

**PING AN**

Expertise Creates Value

Expertise Makes Life Simple



2022 Interim Report

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### 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.

# Introduction

**Ping An strives to be a world-leading integrated finance and healthcare services provider.** 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 implements the business policy of "focusing on main businesses, optimizing portfolios, increasing cost-effectiveness, and ensuring compliance." Ping An develops the "integrated finance + healthcare" service system and builds the "finance + elderlycare" and "finance + healthcare" industry ecosystems to provide professional "financial advisory, family doctor, and elderlycare concierge" services. Ping An advances intelligent digital transformation, and employs technologies to improve the quality and efficiency of its financial businesses and enhance risk management. Moreover, Ping An proactively applies innovative technologies to "financial services, healthcare, auto services, and smart city" ecosystems. Ping An develops heartwarming products and services by leveraging its fintech and healthcare ecosystem, to "empower financial services with technologies, empower ecosystems with technologies, and empower financial services with ecosystems." Remaining true to its original aspiration and mission in its main financial businesses, Ping An strengthens the insurance protection function to better serve the real economy, society and people's livelihoods. Ping An continuously optimizes its customer-centric integrated finance 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 225 million retail customers and over 668 million internet users. While remaining focused on retail business, Ping An continuously extends its "1 + N" services model (one customer + N products) to its corporate business to meet different customers' demands for integrated financial services.

# Introduction

- **Profit grew steadily, and cash dividends continued to rise.** Ping An achieved an annualized operating ROE of 20.4% in the first half of 2022, with operating profit attributable to shareholders of the parent company rising 4.3% year on year to RMB85,340 million. Ping An attaches importance to shareholder returns and will pay an interim dividend of RMB0.92 per share in cash, up 4.5% year on year.
- **The integrated financial services model continued to progress steadily.** Ping An's retail customers exceeded 225 million and contracts per retail customer grew steadily by 1.4% year to date to 2.95 as of June 30, 2022. Written premium of the corporate channel achieved through cross-selling rose 7.0% year on year in the first half of 2022.
- **Reform and transformation of life insurance business is showing results continuously.** Despite the impact of multiple factors including COVID-19, Ping An Life's NBV per agent increased 26.9% year on year, and the 13-month persistency ratio of insurance policies improved by 4.1 pps year on year in the first half of 2022, driven by the quality-oriented transformation of the agent force. Operating profit of the life and health insurance business rose 17.4% year on year to RMB58,993 million in the first half of 2022.
- **Ping An Property & Casualty ("Ping An P&C") maintained stable business growth and healthy business quality.** Premium income increased 10.1% year on year to RMB146,792 million and combined ratio was 97.3% in the first half of 2022.
- **Ping An Bank maintained stable, healthy business growth and asset quality.** Revenue grew 8.7% year on year to RMB92,022 million and net profit rose 25.6% year on year to RMB22,088 million in the first half of 2022. Non-performing loan ratio remained unchanged year to date at 1.02%, and provision coverage ratio was 290.06% as of June 30, 2022, indicating adequate risk provisions.
- **Ping An continued to implement its healthcare ecosystem strategy.** As of June 30, 2022, Ping An's healthcare ecosystem had partnered with all top 100 hospitals and 3A hospitals as well as approximately 208,000 pharmacies in China; Ping An Smart Healthcare cumulatively served 187 cities and over 55,000 medical institutions, and empowered over 1.42 million doctors. More than 64% of Ping An's over 225 million retail customers used services from the healthcare ecosystem.

- Ping An continued to strengthen its core technological capabilities.** Ping An's technology patent applications increased by 4,674 year to date to 43,094 as of June 30, 2022, more than most other international financial institutions'. In the first half of 2022, sales realized by AI service representatives increased 39% year on year; customer services provided by AI service representatives accounted for 83% of Ping An's total customer service volume.
- Ping An further advanced its green finance initiative to support the sustainable development of society.** Ping An's green investment and financing, and green banking business totaled RMB249,355 million and RMB161,735 million respectively as of June 30, 2022. Premium income of environmentally sustainable insurance products totaled RMB76,971 million in the first half of 2022. Moreover, Ping An continued to advance the "Ping An Rural Communities Support" and implemented the innovative project of "bringing insurance, finance, and healthcare to rural areas." Ping An cumulatively provided RMB49,720 million for poverty alleviation and industrial revitalization as of June 30, 2022.
- Brand value continued to increase.** In 2022, Ping An ranked 25th in the *Fortune* Global 500 list (4th among global financial services companies), 4th in the *Fortune* China 500 list, and 17th in the *Forbes* Global 2000 list.

#### Total Assets (in RMB million)



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



#### Basic Operating Earnings per Share (in RMB)



#### New Business Value of Life and Health Insurance Business (in RMB million)



#### Total Revenue (in RMB million)



#### Equity Attributable to Shareholders of the Parent Company (in RMB million)



#### Interim Dividend per Share (in RMB)



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



# Chairman's Statement

Ping An's core philosophy and brand slogan, **"Expertise Creates Value"** and **"Expertise makes life simple,"** respectively, show Ping An's mission of remaining true to its original aspiration and the unremitting and never-ending pursuit of creating long-term benefits and value for shareholders, customers, employees and society. This is the key driver of Ping An's growth for the past 34 years.

**Remaining true to our original aspiration, we are embarking on an innovation journey and the Ping An brand has been strengthened and renewed.**

2022 is a critical year for Ping An's cultural reshaping, strategic upgrade, and reform and transformation. Under the new value-oriented culture, we have once again upgraded the Company's brand logo, returning the logo slogan from "Finance - Technology," in the existing brand identity, to "Expertise Creates Value," which was first used in 2002. In that year, to celebrate the establishment of Ping An Group, the Company included "Ping An of China" in the logo for the first time and at the same time, the slogan "Expertise Creates Value" was highlighted. The core concept of "Expertise Creates Value" was introduced in the orange brand logo. During the following two decades, through thick and thin, Ping An continued on its original mission adopting the integrated finance strategy and one-stop services model, and providing technology-empowered services and superior user experience. Reflecting these achievements, the Company incorporated successive brand elements in its logo, including "Insurance, Banking, and Investment" and the "Finance - Technology" slogan. Over the years

while the Company's brand elements may have changed, what remains unchanged is "Expertise Creates Value" has always been the guiding and unremitting pursuit of Ping An's employees and agents. It has become a strong driving force of Ping An's strategic innovation and business transformation. What also remains unchanged is our belief "Expertise makes life simple" has always been our firm brand promise to help customers enjoy a simple and high-quality life.

The new brand logo is not only a return to our original aspiration, but also an upgrade and renewal. It is not only an inevitable choice for Ping An's "integrated finance + healthcare" strategic transformation, but also an important milestone in Ping An's brand culture. Ping An adheres to its original aspiration of "being people-centric and contributing to national rejuvenation" and its vision of "being a world-leading integrated finance and healthcare services provider." "Expertise Creates Value" marks the new driving model of our next ten-year development strategy, truly embodies the "people-centric" vision and pursuit, and reflects our "customer demand-oriented" business philosophy. Guided by people's longing for a better life and customer demands for high-quality integrated finance and healthcare services, we will strive to achieve long-term, balanced, high-quality, and sustainable development of the Company, and create greater value for customers, shareholders, employees and society.

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Ping An upgraded its brand logo, returning the logo slogan from "Finance - Technology" to "Expertise Creates Value" on July 23, 2022.

**"Expertise creates value." Ping An keeps improving itself to ensure consistent expertise.**

**What is "expertise"?** It means professionalism, dedication and wholehearted commitment to our entrepreneurship, career path, and corporate undertaking. Expertise stands for the professional spirit of pursuing excellence, leading industry standards in excellence, and pursuing the ultimate service experience with heart. Expertise is not only a capability and an attitude, but also a belief in and long-term pursuit of the unity of "knowledge, actions and results." Ping An is committed to providing customers with simple and convenient experience of "worry-free, time-saving, and money-saving" services through professional financial advisers, family doctors, and elderlycare concierges.

**How is "value" created?** As a world-leading national financial brand, Ping An is dedicated to creating value for customers, employees, shareholders, and society based on its deep knowledge of and long-term insights into China's huge market and hundreds of millions of consumers. Ping An adheres to the philosophy of "service first and integrity guaranteed" for customers, "career planning and job security" for employees, "stable returns and asset appreciation" for shareholders, and contributes to society with a grateful heart. The mission of an enterprise determines the fate of the enterprise. The foundation of Ping An's business, the development of its divisions and companies and the source of its culture have always been in line with the Communist Party of China's original mission, people's well-being, and the country's development.

**"Expertise makes life simple." This simple phrase demonstrates the truth of "One Ping An."**

We are committed to building an "integrated finance + healthcare" ecosystem and realizing "one customer, one account, and one-stop services."

**How does expertise make life simple?** We address complexity and problems, and deliver simplicity and convenience to customers. This is the most important cultural philosophy and the most solemn brand commitment in Ping An's 34-year strategic practice, and also the most intuitive and clearest brand image we convey to the market and the public. Oriented by customer demands, we actively build the industry's most professional financial advisory, family doctor, and elderlycare concierge services. We meet customers' comprehensive, diverse, personalized needs for integrated finance and healthcare services by simplifying complex concerns, popularizing professional matters, and facilitating tedious issues.

In respect of integrated finance, we satisfy customer demands for diverse products, diverse combinations, and multi-level protection through "one customer, one Ping An, one account, and one-stop services." The "Ping An Pocket Bank" app, for instance, can meet various integrated financial needs covering "auto, home and insurance purchase as well as investments, savings and credit cards." This greatly saves customers time running errands and contacting different account managers. Registered users of the "Ping An Pocket Bank" app exceeded 140 million as of June 30, 2022, with nearly 50 million users using the online services in the app frequently each month.

In respect of healthcare, we launched an innovative Chinese version of the "managed care model," where Ping An acts as a payer and integrates service providers to provide the most cost-effective and full life-cycle healthcare services. Ping An Life launched the industry's first home-based elderlycare service product in March 2022. Our professional home-based elderlycare solutions offer services covering multiple scenarios on a 24/7 basis through one smart assistant, one dedicated concierge, and multiple expert advisers. Our home-based elderlycare services covered 32 cities across China as of June 30, 2022, being widely praised by customers.

# Chairman's Statement

**Capitalizing on the “integrated finance + healthcare” strategy and improving quality and efficiency via digital transformation, we made valuable achievements in maintaining steady development and accelerating our reform despite complex, severe challenges in China and abroad in the first half of 2022.** Profit grew steadily, and cash dividends continued to rise. Ping An achieved an annualized operating ROE of 20.4%, with operating profit attributable to shareholders of the parent company rising 4.3% year on year to RMB85,340 million in the first half of 2022. Ping An attaches importance to shareholder returns and will pay an interim dividend of RMB0.92 per share in cash, up 4.5% year on year. **We achieved steady growth with our one-stop integrated financial services model, and delivered good results in customer development.** Ping An's retail customers exceeded 225 million and contracts per retail customer grew steadily by 1.4% year to date to 2.95 as of June 30, 2022. Written premium of the corporate channel achieved through cross-selling rose 7.0% year on year in the first half of 2022.

**Reform and transformation of life insurance business is showing results continuously.** We are faced with opportunities and challenges brought about by customer demand upgrades, demographic dividend changes, and accelerated aging. After three years of exploration, Ping An Life is on a clear pathway of “channel + product” reform, and is developing a new growth curve. Ping An pressed firmly ahead with Ping An Life's quality-oriented reform and transformation despite multiple impacts, including COVID-19. **In respect of channels, Ping An Life is building a team of “high-competence, high-performing, and high-quality” agents** by developing existing agents and recruiting new ones. Income per agent increased steadily and business quality improved significantly. Operating profit after tax of Life & Health (the life and health insurance business) rose 17.4% year on year to RMB58,993 million in the first half of 2022. Ping An Life's NBV per agent increased 26.9% year on year, and the 13-month persistency ratio of insurance policies improved by 4.1 pps year on year in the first half of 2022. **In respect of products, Ping An Life is**

**developing “heartwarming insurance.”** Ping An Life has launched innovative “insurance + health management,” “insurance + home-based eldercare” and “insurance + high-end eldercare” products and services by leveraging the Group's healthcare ecosystem. By continuously optimizing and upgrading such offerings, Ping An Life continuously improves customer service experience and builds differentiation advantages.



Ping An Life develops a team of “high-competence, high-performing, and high-quality” agents, optimizing the team structure, boosting income per agent steadily, and improving business quality significantly. Shown here is a high-performing business outlet under Ping An Life Shenzhen Branch. 85% of the outlet's agents have a college education background and above.

**Ping An achieved stable growth in main financial businesses, and kept asset quality stable.** Ping An P&C's premium income increased 10.1% year on year to RMB146,792 million, and combined ratio was 97.3% as business quality remained healthy in the first half of 2022. Ping An Bank's revenue grew 8.7% year on year to RMB92,022 million and net profit rose 25.6% year on year to RMB22,088 million in the first half of 2022. Ping An Bank's non-performing loan ratio remained unchanged year to date at 1.02%, and provision coverage ratio was 290.06% as of June 30, 2022, indicating adequate risk provisions.



**Ping An continued to implement its healthcare ecosystem strategy by exploiting synergies with its main financial businesses.** Ping An launched an innovative Chinese version of the “managed care model” by seamlessly combining differentiated healthcare services with financial businesses in which Ping An acts as a payer, leveraging its decades of operational and management experience in insurance and healthcare industries. In this way, Ping An provides customers with one-stop “worry-free, time-saving, and money-saving” healthcare services. Ping An’s healthcare ecosystem had partnered with all top 100 hospitals and 3A hospitals, as well as approximately 208,000 pharmacies, in China as of June 30, 2022. Ping An Smart Healthcare cumulatively served 187 cities and over 55,000 medical institutions, and empowered over 1.42 million doctors. More than 64% of Ping An’s over 225 million retail customers used services from the healthcare ecosystem.

**Ping An continued to strengthen its core technological capabilities and achieved results in empowering financial services with technologies.** Ping An’s technology patent applications increased by 4,674 year to date to 43,094 as of June 30, 2022, more than most other international financial institutions’. In the first half of 2022, sales realized by AI service representatives increased 39% year on year; customer services provided by AI service representatives accounted for 83% of Ping An’s total customer service volume.

**Ping An unwaveringly advanced its green finance initiative and supported rural revitalization.** Ping An’s green investment and financing, and green banking business totaled RMB249,355 million and RMB161,735 million, respectively, as of June 30, 2022. Premium income of environmentally sustainable insurance products totaled RMB76,971 million in the first half of 2022. Moreover, Ping An continued to advance the “Ping An Rural Communities Support” and implemented the innovative project of “bringing insurance, finance, and healthcare to rural areas.” Ping An cumulatively provided RMB49,720 million for poverty alleviation and industrial revitalization as of June 30, 2022.



Ping An P&C signed Guizhou Province’s first remote sensing-enabled forest carbon sinks index insurance policy at state-owned Longli Forest Farm to protect the ecological environment and help achieve China’s carbon peak and neutrality goals.

# Chairman's Statement

Substantial uncertainties will remain regarding COVID-19 as well as the domestic and overseas environment in the second half of 2022. Facing severe challenges, we still have far to go in reform and innovation. **Culture is at the root of an enterprise.** Ping An is comprehensively reshaping and promoting the new value-oriented culture, taking "value maximization as the only criterion for performance appraisal." "Expertise makes life simple" will always be our cultural philosophy and brand commitment. We will continue to promote, practice, and implement the new value-oriented culture among all the employees and agents of the Group and its member companies. We believe the new value-oriented culture will help Ping An enhance organizational cohesion, team resilience, business competitiveness, and company vitality. The new value-oriented culture will support our strategic upgrade and empower our business management. In this way, Ping An will lay a solid foundation for delivering business results in 2022 and achieving sustainable, high-quality development in the long run.

**We think progressively and explore until we find the right way. We must press ahead with urgency and perseverance as we still have far to go.** As pointed out by General Secretary Xi Jinping, we should have a keen appreciation of the law governing the advance of history, and we should be neither distracted by fleeting clouds, nor led astray by any turns of events, nor intimidated by any risks. Difficulties are just temporary. We are firmly optimistic about the fundamentals of the Chinese economy and the huge potential of the domestic insurance market. Ping An has clear strategies, robust financial management, continuously improved business management, and effective risk management, showing strong resilience for long-term development.

Ping An will adhere to the business policy of **"focusing on main businesses, optimizing portfolios, increasing cost-effectiveness, and ensuring compliance"** in the second half of 2022. **Ping An will continue to implement the technology-driven "integrated finance + healthcare" strategy.** By upgrading its financial and insurance businesses, Ping An will seize huge opportunities from the development of the healthcare ecosystem, and build its presence in "finance + elderlycare" and "finance + healthcare" industry ecosystems. On the one hand, Ping An will do its best to advance Ping An Life's reform, improve operational efficiency, better serve the real economy, and help stabilize economic growth. On the other hand, Ping An will plan ahead, strictly contain operational costs, and lay a solid foundation for high-quality development in the new era. Ping An will create steadily growing value for customers, employees, shareholders, and society, greeting the 20th National Congress of the Communist Party of China with excellent results.



Chairman

Shenzhen, PRC  
August 23, 2022

# Financial Highlights

(in RMB million)	For the six months ended June 30, 2022/ As at June 30, 2022	For the six months ended June 30, 2021/ As at December 31, 2021	Change
<b>CUSTOMER DEVELOPMENT</b>			
Number of internet users (in million)	<b>668.45</b>	647.32	3.3%, YTD
Number of retail customers (in million)	<b>225.16</b>	221.91	1.5%, YTD
Number of contracts per customer (contract)	<b>2.95</b>	2.91	1.4%, YTD
Operating profit per customer (in RMB)	<b>335.04</b>	318.93	5.1%, YoY
Proportion of retail customers holding multiple contracts with different subsidiaries (%)	<b>39.8</b>	39.8	-, YTD
<b>The GROUP</b>			
Operating profit attributable to shareholders of the parent company	<b>85,340</b>	81,836	4.3%, YoY
Operating ROE (annualized, %)	<b>20.4</b>	21.0	-0.6 pps, YoY
Basic operating earnings per share (in RMB)	<b>4.88</b>	4.64	5.2%, YoY
Interim dividend per share (in RMB)	<b>0.92</b>	0.88	4.5%, YoY
Net profit attributable to shareholders of the parent company	<b>60,273</b>	58,005	3.9%, YoY
Equity attributable to shareholders of the parent company	<b>848,719</b>	812,405	4.5%, YTD
Group comprehensive solvency margin ratio <sup>(1)</sup> (%)	<b>235.9</b>	233.5	2.4 pps, YTD
Total assets	<b>10,696,148</b>	10,142,026	5.5%, YTD
Total liabilities	<b>9,578,885</b>	9,064,303	5.7%, YTD
<b>LIFE AND HEALTH INSURANCE BUSINESS</b>			
Operating return on embedded value (annualized, %)	<b>13.2</b>	14.9	-1.7 pps, YoY
Embedded value	<b>906,619</b>	876,490	3.4%, YTD
Value of first half year's new business	<b>19,573</b>	27,387	-28.5%, YoY
Operating profit	<b>58,993</b>	50,230	17.4%, YoY
Residual margin	<b>924,726</b>	940,733	-1.7%, YTD
Comprehensive solvency margin ratio of Ping An Life <sup>(1)</sup> (%)	<b>245.3</b>	230.4	14.9 pps, YTD
<b>PROPERTY AND CASUALTY INSURANCE BUSINESS</b>			
Net profit	<b>8,381</b>	10,791	-22.3%, YoY
Combined ratio (%)	<b>97.3</b>	95.9	1.4 pps, YoY
Comprehensive solvency margin ratio <sup>(1)</sup> (%)	<b>217.5</b>	278.4	-60.9 pps, YTD
<b>BANKING BUSINESS</b>			
Net profit	<b>22,088</b>	17,583	25.6%, YoY
Net interest margin (annualized, %)	<b>2.76</b>	2.83	-0.07 pps, YoY
Cost-to-income ratio (%)	<b>26.46</b>	27.35	-0.89 pps, YoY
Non-performing loan ratio (%)	<b>1.02</b>	1.02	-, YTD
Provision coverage ratio (%)	<b>290.06</b>	288.42	1.64 pps, YTD
Core tier 1 capital adequacy ratio (%)	<b>8.53</b>	8.60	-0.07 pps, YTD
<b>ASSET MANAGEMENT BUSINESS</b>			
Net profit	<b>5,238</b>	8,817	-40.6%, YoY
<b>TECHNOLOGY BUSINESS</b>			
Operating profit	<b>5,304</b>	6,962	-23.8%, YoY

Notes: (1) The data as of June 30, 2022 is computed in accordance with the C-ROSS Phase II Rules, while the data as of December 31, 2021 is computed in accordance with the C-ROSS Phase I Rules.

(2) Certain figures have been reclassified or restated to conform to relevant periods' presentation.

