued	**99,355**	82,616
Letters of credit issued	**66,869**	61,644
Others	**-**	341
Subtotal	**742,579**	553,559
Unused limit of credit cards	**818,628**	689,305
Total	**1,561,207**	1,242,864
Credit risk weighted amounts of credit commitments	**431,405**	348,043

Credit commitments disclosed in the table above do not include the financial guarantees accounted for as insurance contracts by the Group.

(3) INVESTMENT COMMITMENTS

The Group's investment commitments to joint ventures are as follows:

(in RMB million)	31 December 2021	31 December 2020
Contracted but not provided for	**15,810**	66,759

62. EMPLOYEE BENEFITS

(1) PENSION

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by relevant government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

(2) HOUSING BENEFITS

The employees of the Group are entitled to participate in and make contributions to various government sponsored funds for housing purposes. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(3) MEDICAL BENEFITS

The Group makes monthly contributions for medical benefits to the local authorities in accordance with relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

62. EMPLOYEE BENEFITS (CONTINUED)

(4) KEY EMPLOYEE SHARE PURCHASE PLAN

The Group has adopted a Key Employee Share Purchase Plan for the key employees of the Company and its subsidiaries. Refer to Note 41 for more details.

(5) LONG-TERM SERVICE PLAN

The Company has adopted a Long-term Service Plan for the employees of the Company and its subsidiaries. Refer to Note 42 for more details.

63. CONTINGENT LIABILITIES

Owing to the nature of the insurance, bank and other financial services business, the Group is involved in contingencies and legal proceedings in the ordinary course of business, including, but not limited to, being the plaintiff or the defendant in litigations and arbitrations. Legal proceedings mostly involve claims on the Group's insurance policies and other claims. Provision has been made for probable losses to the Group, including those claims where management can reasonably estimate the outcome of the lawsuits taking into account any applicable legal advice.

No provision has been made for pending assessments, lawsuits or possible violations of contracts when the outcome cannot be reasonably estimated or management believes the probability is low or remote. For pending lawsuits, management also believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group or any of its subsidiaries.

64. EVENTS AFTER THE REPORTING PERIOD

(1) PROFIT DISTRIBUTION

On 17 March 2022, the Board of Directors of the Company approved the Resolution of the Profit Distribution Plan for 2021, and declared a final cash dividend of 2021 in the amount of RMB1.50 (tax inclusive) per share as disclosed in Note 17.

65. OTHER SIGNIFICANT EVENTS

(1) On 29 January 2021 and 30 April 2021 respectively, the Company announced that a consortium formed by the Company, Zhuhai Huafa Group Co., Ltd. (representing the state-owned enterprises of Zhuhai Municipality) and Shenzhen SDG Co., Ltd. will participate in the substantive consolidated restructuring (the "Founder Group Restructuring") of Peking University Founder Group Company Limited, Peking University Founder Information Industry Group Co., Ltd., PKU Healthcare Industry Group Co., Ltd., Peking University Resources Group Limited and Founder Industry Holdings Co., Ltd. (the "Restructuring Entities"). Authorized by the Company, Ping An Life, participated in the substantive consolidated restructuring and entered into the restructuring investment agreement of the Founder Group Restructuring ("the Restructuring Investment Agreement"). On 5 July 2021, the Company announced that, The Restructuring Plan (Draft) of Five Companies including Peking University Founder Group Company Limited, was resolved and approved at the creditors' meeting held by the Restructuring Entities, and was approved by the civil order of the Court and has come into effect. On 31 January 2022, the Company announced that, Ping An Life received the *Approval in relation to Ping An Life Insurance Company of China, Ltd. Equity Investment in New Founder Group from the CBIRC* (Yin Bao Jian Fu [2022] No.81) on 30 January 2022, and the CBIRC approved Ping An Life's investment in New Founder Group. In accordance with the terms of the Restructuring Investment Agreement and the selection of the debt repayment plan by the creditors of the Restructuring Entities, Ping An Life shall pay a consideration of approximately RMB48.2 billion to acquire approximately 66.51% equity interest in New Founder Holding Development Company Limited.

(2) The Group has made accounting treatment on provision for impairment on assets, adjustment to the valuation of investments and equity method adjustment with respect to the investment assets related to China Fortune as of 31 December 2021. The Group made adjustments including impairment provisions, valuation adjustments, and equity method adjustments totaling RMB43.2 billion to investments related to China Fortune in 2021, including RMB15.9 billion for equity investments and RMB27.3 billion for debt investments.

66. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform to the current year's presentation.

67. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(1) STATEMENT OF FINANCIAL POSITION OF THE COMPANY:

(in RMB million)	31 December 2021	31 December 2020
Assets		
Cash and amounts due from banks and other financial institutions	**32,706**	28,159
Financial assets purchased under reverse repurchase agreements	**4,786**	70
Financial assets at fair value through profit or loss	**6,460**	9,638
Financial assets at amortized cost	**1,036**	–
Debt financial assets at fair value through other comprehensive income	**2,903**	6,525
Investments in subsidiaries and associates	**219,972**	219,175
Investment properties	**926**	603
Property and equipment	**38**	44
Intangible assets	**1,002**	1,010
Right-of-use assets	**87**	179
Other assets	**10,165**	25,955
Total assets	**280,081**	291,358
Equity and liabilities		
Equity		
Share capital	**18,280**	18,280
Reserves	**144,483**	144,303
Treasury shares	**(9,895)**	(5,995)
Retained profits	**108,854**	120,592
Total equity	**261,722**	277,180
Liabilities		
Due to banks and other financial institutions	**17,081**	12,725
Assets sold under agreements to repurchase	**–**	210
Income tax payable	**28**	25
Lease liabilities	**91**	183
Other liabilities	**1,159**	1,035
Total liabilities	**18,359**	14,178
Total equity and liabilities	**280,081**	291,358

The statement of financial position of the Company was approved by the Board of Directors on 17 March 2022 and was signed on its behalf.

MA Mingzhe	**XIE Yonglin**	**YAO Jason Bo**
Director	*Director*	*Director*

67. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(2) RESERVE MOVEMENT OF THE COMPANY:

	For the year ended 31 December 2021						
(in RMB million)	Share premium	Financial assets at FVOCI reserves	Others	Surplus reserve fund	General reserve	Retained profits	Total
As at 1 January	**128,737**	**181**	**2,826**	**12,164**	**395**	**120,592**	**264,895**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**29,731**	**29,731**
Other comprehensive income	**–**	**30**	**5**	**–**	**–**	**–**	**35**
Dividend declared	**–**	**–**	**–**	**–**	**–**	**(41,469)**	**(41,469)**
Employee Share Purchase Plan	**–**	**–**	**144**	**–**	**–**	**–**	**144**
Others	**–**	**–**	**1**	**–**	**–**	**–**	**1**
As at 31 December	**128,737**	**211**	**2,976**	**12,164**	**395**	**108,854**	**253,337**

	For the year ended 31 December 2020						
(in RMB million)	Share premium	Financial assets at FVOCI reserves	Others	Surplus reserve fund	General reserve	Retained profits	Total
As at 1 January	128,737	172	2,698	12,164	395	100,153	244,319
Profit for the year	–	–	–	–	–	58,680	58,680
Other comprehensive income	–	9	18	–	–	–	27
Dividend declared	–	–	–	–	–	(38,241)	(38,241)
Employee Share Purchase Plan	–	–	108	–	–	–	108
Others	–	–	2	–	–	–	2
As at 31 December	128,737	181	2,826	12,164	395	120,592	264,895

According to the Company's articles of association, the Company shall set aside 10% of its net profit determined in its statutory financial statements, prepared in accordance with PRC Accounting Standards, to a statutory surplus reserve fund. The Company can cease such profit appropriation to this fund if its balance reaches 50% of the Company's registered share capital. The Company may also make appropriations from its net profit to the discretionary surplus reserve fund provided the appropriation is approved by a resolution of the shareholders. These reserves cannot be used for purposes other than those for which they are created. Profits are used to offset prior year losses before allocations to such reserves.

Subject to resolutions passed in shareholders' meetings, the statutory surplus reserve fund, discretionary surplus reserve fund and capital reserve can be transferred to share capital. The balance of the statutory surplus reserve fund after transfers to share capital shall not be less than 25% of the registered capital.

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance, banking, trust, securities, futures and fund businesses. The Group's respective entities engaged in such businesses would need to make appropriations for such reserves based on their respective year-end profit or risk assets, as determined in accordance with PRC Accounting Standards, and based on the applicable PRC financial regulations, in their annual financial statements. Such reserves are not available for profit distribution or transfer to capital.

In accordance with the relevant regulations, the net profit after tax of the Company for profit distribution is deemed to be the lower of (i) the retained profits determined in accordance with PRC Accounting Standards and (ii) the retained profits determined in accordance with IFRSs.