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

# Customer Development

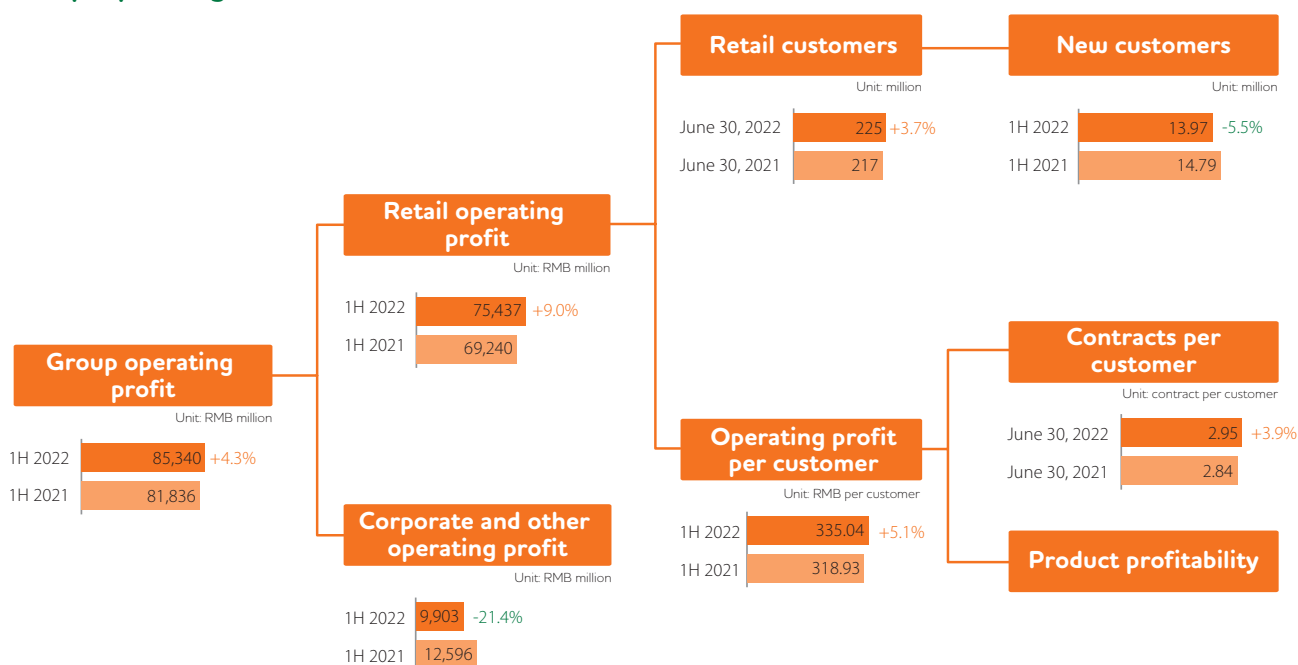
- Ping An's retail operating profit increased 9.0% year on year to RMB75,437 million in the first half of 2022, accounting for 88.4% of its operating profit attributable to shareholders of the parent company.
- Ping An's retail customers exceeded 225 million as of June 30, 2022, up 1.5% year to date. Contracts per retail customer grew steadily by 1.4% year to date to 2.95. As the Group's retail cross-selling continued to deepen, nearly 40% of retail customers held multiple contracts with different subsidiaries.
- Corporate customer development yielded good results in the first half of 2022, with a constantly expanding business scale and improving customer services. Written premium of the corporate channel achieved through cross-selling rose 7.0% year on year.

## CUSTOMER DEVELOPMENT STRATEGY

Ping An's integrated finance strategy has focused on the development of both retail customers<sup>(1)</sup> and corporate customers under a customer-centric philosophy. In retail business, Ping An leverages advantages in its ecosystems to build a brand of heartwarming financial services by providing one-stop integrated finance solutions. In corporate business, under a "1 + N" services model (one customer + N products), Ping An focuses on tiered customer development of large and medium-sized enterprises, small and micro-enterprises, and financial institutions.

Note: (1) Retail customers refer to retail customers holding valid financial products with the Group's core financial companies.

## Group Operating Profit Growth Drivers



Notes: (1) 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.

(2) The Company improved the definitions of retail customers and contracts per customer in 2022 by removing unreachable customers but including distributed contracts. Comparable data of 2021 was restated accordingly.

## RETAIL CUSTOMER DEVELOPMENT

### Retail Customer Development Strategy

In retail business, Ping An adopts the model of “one customer, multiple products, and one-stop services.” Leveraging its technological and data analytical capabilities, Ping An gains precise insights into customer demands. Ping An builds a brand of heartwarming financial services by meeting diverse customer demands and providing excellent “worry-free, time-saving, and money-saving” customer experience via one-stop integrated finance solutions. Moreover, Ping An matches products with scenarios, and realizes efficient customer conversion through financial master accounts on the basis of data, products, benefits and an intelligent marketing services platform. 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 9.0% year on year to RMB75,437 million in the first half of 2022, accounting for 88.4% of its operating profit attributable to shareholders of the parent company.

### Retail Customers Increased Steadily

Ping An enhances its basic capabilities in accounts, data, products, benefits and an intelligent marketing services platform, and further integrates business scenarios of member companies. In this way, Ping An delivers excellent customer experience and empowers business growth. Ping An’s retail customers exceeded 225 million as of June 30, 2022, up 1.5% year to date.

- **Accounts.** Ping An leverages the technological capabilities of member companies via financial master accounts to provide customers with financial and daily life services across a customer’s life cycle based on different scenarios. By this means, Ping An effectively facilitates customer acquisition, customer retention, and asset retention. Financial master accounts recorded 142 million new transactions with a total volume of RMB358,852 million in the first half of 2022. Balance of assets under management (“AUM”) in financial master accounts grew 16.4% year to date to RMB374,490 million as of June 30, 2022.
- **Data.** Ping An develops strictly compliant customer profiles which protect consumer rights while facilitating improved customer services, demand analysis, and better matching of products and services with customers.
- **Products.** Under the “worry-free, time-saving, and money-saving” value proposition, Ping An continues to optimize and upgrade products by constantly conducting market benchmarking and customer demand surveys. In addition, Ping An develops ecosystem scenarios covering full customer and user life cycles, establishes product suites for different customer segments, and explores new marketing paths. For instance, Ping An offers insurance trust products customized for beneficiaries with special needs to satisfy personalized demands of high net worth individuals (“HNWIs”), which helps increase AUM and empower agent force. New sales of insurance trust products increased by 73.7% year on year to RMB29,366 million in the first half of 2022, contributing RMB2,208 million and RMB715 million to Ping An Life’s first-year premium (“FYP”) and NBV respectively.
- **Benefits.** Ping An offers heartwarming financial services by continuously improving an integrated finance benefit system for its retail customers. Ping An actively develops strategic cooperation with external partners and explores new auto-services scenarios across the auto ecosystem. 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. Moreover, Ping An upgrades products and services to provide auto owners with various auto ecosystem services and benefits, among which the car refueling benefit was used over 5.73 million times by auto owners in the first half of 2022, up 113.0% year on year.

# Customer Development

- An intelligent marketing services platform. The Group's member companies coordinate the themes and launches of seasonal marketing campaigns based on the pace of business development to drive customer migration and product sales. The "Ping An January 8 Marketing Campaign" and the "Ping An May 18 Insurance Festival" cumulatively brought over RMB2.4 trillion in total transaction volume, nearly 5.88 million new customers, and nearly 0.9 million new registered users in the first half of 2022.

## Retail customer mix by product line

(in million)	June 30, 2022	December 31, 2021	Change (%)
Life insurance <sup>(1)</sup>	62.72	63.52	(1.3)
Auto insurance <sup>(1)</sup>	58.20	56.50	3.0
Retail banking <sup>(2)</sup>	122.05	118.21	3.2
Securities, funds and trusts	52.60	55.61	(5.4)
Others <sup>(3)</sup>	74.74	68.92	8.4
<b>The Group</b>	<b>225.16</b>	<b>221.91</b>	<b>1.5</b>

Notes: (1) The numbers of insurance companies' customers are based on holders of in-force policies rather than policy beneficiaries.  
 (2) Retail banking includes debit and credit cardholders, with duplicates removed.  
 (3) Others include other investments, other loans, and other insurance products.  
 (4) Retail customers of separate product lines do not add up to the total due to the removal of duplicates.  
 (5) The Company improved the definition of retail customers in 2022 by removing unreachable customers. Comparable data of 2021 was restated accordingly.

Focusing on "one-stop services," Ping An increases contracts per customer by aligning online service scenarios with customer demands and continuously improving online customer service experience. Seven of Ping An's portfolio of apps had accumulated more than 100 million registered users each as of June 30, 2022. On average, each internet user<sup>(1)</sup> had used 2.09 online service items at Ping An. Moreover, the number of yearly active users<sup>(2)</sup> exceeded 342 million as user activity remained strong due to effective internet user development.

Notes: (1) Internet users refer to unique registered users having 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.  
 (2) The number of yearly active users refers to the number of users who were once active in the 12 months ended June 30, 2022.

Ping An continued to improve online service coverage for customers and boost customer retention through high-quality internet user development which helped value-driven financial customer development. Ping An had nearly 206 million retail customers who were also internet users, including over 153 million who were also yearly active users, as of June 30, 2022. Their contracts per customer were 5% and 20%, respectively, higher than the Group average.

## Retail customer and internet user structure

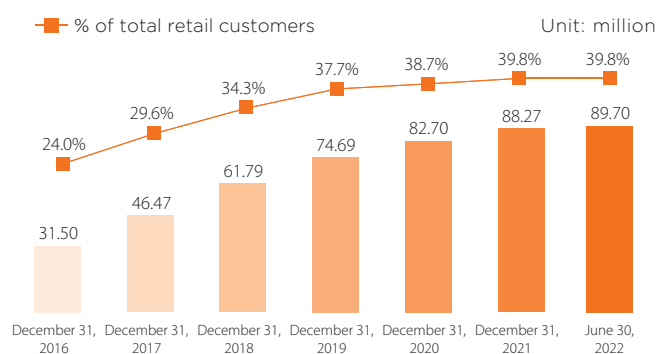


Note: Figures may not match the calculation due to rounding.

## Retail Business Value and Cross-selling Continued to Deepen

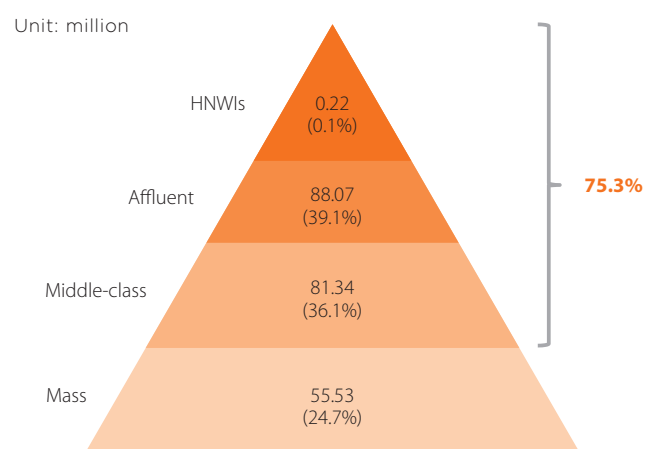
As Ping An advanced its integrated finance strategy, retail cross-selling continued to deepen. Nearly 13.06 million customer migrations occurred between the Group's core financial companies in the first half of 2022. Nearly 40% of retail customers held multiple contracts with different subsidiaries as of June 30, 2022. Ping An continuously builds "worry-free, time-saving, and money-saving" product capabilities to meet retail customers' demands for integrated financial services. Contracts per retail customer grew 1.4% year to date to 2.95 as of June 30, 2022, concentrating in auto insurance, bank deposits, credit cards, life insurance, and accident insurance.

## Number of retail customers holding multiple contracts with different subsidiaries



Ping An deepens the understanding of its customers through long-term customer development. The wealthier the customers are, the more contracts they hold, and the greater value they contribute. The number of middle-class and above customers approached 170 million as of June 30, 2022, accounting for 75.3% of total retail customers. HNWI held 20.26 contracts per customer, far more than affluent customers. The longer the customers have been with Ping An, the more contracts they hold, and the greater value they contribute. Ping An had over 138 million customers who had been with it for five or more years as of June 30, 2022, with an average of 3.30 contracts per customer, more than the average of 2.09 contracts held by customers who had been with Ping An for less than two years.

## Retail customer wealth structure and proportion



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

## Retail customers and contracts per customer by segment

	As of June 30, 2022	
	Number of customers (in million)	Contracts per customer
HNWIs	0.22	20.26
Affluent	88.07	3.98
Middle-class	81.34	2.51
Mass	55.53	1.89
<b>The Group</b>	<b>225.16</b>	<b>2.95</b>

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

	As of June 30, 2022	
	Number of customers (in million)	Contracts per customer
5 or more years	138.28	3.30
2-5 years	57.92	2.54
Less than 2 years	28.96	2.09
<b>The Group</b>	<b>225.16</b>	<b>2.95</b>

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

Cross-selling between the Company's 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 18.6% year on year in the first half of 2022.

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

For the six months ended June 30 (in RMB million)	2022		2021	
	Channel contribution		Channel contribution	
	Amount	Percentage (%)	Amount	Percentage (%)
Ping An Property & Casualty	20,653	14.1	20,573	15.4
Short-term insurance business of Ping An Annuity	4,213	37.6	4,789	38.5
Ping An Health Insurance	5,071	68.5	4,274	71.0

Going forward, Ping An will remain customer-centric and strengthen technological capabilities to drive product innovation and service quality improvement, improve customer experience and constantly create value for retail customers.

# Customer Development

## CORPORATE CUSTOMER DEVELOPMENT

### Corporate Business Value

Revolving around the technology-driven “integrated finance + healthcare” strategy, Ping An’s corporate business focuses on increasing its shared and its own values. In boosting its shared value, the corporate business provides high-quality allocable assets for insurance funds and retail business, facilitating the Group’s retail financial business to achieve its development targets. In addition, Ping An provides corporate customers with employee health management service programs which offer comprehensive, high-quality, and cost-effective services, combining integrated finance with the healthcare ecosystem strategy. In boosting its own value, the corporate business adheres to a customer-centric philosophy, strengthens collaboration and synergies among the Group’s member companies, and promotes tiered customer development and cross-selling to increase value per corporate customer.

### Corporate Customer Development Strategy

Ping An’s corporate business strategy focuses on tiered customer development. Ping An provides differentiated financial service solutions through three models, namely large and medium-sized enterprise services driven by investment banking, small and micro-enterprise and supply chain services driven by technology, and financial institution services driven by sales and trading. Ping An uses technological capabilities to improve corporate customer experience, reduce service costs, serve the real economy, and promote financial inclusion.

### Tailor-made investment banking-driven services to large and medium-sized enterprises

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, and builds and replicates the benchmark model for serving large and medium-sized enterprises. Regarding business management, Ping An leverages its advantages in insurance funds investment and has made breakthroughs in key business areas including infrastructure, new energy, and deleveraging. Ping An’s corporate investment and financing business brought RMB258 billion of bank deposits in the first half of 2022. 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 contributes to the capital market transformation toward direct financing.

- Regarding infrastructure, Ping An provides customers with integrated finance solutions. By leveraging its full suite of financial licenses, Ping An combines products including debt schemes, mezzanine funds, and publicly-offered real estate investment trusts (“REITs”) with insurance and banking services. Total scale of infrastructure projects implemented by Ping An amounted to RMB241.2 billion in the first half of 2022. Among them, Ping An won bids for six publicly-offered REITs, and provided four of them with comprehensive financial services, including fund management and scheme administration services.



- Ping An actively contributed to China's carbon peak and neutrality goals by expanding the scale of green insurance, green investment, and green credit. Ping An implemented RMB39 billion worth of projects to support the transformation of traditional energy enterprises and financing of new energy enterprises in key areas in the first half of 2022. For example, Ping An provided low-cost financing sources including bond issuance, equity investment, and lending services for a central state-owned enterprise and its new energy subsidiary to support their development. In this way, Ping An gave full play to its advantages in the integrated financial service model of "commercial banking + investment banking + investment."

#### Technology-empowered standardized financial services to small and micro-enterprises

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 small and micro-enterprises under the technology-empowered small and micro-enterprise and supply chain service model. To do this, Ping An builds an open ecosystem. Internally, Ping An aggregates products including investment and financing, insurance, payment and settlement, treasury management, IoT and digital asset management. Externally, Ping An closely cooperates with software providers and supply chain scenario partners to jointly exploit the scenarios. As the financial demands of small and micro-enterprises tend to be standard, Ping An facilitates precise customer traffic diversion based on customer profiling through platform-based operations. By offering standardized products within the ecosystem directly to customers, Ping An acquires 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 unified business portal for small and micro-enterprises in the first half of 2022. Users were referred to Ping An Bank through collaboration of the Group's member companies. The "Ping An Bank Digital Pocket" platform had 10.853 million registered business users as of June 30, 2022, up 33.3% year to date. Moreover, Ping An continued to migrate users into Ping An Bank's customers through platform services and specific scenarios.

#### Efficient trading and sales-driven services for financial institution customers

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 and sales-driven service model. Ping An's member companies leveraged the Group's bond investment system to build a bond business ecosystem in the first half of 2022. 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, Ping An promotes communication of funding needs between large and medium-sized enterprises and financial institutions to help them increase financing and investment efficiency and provide more effective customer services.

#### Good 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 1.0% year to date to approximately RMB1.30 trillion as of June 30, 2022. The balance of underlying assets invested by insurance funds sourced from corporate business<sup>(1)</sup> increased by 2.5% to RMB640,404 million year to date, with an increment of RMB81,304 million in the first half of 2022.

Corporate customer development yielded good results in the first half of 2022, with improving customer services and a constantly expanding business scale. Corporate premiums achieved through cross-selling amounted to RMB9,788 million, in which written premium of the corporate channel increased 7.0% year on year to RMB3,534 million in the first half of 2022.

Note: (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.

# Customer Development

## Performance of corporate integrated finance

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

	2022	2021	Change (%)
Corporate premiums achieved through cross-selling <sup>(1)</sup>	<b>9,788</b>	9,774	0.1
Including: Written premium of the corporate channel <sup>(2)</sup>	<b>3,534</b>	3,302	7.0
New financing scale achieved through corporate business cross-selling <sup>(3)</sup>	<b>320,090</b>	371,501	(13.8)

Notes: (1) The corporate premiums achieved through cross-selling refer to written premiums of insurance policies sold by the Group to corporate customers through cross-selling.  
(2) The written premium of the corporate channel refers to the corporate premiums achieved through cross-selling less that achieved by Ping An Life.  
(3) 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. New financing scale achieved through corporate business cross-selling declined year on year in the first half of 2022 because non-standard asset investments decreased due to market situations and investment strategies.

## 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 written premium of the corporate channel and new financing scale achieved through corporate business cross-selling referred by Ping An Bank accounted for 47.6% and 76.1% respectively in the first half of 2022.

For the six months ended June 30 (in RMB million)	Ping An Bank channel	Percentage of Ping An Bank channel <sup>(1)</sup> (%)
Written premium of the corporate channel	1,683	47.6
New financing scale achieved through corporate business cross-selling	243,716	76.1

Note: (1) Percentage of Ping An Bank channel refers to the percentage of written premium of the corporate channel or new financing scale achieved through corporate business cross-selling referred by Ping An Bank.

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, and continuously advance corporate customer development to create greater value for customers.

# Healthcare as a New Driver of Value Growth

- Ping An launched an innovative Chinese version of the “managed care model” by seamlessly combining differentiated healthcare services with its financial businesses in which Ping An acts as a payer, leveraging its decades of operational and management experience in insurance and healthcare industries. Ping An achieved over RMB70 billion in health insurance premium income in the first half of 2022.
- Ping An actively integrates its abundant healthcare services resources. Ping An had over 50,000 in-house doctors and contracted external doctors, and had partnered with over 10,000 hospitals (including all top 100 hospitals and 3A hospitals), over 100,000 healthcare management institutions and approximately 208,000 pharmacies in China as of June 30, 2022. Ping An Smart Healthcare, which provides information-based services, cumulatively served 187 cities and over 55,000 medical institutions as of June 30, 2022.
- Ping An’s healthcare ecosystem empowers its main financial businesses. More than 64% of Ping An’s over 225 million retail customers used services from the healthcare ecosystem as of June 30, 2022. These customers held approximately 3.39 contracts and approximately RMB52,900 in AUM per capita respectively, 1.6 times and 2.8 times those held by retail customers who did not use these services respectively.

## “HEALTHCARE ECOSYSTEM” STRATEGY

Chinese healthcare market has huge growth potential due to consumers’ rapidly increasing healthcare awareness and unmet demands for healthcare services including family doctors. Seizing market opportunities, Ping An strives to enhance its comprehensive strengths in serving the “Healthy China” strategy and develop a healthcare ecosystem through companies including Ping An Life, Ping An P&C, Ping An Annuity, Ping An Health Insurance, and Ping An Health (stock short name: PA GOODDOCTOR).

Ping An launched an innovative Chinese version of the “managed care model” by seamlessly combining differentiated healthcare services with its financial businesses in which Ping An acts as a payer. Under the new model, Ping An is committed to providing retail and corporate customers with one-stop “worry-free, time-saving, and money-saving” healthcare services in a customer-centric manner. The close combination of the healthcare ecosystem strategy with Ping An’s main financial businesses has begun to generate win-win synergies. As a health record manager, Ping An Health helps the Group’s retail and corporate customers gain timely access to online and offline service resources covered by the Group’s healthcare ecosystem. Ping An differentiates its services with proprietary flagship facilities in the Group’s healthcare ecosystem.

## “HEALTHCARE ECOSYSTEM” PROGRESS

### Payers:

Ping An made significant progress in serving both corporate and retail customers by effectively integrating insurance and healthcare services. The Group had nearly 100 million retail customers who paid for healthcare services deployed by our healthcare ecosystem as of June 30, 2022 and nearly 30,000 corporate customers who paid for such services in the first half of 2022. Health insurance premium income exceeded RMB70 billion, and customers entitled to healthcare service benefits accounted for an increasing percentage of Ping An Life’s NBV in the first half of 2022.

# Healthcare as a New Driver of Value Growth

- Regarding mid-range and high-end retail customer services, Ping An focuses on developing “insurance + health management” products to provide customers with “heartwarming services.” Since its launch in 2021, the Ping An Zhen Xiang RUN Health Services Plan (“Ping An Zhen Xiang RUN”) has provided healthcare services under scenarios including health management, chronic disease management and disease diagnosis/treatment. About 15 million customers of Ping An Life have used services from the healthcare ecosystem, with an overall service satisfaction rate of 98%.
- Regarding large and medium-sized enterprise services, Ping An provides customers with employee health management service programs featuring comprehensive benefits, premium services, and high cost-effectiveness by developing “commercial insurance + healthcare fund + healthcare services” products. Nearly 30,000 enterprises and their 15 million plus employees were covered in the first half of 2022.

## Providers:

- In respect of proprietary flagship offerings: Online, Ping An Health provides healthcare services through its dedicated family doctors to guide customers through end-to-end services (from consultation, diagnosis, treatment to other services) in Ping An’s “online, in-store, and home-delivered” service network. The 60-second connection rate of online services has reached 99.9% and 24/7 active management has been realized. Currently, Ping An has a team of nearly 4,000 in-house doctors. Offline, Ping An invests in service capabilities through general hospitals, checkup centers, and imaging centers. Captive hospital beds owned or managed by Ping An can meet customer demands and help optimize the allocation of scarce medical resources, bringing a differentiation advantage. Through participation in the restructuring of Founder Group, Ping An enhanced its presence in the healthcare industry by integrating PKU Healthcare’s excellent resources into Ping An’s existing healthcare ecosystem. These resources include five general hospitals and six specialty medical institutions, among which Peking University International Hospital is a flagship hospital. Ping An Longhua General Hospital, co-built by Shenzhen Longhua District People’s Government and Ping An, has already been established. Ping An will inject its own medical resources, technological strength and management capabilities into the hospital to help build a premium medical services brand in Shenzhen. In addition to hospitals, Ping An also had 14 health management centers as of June 30, 2022.
- In respect of partner networks: Ping An integrates excellent resources in China and abroad to provide “online, in-store, and home-delivered” services online and offline, covering five scenarios, namely health, sub-health, disease, chronic disease, and eldercare management. Ping An had over 50,000 in-house doctors and contracted external doctors, and had partnered with over 10,000 hospitals (including all top 100 hospitals and 3A hospitals), over 100,000 healthcare management institutions and approximately 208,000 pharmacies (over 35% of all pharmacies) in China as of June 30, 2022. Moreover, Ping An had partnered with over 1,000 overseas medical institutions in 16 countries across the world as of June 30, 2022.

Apart from healthcare services, Ping An also provides data analysis and information-based services and builds smart public health regulation platforms to empower disease management, medical institution management, and medical worker management. Ping An Smart Healthcare cumulatively served 187 cities and over 55,000 medical institutions, empowered over 1.42 million doctors, and covered over 3,000 diseases and over 10 million chronic-disease patients as of June 30, 2022.

In addition, Ping An continuously advances its healthtech research and development. Ping An ranked first globally by the number of digital healthcare patent applications as of June 30, 2022. Ping An has one of the world’s largest healthcare databases, and proactively builds a leading remote consultation and treatment platform. Ping An effectively supports the sustainable development of the healthcare ecosystem by building technological capabilities in a forward-looking manner.

## POSITIVE RESULTS FROM A PROPRIETARY “HEALTHCARE ECOSYSTEM”

**Tailored products and services solve customers’ pain points and boost upselling ratios.** Ping An provides chronic disease management for financial customers, offering one-on-one dedicated services combining smart hardware, AI and manual support. For diabetes management services, Ping An offers comprehensive solutions covering medication, exercise and diet. Over 500,000 customers had used diabetes management services as of June 30, 2022, and 92% of them had seen their blood glucose control improved. The upselling ratio of customers who used diabetes management services was twice that of customers who did not use them.

**Proprietary ecosystem helps better control service quality and efficiency.** Ping An builds its good reputation by providing premium, efficient and convenient services through the healthcare ecosystem, enhancing its brand image by word of mouth. For instance, Ping An Health has established an online consultation and treatment platform covering nine medical specialties including dermatology, pediatrics, and Traditional Chinese Medicine. Patients can see a doctor remotely on a 24/7 basis by means of images, texts, speeches, videos and so on. For complicated conditions, remote consultations can be conducted. Moreover, Ping An Health helps users prevent diseases by maintaining health records for them and carrying out regular clinical follow-ups. There has been no major healthcare incident since the online specialty consultation and treatment platform was established, with five-star monthly reviews from over 98% of users.

**Healthcare ecosystem empowers Ping An’s financial businesses through customer acquisition and retention.** Nearly 66% of Ping An’s over 668 million internet users used services from the healthcare ecosystem as of June 30, 2022. More than 64% of Ping An’s over 225 million retail customers<sup>(1)</sup> used services from the healthcare ecosystem as of June 30, 2022. These customers held approximately 3.39 contracts<sup>(1)</sup> and approximately RMB52,900 in AUM per capita respectively, 1.6 times and 2.8 times those held by retail customers who did not use these services respectively.

Note: (1) The Company improved the definitions of retail customers and contracts per customer in 2022 by removing unreachable customers but including distributed contracts. Comparable data of 2021 was restated accordingly.

# Business Analysis

## Performance Overview

- Despite a challenging environment, Ping An delivered an annualized operating ROE of 20.4% with operating profit attributable to shareholders of the parent company rising 4.3% year on year to RMB85,340 million in the first half of 2022.
- Ping An attaches importance to shareholder returns and will pay an interim dividend of RMB0.92 per share in cash for 2022, up 4.5% year on year.

### CONSOLIDATED RESULTS

Ping An provides a wide range of financial products and services via multiple distribution channels. 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.

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

	2022	2021	Change (%)
Operating profit attributable to shareholders of the parent company	<b>85,340</b>	81,836	4.3
Basic operating earnings per share (in RMB)	<b>4.88</b>	4.64	5.2
Operating ROE (annualized, %)	<b>20.4</b>	21.0	-0.6 pps
Interim dividend per share (in RMB)	<b>0.92</b>	0.88	4.5
Net profit attributable to shareholders of the parent company	<b>60,273</b>	58,005	3.9
ROE (annualized, %)	<b>14.4</b>	15.0	-0.6 pps

### OPERATING PROFIT OF THE GROUP

Operating profit is a meaningful business performance evaluation metric given the long-term nature of the Company's major life and health insurance business. Ping An defines 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<sup>(1)</sup> 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 the first half of 2022 and 2021 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 to financial statements in 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 facilitates the understanding and comparison of the Company's business performance and trend.

In the first half of 2022, global capital markets experienced substantial volatilities in a complex, challenging international environment marred by COVID-19 and heightened geopolitical conflicts. Domestic economic growth faced three headwinds, namely weak demand, supply chain disruption, and weakening confidence amid sporadic COVID-19 outbreaks. Household consumption recovery still faced many challenges, which continues to have an adverse impact on Ping An's long-term protection insurance business. Facing these pronounced challenges, Ping An implemented the business policy of "focusing on main businesses, optimizing portfolios, increasing cost-effectiveness, and ensuring compliance." Ping An pressed firmly ahead with Ping An Life's quality-oriented reform and transformation, continuously strengthened the advantages of integrated finance, and built the "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 4.3% year on year to RMB85,340 million in the first half of 2022, affected by the short-term impact of domestic sporadic COVID-19 outbreaks on the Company's operations and the volatility of capital markets. Basic operating earnings per share rose 5.2% year on year to RMB4.88. Net profit attributable to shareholders of the parent company increased 3.9% year on year to RMB60,273 million.

	2022						The Group
	Life and health insurance business	Property and casualty insurance business	Banking business	Asset management business	Technology business	Other businesses and elimination	
For the six months ended June 30 (in RMB million)							
<b>Net profit attributable to shareholders of the parent company</b>	<b>33,760</b>	<b>8,343</b>	<b>12,802</b>	<b>4,400</b>	<b>4,480</b>	<b>(3,512)</b>	<b>60,273</b>
Net profit attributable to non-controlling interests	328	38	9,286	838	395	518	11,403
<b>Net profit (A)</b>	<b>34,088</b>	<b>8,381</b>	<b>22,088</b>	<b>5,238</b>	<b>4,875</b>	<b>(2,994)</b>	<b>71,676</b>
<b>Excluding:</b>							
Short-term investment variance (B)	(17,932)	-	-	-	-	-	(17,932)
Impact of discount rate change (C)	(6,972)	-	-	-	-	-	(6,972)
Impact of one-off material non-operating items and others (D)	-	-	-	-	(429)	-	(429)
<b>Operating profit (E=A-B-C-D)</b>	<b>58,993</b>	<b>8,381</b>	<b>22,088</b>	<b>5,238</b>	<b>5,304</b>	<b>(2,994)</b>	<b>97,010</b>
<b>Operating profit attributable to shareholders of the parent company</b>	<b>58,398</b>	<b>8,343</b>	<b>12,802</b>	<b>4,400</b>	<b>4,909</b>	<b>(3,512)</b>	<b>85,340</b>
Operating profit attributable to non-controlling interests	595	38	9,286	838	395	518	11,670

# Business Analysis

## Performance Overview

2021

For the six months ended June 30 (in RMB million)	Life and health insurance business	Property and casualty insurance business	Banking business	Asset management business	Technology business	Other businesses and elimination	The Group
<b>Net profit attributable to shareholders of the parent company</b>	29,256	10,741	10,191	8,008	2,644	(2,835)	58,005
Net profit attributable to non-controlling interests	529	50	7,392	809	726	452	9,958
<b>Net profit (A)</b>	29,785	10,791	17,583	8,817	3,370	(2,383)	67,963
<b>Excluding:</b>							
Short-term investment variance (B)	(15,245)	-	-	-	-	-	(15,245)
Impact of discount rate change (C)	(5,200)	-	-	-	-	-	(5,200)
Impact of one-off material non-operating items and others (D)	-	-	-	-	(3,592)	-	(3,592)
<b>Operating profit (E=A-B-C-D)</b>	50,230	10,791	17,583	8,817	6,962	(2,383)	92,000
<b>Operating profit attributable to shareholders of the parent company</b>	49,495	10,741	10,191	8,008	6,236	(2,835)	81,836
Operating profit attributable to non-controlling interests	735	50	7,392	809	726	452	10,164

Notes: (1) The life and health insurance business represents the results of three subsidiaries, namely Ping An Life, Ping An Annuity, and Ping An Health Insurance. The property and casualty insurance business represents the results of Ping An P&C. The banking business represents the results of Ping An Bank. The asset management business represents the results of subsidiaries that engage in asset management business including Ping An Securities, Ping An Trust, 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.



**OPERATING PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY**For the six months ended June 30  
(in RMB million)

	2022	2021	Change (%)
Life and health insurance business	58,398	49,495	18.0
Property and casualty insurance business	8,343	10,741	(22.3)
Banking business	12,802	10,191	25.6
Asset management business	4,400	8,008	(45.1)
Technology business	4,909	6,236	(21.3)
Other businesses and elimination	(3,512)	(2,835)	23.9
<b>The Group</b>	<b>85,340</b>	<b>81,836</b>	<b>4.3</b>

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

**EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY**

(in RMB million)

	June 30, 2022	December 31, 2021	Change (%)
Life and health insurance business	316,629	296,877	6.7
Property and casualty insurance business	120,715	113,898	6.0
Banking business	209,868	200,217	4.8
Asset management business	114,620	115,843	(1.1)
Technology business	102,987	100,697	2.3
Other businesses and elimination	(16,100)	(15,127)	6.4
<b>The Group</b>	<b>848,719</b>	<b>812,405</b>	<b>4.5</b>

**OPERATING ROE (ANNUALIZED)**For the six months ended June 30  
(%)

	2022	2021	Change (pps)
Life and health insurance business	35.8	35.0	0.8
Property and casualty insurance business	14.2	20.0	(5.8)
Banking business	12.2	10.7	1.5
Asset management business	8.0	15.0	(7.0)
Technology business	8.8	11.8	(3.0)
Other businesses and elimination	N/A	N/A	N/A
<b>The Group</b>	<b>20.4</b>	<b>21.0</b>	<b>(0.6)</b>

# Business Analysis

## Life and Health Insurance Business

- Operating profit after tax of the life and health insurance business (“Life & Health” or “L&H”) rose 17.4% year on year to RMB58,993 million in the first half of 2022.
- Despite the impact of multiple factors including COVID-19, Ping An Life’s NBV per agent increased 26.9% year on year, and 13-month persistency ratio improved by 4.1 pps year on year in the first half of 2022 driven by the quality-oriented transformation of the agent force.

### BUSINESS OVERVIEW

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

Facing internal and external challenges, Ping An Life unswervingly advanced its “channel + product” reform, whereby it continued to develop high-quality and more balanced distribution and launched a series of “products + services” to meet changing customer demands for savings, elderlycare and protection and build differentiation advantages in the first half of 2022.

Due to the continuous impact of COVID-19, Chinese residents’ willingness to consume weakened, consumer spending on long-term protection products slowed down, and offline sales promotion activities were hindered in multiple regions. Consequently, NBV of L&H dropped 28.5% year on year to RMB19,573 million in the first half of 2022. If the NBV for the first half of 2021 were restated using the assumptions and method employed at the end of 2021, the NBV of L&H for the first half of 2022 would drop 20.3% year on year. However, Ping An Life continued to promote the quality-oriented transformation of the agent force, boosting productivity per agent. Monthly income per agent rose 35.1% year on year to RMB7,957 and NBV per agent increased 26.9% year on year in the first half of 2022.

### Key Indicators

(in RMB million)	For the six months ended June 30, 2022/ As at June 30, 2022	For the six months ended June 30, 2021/ As at December 31, 2021	Change (%)
NBV	<b>19,573</b>	27,387	(28.5)
NBV margin (%)	<b>25.7</b>	31.2	-5.5 pps
FYP used to calculate NBV	<b>76,132</b>	87,641	(13.1)
Embedded value	<b>906,619</b>	876,490	3.4
Operating ROEV (annualized, %)	<b>13.2</b>	14.9	-1.7 pps
Operating profit after tax	<b>58,993</b>	50,230	17.4
Operating ROE (annualized, %)	<b>35.8</b>	35.0	0.8 pps
Net profit	<b>34,088</b>	29,785	14.4

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

### PING AN LIFE’S REFORM AND TRANSFORMATION

Ping An Life forges ahead against challenges. Residents become more cautious about consumption due to increased future personal income uncertainties caused by sporadic COVID-19 outbreaks in China in the first half of 2022. Despite external challenges, Ping An Life continued to advance the “channel + product” reform strategy, adhering to the value-oriented philosophy and seeking innovation-driven development. Ping An Life furthered its reform and achieved initial results. In respect of channels, Ping An Life has transformed from relying heavily on the agent channel toward four major channels. In the agent channel, Ping An Life has shifted from experience-driven operations to digital operations. Using the scientific evaluation standards for 5-Star business outlets with strong performance, high quality and good behaviors, Ping An Life measures and guides outlets’ business operations and strengthens process management. In multi-channel development, Ping An Life simultaneously develops three innovative channels, which have made increasing contributions. In respect of products, Ping An Life has actively innovated products and services, and continuously developed the “insurance + health” and “insurance + elderlycare” service framework. Ping An Life has won wide recognition among customers with professional product and service solutions.

In respect of channels, Ping An Life firmly advanced the quality-oriented transformation of the agent force, deepened cooperation with Ping An Bank, and proactively explored Community Grid and the lower-tier channel.

- Agent channel.** Ping An Life refined the tiered management of its agent force to optimize the team structure. The proportion of agents with a college education background and above rose 4 pps year on year as of June 30, 2022. In respect of Diamond Agents, Ping An Life continued to improve their capabilities by upgrading the incentive system, product suite, and training system. FYP per Diamond Agent was 4.7 times the average of all agents, and the number of top performers rose 7.7% year on year in the first half of 2022. In respect of new agents, Ping An Life implemented “Talent +” to upgrade and tighten agent recruitment, aiming to raise the proportion of high-quality new agents gradually through high-quality existing ones. The proportion of “Talent +” new agents increased by 9 pps year on year in the first half of 2022. Moreover, training upgrades, preferential policies, and sales support were implemented to boost new agents’ income. Ping An Life is steadily advancing the reform of digital business outlets, and will gradually roll out the reform nationwide.

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

	2022	2021	Change (%)
<b>Agent productivity and income</b>			
Agent channel NBV	16,434	23,684	(30.6)
Average number of agents per month (in thousand)	514	940	(45.3)
NBV per agent (RMB per agent per half year)	31,958	25,185	26.9
Activity rate of agents <sup>(1)</sup> (%)	55.4	43.9	11.5 pps
Agent income (RMB per agent per month)	7,957	5,889	35.1
Including: Income from Ping An Life’s products (RMB per agent per month)	6,373	4,954	28.6
	June 30, 2022	December 31, 2021	Change (%)
Number of individual life insurance sales agents (person)	519,083	600,345	(13.5)

- 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.** Ping An Life consolidated partnership with external banks, and deepened its cooperation with Ping An Bank which is developing a team of high-quality Private Wealth Advisers for bancassurance business. More than 800 Private Wealth Advisers have been recruited, over 90% of whom have a bachelor’s degree. The Company has been encouraged by the volume and productivity of the highly-educated and elite new recruits the bank has been able to hire despite extremely stringent recruitment criteria. To help facilitate bancassurance transformation, Ping An Life continuously improves the bancassurance product suite to meet customer demands in this high growth potential channel.
- Other channels.** Ping An Life diversified its channels and explored the Community Grid model, whereby highly competent grid-based specialists dig deep into local communities like “farmers” and focus on increasing the persistency ratio of “orphan policies<sup>(1)</sup>” under an online-merge-offline high-quality, sustainable service model. Ping An Life successfully piloted Community Grid in 11 cities and built a team of over 2,000 high-quality specialists as of June 30, 2022. Moreover, Ping An Life effectively optimized the whole process covering online-merge-offline operations, renewal premium collection, and upselling. Ping An Life’s 13-month persistency ratio of “orphan policies” in pilot cities improved by over 20 pps year on year. Ping An Life will roll out the pilot program to dig deeper into local communities and enhance basic management, aiming to provide high-quality services and achieve productivity breakthroughs. In addition, Ping An Life continued to develop an innovative model leveraging insurance consumption scenarios in lower-tier markets. The model has been piloted at two branches. Innovative channels including bancassurance, telemarketing, internet, and others contributed 13.4% of Ping An Life’s NBV, up 2.1 pps year on year in the first half of 2022.

Note: (1) Orphan policies are in-force policies sold by Ping An Life’s former agents before their agency relationship terminated.

# Business Analysis

## Life and Health Insurance Business

In respect of products, Ping An Life increased the supply of competitive products to unlock customer demands under the philosophy of “developing heartwarming insurance.” Moreover, Ping An Life created differentiation advantages with three core services, namely “insurance + health management,” “insurance + home-based elderlycare,” and “insurance + high-end elderlycare,” by leveraging the Group’s healthcare ecosystem.