Ping An Milestones

1988	Founding of the Company	Ping An Insurance Company was established as the first joint-stock insurance company in China.
1992	Expanding nationwide	The Company was renamed Ping An Insurance Company of China, becoming a national insurance company.
1994	Foreign investors	Ping An brought on board Morgan Stanley and Goldman Sachs as its shareholders, becoming the first financial institution in China to have foreign investors.
1995	Founding of Ping An Securities	Ping An made a breakthrough in non-insurance financial business by establishing Ping An Securities Co., Ltd.
1996	Founding of Ping An Trust & Investment	Ping An acquired ICBC Pearl River Delta Financial Trust Joint Company, which was then renamed Ping An Trust & Investment Company.
2002	Stake acquired by HSBC	HSBC Group took a stake in Ping An, becoming its single largest shareholder.
2003	Founding of the Group	Ping An Insurance (Group) Company of China, Ltd. was established, becoming a pilot company for integrated operations in China's financial industry.
2004	H-share listing	Ping An Group enhanced its capital strength by going public in Hong Kong, which was the largest IPO in Hong Kong that year.
2007	A-share listing	Ping An Group was listed on the Shanghai Stock Exchange, which was the world's largest IPO of an insurance company by then.
2011	Acquiring SDB	Ping An became the controlling shareholder of Shenzhen Development Bank, which later merged with the original Ping An Bank, was renamed Ping An Bank, and built banking business presence across the country.
2012	Lufax	Lufax was established as Ping An began to build its technology business.
2016	Record high premium	Ping An Life's written premium exceeded RMB300 billion, and new business premium exceeded RMB100 billion.
2017	Market cap exceeded RMB1 trillion	Ping An hit a record high with a market cap of over RMB1 trillion, ranking first among insurance groups and becoming one of the top 10 financial services groups across the world. Ping An's brand value ranked first in the global insurance industry in several international ratings.
2018	Ping An Rural Communities Support	In response to the government's call for poverty alleviation, Ping An launched the Ping An Rural Communities Support (covering village officers, doctors and teachers) in nine provinces or autonomous regions across China at its 30th anniversary.
2019	OneConnect's listing	OneConnect completed its initial public offering on the New York Stock Exchange, being the first U.S.-listed technology company incubated by Ping An.
2020	Fighting COVID-19	Ping An fought the global pandemic COVID-19 promptly by providing insurance protection, healthtech, and charitable donations.
2021	Implementing healthcare ecosystem strategy	Ping An built a closed loop of supply, demand and payment by exploring an innovative "HMO + family doctor + O2O" managed care model to provide customers with "worry-free, time-saving, and money-saving" healthcare services.

Honors and Awards

In 2021, Ping An maintained its leading brand value, received wide recognition and praise, and won various honors and awards from domestic and foreign rating agencies and media in respect of comprehensive strength, corporate governance, corporate social responsibility, and so on.

CORPORATE STRENGTH

- *Fortune*
  Ranked No. 16 on the *Fortune* Global 500 list, and No. 2 among global financial services companies

- *Fortune China*
  Ranked No. 4 on the *Fortune China* 500 list, again No. 1 among Chinese insurers, and again No. 1 among Chinese non-state-owned enterprises

- *Forbes*
  Ranked No. 6 on the *Forbes* Global 2000 list, again No. 1 among global insurance conglomerates, and again No. 1 among Chinese insurers

CORPORATE GOVERNANCE

- *Institutional Investor*
  Most Respected Enterprise in Asia
  Best IR Program
  Best ESG
  Best CEO – Xie Yonglin, Tan Sin Yin and Yao Jason Bo

- *Asiamoney*
  Most Outstanding Company in China – Insurance Sector

- The Hong Kong Institute of Directors
  Directors Of The Year Award in the Category of Listed Companies Boards
  Directors Of The Year Award in the Category of Listed Companies Executive Directors – Ma Mingzhe

CORPORATE SOCIAL RESPONSIBILITY

- Ministry of Civil Affairs
  The 11th China Charity Award

- Capital Philanthropy Federation
  The 3rd Capital Philanthropy Award

- *The Asset*
  Insurance Company of the Year, ESG, China

- *The Economic Observer*
  Most Respected Enterprise in China for 20 consecutive years

- *Southern Weekly*
  Best CSR Report of the Year

BRAND

- Millward Brown & WPP
  Ranked No. 49 on the BrandZ™ Top 100 Most Valuable Global Brands list, again No. 1 among global insurance brands
  Ranked No. 6 on the BrandZ™ Top 100 Most Valuable Chinese Brands list, again No. 1 among Chinese insurance brands

- Brand Finance
  Ranked No. 1 on the Brand Finance Insurance 100 2021 list

Glossary

In this Report, unless the context otherwise indicates, the following expressions shall have the following meanings:

Ping An, Company, the Company, Group, the Group, Ping An Group	Ping An Insurance (Group) Company of China, Ltd.
Ping An Life	Ping An Life Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Health Insurance	Ping An Health Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Annuity	Ping An Annuity Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Property & Casualty	Ping An Property & Casualty Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Bank	Ping An Bank Co., Ltd., a subsidiary of the Company
SDB, Shenzhen Development Bank	Shenzhen Development Bank Co., Ltd., an associate of the Company since May 2010, became a subsidiary of the Company in July 2011. It was renamed "Ping An Bank Co., Ltd." on July 27, 2012.
Ping An Trust	Ping An Trust Co., Ltd., a subsidiary of the Company
Ping An New Capital	Shenzhen Ping An New Capital Investment Co., Ltd., a subsidiary of Ping An Trust
Ping An Securities	Ping An Securities Co., Ltd., a subsidiary of Ping An Trust
Ping An Futures	Ping An Futures Co., Ltd., a subsidiary of Ping An Securities
Ping An Caizhi	Ping An Caizhi Investment Management Company Limited, a subsidiary of Ping An Securities
Ping An Pioneer Capital	Ping An Pioneer Capital Co., Ltd., a subsidiary of Ping An Securities
Ping An Financial Leasing	Ping An International Financial Leasing Co., Ltd., a subsidiary of the Company
Ping An Asset Management	Ping An Asset Management Co., Ltd., a subsidiary of the Company
Ping An Overseas Holdings	China Ping An Insurance Overseas (Holdings) Limited, a subsidiary of the Company

Glossary

Ping An Financial Technology	Shenzhen Ping An Financial Technology Consulting Co., Ltd., a subsidiary of the Company
Ping An Technology	Ping An Technology (Shenzhen) Co., Ltd., a subsidiary of Ping An Financial Technology
Ping An Financial Services	Shenzhen Ping An Financial Services Co., Ltd., a subsidiary of Ping An Financial Technology
Lufax Holding	Lufax Holding Ltd., an associate of Ping An Financial Technology
Lufax	Shanghai Lufax Information Technology Co., Ltd., a subsidiary of Lufax Holding
E-wallet	Ping An E-wallet Electronic Commerce Co., Ltd., a subsidiary of Ping An Financial Technology
Ping An Health	Ping An Healthcare and Technology Company Limited, an associate of Ping An Financial Technology
OneConnect	OneConnect Financial Technology Co., Ltd., an associate of Ping An Financial Technology
Autohome	Autohome Inc., a subsidiary of the Company
Shanghai Jahwa	Shanghai Jahwa United Co., Ltd., a subsidiary of Ping An Life
CP Group Ltd.	Charoen Pokphand Group Company Limited, the flagship company of CP Group
RMB	Chinese Renminbi unless otherwise specified
CAS	The *Accounting Standards for Business Enterprises* and other relevant regulations issued by the Ministry of Finance of the People's Republic of China
IFRS	*International Financial Reporting Standards* issued by the International Accounting Standards Board
Written premium	All premiums received from the polices underwritten by the Company, which are prior to the significant insurance risk testing and separating of hybrid risk contracts

HKEX	The Stock Exchange of Hong Kong Limited
HKEX Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
SSE Listing Rules	The Rules Governing the Listing of Stocks on Shanghai Stock Exchange
Corporate Governance Code	The Corporate Governance Code as contained in Appendix 14 to the HKEX Listing Rules
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	The Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the HKEX Listing Rules
Articles of Association	The Articles of Association of Ping An Insurance (Group) Company of China, Ltd.
PBC	The People's Bank of China
Ministry of Finance	The Ministry of Finance of the People's Republic of China
CBIRC	China Banking and Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission

Corporate Information

REGISTERED NAMES

Full name of the Company (Chinese/English)

中國平安保險（集團）股份有限公司
Ping An Insurance (Group) Company of China, Ltd.

Short name of the Company (Chinese/English)

中國平安
Ping An

LEGAL REPRESENTATIVE

Ma Mingzhe

TYPES OF SECURITIES AND LISTING PLACES

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

STOCK SHORT NAMES AND CODES

A share	中國平安	601318
H share	Ping An	2318

AUTHORIZED REPRESENTATIVES

Yao Jason Bo
Sheng Ruisheng

SECRETARY OF THE BOARD OF DIRECTORS

Sheng Ruisheng

JOINT COMPANY SECRETARIES

Sheng Ruisheng
Kan Ka Ho Danny

REPRESENTATIVE OF SECURITIES AFFAIRS

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POSTAL CODE

518033

COMPANY WEBSITE

www.pingan.cn

DESIGNATED MEDIA FOR A-SHARE INFORMATION DISCLOSURE

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

WEBSITES FOR PUBLICATION OF REGULAR REPORTS

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

LOCATION OF REGULAR REPORTS AVAILABLE FOR INSPECTION

Board Office of the Company

CONSULTING ACTUARIES

Ernst & Young (China) Advisory Limited

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H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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183 Queen's Road East
Wan Chai, Hong Kong

AMERICAN DEPOSITARY SHARES REGISTRAR

The Bank of New York Mellon

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

In the merry spring, Ping An is by your side

The whole picture is presented as a realistic ink painting. The foreground captures light and shadow in a realistic fashion. The background uses the technique of blending to reflect the mood and momentum. The whole picture is full of artistic conception with peach blossoms and beautiful mountains in spring, conveying a yearning for nature and better lives, implying that Ping An is always with its customers as they pursue better lives.