- Insurance products.** Ping An Life continuously innovates and upgrades its product suite, focusing on savings and protection insurance products. **In respect of savings insurance products,** Ping An Life has developed targeted pension insurance products against the backdrop of a rapidly aging society, and recently launched “Sheng Shi Jin Yue,” which is proving to be a popular whole life insurance product that benefits from a growing sum assured amid declining market interest rates. **In respect of protection insurance products,** Ping An Life has built a tailored critical illness product suite to meet the demands of different customer segments. For example, Ping An Life penetrated the children’s critical illness market by launching “Children Protector 100% Plus.” In addition, Ping An Life stepped up efforts to develop whole life insurance, medical insurance and other protection markets by providing customers with a wide variety of protection insurance products.
- Services.** Ping An Life leveraged the Group’s healthcare ecosystem to offer healthcare management services to its insurance customers. **In respect of “insurance + health management,”** Ping An Zhen Xiang RUN, which provides healthcare services under health, chronic disease, and medical scenarios, had served approximately 15 million customers as of June 30, 2022, with an overall service satisfaction rate of 98%. Health management services were used by 63% of newly enrolled customers and widely recognized by customers in the first half of 2022. Focused on customer needs for healthcare and based on dedicated doctors and health accounts, Ping An Zhen Xiang RUN offered outpatient appointment assistance and escort, sugar control, and

critical illness management in the first half of 2022. **In respect of “insurance + home-based elderlycare,”** Ping An integrates internal and external service providers to offer one-stop, home-based elderlycare solutions through whole-hearted concierges, making the elderly comfortable and their children worry-free. The solutions cover scenarios including healthcare, housing, nursing, dining, and entertainment through one smart assistant, one dedicated concierge, and multiple expert advisers. Coupled with a robust service supervision system and protection of customers’ rights and interests, Ping An helps the elderly to live a dignified life at home, striving to build the No.1 home-based elderlycare brand in China. Ping An’s home-based elderlycare services had covered 32 cities across China as of June 30, 2022. **In respect of “insurance + high-end elderlycare,”** Ping An aims to fully satisfy the increasing needs for high-quality elderlycare in China by providing integrated solutions under the principle of “prime life, exclusive services, and respectful care.” “Shenzhen Shekou Yi Nian Cheng,” Ping An’s first high-end elderlycare community project, was launched in March 2022.

Moreover, Ping An boosts customer retention and value through healthcare services. Thirty percent of Ping An Life’s new customers were migrated from healthcare service users, and a monthly average of 25.9% of newly enrolled customers used healthcare services in the first half of 2022.

The 13-month persistency ratio improved by 4.1 pps year on year to 91.7% in the first half of 2022. Going forward, Ping An Life will continue to adopt the services-based approach to collecting renewal premiums, provide ex ante services in policy renewal, and offer precise policy renewal services through digitization and smart operations to enhance the efficiency of renewal premium collection and persistency ratios.

For the six months ended June 30	2022	2021	Change (pps)
<b>Ping An Life</b>			
13-month persistency ratio (%)	<b>91.7</b>	87.6	4.1
25-month persistency ratio (%)	<b>80.6</b>	82.0	(1.4)

## ANALYSIS OF OPERATING PROFIT AND PROFIT SOURCES

Operating profit is a meaningful business performance evaluation metric given the long-term nature of the Company's major life and health insurance business. Ping An defines 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<sup>(1)</sup> 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 to financial statements in 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 help understand and compare the Company's business performance and trend.

For the six months ended June 30 (in RMB million)			
	2022	2021	Change (%)
Release of residual margin (A)	40,757	41,589	(2.0)
Return on net worth <sup>(1)</sup> (B)	8,121	7,133	13.9
Spread income <sup>(2)</sup> (C)	2,735	2,125	28.7
Operating variances and others (D)	11,932	7,011	70.2
<b>Operating profit before tax (E=A+B+C+D)</b>	<b>63,546</b>	57,858	9.8
Income tax (F)	(4,553)	(7,629)	(40.3)
<b>Operating profit after tax (G=E+F)</b>	<b>58,993</b>	50,230	17.4
Short-term investment variance (H)	(17,932)	(15,245)	17.6
Impact of discount rate change (I)	(6,972)	(5,200)	34.1
Impact of one-off material non-operating items and others (J)	-	-	N/A
<b>Net profit (K=G+H+I+J)</b>	<b>34,088</b>	29,785	14.4

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 70.2% year on year, largely because the actual claim payment was lower due to COVID-19 and the persistency ratios improved, resulting in better-than-assumed operating experience.

Residual margin of Life & Health was RMB924,726 million as of June 30, 2022.

For the six months ended June 30 (in RMB million)			
	2022	2021	Change (%)
<b>Opening residual margin</b>	<b>940,733</b>	960,183	(2.0)
Contribution from new business	22,878	41,480	(44.8)
Expected interest growth	17,989	18,287	(1.6)
Release of residual margin	(40,757)	(41,589)	(2.0)
Lapse variances and others	(16,116)	(10,148)	58.8
<b>Closing residual margin</b>	<b>924,726</b>	968,212	(4.5)

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

# Business Analysis

## Life and Health Insurance Business

### SOLVENCY MARGIN

Ping An Life, Ping An Annuity, and Ping An Health Insurance have adopted the *Regulatory Rules on Solvency of Insurance Companies (II)* (the “C-ROSS Phase II Rules”) since the beginning of 2022. The solvency data as of June 30, 2022 reflects the C-ROSS Phase II Rules, while the solvency data as of December 31, 2021 reflects the C-ROSS Phase I Rules. Solvency margin ratios of Ping An Life, Ping An Annuity, and Ping An Health Insurance were all significantly above the regulatory requirements as of June 30, 2022.

(in RMB million)	Ping An Life		Ping An Annuity		Ping An Health Insurance	
	June 30, 2022 (under C-ROSS Phase II Rules)	December 31, 2021 (under C-ROSS Phase I Rules)	June 30, 2022 (under C-ROSS Phase II Rules)	December 31, 2021 (under C-ROSS Phase I Rules)	June 30, 2022 (under C-ROSS Phase II Rules)	December 31, 2021 (under C-ROSS Phase I Rules)
Core capital	<b>510,103</b>	1,026,410	<b>25,677</b>	11,568	<b>6,510</b>	4,307
Actual capital	<b>909,318</b>	1,046,410	<b>28,335</b>	11,568	<b>7,697</b>	4,307
Minimum capital	<b>370,698</b>	454,175	<b>8,120</b>	5,955	<b>2,778</b>	2,097
Core solvency margin ratio (%)	<b>137.6</b>	226.0	<b>316.2</b>	194.3	<b>234.3</b>	205.4
Comprehensive solvency margin ratio (%)	<b>245.3</b>	230.4	<b>348.9</b>	194.3	<b>277.1</b>	205.4

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) Figures may not match the calculation due to rounding.

### OTHER MAJOR FINANCIAL AND REGULATORY INFORMATION

#### Income Statement of Life & Health

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

	2022	2021
Written premium	<b>328,456</b>	337,886
Less: Premium deposits of policies without significant insurance risk transfer	<b>(1,544)</b>	(1,678)
Less: Premium deposits separated out from universal life and investment-linked products	<b>(44,665)</b>	(47,310)
Premium income	<b>282,247</b>	288,898
Reinsurance premium income	<b>1,343</b>	2,048
Gross written premiums	<b>283,590</b>	290,946
Net earned premiums	<b>275,073</b>	282,914
Claims and policyholders' benefits	<b>(252,698)</b>	(252,202)
Commission expenses on insurance operations	<b>(24,287)</b>	(32,606)
Administrative expenses <sup>(1)</sup>	<b>(21,150)</b>	(23,161)
Total investment income <sup>(2)</sup>	<b>55,033</b>	58,855
Other net revenue and expenses <sup>(3)</sup>	<b>(1,631)</b>	(3,201)
Profit before tax	<b>30,340</b>	30,599
Income tax	<b>3,748</b>	(814)
Net profit	<b>34,088</b>	29,785

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:

For the six months ended June 30 (in RMB million)	2022	2021
<b>Retail business</b>	<b>315,816</b>	324,857
<b>New business</b>	<b>75,412</b>	82,260
Agent channel	<b>59,363</b>	64,720
Including: Regular premium	<b>47,332</b>	54,100
Bancassurance channel	<b>6,674</b>	4,600
Including: Regular premium	<b>5,470</b>	3,804
Telemarketing, internet and others	<b>9,375</b>	12,940
Including: Regular premium	<b>2,730</b>	4,988
<b>Renewed business</b>	<b>240,404</b>	242,597
Agent channel	<b>219,159</b>	215,807
Bancassurance channel	<b>9,925</b>	9,123
Telemarketing, internet and others	<b>11,320</b>	17,667
<b>Group business</b>	<b>12,640</b>	13,029
New business	<b>12,524</b>	12,938
Renewed business	<b>116</b>	91
<b>Total</b>	<b>328,456</b>	337,886

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

For the six months ended June 30 (in RMB million)	2022	2021
Participating insurance	<b>39,698</b>	49,477
Universal insurance	<b>52,604</b>	55,562
Traditional life insurance	<b>64,487</b>	61,796
Long-term health insurance	<b>61,167</b>	62,740
Accident & short-term health insurance	<b>24,913</b>	26,610
Annuity	<b>85,330</b>	81,256
Investment-linked insurance	<b>257</b>	445
<b>Total</b>	<b>328,456</b>	337,886

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

For the six months ended June 30 (in RMB million)	2022	2021
Guangdong	<b>57,146</b>	58,809
Beijing	<b>22,284</b>	21,471
Shandong	<b>20,448</b>	20,466
Jiangsu	<b>19,102</b>	19,092
Zhejiang	<b>18,118</b>	17,415
Subtotal	<b>137,098</b>	137,253
<b>Total</b>	<b>328,456</b>	337,886

# Business Analysis

## Life and Health Insurance Business

### Claims and Policyholders' Benefits

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

	2022	2021
Surrender	<b>28,410</b>	26,154
Surrender rate <sup>(1)</sup> (%)	<b>1.16</b>	1.19
Claim expenses of insurance contracts	<b>52,066</b>	48,940
Claims paid	<b>10,355</b>	11,556
Annuities	<b>4,272</b>	4,426
Maturities and survival benefits	<b>19,349</b>	15,308
Death, injury and medical care benefits	<b>18,090</b>	17,650
Reinsurer's share of claim expenses of insurance contracts	<b>(4,892)</b>	(3,188)
Policyholder dividends	<b>13,713</b>	13,408
Net increase in insurance reserves	<b>148,915</b>	151,618
Interest credited to policyholder contract deposits	<b>14,486</b>	15,270
<b>Total</b>	<b>252,698</b>	252,202

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

Maturities and survival benefits grew 26.4% year on year, mainly because some products saw higher maturities and survival benefits due to the insurance underwriting pace.

Reinsurer's share of claim expenses of insurance contracts grew 53.5% year on year, mainly due to a higher ceding proportion.

### Commission Expenses on Insurance Operations

Commission expenses on insurance operations (mainly paid to the Company's sales agents) for the first half of 2022 decreased 25.5% year on year mainly due to changes in the business scale and product portfolio.

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

	2022	2021
Health insurance	<b>8,726</b>	13,533
Accident insurance	<b>919</b>	1,409
Life insurance and others	<b>14,642</b>	17,664
<b>Total</b>	<b>24,287</b>	32,606



### Administrative Expenses

Administrative expenses for the first half of 2022 decreased 8.7% year on year.

For the six months ended June 30 (in RMB million)	2022	2021
Operating expenses	20,398	22,533
Taxes and surcharges	682	541
Impairment losses on receivables and others	70	87
Total	21,150	23,161

### Total Investment Income

Life & Health's investment income was under pressure in the first half of 2022 due to volatile capital markets. The annualized net investment yield was 3.9%, and the annualized total investment yield was 3.1%.

For the six months ended June 30 (in RMB million)	2022	2021
Net investment income <sup>(1)</sup>	85,671	70,053
Net realized and unrealized gains <sup>(2)</sup>	(30,569)	8,598
Impairment losses on investment assets	(69)	(19,796)
Total investment income	55,033	58,855
Net investment yield <sup>(3)</sup> (annualized, %)	3.9	3.8
Total investment yield <sup>(3)</sup> (annualized, %)	3.1	3.5

- 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) Net realized and unrealized gains include capital gains from securities investments and fair value gains or losses.
- (3) Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method. In the computation of annualized investment yields, only interest revenue from deposits and debt financial assets, and operating lease income from investment properties were annualized, while interest revenue from financial assets purchased under reverse repurchase agreements, interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions, dividend income, capital gains from investments and fair value gains and losses were not annualized.

### Income Tax

Income tax changed due to the combined impact of taxable income and deferred income tax.

# Business Analysis

## Property and Casualty Insurance Business

- Ping An P&C maintained steady business growth and healthy business quality. Premium income increased 10.1% year on year to RMB146,792 million and combined ratio was 97.3% in the first half of 2022.
- Ping An P&C proactively applies technologies to data-driven online customer development. “Ping An Auto Owner,” the largest automotive service app in China, had over 159 million registered users, and over 99 million vehicles had been linked with the app as of June 30, 2022. Monthly active users exceeded 33 million in June 2022.
- Ping An P&C’s leading online claims services offer superior user experience with the pioneering video-based auto insurance claim investigations taking only five minutes on average. Through various online claims services, 92.9% of auto insurance claim payments were made within one hour in the first half of 2022.

### BUSINESS OVERVIEW

The Company conducts its 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 has been honored as the “No.1 Brand” in China’s auto insurance and property and casualty insurance markets for 12 consecutive years.

Ping An P&C maintained stable business growth, with premium income up 10.1% year on year to RMB146,792 million in the first half of 2022. Ping An P&C remained the second largest property and casualty insurance company in China by premium income. Combined ratio rose 1.4 pps year on year to 97.3% in the first half of 2022, but business quality remained healthy. Specifically, combined ratio of auto insurance business improved significantly by 3.0 pps year on year. However, overall combined ratio saw short-term fluctuation mainly because the claim expenses of guarantee insurance business climbed

due to COVID-19. Combined ratio is expected to gradually improve in the medium and long term as the state adopts policies to support economic growth and Ping An P&C takes various measures to manage risks.

Ping An P&C upgrades the auto owner ecosystem, enhances operational efficiency, and optimizes user experience by improving its user data system. “Ping An Auto Owner,” the largest automotive service app in China, had over 159 million registered users, and over 99 million vehicles had been linked with the app as of June 30, 2022. Monthly active users exceeded 33 million in June 2022. Ping An P&C’s leading online claims services offer superior user experience with the pioneering video-based auto insurance claim investigations taking only five minutes on average. Through unique “One-click Claims Services,” Ping An P&C improves service quality by offering optimal auto claims service models intelligently under different scenarios. Through various online claims services, 92.9% of auto insurance claim payments were made within one hour in the first half of 2022.

## Key Indicators

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

	2022	2021	Change (%)
Operating profit	<b>8,381</b>	10,791	(22.3)
Operating ROE (annualized, %)	<b>14.2</b>	20.0	-5.8 pps
Combined ratio (%)	<b>97.3</b>	95.9	1.4 pps
Including:			
Expense ratio <sup>(1)</sup> (%)	<b>28.2</b>	29.0	-0.8 pps
Loss ratio <sup>(2)</sup> (%)	<b>69.1</b>	66.9	2.2 pps
Premium income	<b>146,792</b>	133,313	10.1
Including:			
Auto insurance	<b>95,502</b>	89,015	7.3
Non-auto insurance	<b>37,923</b>	33,727	12.4
Accident and health insurance	<b>13,367</b>	10,571	26.4
Market share <sup>(3)</sup> (%)	<b>18.3</b>	18.2	0.1 pps
Including:			
Auto insurance (%)	<b>24.0</b>	23.8	0.2 pps

Notes: (1) Expense ratio = (commission expenses on 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

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

	2022	2021	Change (%)
Premium income	<b>146,792</b>	133,313	10.1
Net earned premiums	<b>137,776</b>	127,255	8.3
Claim expenses	<b>(95,216)</b>	(85,182)	11.8
Commission expenses on insurance operations	<b>(16,832)</b>	(15,594)	7.9
Administrative expenses <sup>(1)</sup>	<b>(24,668)</b>	(23,855)	3.4
Reinsurance commission revenue	<b>2,613</b>	2,586	1.0
Underwriting profit	<b>3,673</b>	5,210	(29.5)
Combined ratio (%)	<b>97.3</b>	95.9	1.4 pps
Total investment income <sup>(2)</sup>	<b>6,040</b>	7,973	(24.2)
Average investment assets	<b>351,041</b>	318,510	10.2
Total investment yield (unannualized, %)	<b>1.7</b>	2.5	-0.8 pps
Total investment yield <sup>(3)</sup> (annualized, %)	<b>3.0</b>	3.9	-0.9 pps
Other net revenue and expenses	<b>(353)</b>	(419)	(15.8)
Profit before tax	<b>9,360</b>	12,764	(26.7)
Income tax	<b>(979)</b>	(1,973)	(50.4)
Net profit	<b>8,381</b>	10,791	(22.3)
Operating profit	<b>8,381</b>	10,791	(22.3)

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.

(3) Average investment assets used as the denominator are computed in line with the principles of the Modified Dietz method. In the computation of annualized investment yields, only interest revenue from deposits and debt financial assets as well as operating lease income from investment properties were annualized, while interest revenue from financial assets purchased under reverse repurchase agreements, interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions, dividend income, capital gains from investments and fair value gains or losses were not annualized.

# Business Analysis

## Property and Casualty Insurance Business

### OPERATING DATA BY PRODUCT TYPE

Among all the insurance products offered by Ping An P&C in the first half of 2022, 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 90.1% of Ping An P&C's total premium income for the first half of 2022.

#### Auto Insurance

Ping An P&C actively refined operations and improved sales and service capabilities. The number of vehicles insured by Ping An P&C increased 3.7% year on year, and premium income of auto insurance business increased 7.3% year on year to RMB95,502 million in the first half of 2022. Combined ratio of auto insurance business improved by 3.0 pps year on year to 94.4% in the first half of 2022. Ping An P&C took measures such as optimizing pricing models, strengthening risk screening, and improving cost management. Moreover, vehicle traffic volume and accident frequency decreased year on year due to COVID-19, which reduced auto insurance claims to a certain extent. Going forward, Ping An P&C will advance product and service innovation, and develop pay-per-mile auto insurance and other products and services to meet diverse customer needs and drive the healthy development of auto insurance business.

#### Liability Insurance

Ping An P&C's liability insurance business saw premium income grow 11.5% year on year to RMB12,402 million in the first half of 2022. Combined ratio of liability insurance business stood at 105.5% in the first half of 2022, mainly affected by the unification of urban and rural compensation standards for personal injuries across China, but the overall business risk was under control. Ping An P&C has optimized the risk pricing models for major product types, continuously improved the risk pricing database, and enhanced the precision pricing capability. As a result, the quality of newly-sold liability insurance policies has been significantly optimized.

#### Guarantee Insurance

Premium income of guarantee insurance business grew 8.2% year on year to RMB10,558 million in the first half of 2022. Combined ratio of guarantee insurance business rose 24.8 pps year on year to 113.0% mainly due to higher claim expenses as sporadic COVID-19 outbreaks in China significantly impacted the production and operations of small and micro-enterprises in the first half of 2022. Ping An P&C has taken proactive measures, including mitigating risks and increasing cost-effectiveness, to buffer COVID-induced cost increases.

#### Accidental Injury Insurance

Premium income of accidental injury insurance business grew 4.6% year on year to RMB8,898 million in the first half of 2022. Combined ratio of accidental injury insurance business remained good at 92.7%. Centering on user demands, Ping An P&C provides users with convenient insurance services through apps including "Ping An Auto Owner" and "Ping An Good Life."

#### Corporate Property and Casualty Insurance

Premium income of corporate property and casualty insurance business grew 1.7% year on year to RMB4,878 million in the first half of 2022. Combined ratio of corporate property and casualty insurance business slightly improved year on year to 91.4% due to generally stable operations. Going forward, Ping An P&C will continue to act as the "shock absorber" of the real economy and the "stabilizer" of society. Leveraging its advantages in "insurance + technology + services," Ping An P&C will continue to provide risk protection and full life-cycle specialty services for important enterprises that implement national strategies including the "Belt and Road Initiative" and "Green Finance."

For the six months ended June 30, 2022 (in RMB million)	Insured amount	Premium income	Net earned premiums	Claim expenses	Underwriting profit	Combined ratio	Reserve liabilities
Auto insurance	88,385,419	95,502	92,169	64,502	5,123	94.4%	165,730
Liability insurance	1,425,771,011	12,402	9,142	5,652	(499)	105.5%	21,206
Guarantee insurance	146,354	10,558	17,037	16,080	(2,207)	113.0%	44,678
Accidental injury insurance	1,047,591,271	8,898	8,710	3,379	634	92.7%	12,460
Corporate property and casualty insurance	11,476,980	4,878	2,254	1,325	194	91.4%	10,191

## SOLVENCY MARGIN

Ping An P&C has adopted the C-ROSS Phase II Rules starting from 2022. The solvency data as of June 30, 2022 reflects the C-ROSS Phase II Rules, while the solvency data as of December 31, 2021 reflects the C-ROSS Phase I Rules. Ping An P&C's core and comprehensive solvency margins were significantly above the regulatory requirements as of June 30, 2022.

(in RMB million)	<b>June 30, 2022 (under C-ROSS Phase II Rules)</b>	December 31, 2021 (under C-ROSS Phase I Rules)
Core capital	<b>105,479</b>	112,277
Actual capital	<b>132,837</b>	125,777
Minimum capital	<b>61,068</b>	45,171
Core solvency margin ratio (%)	<b>172.7</b>	248.6
Comprehensive solvency margin ratio (%)	<b>217.5</b>	278.4

- 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.  
 (3) For details of Ping An P&C's solvency margin, please refer to the Company's website (www.pingan.cn).

## 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:

For the six months ended June 30 (in RMB million)	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Agencies	<b>38,996</b>	<b>26.6</b>	32,674	24.5
Car dealers	<b>37,320</b>	<b>25.4</b>	33,595	25.2
Cross-selling	<b>20,653</b>	<b>14.1</b>	20,573	15.4
Direct selling	<b>20,221</b>	<b>13.8</b>	20,252	15.2
Telemarketing and online channels	<b>11,678</b>	<b>8.0</b>	10,770	8.1
Others	<b>17,924</b>	<b>12.1</b>	15,449	11.6
<b>Total</b>	<b>146,792</b>	<b>100.0</b>	133,313	100.0

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

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

For the six months ended June 30 (in RMB million)	2022	2021
Guangdong	<b>24,387</b>	21,827
Jiangsu	<b>11,183</b>	9,748
Zhejiang	<b>9,510</b>	8,373
Shandong	<b>8,246</b>	7,459
Shanghai	<b>8,132</b>	7,981
Subtotal	<b>61,458</b>	55,388
<b>Total</b>	<b>146,792</b>	133,313

# Business Analysis

## Property and Casualty Insurance Business

### Reinsurance Arrangement

Ping An P&C adheres to a prudent approach to its reinsurance business to scale up underwriting capabilities, 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.

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

	2022	2021
Premiums ceded to reinsurers	<b>10,116</b>	9,799
Auto insurance	<b>2,729</b>	2,933
Non-auto insurance	<b>7,307</b>	6,706
Accident and health insurance	<b>80</b>	160
Inward reinsurance premium	<b>14</b>	57
Non-auto insurance	<b>14</b>	57

### Claim Expenses

Claim expenses grew 11.8% year on year in the first half of 2022, mainly because guarantee insurance claim expenses increased sharply year on year due to sporadic COVID-19 outbreaks.

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

	2022	2021
Auto insurance	<b>64,502</b>	62,845
Non-auto insurance	<b>25,825</b>	18,482
Accident and health insurance	<b>4,889</b>	3,855
Total	<b>95,216</b>	85,182

### Commission Expenses on Insurance Operations

Commission expenses on insurance operations increased 7.9% year on year in the first half of 2022, mainly because commission expenses rose year on year due to a large increase in accident and health insurance premium income.

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

	2022	2021
Auto insurance	<b>7,957</b>	7,932
Non-auto insurance	<b>4,712</b>	4,342
Accident and health insurance	<b>4,163</b>	3,320
Total	<b>16,832</b>	15,594
Commission expenses as a percentage of premium income (%)	<b>11.5</b>	11.7

### Administrative Expenses

Administrative expenses increased 3.4% year on year in the first half of 2022.

For the six months ended June 30 (in RMB million)	2022	2021
Operating expenses	<b>22,945</b>	22,885
Taxes and surcharges	<b>592</b>	549
Impairment losses on receivables and others	<b>1,131</b>	421
<b>Total</b>	<b>24,668</b>	23,855

### Total Investment Income

Ping An P&C's investment income was under pressure in the first half of 2022 due to volatile capital markets. The annualized net investment yield was 3.9%, and the annualized total investment yield was 3.0%.

For the six months ended June 30 (in RMB million)	2022	2021
Net investment income <sup>(1)</sup>	<b>9,163</b>	8,289
Net realized and unrealized gains <sup>(2)</sup>	<b>(3,142)</b>	-
Impairment losses on investment assets	<b>19</b>	(316)
<b>Total investment income</b>	<b>6,040</b>	7,973
Net investment yield <sup>(3)</sup> (annualized, %)	<b>3.9</b>	4.0
Total investment yield <sup>(3)</sup> (annualized, %)	<b>3.0</b>	3.9

- 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) Net realized and unrealized gains include capital gains from securities investments and fair value gains or losses.
- (3) Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method. In the computation of annualized investment yields, only interest revenue from deposits and debt financial assets, and operating lease income from investment properties were annualized, while interest revenue from financial assets purchased under reverse repurchase agreements, interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions, dividend income, capital gains from investments and fair value gains and losses were not annualized.

# Business Analysis

## Investment Portfolio of Insurance Funds

- The Company's investment portfolio of insurance funds grew 9.0% year to date to over RMB4.27 trillion as of June 30, 2022.
- The Company continued to optimize 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.

As global inflation remained high, major developed economies shifted toward monetary tightening in the first half of 2022. Coupled with geopolitical conflicts, inflation expectations and risk aversion further increased. As a result, global capital markets became more volatile, equity markets generally declined, and market interest rates moved upward rapidly in major economies. Due to overseas factors and domestic COVID-19 impacts, China's economic growth faced growing downward pressure in the first half of 2022. Market risk premiums rose sharply, with major onshore and offshore stock indexes falling significantly. Amid more government macro-policy adjustments, money markets liquidity remained loose, with interest rates range-bound and credit spreads narrowing. Both the Shanghai Composite Index and the Hang Seng Index fell approximately 6.6% year to date as of June 30, 2022. As a result, investment income on the Company's investment portfolio of insurance funds was under pressure.

### ASSET-LIABILITY MANAGEMENT

The Company retains a prudent risk appetite and continues to optimize the asset-liability matching of insurance funds, accumulate high-quality assets, and implement disciplined, flexible and robust investment operations. In response to challenges brought by lower interest rates and rising credit risk, the Company increased its allocation to tax-exempt bonds (e.g. central and local government bonds) and long-duration low-risk bonds (e.g. policy bank bonds). Moreover, the Company increased its investment in high-quality alternative assets, especially rent-collecting assets with stable cash flow. 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 liability costs and investment 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 impacts.

The Company has further strengthened investment rules and processes. To continuously optimize end-to-end risk management, the Company has standardized its business processes, improved its investment risk management framework, and enhanced key processes including risk admission strategies, credit rating, counterparty and issuer credit facility management, concentration management, risk monitoring, and emergency management. Moreover, the Company employs technologies to empower the management of key post-investment matters. Based on consolidated statements of investment portfolios, the Company optimizes its risk warning platform to monitor six categories of risk signals including market fluctuations, public sentiment, 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 further strengthens substantive 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 mechanisms of credit limits for major clients and the monitoring and management of 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)	June 30, 2022		December 31, 2021	
	Carrying value	Percentage (%)	Carrying value	Percentage (%)
Cash and cash equivalents	118,445	2.8	110,762	2.8
Term deposits	251,787	5.9	208,417	5.3
Debt financial assets				
Bond investments	2,129,064	49.8	1,904,366	48.6
Bond funds	121,637	2.8	90,052	2.3
Preferred stocks	116,075	2.7	116,749	3.0
Perpetual bonds	62,221	1.5	57,345	1.5
Policy loans	183,975	4.3	178,298	4.6
Debt schemes	195,042	4.6	196,542	5.0
Wealth management products <sup>(1)</sup>	264,414	6.2	263,605	6.7
Equity financial assets				
Stocks	262,353	6.1	272,597	7.0
Equity funds	123,116	2.9	91,263	2.3
Wealth management products <sup>(1)</sup>	36,686	0.9	32,893	0.8
Unlisted equities	109,462	2.6	108,088	2.8
Long-term equity stakes	160,904	3.8	160,645	4.1
Investment properties	115,857	2.7	100,647	2.6
Other investments <sup>(2)</sup>	19,741	0.4	24,143	0.6
<b>Total investments</b>	<b>4,270,779</b>	<b>100.0</b>	<b>3,916,412</b>	<b>100.0</b>

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 June 30, 2022.

(in RMB million)	June 30, 2022		December 31, 2021	
	Carrying value	Percentage (%)	Carrying value	Percentage (%)
Financial assets carried at fair value through profit or loss	906,190	21.2	829,375	21.2
Fixed income	568,492	13.3	513,711	13.1
Stocks	68,133	1.6	83,395	2.1
Equity funds	123,116	2.9	91,263	2.3
Other equity financial assets	146,449	3.4	141,006	3.7
Financial assets carried at fair value through other comprehensive income	444,660	10.4	451,686	11.5
Financial assets measured at amortized cost	2,642,361	61.9	2,373,438	60.6
Others <sup>(1)</sup>	277,568	6.5	261,913	6.7
<b>Total investments</b>	<b>4,270,779</b>	<b>100.0</b>	<b>3,916,412</b>	<b>100.0</b>

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 income on the Company's investment portfolio of insurance funds was under pressure in the first half of 2022 due to volatile capital markets. The annualized net investment yield was 3.9%, and the annualized total investment yield was 3.1%.

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

	2022	2021	Change (%)
Net investment income <sup>(1)</sup>	<b>94,046</b>	77,568	21.2
Net realized and unrealized gains <sup>(2)</sup>	<b>(33,711)</b>	8,598	N/A
Impairment losses on investment assets	<b>(50)</b>	(20,112)	(99.8)
Total investment income	<b>60,285</b>	66,054	(8.7)
Net investment yield <sup>(3)</sup> (annualized, %)	<b>3.9</b>	3.8	0.1 pps
Total investment yield <sup>(3)</sup> (annualized, %)	<b>3.1</b>	3.5	-0.4 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) Net realized and unrealized gains include capital gains from securities investments and fair value gains or losses.

(3) Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method. In the computation of annualized investment yields, only interest income from deposits and debt financial assets as well as operating lease income from investment properties were annualized, while interest income from financial assets purchased under reverse repurchase agreements, interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions, dividend income, capital gains from investments, and fair value gains or losses were not annualized.

## CORPORATE BONDS

The Company held RMB91,128 million worth of corporate bonds in its investment portfolio of insurance funds as of June 30, 2022, which accounted for 2.1% of the total investment assets, down 0.1 pps from the beginning of 2022 and down 0.8 pps from the beginning of 2021. Corporate bonds in the Company's investment portfolio of insurance funds have high credit ratings. About 99.2% of the corporate bonds have AA and higher external ratings and about 84.1% have AAA external ratings. In terms of credit loss risk, the corporate bonds in the Company's investment portfolio of insurance funds are quite secure as their risks are under control. For risk management of corporate bonds, the Company ensures 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 enhanced the review and adjustment of ratings to ensure they reasonably reflect bond issuers' credit standings. Moreover, the Company carries 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 public sentiment warnings. The Company effectively manages the review and reporting of corporate bonds to enhance the efficiency of risk warning and management.

# Business Analysis

## Investment Portfolio of Insurance Funds

### 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 debt wealth management products issued by commercial banks. The Company's insurance fund portfolio's investment in debt schemes and debt wealth management products totaled RMB459,456 million as of June 30, 2022, accounting for 10.8% of the total investment assets.

The Company manages risks in debt schemes and debt wealth management product investments at three levels. The first level is asset allocation. The Company has developed a set of rational, effective 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 required return and liquidity, 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, varieties 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)
<b>Infrastructure</b>	<b>42.7</b>	<b>5.08</b>	<b>7.74</b>	<b>4.92</b>
Expressway	12.0	5.26	7.87	3.61
Electric power	6.2	4.68	7.95	6.14
Infrastructure and development zones	8.6	5.57	7.48	5.31
Others (water supply, environmental protection, railway, and so on)	15.9	4.85	7.69	5.22
<b>Non-banking financial services<sup>(2)</sup></b>	<b>20.4</b>	<b>5.53</b>	<b>5.60</b>	<b>2.47</b>
<b>Real estate industry<sup>(3)</sup></b>	<b>18.8</b>	<b>5.22</b>	<b>4.65</b>	<b>2.60</b>
<b>Coal mining</b>	<b>0.6</b>	<b>5.85</b>	<b>9.29</b>	<b>1.76</b>
<b>Others</b>	<b>17.5</b>	<b>4.96</b>	<b>6.10</b>	<b>4.12</b>
<b>Total</b>	<b>100.0</b>	<b>5.19</b>	<b>6.44</b>	<b>3.83</b>

Notes: (1) The debt schemes and debt wealth management products were classified by industry in line with Shenying 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. Debt schemes and debt wealth management products in the Company's investment portfolio of insurance funds have good credit ratings. Over 95.8% of the debt schemes and trust plans held by Ping An have AAA external ratings, and about 1.4% have AA+ external 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 proactively 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 effectively boost the overall portfolio's investment yields.

### **EQUITY WEALTH MANAGEMENT PRODUCTS**

Equity wealth management products in the Company's investment portfolio of insurance funds totaled RMB36,686 million as of June 30, 2022, accounting for 0.9% 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, and their underlying assets are mainly equities in central or local governments' partnerships, with risks under control.

### **REAL ESTATE INVESTMENTS**

The balance of real estate investments in the Company's investment portfolio of insurance funds was RMB222,833 million as of June 30, 2022, accounting for 5.2% of the total investment assets, including RMB115,857 million in real properties, RMB52,376 million in equity types of investments, and RMB54,600 million in fixed-income types of investments respectively. The real 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. Of the equity types of investments held by the Company, approximately 60% was invested in real properties for lease in the form of equity stakes in project companies. The fixed-income types of investments held by the Company mainly included corporate bonds and real estate financial products. Both the equity and fixed-income types of investments aim to earn dividends, interest, and capital gains. Going forward, the Company will improve asset quality and control 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, healthy business growth. Revenue and net profit for the first half of 2022 grew 8.7% and 25.6% year on year respectively.
- Ping An Bank's asset quality remained stable. Non-performing loan ratio remained unchanged year to date at 1.02%, and provision coverage ratio was 290.06% as of June 30, 2022, indicating adequate risk provisions.
- Ping An Bank maintained steady growth in retail business. Retail AUM rose 9.1% year to date to RMB3,472,148 million, and registered users of the "Ping An Pocket Bank" app reached 143.7985 million, up 6.6% year to date as of June 30, 2022.

### 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" in the first half of 2022.

Positioned as "a digital bank, an ecosystem-based bank, and a platform-based bank," Ping An Bank continuously upgraded the operations strategies for retail, corporate and interbank businesses, and strengthened comprehensive digital operations to reshape asset-liability operations and maintain stable, healthy 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 and 1,192 business outlets as of June 30, 2022.

### KEY INDICATORS

Ping An Bank's revenue grew 8.7% year on year to RMB92,022 million and net profit rose 25.6% year on year to RMB22,088 million in the first half of 2022.

For the six months ended June 30 (in RMB million)	2022	2021	Change (%)
<b>Operating results</b>			
Revenue	<b>92,022</b>	84,680	8.7
Net profit	<b>22,088</b>	17,583	25.6
Cost-to-income ratio (%)	<b>26.46</b>	27.35	-0.89 pps
Average return on total assets (annualized, %)	<b>0.88</b>	0.77	0.11 pps
Weighted average ROE (annualized, %)	<b>12.20</b>	10.74	1.46 pps
Net interest margin (annualized, %)	<b>2.76</b>	2.83	-0.07 pps

(in RMB million)	June 30, 2022	December 31, 2021	Change
<b>Deposits and loans<sup>(1)</sup></b>			
Deposits	<b>3,243,241</b>	2,961,819	9.5%
Including: Retail deposits	<b>868,777</b>	770,365	12.8%
Corporate deposits	<b>2,374,464</b>	2,191,454	8.4%
Total loans and advances	<b>3,225,095</b>	3,063,448	5.3%
Including: Retail loans	<b>1,935,422</b>	1,910,321	1.3%
Corporate loans	<b>1,289,673</b>	1,153,127	11.8%
<b>Asset quality</b>			
Non-performing loan ratio (%)	<b>1.02</b>	1.02	-
Provision coverage ratio (%)	<b>290.06</b>	288.42	1.64 pps
Deviation of loans more than 60 days overdue <sup>(2)</sup>	<b>0.89</b>	0.85	0.04
<b>Capital adequacy ratio</b>			
Core tier 1 capital adequacy ratio <sup>(3)</sup> (%)	<b>8.53</b>	8.60	-0.07 pps

Notes: (1) Deposits, total loans and advances, 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

For the six months ended June 30 (in RMB million)	2022	2021	Change (%)
Net interest revenue	<b>64,059</b>	59,361	7.9
Average balance of interest-earning assets	<b>4,680,271</b>	4,224,570	10.8
Net interest margin <sup>(1)</sup> (annualized, %)	<b>2.76</b>	2.83	-0.07 pps
Net non-interest revenue	<b>27,963</b>	25,319	10.4
Including:			
Net fee and commission revenue	<b>16,062</b>	17,398	(7.7)
Other net non-interest revenue <sup>(2)</sup>	<b>11,901</b>	7,921	50.2
Revenue	<b>92,022</b>	84,680	8.7
General and administrative expenses	<b>(24,349)</b>	(23,160)	5.1
Cost-to-income ratio <sup>(3)</sup> (%)	<b>26.46</b>	27.35	-0.89 pps
Taxes and surcharges	<b>(867)</b>	(820)	5.7
Operating profit before impairment losses on assets	<b>66,806</b>	60,700	10.1
Impairment losses on credit and other assets	<b>(38,845)</b>	(38,285)	1.5
Including:			
Loan impairment loss	<b>(29,831)</b>	(25,121)	18.7
Average balance of loans and advances (including discounted bills)	<b>3,123,276</b>	2,759,354	13.2
Credit cost <sup>(4)</sup> (annualized, %)	<b>1.93</b>	1.84	0.09 pps
Other expenses	<b>(178)</b>	(74)	140.5
Profit before tax	<b>27,783</b>	22,341	24.4
Income tax	<b>(5,695)</b>	(4,758)	19.7
Net profit	<b>22,088</b>	17,583	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, foreign exchange gains or losses, and other revenues and other gains or losses less non-operating gains under the segmented income statement.  
(3) Cost-to-income ratio = general and administrative expenses / revenue.  
(4) 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 fell 0.07 pps year on year to 2.76% and average cost of liabilities fell 0.06 pps year on year to 2.16% for the first half of 2022. Ping An Bank proactively reshaped asset-liability operations, and effectively cut the cost of liabilities by proactively optimizing the liability portfolio. Returns on assets declined because of falling market interest rates, Ping An Bank's support for the real economy, and other factors. As a result, net interest margin narrowed.

Ping An Bank's net non-interest revenue for the first half of 2022 totaled RMB27,963 million, up RMB2,644 million or 10.4% year on year. Specifically, net fee and commission revenue decreased by RMB1,336 million year on year, mainly due to a decline in fund distribution revenue as a result of market situations and other factors. Other net non-interest revenue increased by RMB3,980 million year on year in the first half of 2022, driven by increased net non-interest revenue from investment in money market funds and bond funds, discounted bills and other businesses, as well as increased foreign exchange gains achieved by seizing market opportunities.

### RETAIL BUSINESS

Ping An Bank gave full play to 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" to offer "heartwarming" financial services. The development of retail business was affected to a certain extent due to the impact of COVID-19 on employment, resident income and consumption in the first half of 2022. In spite of this, Ping An Bank maintained robust operations by taking advantage of its digital operational capabilities accumulated in recent years.

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

	2022	2021	Change (%)
<b>Retail business operating results</b>			
Revenue from retail business	<b>51,402</b>	49,213	4.4
Proportion of revenue from retail business (%)	<b>55.9</b>	58.1	-2.2 pps
Net profit from retail business	<b>11,065</b>	11,722	(5.6)
Proportion of net profit from retail business (%)	<b>50.1</b>	66.7	-16.6 pps

Note: Affected by COVID-19 and macroeconomic headwinds, net profit from retail business decreased year on year due to slower growth in revenue from retail business as well as increased retail asset write-offs and provisions driven by pressure on asset quality.



The integrated finance model made steady contributions to Ping An Bank's retail business in the first half of 2022 as Ping An Bank continued to upgrade online integrated finance operations.

For the six months ended June 30	2022	
	Integrated finance's contributions	Integrated finance's contribution percentage (%)
<b>Integrated finance's contributions to retail business</b>		
Net increase in customers (in thousand)	<b>1,725.2</b>	<b>44.9</b>
Net increase in retail AUM balance (in RMB million)	<b>140,769</b>	<b>48.6</b>
New credit cards issued (in thousand)	<b>1,080.0</b>	<b>27.2</b>
Xinyidai unsecured loans granted (in RMB million)	<b>40,999</b>	<b>59.1</b>
Auto loans granted (in RMB million)	<b>29,247</b>	<b>24.4</b>

In basic retail business, Ping An Bank continued to strengthen omni-channel customer acquisition and full-scenario business development. "Ping An Pocket Bank" app's registered users increased 6.6% year to date to 143.7985 million as of June 30, 2022. Monthly active users grew 0.3% year to date to 48.3903 million. Ping An Bank further maintained steady growth, optimized the portfolio, strengthened the customer base, and controlled the cost of retail deposits. The balance of retail deposits increased 12.8% year to date to RMB868,777 million as of June 30, 2022.

In private banking and wealth management business, Ping An Bank upgraded its capabilities of developing products, teams, customer segments and so on to boost private banking and wealth management business comprehensively. Ping An Bank's retail AUM rose 9.1% year to date to RMB3,472,148 million as of June 30, 2022. The AUM of Ping An Bank's qualified private banking customers stood at RMB1,553,976 million as of June 30, 2022, up 10.5% year to date. Ping An Bank continued to diversify and optimize its offerings. The AUM of Ping An Bank's new family trusts and insurance trusts amounted to RMB31,647 million in the first half of 2022, growing rapidly year on year. In respect of team upgrade, Ping An Bank focuses on building a new "high-quality, high-productivity, and high-income" wealth management team who understands insurance well, to provide customers with more comprehensive asset allocation services under the integrated finance model.

	June 30, 2022	December 31, 2021	Change (%)
Number of retail customers <sup>(1)</sup> (in thousand)	<b>122,053.0</b>	118,212.0	3.2
Including:			
Wealth management customers (in thousand)	<b>1,203.6</b>	1,099.8	9.4
Including:			
Qualified private banking customers <sup>(2)</sup> (in thousand)	<b>74.9</b>	69.7	7.5
Retail AUM (in RMB million)	<b>3,472,148</b>	3,182,634	9.1

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.

# Business Analysis

## Banking Business

In consumer finance, Ping An Bank strengthened digital operations and comprehensive service capabilities for retail credit products, with the business portfolio and customer mix further improving. The balance of retail loans reached RMB1,935,422 million as of June 30, 2022, up 1.3% year to date. The balance of Xinyidai unsecured loans and that of auto loans were up 3.6% and 5.3% respectively year to date. The balance of credit card receivables declined year to date mainly due to COVID-19. However, as Ping An Bank further developed existing credit card customers, the average daily balance of revolving and installment loans granted via credit cards was up 20.1% over last year in the first half of 2022, driving rapid growth in revenue from credit card business.

### CORPORATE BUSINESS

In corporate business, Ping An Bank serves the real economy and develops ecosystem-based business models under the customer-centric philosophy. Despite challenges brought by sporadic domestic COVID-19 outbreaks in the first half of 2022, Ping An Bank achieved stable growth in corporate business by leveraging its competitive edge in technology and platforms and focusing on two business areas. The balances of corporate loans and corporate deposits grew 11.8% and 8.4% respectively year to date as of June 30, 2022.

Firstly, as for industrial digitization, Ping An Bank aims to become a technology-driven transaction bank. Leveraging the “Nebula-IoT” platform and massive multi-dimensional data, Ping An Bank advances iterative innovation in products and models, and enhances its capabilities of online, model-based, automatic services. Ping An Bank shares its “finance + technology” capabilities in a componentized, standardized manner through the open bank. In addition, Ping An Bank manages the customer segment of numerous micro-, small and medium-sized business owners through an ecosystem. By doing so, Ping An Bank enhances its ability to serve the real economy. Ping An Bank’s supply chain financing reached RMB542,452 million in the first half of 2022, up 24.0% year on year. Registered business users of “Ping An Bank Digital Pocket” increased 33.3% year to date to 10.853 million as of June 30, 2022. The corporate open bank served 40,328 corporate customers, up 33.1% year to date.

Secondly, as for capital markets and direct financing, Ping An Bank aims to build an investment banking-driven ecosystem for sophisticated investment and financing. Ping An Bank integrates investment banking, commercial banking, investment and technology services, and builds fund and bond business ecosystems in light of the development trend of capital markets, providing customers with comprehensive “direct financing + indirect financing” solutions to support the real economy. Ping An Bank’s sophisticated investment and financing reached RMB586,085 million in the first half of 2022, including RMB373,018 million in investment bank financing.

## INTERBANK BUSINESS

Guided by the philosophy of “serving financial markets, interbank customers, and the real economy,” Ping An Bank continuously enhanced “five golden business cards” to establish a closed-loop value chain. Moreover, Ping An Bank created a second development curve of trading to unleash new growth potential.

- In respect of financial trading, Ping An Bank continues to leverage its strong trading capability to actively help domestic and foreign institutions participate in China’s FICC (fixed income, currencies, and commodities) markets. Market share measured by bond trading volume improved by 1.0 pps year on year to 3.1% in the first half of 2022. Ping An Bank had 666 active institutional trading customers, with RMB926,428 million of cash bonds sold by the institutions in the first half of 2022.
- In respect of hedging services, the “Ping An Hedging” business leveraged professional financial market trading capabilities to continuously enhance the quality of services for micro-, small and medium-sized enterprises. The “Ping An Hedging” foreign exchange and interest rate derivatives trading volume grew 38.0% year on year to USD20,412 million in the first half of 2022.
- In respect of interbank business, Ping An Bank plays its role as a link to capital markets serving domestic pan-wealth and pan-asset management industry chains, and efficiently connects the supply and demand sides of products via the “ET-Bank+” service model. Ping An Bank’s interbank institutional sales volume grew 49.4% year on year to RMB904,323 million in the first half of 2022.

- In respect of asset custody, Ping An Bank advanced integrated investment, financing and custody services to improve its value-added services and optimize customer experience. Net assets under custody increased 7.9% year to date to RMB8.22 trillion as of June 30, 2022.
- In respect of asset management, Ping An Wealth Management focused on building core competitive advantages including the capabilities of investment research, channels, and products. Ping An Bank had RMB930,549 million of net asset value-type products in compliance with the new asset management regulations as of June 30, 2022, up 11.0% year to date.

## ASSET QUALITY

China’s economy steadily recovered in the first half of 2022, but the recovery remained significantly imbalanced among regions and sectors, with some enterprises and individuals struggling to repay debts. As such, banks still faced challenges in managing asset quality. In line with the national strategy, Ping An Bank served the real economy, supported non-state-owned and micro-, small and medium-sized enterprises, enhanced the disposal of non-performing assets, and kept overall asset quality stable.

# Business Analysis

## Banking Business

(in RMB million)	June 30, 2022	December 31, 2021	Change (%)
<b>Loan quality</b>			
Pass	<b>3,149,680</b>	2,988,759	5.4
Special mention	<b>42,656</b>	43,414	(1.7)
Non-performing loans	<b>32,759</b>	31,275	4.7
Including:			
Sub-standard	<b>20,865</b>	17,971	16.1
Doubtful	<b>7,370</b>	7,390	(0.3)
Loss	<b>4,524</b>	5,914	(23.5)
Total loans and advances	<b>3,225,095</b>	3,063,448	5.3
Non-performing loan ratio (%)	<b>1.02</b>	1.02	-
Percentage of special mention loans (%)	<b>1.32</b>	1.42	-0.10 pps
Impairment provision balance	<b>(95,021)</b>	(90,202)	5.3
Provision coverage ratio (%)	<b>290.06</b>	288.42	1.64 pps
Provision to loan ratio (%)	<b>2.95</b>	2.94	0.01 pps
Percentage of loans more than 60 days overdue (%)	<b>0.90</b>	0.87	0.03 pps
Percentage of loans more than 90 days overdue (%)	<b>0.75</b>	0.74	0.01 pps

(%)	June 30, 2022	December 31, 2021	Change (pps)
<b>Non-performing loan ratios</b>			
Retail loans	<b>1.18</b>	1.21	(0.03)
Corporate loans	<b>0.76</b>	0.71	0.05
Total loans and advances	<b>1.02</b>	1.02	-

In respect of retail asset quality, Ping An Bank's retail non-performing loan ratio was 1.18% as of June 30, 2022, down 0.03 pps year to date. Employment and income of retail customers were impacted by the domestic COVID-19 resurgence and macroeconomic environment in the first half of 2022. Ping An Bank has increased the reviews of pre-lending policies, strictly controlled customer admission, expanded the collection channels, and intensified efforts to dispose of non-performing loans since the second half of 2021. Moreover, Ping An Bank optimized its retail lending business portfolio by gradually increasing the proportions of secured loans in the first half of 2022. Ping An Bank has improved customer risk identification by using industry-leading technologies and risk models, and enhanced its ability to withstand risks by implementing differentiated risk management policies. In line with state policies and regulatory requirements, Ping An Bank provided relief services including considerate collection, deferred repayment, and restructuring for customers who suffered temporary operating difficulties or income declines due to COVID-19, tiding over difficulties together with customers.

### 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 <sup>(1)</sup>	0.38	0.19	0.36	0.29
Xinyidai unsecured loans	0.18	0.15	0.15	0.17
Auto loans	0.36	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 vintage analysis data for 2021 disclosed in the Company's 2021 Annual Report shows the quality of loans granted in the first seven months of 2021 only. The vintages of loans granted / credit cards issued in 2021 had all reached six months as of June 30, 2022, which means data for vintage analysis disclosed in the above table shows the quality of all the loans granted in 2021.
- (3) Delinquency of new credit card accounts increased due to the impact of COVID-19, changes in the economic environment, and adjustments made to the standards for recognizing credit card delinquency in the fourth quarter of 2021 as per regulatory requirements. Ping An Bank has proactively tightened its pre-lending strategy, increased credit limits granted to premium customers, and tightened post-lending collection to continuously improve the quality of new credit card accounts.

In respect of corporate asset quality, Ping An Bank focused on key industries, regions and customers, selected industries with low cyclicity, stable growth and good asset quality, and reduced exposure to high-risk customers. Ping An Bank's corporate non-performing loan ratio was 0.76% as of June 30, 2022, indicating good asset quality.

### CAPITAL ADEQUACY

Ping An Bank promoted the efficiency of capital allocation by continuously optimizing its on- and off-balance-sheet asset portfolios, strengthening the capital discipline mechanism, and proactively reducing inefficient and ineffective capital utilization. Ping An Bank's capital adequacy ratios met regulatory requirements as of June 30, 2022.

(in RMB million)	June 30, 2022	December 31, 2021	Change (%)
<b>Capital adequacy ratio</b>			
Net core tier 1 capital	<b>320,462</b>	306,549	4.5
Net tier 1 capital	<b>390,406</b>	376,493	3.7
Net capital	<b>491,897</b>	475,844	3.4
Total risk weighted assets	<b>3,756,546</b>	3,566,465	5.3
Core tier 1 capital adequacy ratio (%)	<b>8.53</b>	8.60	-0.07 pps
Tier 1 capital adequacy ratio (%)	<b>10.39</b>	10.56	-0.17 pps
Capital adequacy ratio (%)	<b>13.09</b>	13.34	-0.25 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.

# Business Analysis

## Asset Management Business

- Ping An Securities continuously transformed to become a smart securities services platform under Ping An's integrated financial services strategy, boosting net profit by 38.5% year on year in the first half of 2022.
- Ping An Trust continued to improve its asset portfolio. Total assets held in trust grew 15.5% year to date to RMB532,875 million, in which the investment category expanded 32.9% year to date to RMB341,174 million as of June 30, 2022.
- Ping An Financial Leasing actively advanced its strategic transformation and upgrades, and successfully explored innovative leasing models. Innovative sectors accounted for over 40% of Ping An Financial Leasing's assets as of June 30, 2022.
- Ping An Asset Management maintained steady business growth. AUM grew 4.7% year to date to RMB4.24 trillion as of June 30, 2022, including RMB542,696 million in third-party AUM, up 6.0% year to date.

### 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.

### SECURITIES BUSINESS

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

Ping An Securities continuously transformed to become a smart securities services platform under Ping An's integrated financial services strategy. Ping An Securities' net profit grew 38.5% year on year to RMB2,421 million, with core business indicators improving in the first half of 2022.

- In the brokerage business, Ping An Securities ranked first in the industry by number of retail customers (over 21 million), and among the top three securities firms by activeness of app users as of June 30, 2022. The market share of Ping An Securities in terms of equity and fund trading volume (excluding seat leasing)<sup>(1)</sup> reached 3.73% in the first half of 2022 due to continued customer acquisition and professional trading platforms. Ping An Securities stepped up efforts to acquire customers through channel platforms, advanced product and service innovations in the "Ping An Securities" app, and optimized content production and customer experience.
- In the bond business of investment banking, Ping An Securities remained among top players in the industry by bond underwriting scale, ranking 2nd in asset-backed securities<sup>(2)</sup> volume and 7th in bonds<sup>(2)</sup> underwriting respectively in the first half of 2022. Moreover, Ping An Securities continuously optimized its bond product mix, underwriting 14 interbank products and 11 Euro bonds in the first half of 2022.

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.

- In the proprietary trading and asset management business, Ping An Securities consolidated its advantages in bond trading and grew its investment income year on year by seizing opportunities from interest rate and required reserve ratio cuts in the first half of 2022. Moreover, Ping An Securities continued to tap customer demands and enhance asset management product innovation, capitalized on “service +” products to expand partnership with banks’ wealth management subsidiaries, and promoted customer retention by intensifying the strategy development and sharing of “fixed-income +” products.

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

	2022	2021	Change (%)
Revenue	<b>9,947</b>	9,307	6.9
Net profit	<b>2,421</b>	1,748	38.5

### TRUST BUSINESS

With firm belief in transformation and proactively exploiting the market trend, Ping An Trust focuses on its core businesses such as private equity, institutional asset management, and family trusts. Relying on the advantages of the trust model and giving full play to Ping An’s integrated finance advantages, Ping An Trust has created a trust “boutique” model under the philosophy of “being elite, capital-light, and prudent” to ensure sustainable, steady development.

Ping An Trust strengthens comprehensive risk management and strictly controls business risks. Ping An Trust continuously implements an end-to-end risk management mechanism before, during and after investment for various businesses. Pre-investment, Ping An Trust has put in place strict admission standards for assets and counterparties, and follows standardized business processes for project initiation review, due diligence, legal review and assessment, and decision-making. During investment, Ping An Trust appoints specific employees to be in charge of relevant processes, and implements due diligence of key management and control points. Post-investment, Ping An Trust implements end-to-end monitoring by type of asset business. Ping An Trust enhances risk reviews, has put in place a robust, scientific and effective risk information monitoring and alerting mechanism, and further strengthens information sharing and collaboration. In addition, Ping An Trust promotes in-depth integration of “finance + technology” by developing smart auxiliary tools such as remote due diligence and closed-loop alerting. In this way, Ping An Trust realizes one-stop smart risk management featuring “online coverage of all products, closed-loop management of all processes, smart management of all risks, and support for all office scenarios.”

Ping An Trust had RMB20,188 million in net capital as of June 30, 2022. The ratio of net capital to total risk capital was 314.5% and the ratio of net capital to net assets was 76.7%, both meeting regulatory requirements (100% and 40% respectively).

# Business Analysis

## Asset Management Business

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 in the first half of 2022. As a result, fees and commission revenue declined year on year. However, net profit of the trust business grew 3.3% year on year due to a year-on-year increase in total investment income.

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

	2022	2021	Change (%)
Revenue	<b>2,149</b>	2,759	(22.1)
Including:			
Fees and commission revenue	<b>1,176</b>	1,961	(40.0)
Net profit	<b>1,296</b>	1,254	3.3

Giving full play to its advantages as a trustee, Ping An Trust adhered to its transformation philosophy and continued to improve its assets portfolio by actively promoting trust business within the standard-asset investment and service categories. Total assets held in trust grew 15.5% year to date to RMB532,875 million, in which the investment category expanded 32.9% year to date to RMB341,174 million as of June 30, 2022. Ping An Trust continued to de-risk through business mix optimization.

(in RMB million)	June 30, 2022	December 31, 2021	Change (%)
Investment category	<b>341,174</b>	256,750	32.9
Financing category	<b>95,142</b>	108,904	(12.6)
Administrative category <sup>(1)</sup>	<b>96,559</b>	95,658	0.9
Total	<b>532,875</b>	461,312	15.5

Note: (1) An administrative trust scheme 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.

### 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. Net profit of the other asset management business amounted to RMB1,521 million in the first half of 2022.

#### Ping An Financial Leasing

Ping An Financial Leasing is committed to becoming an innovative financial leasing expert focusing on industries and serving the real economy. Ping An Financial Leasing has a business presence in 15 industries and had successfully explored innovative leasing models in innovative sectors including auto leasing, micro-finance, and commercial factoring, which accounted for over 40% of its assets as of June 30, 2022. Ping An Financial Leasing actively advanced its strategic transformation and upgrades in the first half of 2022, focusing on industrial leasing, innovative leasing, and “equipment + operations” to initiate a second development curve through unique industry-oriented, eco-friendly reforms.

Ping An Financial Leasing continued to strengthen risk management amid challenges brought by domestic macroeconomic conditions and COVID-19 in the first half of 2022. The non-performing asset ratio increased slightly year to date, but remained under control. Sufficient provisions had been set aside as of June 30, 2022, indicating an ample risk buffer. Moreover, Ping An Financial Leasing further strengthened risk management by tightening admission requirements for new customers, enhancing project assessment, business operations and asset monitoring, and dynamically adjusting differentiated asset management strategies for existing customers. Tailor-made risk monitoring strategies were adopted for major projects. Furthermore, technology-enabled ex ante risk management and optimized asset management mechanisms ensured that business risks were generally under control.



(in RMB million)	June 30, 2022	December 31, 2021	Change (%)
Total assets	<b>276,486</b>	273,954	0.9
Non-performing asset ratio (%)	<b>1.28</b>	1.21	0.07 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 comprehensive third-party asset management services and diverse, one-stop investment management solutions to domestic and overseas customers.

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 RMB4.24 trillion as of June 30, 2022, including stocks, bonds, funds, debts, and equity stakes on open and non-open capital markets as well as money markets. Moreover, Ping An Asset Management possesses capabilities of cross-market asset allocation and full-spectrum asset investment.

(in RMB million)	June 30, 2022	December 31, 2021	Change (%)
AUM	<b>4,242,739</b>	4,053,143	4.7
Including: Third-party AUM	<b>542,696</b>	512,072	6.0

# Business Analysis

## Technology Business

- Ping An continues to focus on developing core technologies to build leading technological capabilities and empower its ecosystems. Ping An ranked first globally by the number of AI, fintech and digital healthcare patent applications.
- Ping An empowers human service representatives with AI. AI service representatives accounted for 83% of total customer service volume and 43.1% of sales volume in the first half of 2022. AI service representatives provided services approximately 1.25 billion times and achieved approximately RMB176.9 billion of sales volume in the first half of 2022.

### BUSINESS OVERVIEW

The Company continues to explore innovative fintech and digital healthcare business models to accelerate the development of its business and ecosystems, committed to strengthening its main financial businesses, empowering industrial upgrade, and serving the real economy. The Company conducts its technology business via subsidiaries, associates and joint ventures including Autohome, Lufax Holding, OneConnect, and Ping An Health.

### EMPOWERING ECOSYSTEMS WITH TECHNOLOGIES

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 cost-effectiveness, enhance risk management, develop excellent products, and strengthen customer acquisition. Moreover, Ping An develops industry ecosystems via technological empowerment by exporting leading innovative products and services to external entities.

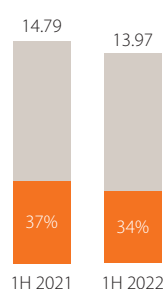
Ping An continues to focus on developing core technologies and securing proprietary intellectual property rights. Ping An had a first-class technology team of over 30,000 technology developers and nearly 3,900 scientists as of June 30, 2022. Moreover, Ping An cooperates with top universities and leading research institutes including Peking University, Tsinghua University, and Fudan University to pursue technological breakthroughs. Ping An's technology patent applications increased by 4,674 year to date to 43,094 as of June 30, 2022, more than most other international financial institutions'. Of the technology patent applications, nearly 95% were for inventions, and 9,308 were made under the Patent Cooperation Treaty (PCT) and abroad. Ping An ranked first globally by the number of AI, fintech and digital healthcare patent applications<sup>(1)</sup>.

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 668 million internet users as of June 30, 2022. Over 34% of new retail customers were from the Group's ecosystem user base in the first half of 2022. Retail customers who used services in the Group's ecosystems held 3.11 contracts and approximately RMB43,700 in AUM per capita respectively, 2.4 times and 5.4 times those held by customers who did not use such services respectively as of June 30, 2022.

Note: (1) The rankings by patent applications are based on the number of patent applications filed since 2018 and published by June 30, 2022.

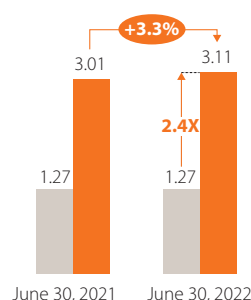
### Percentage of new retail customers sourced from the Group's ecosystem user base (%)

■ New customers sourced from the Group's ecosystem user base (million persons)  
■ New customers not sourced from the Group's ecosystem user base



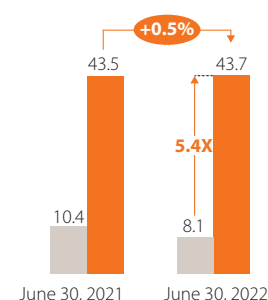
### Contracts per retail customer

■ Ecosystem service users (Contract)  
■ Ecosystem service non-users



### AUM per retail customer

■ Ecosystem service users (in RMB thousand)  
■ Ecosystem service non-users



Notes: (1) The Company improved the definitions of retail customers and contracts per customer in 2022 by removing unreachable customers but including distributed contracts. Comparable data of 2021 was restated accordingly.  
(2) Figures may not match the calculation due to rounding.

### Empowering Financial Services Ecosystem with Technologies

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

In digital marketing, Ping An Life continued to promote its online-merge-offline sales model through the "AI Customer Visit Assistant." The model enables agents to conduct online remote interactions with customers and give virtual reality-based immersive interactive explanations. The model also enables offline audio-video and dynamic graph-based explanations. The "AI Customer Visit Assistant" facilitated a monthly average of over 2.1 hours of interactions per agent with customers in the first half of 2022, up 69% year on year. Moreover, the content creation tools including AI-enabled videotaping and AI-created posters help agents to diversify business development practices. More than 330,000 AI-enabled short videos were produced by agents in the first half of 2022, covering topics related to insurance knowledge, wealth management, and healthy lifestyles. In addition, Ping An Life continued to improve services and increase front-end sales by leveraging big data and other technologies. Ping An Life's "Jin Guan Jia" app had nearly 274 million registered users as of June 30, 2022. The app precisely matched customer demands, providing over 10 million customers with personalized benefit services over 24 million times in the first half of 2022.

In efficiency improvement, Ping An leverages digital technologies to optimize business processes, boost operational efficiency, and improve customer experience. Ping An empowers human service representatives with AI, offering services covering lending, credit cards, and insurance. The amount of services provided by AI service representatives<sup>(1)</sup> grew 25% year on year to approximately 1.25 billion times in the first half of 2022, representing 83% of Ping An's total customer service volume. Sales realized by AI service representatives<sup>(2)</sup> increased 39% year on year to approximately RMB176.9 billion in the first half of 2022, accounting for 43.1% of the total sales volume of all service representatives, up 0.3 pps year on year. Ping An P&C's OCR technology for key documents delivered an average accuracy rate of over 98.3%, and was widely used in policy issuance, claims material collection, and liability/loss assessment, saving 640,000 hours of manual review in the first half of 2022, significantly reducing users' waiting time.

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) Sales realized by AI service representatives include sales contributed by Ping An Bank and Lufax Holding. Relevant metrics and data for the comparable period have been restated accordingly.

# Business Analysis

## Technology Business

In digital risk management, Ping An Life applies technologies, including smart vision and voice recognition, to audio and video recording for smart insurance application. The function enables end-to-end smart compliance checks on audio and video recording. Eight branches of Ping An Life have used the function, completing the smart quality inspections of over 78,000 cases in the first half of 2022. With the smart claim approval system, pilot branches cumulatively completed automatic claim settlement of over 7,400 complex cases, and the claim settlement efficiency was over 21% higher than under the traditional model. AI collected 33% of overdue loans, up 7 pps year on year, and the 30-day recovery rate of AI collection stood at 74% in the first half of 2022. Moreover, Ping An P&C offers diverse risk management services via a 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 130,000 times, and provided over 38,000 corporate customers and key engineering projects with disaster and loss prevention services in the first half of 2022.

### Empowering Auto Services Ecosystem with Technologies

Ping An has built an end-to-end 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 47.63 million average daily users in the full-scenario auto services ecosystem<sup>(1)</sup> in June 2022. Ping An P&C’s “Ping An Auto Owner” app had over 159 million registered users as of June 30, 2022, with over 33 million monthly active users in June. Ping An Bank continuously advances ecosystem-based customer development among auto owners through auto owner credit cards.

Note: (1) Average daily users in the full-scenario auto services ecosystem include aggregate average daily active users on the apps, mobile apps, mini-programs/instant apps, and OTT (Over The Top) devices, with duplicates removed.

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 RMB31,202 million in the first half of 2022.

### Empowering Smart City Ecosystem with Technologies

Ping An’s smart city business offers comprehensive, integrated smart city solutions centering on government services, business development, and citizen services to fulfill its mission of serving the country, real economy, and society. Ping An’s smart city business cumulatively served 172 cities, 2.07 million enterprises, and 150 million citizens as of June 30, 2022.

In digital government services, Ping An helps local governments modernize city governance systems and capabilities with its leading proprietary technologies including AI, blockchain, and cloud computing. In citizen services, the “iCity” platform built by Ping An had been accessed over 7.13 billion times by over 67 million users as of June 30, 2022, and supports 24/7 AI-enabled instant approval of over 3,900 service items. In government services, Ping An leverages its big data analysis capabilities to help local governments with smart administration of over 44 million business entities and over 14.5 million enterprises.

In promoting the digital economy, Ping An helps governments and businesses pursue smart business decision-making and digital transformation, aiming to provide comprehensive services for businesses and optimize the urban business environment. In urban economic development, Ping An helps local governments analyze more than 460 themes and over 17,000 metrics covering macroeconomic conditions and industries.

In digital citizen services, Ping An promotes the long-term development of vocational education and corporate training. In vocational education, Ping An cumulatively served nearly 60 million users, with courses broadcast over 520 million times. In corporate training, Ping An cumulatively served over 1,900 government and corporate customers, facilitating over 1.74 billion attendances at online conferences and business training.

## TECHNOLOGY-DRIVEN DEVELOPMENT

The Company operates technology business mainly through subsidiaries, associates and joint ventures including Autohome, Lufax Holding, OneConnect, and Ping An Health. Total revenue of technology business<sup>(1)</sup> amounted to RMB48,478 million in the first half of 2022, largely stable year on year despite COVID-19 disruption.

Note: (1) Total revenue of the technology business is the sum of revenues of technology companies in the Company's 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 continuously furthered its strategic transformation in the first half of 2022 in line with the trends of financial regulations and changes in the market environment. Revenue grew 8.4% year on year to RMB32,604 million and net profit fell 16.2% year on year to RMB8,188 million.

In retail credit facilitation, Lufax Holding integrates superior resources in the financial services ecosystem as a leading technology-powered retail credit facilitation platform in China. With 18 years of experience in retail credit facilitation, Lufax Holding has facilitated loans for 18.23 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 85 partner financial institutions to identify borrowers' risks with its AI technology in areas including borrower acquisition, customer risk identification, and loan management. The resurgence of COVID-19 posed severe challenges to small and micro-enterprises in their production and operations in the first half of 2022. As a result, the ratio of loans more than 30 days overdue<sup>(1)</sup> in the loan portfolio facilitated by Lufax Holding was 3.1% as of June 30, 2022.

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 population with diverse, personalized products and services, under its unique hub-and-spoke business model. Lufax Holding has provided 15.19 million active investors with approximately 14,600 products and personalized financial service items through extensive asset partnerships with 486 institutions. Lufax Holding employs AI and machine learning to match/recommend products with/to 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 RMB431,901 million, 82% of which were from clients with assets of over RMB300,000 as of June 30, 2022.

### Financial Data

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

	2022	2021	Change (%)
Revenue	<b>32,604</b>	30,079	8.4
Net profit <sup>(1)</sup>	<b>8,188</b>	9,769	(16.2)

Note: (1) Net profit refers to net profit attributable to Lufax Holding's shareholders of the parent company.

### Operational Data

	June 30, 2022	December 31, 2021	Change (%)
Registered users on wealth management platform (in million)	<b>52.34</b>	51.62	1.4
Active investors <sup>(1)</sup> (in million)	<b>15.19</b>	15.52	(2.1)
Accumulated borrowers (in million)	<b>18.23</b>	16.84	8.2
Balance of retail credit facilitated (in RMB million)	<b>661,420</b>	661,029	0.1
Client assets (in RMB million)	<b>431,901</b>	432,656	(0.2)

Notes: (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.

# Business Analysis

## Technology Business

### OneConnect

OneConnect (NYSE: OCFT; SEHK: 06638.HK) 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 proactively facilitates the digital transformation of the financial services ecosystem, and provides governments, regulators, and enterprises with trade, supply chain, data security, risk management, and other technological services.

Focusing on products and customers, OneConnect continued to improve its operating performance. Revenue of OneConnect grew 20.4% year on year to RMB2,153 million, and premium plus customers increased by 21 to 134 in the first half of 2022.

### Financial Data

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

	2022	2021	Change (%)
Revenue	<b>2,153</b>	1,788	20.4
Gross profit <sup>(1)</sup>	<b>848</b>	766	10.7
Gross profit margin <sup>(1)</sup> (%)	<b>39.4</b>	42.9	-3.5 pps
Net loss <sup>(2)</sup>	<b>(562)</b>	(654)	(14.0)

Notes: (1) Gross profit and gross profit margin are non-IFRS adjusted gross profit and gross profit margin.  
(2) Net loss refers to net loss attributable to OneConnect's shareholders of the parent company.  
(3) Figures may not match the calculation due to rounding.

### Operational Data

For the six months ended June 30

	2022	2021	Change (%)
Premium plus customers <sup>(1)</sup>	<b>134</b>	113	18.6

Note: (1) 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 (SEHK: 01833.HK; stock short name: PA GOODDOCTOR), capitalizing on its online-to-offline (O2O) service network, has developed an online-merge-offline “medical + healthcare” services platform to provide users with high-quality and more convenient medical and healthcare services. Revenue of Ping An Health reached RMB2,828 million in the first half of 2022. The number of cumulative paying users exceeded 40 million for the 12 months ended June 30, 2022.

- In respect of ecosystem development, as an integral part of the Group's “managed care model,” Ping An Health accelerates the development of the healthcare ecosystem by leveraging deep synergies with the Group's member companies. Ping An Health develops its healthcare service capabilities to offer effective solutions to pain points in the healthcare industry, namely the unbalanced supply and demand, insufficient high-quality services, underutilization of resources, and fragmented market supply. Ping An Health has established a preliminary “Enterprise EZHealth” health management product suite for enterprises and their employees by integrating its business units and capabilities and leveraging the Group's abundant payment service resources. The product suite includes two core products (“Health Checkup +” and “Health Management +”) and four customized products.
- 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 demands throughout their life cycles with timely, high-quality online medical services. Ping An Health's in-house doctors and contracted external doctors totaled nearly 49,000 as of June 30, 2022, including over 1,500 contracted renowned doctors. Moreover, Ping An Health has built seven specialty medical centers, providing users with diverse medical and healthcare services.

- In respect of customer acquisition channels, Ping An Health provides retail and corporate customers with full life-cycle medical and healthcare services through in-depth collaboration with the Group's main financial businesses. Ping An Health cumulatively served 749 enterprises as of June 30, 2022.
- In respect of technological capabilities, Ping An Health is committed to developing proprietary assisted diagnosis and treatment technologies. Ping An Health had accumulated data of over 1,311 million consultations as of June 30, 2022.

### Financial Data

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

	2022	2021	Change (%)
Revenue	<b>2,828</b>	3,818	(25.9)
Gross profit	<b>773</b>	1,025	(24.6)
Net loss <sup>(1)</sup>	<b>(424)</b>	(880)	(51.8)

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

### Operational Data

	June 30, 2022	December 31, 2021	Change (%)
Registered users (in million)	<b>440.66</b>	422.94	4.2
Consultations (in million)	<b>1,311.46</b>	1,269.49	3.3

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

### Autohome

Autohome (NYSE: ATHM; SEHK: 02518.HK), China's leading online auto services platform, is committed to developing a smart auto ecosystem centered on data and technology. Within this ecosystem, Autohome offers auto consumers diverse products and services across the entire auto life cycle. In addition, Autohome continuously upgrades its "ecosystem strategy," providing comprehensive services for consumers, automakers, and various players in the auto ecosystem. Autohome's revenue and net profit reached RMB3,204 million and RMB910 million respectively in the first half of 2022.

With the sporadic resurgence of COVID-19 across the country in the first half of 2022, many automakers shut down or suspended production, leading to a decline in the production and sales volumes of passenger vehicles in China. Moreover, the delay of auto shows in various locations resulted in the postponement of new vehicle launches. All this challenged Autohome's short-term business growth immensely. However, automakers and auto dealers' demand for online marketing services will increase, driven by evolving marketing approaches and advancing digitization.

Autohome strengthened its leading role among China's auto service apps through diverse content distribution channels and continuously improving contents. Autohome's average daily users in the full-scenario auto services ecosystem reached 47.63 million in June 2022. For data business, Autohome is committed to promoting its data products to comprehensively empower automakers and auto dealers in R&D, marketing, conversion, and aftersales by building a complete software-as-a-service platform covering the entire auto life cycle. For the new energy vehicle (NEV) sector, Autohome offers a variety of products to meet the demands of different NEV makers. For auto transactions, Autohome contributed about 23% of China's used passenger car transaction volume<sup>(1)</sup> in the second quarter of 2022 through used car deal matching and auction services by acquiring TTP Car Inc., a leading online used car auction platform in China. Revenue contributions from online marketplace and other businesses under innovative business models, such as data products, new energy vehicle transactions, and used car transactions, accounted for 29.5% of Autohome's revenue in the first half of 2022.

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

	2022	2021	Change (%)
Revenue	<b>3,204</b>	3,780	(15.2)
Gross profit	<b>2,670</b>	3,275	(18.5)
Net profit <sup>(2)</sup>	<b>910</b>	1,530	(40.6)

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

# Analysis of Embedded Value

- Our life and health insurance business embedded value (“EV”) rose 3.4% year to date to RMB906,619 million as of June 30, 2022, achieving an annualized operating ROEV of 13.2% in a challenging external environment.
- Due to the continuous impact of COVID-19, Chinese residents’ willingness to consume weakened, consumer spending on long-term protection products slowed down, and offline sales promotion activities were hindered in multiple regions. Consequently, NBV of L&H dropped 28.5% year on year to RMB19,573 million in the first half of 2022.

## KEY INDICATORS

(in RMB million)	For the six months ended June 30, 2022/As at June 30, 2022	For the six months ended June 30, 2021/As at December 31, 2021	Change (%)
L&H EV	<b>906,619</b>	876,490	3.4
L&H operating ROEV (annualized, %)	<b>13.2</b>	14.9	-1.7 pps
Value of first half year’s new business after cost of capital (NBV)	<b>19,573</b>	27,387	(28.5)
Long-run investment return assumption (%)	<b>5.0</b>	5.0	-
Risk discount rate (%)	<b>11.0</b>	11.0	-

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

## 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 June 30, 2022.

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

The *Standards for Actuarial Practice: Valuation Standard for Embedded Value of Life Insurance* (the “Standards”) issued by the China Association of Actuaries became effective in November 2016. The Company has disclosed the interim embedded value for 2022 in accordance with the Standards and China Risk Oriented Solvency System (C-ROSS).



## Components of Economic Value

(in RMB million)	June 30, 2022	December 31, 2021
L&H adjusted net asset value (ANA)	381,781	350,621
Value of in-force insurance business before cost of capital	584,117	579,695
Cost of capital	(59,279)	(53,826)
<b>L&amp;H EV</b>	<b>906,619</b>	876,490
Other business ANA	534,643	519,018
<b>Group EV</b>	<b>1,441,261</b>	1,395,509
(in RMB million)	June 30, 2022	December 31, 2021
Value of one year's new business	36,719	45,952
Cost of capital	(6,636)	(8,054)
<b>Value of one year's new business after cost of capital</b>	<b>30,083</b>	37,898
<b>Value of first half year's new business after cost of capital</b>	<b>19,573</b>	27,387

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 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 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.

# Analysis of Embedded Value

## Key Assumptions

The assumptions used in the embedded value calculation as at June 30, 2022 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.

## New Business Value

The new business volumes measured by first year premium (FYP) and its new business value by segment for the first half of 2022 are:

For the six months ended June 30 (in RMB million)	FYP used to calculate New Business Value			New Business Value		
	2022	2021	Change (%)	2022	2021	Change (%)
<b>Retail business</b>	<b>59,284</b>	65,955	(10.1)	<b>19,356</b>	27,081	(28.5)
<b>Agency</b>	<b>44,720</b>	52,757	(15.2)	<b>16,434</b>	23,684	(30.6)
Long-term protection	<b>4,144</b>	9,252	(55.2)	<b>3,880</b>	9,326	(58.4)
Protection & Saving hybrid (long-PPP)	<b>9,558</b>	10,695	(10.6)	<b>4,530</b>	5,965	(24.1)
Protection & Saving hybrid (short-PPP)	<b>28,508</b>	30,202	(5.6)	<b>5,928</b>	6,356	(6.7)
Short-term	<b>2,510</b>	2,609	(3.8)	<b>2,096</b>	2,036	2.9
<b>Tele, internet and others</b>	<b>8,068</b>	8,718	(7.5)	<b>1,861</b>	2,475	(24.8)
<b>Bancassurance</b>	<b>6,497</b>	4,480	45.0	<b>1,060</b>	923	14.9
<b>Group business</b>	<b>16,848</b>	21,686	(22.3)	<b>217</b>	306	(28.9)
<b>Total</b>	<b>76,132</b>	87,641	(13.1)	<b>19,573</b>	27,387	(28.5)

- 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) In the table above, the assumptions and method used to calculate the value of the first half year's new business in 2021 are the same as assumptions and method used for 2021 interim valuation. If the 2021 year-end valuation's assumptions and method were used, the value of first half year's new business in 2021 would be RMB24,549 million.  
(5) Tele, internet and others include telemarketing, internet marketing and Ping An Health Insurance's retail business.  
(6) 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:

For the six months ended June 30	By FYP (%)		By ANP (%)	
	2022	2021	2022	2021
<b>Retail business</b>	<b>32.6</b>	41.1	<b>38.6</b>	46.5
<b>Agency</b>	<b>36.7</b>	44.9	<b>44.7</b>	52.0
Long-term protection	<b>93.6</b>	100.8	<b>94.7</b>	101.3
Protection & Saving hybrid (long-PPP)	<b>47.4</b>	55.8	<b>47.4</b>	55.8
Protection & Saving hybrid (short-PPP)	<b>20.8</b>	21.0	<b>28.5</b>	27.4
Short-term	<b>83.5</b>	78.1	<b>85.7</b>	81.4
<b>Tele, internet and others</b>	<b>23.1</b>	28.4	<b>24.3</b>	28.8
<b>Bancassurance</b>	<b>16.3</b>	20.6	<b>19.1</b>	23.7
<b>Group business</b>	<b>1.3</b>	1.4	<b>1.6</b>	2.0
<b>Total</b>	<b>25.7</b>	31.2	<b>30.8</b>	37.4

- 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.

# Analysis of Embedded Value

## Embedded Value Movement

The table below shows how the Company's embedded value changed from the opening balance of RMB1,395,509 million as of December 31, 2021 to the closing balance of RMB1,441,261 million as of June 30, 2022.

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

		2022	Note
<b>L&amp;H Opening EV</b>	[1]	<b>876,490</b>	
Expected return on opening EV	[2]	35,422	
Including: Unwinding of in-force value		28,838	In-force and NBV unwind at the 11% risk discount rate
ANA return		6,585	
NBV post-risk diversification benefits	[3]	22,189	
Including: NBV pre-risk diversified		19,573	Reported NBV based on a cost of capital calculated at policy level
Diversification effects within new business		1,599	Diversification within new business lowers cost of capital
Diversification effects with in-force		1,018	Diversification between new business and in-force lowers cost of capital
Operating assumptions and model changes	[4]	(890)	
Operating variances and others	[5]	1,129	
<b>L&amp;H EV operating profit</b>	[6]=[2+...+5]	<b>57,850</b>	
Economic assumptions changes	[7]	-	
Market value adjustment	[8]	217	Change in market value adjustment of free surplus during the Reporting Period
Investment return variance	[9]	(9,091)	Lower than assumed investment return
Non-operating one-off item and others	[10]	-	
<b>L&amp;H EV profit</b>	[11]=[6+...+10]	<b>48,975</b>	
Shareholder dividends		(33,837)	Dividends upstreamed from Ping An Life to the Company
Employee stock ownership plan		(2,080)	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
Capital injection		17,070	Capital injection from the Company to Ping An Annuity and Ping An Health Insurance
<b>L&amp;H Closing EV</b>		<b>906,619</b>	

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

	2022	Note
<b>Other business opening ANA</b>	<b>519,018</b>	
Operating profit of other business	26,942	
Non-operating profit of other business	(429)	Value revaluation loss of the convertible bonds issued by Lufax Holding to the Group
Market value adjustment and other variance	2,999	
<b>Other business closing ANA before capital changes</b>	<b>548,531</b>	
Dividends received	33,837	Dividends upstreamed from Ping An Life to the Company
Dividends paid	(27,161)	Dividends paid by the Company to shareholders
Employee stock ownership plan	(2,393)	Long-term Service Plan and Key Employee Share Purchase Plan, as well as the offset effect for the amortization during the Reporting Period
Capital injection	(17,070)	Capital injection from the Company to Ping An Annuity and Ping An Health Insurance
Shares repurchase	(1,101)	Repurchase of A Shares of Ping An Group
<b>Other business closing ANA</b>	<b>534,643</b>	
<b>Closing group EV</b>	<b>1,441,261</b>	
<b>Closing group EV per share (in RMB)</b>	<b>78.84</b>	

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

EV operating profit of L&H in the first half of 2022 was RMB57,850 million, mainly comprised of the NBV and expected return on opening EV.

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

		2022	2021
L&H EV operating profit	[6]	<b>57,850</b>	61,304
L&H operating ROEV (unannualized, %)	[12]=[6]/[1]	<b>6.6</b>	7.4
L&H operating ROEV (annualized, %)	[13]=[12] × 2	<b>13.2</b>	14.9

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:

- 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

# Analysis of Embedded Value

## Sensitivity to key assumptions

(in RMB million)

	Group EV	L&H EV	NBV
Base case	1,441,261	906,619	30,083
Investment return and risk discount rate increased by 50 bps per annum	1,502,910	968,267	33,235
Investment return and risk discount rate decreased by 50 bps per annum	1,373,870	839,228	26,625
10% increase in mortality, morbidity and accident rates	1,416,088	881,445	26,921
10% increase in policy discontinuance rates	1,434,885	900,243	29,113
10% increase in maintenance expenses	1,437,814	903,172	29,827
5% increase in the policyholders' dividend payout ratio	1,431,784	897,142	30,029
10% decrease in the fair value of equity assets	1,419,091	890,681	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 the first half of 2022.

### 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<sup>(1)</sup> 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 the first half of 2022 and 2021 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 to financial statements in 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 the first half of 2022 was RMB85,340 million, up 4.3% year on year. L&H operating profit after tax attributable to shareholders of the parent company was RMB58,398 million, up 18.0% year on year.

## Operating profit after tax attributable to shareholders of the parent company

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

	2022	2021	Change (%)
Life and health insurance business	58,398	49,495	18.0
Property and casualty insurance business	8,343	10,741	(22.3)
Banking business	12,802	10,191	25.6
Asset management business	4,400	8,008	(45.1)
Technology business	4,909	6,236	(21.3)
Other businesses and elimination	(3,512)	(2,835)	23.9
<b>The Group</b>	<b>85,340</b>	<b>81,836</b>	<b>4.3</b>

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

		The Group		L&H business	
		2022	2021	2022	2021
For the six months ended June 30 (in RMB million)					
<b>Net profit</b>	[1]	<b>71,676</b>	67,963	<b>34,088</b>	29,785
<b>Excluding:</b>					
Short-term investment variance of L&H <sup>(1)</sup>	[2]	<b>(17,932)</b>	(15,245)	<b>(17,932)</b>	(15,245)
Impact of discount rate change of L&H <sup>(1)</sup>	[3]	<b>(6,972)</b>	(5,200)	<b>(6,972)</b>	(5,200)
Impact of one-off material non-operating items and others <sup>(1)</sup>	[4]	<b>(429)</b>	(3,592)	-	-
<b>Operating profit after tax</b>	[5]=[1-2-3-4]	<b>97,010</b>	92,000	<b>58,993</b>	50,230
<b>Attributable to:</b>					
- Owners of the parent		<b>85,340</b>	81,836	<b>58,398</b>	49,495
- Non-controlling interests		<b>11,670</b>	10,164	<b>595</b>	735

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.

# Analysis of Embedded Value

## 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:

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

		2022	2021	Note
Release of residual margin	[1]	40,757	41,589	
Return on net worth <sup>(1)</sup>	[2]	8,121	7,133	
Spread income <sup>(2)</sup>	[3]	2,735	2,125	
Operating variances and others	[4]	11,932	7,011	Largely because of the lower actual claims payment due to the impact of COVID-19 and the improved policy persistency ratios, the operating experience is better than assumed and results in the increased operating variances and others
<b>L&amp;H operating profit before tax</b>	[5]=[1+2+3+4]	<b>63,546</b>	57,858	
Income tax	[6]	(4,553)	(7,629)	
<b>L&amp;H operating profit after tax</b>	[7]=[5]+[6]	<b>58,993</b>	50,230	

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 June 30, 2022, the residual margin of life and health insurance business was RMB924,726 million. The movement of L&H residual margin has been presented below:

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

		2022	2021	Note
<b>Opening residual margin</b>	[1]	<b>940,733</b>	960,183	
Contribution from new business	[2]	22,878	41,480	
Expected interest growth	[3]	17,989	18,287	
Release of residual margin	[4]	(40,757)	(41,589)	
Lapse variances and others	[5]	(16,116)	(10,148)	Adverse lapse variances mainly due to the gradual lapse of customers who stopped paying premiums
<b>Closing residual margin</b>	[6]=[1+...+5]	<b>924,726</b>	968,212	

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 six months ended June 30, 2022 (in RMB million)	FYP used to calculate value of new business	FYP disclosed in MD&A	Difference	Reasons
<b>Retail business</b>	<b>59,284</b>	<b>75,412</b>	(16,128)	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
<b>Group business</b>	<b>16,848</b>	<b>12,524</b>	4,324	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
<b>Total of L&amp;H</b>	<b>76,132</b>	<b>87,936</b>	(11,804)	

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 under the C-ROSS Phase II Rules were 235.9% and 178.6% respectively as of June 30, 2022, both well above regulatory requirements.
- Free cash of the parent company was RMB46,790 million as of June 30, 2022, remaining at a reasonable level.
- Ping An attaches importance to shareholder returns and will pay an interim dividend of RMB0.92 per share in cash for 2022, up 4.5% year on year.

## 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 coordinates and 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.

The Group has put in place a robust 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)	June 30, 2022	December 31, 2021	Change (%)
Total assets	<b>10,696,148</b>	10,142,026	5.5
Total liabilities	<b>9,578,885</b>	9,064,303	5.7
Total liabilities to total assets ratio (%)	<b>89.6</b>	89.4	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. Moreover, 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, perpetual subordinated bonds, and subordinated corporate 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 RMB848,719 million as of June 30, 2022, up 4.5% year to date. 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 June 30, 2022:

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
Ping An Securities	Subordinated corporate bonds	1,900	3.10%	2022	3 years
Ping An Securities	Subordinated corporate bonds	1,100	3.56%	2022	5 years

### 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 RMB46,790 million as of June 30, 2022, remaining at a reasonable level.

The major free cash outflows were the dividends of RMB27,161 million to A and H shareholders, the repurchase of RMB1,101 million worth of the Company's A shares, and the investments of RMB10,520 million in subsidiaries.

The major free cash inflows were the dividends of RMB41,974 million from subsidiaries as detailed below:

For the six months ended June 30 (in RMB million)	2022	For the six months ended June 30 (in RMB million)	2022
<b>Opening balance of free cash</b>	<b>41,581</b>	Ping An Life	<b>37,037</b>
Dividends from subsidiaries	<b>41,974</b>	Ping An Asset Management	<b>1,973</b>
Dividends paid out to shareholders	<b>(27,161)</b>	Ping An Trust	<b>2,554</b>
Share repurchase	<b>(1,101)</b>	Ping An Securities	<b>410</b>
Investments in subsidiaries <sup>(1)</sup>	<b>(10,520)</b>	Total	<b>41,974</b>
Others	<b>2,017</b>		
<b>Closing balance of free cash</b>	<b>46,790</b>		

Note: (1) Investments in subsidiaries mainly include the parent company's capital injection into Ping An Annuity.

# Liquidity and Capital Resources

## 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 the past three years shall not be less than 30% of the average yearly distributable profit realized in the past 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, and 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, as approved by the Board of Directors, Ping An will pay an interim dividend of RMB0.92 per share (tax inclusive) in cash for 2022, up 4.5% 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.

	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

Note: 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.

## 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

Ping An Group has adopted the *Regulatory Rules on Solvency of Insurance Companies (II)* (the "C-ROSS Phase II Rules") starting from 2022. The solvency data as of June 30, 2022 reflects the C-ROSS Phase II Rules, while the solvency data as of December 31, 2021 reflects the C-ROSS Phase I Rules. Ping An Group's solvency margin ratios were significantly above the regulatory requirements as of June 30, 2022. 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 continuously creating value for shareholders.

(in RMB million)	June 30, 2022 (under C-ROSS Phase II Rules)	December 31, 2021 (under C-ROSS Phase I Rules)
Core capital	<b>1,365,833</b>	1,861,487
Actual capital	<b>1,803,788</b>	1,899,989
Minimum capital	<b>764,671</b>	813,781
Core solvency margin ratio (%)	<b>178.6</b>	228.7
Comprehensive solvency margin ratio (%)	<b>235.9</b>	233.5

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.

# Liquidity and Capital Resources

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 June 30, 2022 are disclosed below:

June 30, 2022	Core solvency margin ratio			Comprehensive solvency margin ratio		
	Ping An Group	Ping An Life	Ping An P&C	Ping An Group	Ping An Life	Ping An P&C
Base case	178.6%	137.6%	172.7%	235.9%	245.3%	217.5%
50 bps decline in interest rate	165.4%	110.6%	173.3%	220.2%	211.7%	218.1%
10% decrease in fair value of equity assets	173.5%	127.8%	170.7%	231.8%	238.3%	215.8%

## 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 international and domestic regulatory requirements, the Group has established a liquidity risk management framework and applicable policies covering risk appetites and tolerance, risk limits, 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 member companies.

Under the Group's general principles and guidelines for liquidity risk management, member companies have developed their own liquidity risk appetites, risk tolerance, and risk limits in line with the applicable regulations, industry practices, and features of their business activities. The Group organizes its member companies to regularly evaluate liquid assets and maturing debts, and use tools including stress testing of cash flows to carry out forward-looking analysis of liquidity risk for a certain period in the future to identify potential liquidity risk and take targeted measures to control liquidity gaps.

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

## CASH FLOW ANALYSIS

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

	2022	2021	Change (%)
Net cash flows from operating activities	<b>318,100</b>	19,466	1,534.1
Net cash flows from investing activities	<b>(256,151)</b>	30,224	N/A
Net cash flows from financing activities	<b>(76,006)</b>	(19,582)	288.1

Net cash inflows from operating activities increased year on year mainly due to a year-on-year increase in cash inflows driven by a net increase in Ping An Bank's amounts due to banks and deposits.

Net cash outflows from investing activities increased year on year mainly due to a year-on-year increase in cash outflows from purchases of investments 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 Bank's issuance of interbank certificates of deposit and a year-on-year increase in cash outflows from the repayment of interbank certificates of deposit.

## CASH AND CASH EQUIVALENTS

(in RMB million)	June 30, 2022	December 31, 2021	Change (%)
Cash	<b>358,353</b>	348,088	2.9
Bonds of original maturities within 3 months	<b>2,160</b>	365	491.8
Financial assets purchased under reverse repurchase agreements of original maturities within 3 months	<b>32,121</b>	54,672	(41.2)
Total	<b>392,634</b>	403,125	(2.6)

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.

# 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 has provided RMB49,720 million for poverty alleviation and industrial revitalization, including RMB7,870 million provided for industrial revitalization in the first half of 2022. In addition, Ping An brought insurance, finance and healthcare to rural areas to support rural development, leveraging advantages in “integrated finance + healthcare.”
- Ping An actively contributed to China’s carbon peak and neutrality goals by comprehensively upgrading its green finance initiative. Ping An supports China’s transformation toward a green economy and industry chain upgrade by leveraging the Group’s integrated finance advantages and green finance. Ping An’s green investment and financing totaled RMB249,355 million, and green banking business reached RMB161,735 million as of June 30, 2022. Ping An’s premium income of environmentally sustainable insurance products totaled RMB76,971 million in the first half of 2022.

## 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 “worry-free, time-saving, and money-saving” financial service experience and developing the “integrated finance + healthcare” service system. 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, actively participates in addressing global climate change, and strengthens the protection of and support for biodiversity. Ping An actively contributes to China’s carbon peak and neutrality goals by comprehensively upgrading its green finance initiative, facilitating an environment-friendly business ecosystem. In respect of society, Ping An leverages its advantages in the healthcare ecosystem to develop the business model of health management and high-quality eldercare. Ping An upgrades its multi-dimensional rural industrial revitalization and support measures to help close the gap between urban and rural areas. Moreover, Ping An supports the real economy with financial services, and empowers micro-, small and medium-sized enterprises to boost social and economic development. In respect of governance, Ping An continues to improve corporate governance and risk management to ensure stable and healthy development.

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







### United Nations Sustainable Development Goals and Outcomes

Ping An analyzed substantive sustainable development topics and identified nine core topics in line with domestic and foreign standards, macro policies, and industry practices, and in view of its diversified business portfolio, core ESG philosophies, and opinions from internal and external stakeholders. Ping An aligns and integrates the key areas of the Company’s business development with the United Nations Sustainable Development Goals (SDGs), and actively pursues the global SDGs for win-win results between business values and social values.

Key initiatives for sustainable development	ESG policy statements	Ping An’s key actions and results	Contributions to SDGs
Business Code of Conduct	<ul style="list-style-type: none"> <li>Business Code of Conduct</li> <li>Employee Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Ping An ensures transparent and compliant operations and reduces compliance and operational risks by improving policies and procedures;</li> <li>Ping An has put in place a uniform anti-corruption whistle-blowing channel.</li> </ul>	
Responsible Investment	<ul style="list-style-type: none"> <li>Policy Statement on Responsible Investment</li> <li>Policy Statement on Coal Related Business</li> </ul>	<ul style="list-style-type: none"> <li>Ping An supports clean energy development and energy structure adjustments through responsible investments;</li> <li>Ping An provides inclusive financial services for small and micro-enterprises to support their recovery and high-quality development.</li> </ul>	 
Sustainable Insurance	<ul style="list-style-type: none"> <li>Policy Statement on Sustainable Insurance</li> </ul>	<ul style="list-style-type: none"> <li>Ping An develops inclusive insurance products for small and micro-enterprises, agricultural workers, and other groups with special needs;</li> <li>Ping An provides innovative insurance products for “new citizens,” promoting the overall equality and convenience of financial services.</li> </ul>	   
Information Security and AI Governance	<ul style="list-style-type: none"> <li>Policy Statement on Information Security</li> <li>Policy Statement on Privacy Protection</li> <li>Policy Statement on AI Ethics Governance</li> </ul>	<ul style="list-style-type: none"> <li>Ping An has established an AI Ethics Management Committee at the Group level overseeing the development and application of AI in a comprehensive and rational manner;</li> <li>Ping An has passed the ISO27001 information security management system certification for consecutive years, ensuring the stable operations of the information security system.</li> </ul>	
Product Responsibility and Customer Protection	<ul style="list-style-type: none"> <li>Policy Statement on Responsible Product Management</li> </ul>	<ul style="list-style-type: none"> <li>Ping An incorporates consumer rights protection in corporate governance and further improves consumer rights protection;</li> <li>Ping An strives to improve customer service experience, and actively explores the “aging-friendly” service model and related product research and development.</li> </ul>	 

# Sustainability

Key initiatives for sustainable development	ESG policy statements	Ping An's key actions and results	Contributions to SDGs
Sustainable Supply Chain	<ul style="list-style-type: none"> <li>Policy Statement on Sustainable Supply Chains</li> </ul>	<ul style="list-style-type: none"> <li>Ping An has established the Policy Statement on Sustainable Supply Chains, aiming to work with suppliers to develop a low-carbon, environmentally friendly operating ecosystem.</li> </ul>	
Development and Protection of Employees and Agents	<ul style="list-style-type: none"> <li>Policy Statement on Employee Rights</li> <li>Policy Statement on Agent Welfare and Management</li> </ul>	<ul style="list-style-type: none"> <li>Ping An protects employees' rights and interests in accordance with laws and regulations, and continuously optimizes employee remunerations and benefits;</li> <li>Ping An attaches great importance to the growth and development of agents, increasingly cares for agents, and provides diverse welfare and benefits.</li> </ul>	
Green Development and Operations	<ul style="list-style-type: none"> <li>2030 Operational Carbon Neutrality Plan</li> <li>The Group's five-year green finance development goals</li> </ul>	<ul style="list-style-type: none"> <li>Ping An comprehensively upgrades its green finance initiative, participates in global climate change response, and supports green development;</li> <li>Ping An implements a water-saving plan within the Group and actively manages operational carbon emissions to reduce the impact of climate change risks.</li> </ul>	
Community Impact	<ul style="list-style-type: none"> <li>Policy Statement on Biodiversity</li> <li>Policy Statement on Community Impact</li> </ul>	<ul style="list-style-type: none"> <li>Ping An actively responds to China's rural revitalization strategy by implementing supportive projects;</li> <li>Ping An focuses on pan healthcare and has continuously innovated in areas including health protection, medical services, social health insurance management, and smart epidemic prevention and control;</li> <li>Ping An innovates agricultural insurance products and services to facilitate sustainable agricultural development.</li> </ul>	

## Sustainable Development Management

### 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. In this way, Ping An continuously instructs all the functional centers and member companies of the Group to systematically enhance corporate governance and business sustainability.

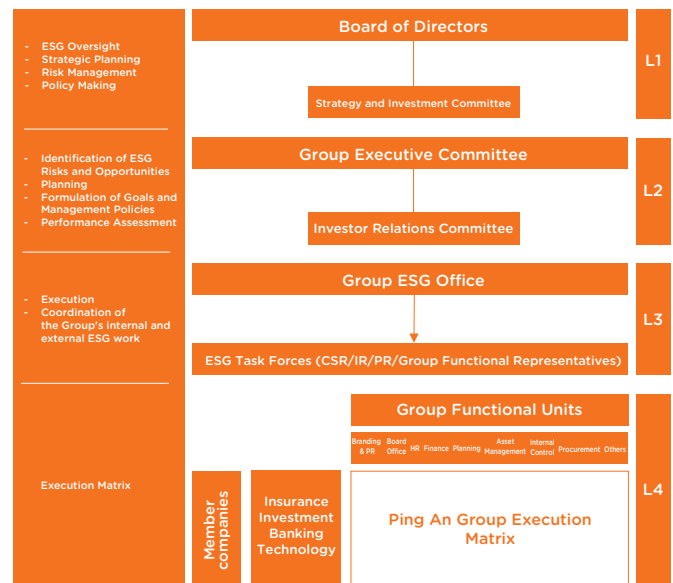
Level 1 (L1): The Board of Directors and its Strategy and Investment Committee oversee all ESG issues, in charge of the Company's ESG strategic planning, risk management, and policy making.

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 integrated core theories and standards of ESG into the Group's comprehensive risk management system at the deepest level, and supplemented the existing comprehensive risk management system with ESG risk management requirements. In 2022, Ping An reviewed the risk management history and experience over the past over 30 years, summarized regulatory and industry trends, and upgraded the comprehensive risk management framework. Ping An has identified 11 types of general risks and four types of insurance group-specific risks, and made steady progress in enhancing risk management, ensuring the long-term and stable development of its businesses. All of Ping An's risk management staffers had been properly trained as of June 30, 2022.

# Sustainability

Moreover, paying much attention to the impact of 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")<sup>(1)</sup>, Ping An has developed a risk identification framework for climate change-related risks, and applied risk identification results to the insurance and investment screening processes to reduce risks associated with climate change.

Note: (1) The Task Force on Climate-Related Financial Disclosure (TCFD) was established in 2015 by the Financial Stability Board (FSB) at the request of the G20 (Group of 20). TCFD is dedicated to providing investors, lenders and insurance underwriters with the information they need to properly assess and price climate-related risks and opportunities.

## Sustainable Development Recognition and Industry Exchange

Ping An's practices and 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 June 30, 2022. Ping An was rated as low-risk in Sustainalytics' ESG Risk Ratings, indicating a leading position in China. Ping An was rated BBB in the MSCI ESG Ratings, a leading position in China's insurance industry. In February 2022, Ping An was included by S&P Global in *The Sustainability Yearbook 2022* for the second time for its strong commitment to and excellent performance in sustainable development, being one of the five Chinese mainland-based companies included therein.

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 (GIP) 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 (UNEP FI), and the only Chinese representative on the UNEP FI Global Steering Committee. Ping An is also a member of the Asia Corporate Governance Association and a director 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 builds a role model for "blood making-based" rural revitalization, supports anti-epidemic efforts, and implements its green finance initiative.

## Focusing on Rural Revitalization and Improving People's Livelihoods

### Ping An Rural Communities Support

Ping An proactively supports China's rural revitalization strategy by furthering the Rural Communities Support and promoting industries, healthcare, and education. Ping An has provided RMB49,720 million for poverty alleviation and industrial revitalization since "Ping An Rural Communities Support" was launched in 2018. Under the Village Officer Program for promoting rural industries, Ping An continued to underpin the sustainable mechanism covering the entire industry cycle, and created a closed loop of poverty alleviation through integrated finance. Ping An provided RMB7,870 million for industrial revitalization in the first half of 2022. Under the Village Doctor Program for promoting rural healthcare, Ping An integrated premium medical resources to offer mobile health checkups and complimentary medical consultations in rural areas. Ping An also donated medical supplies to facilitate the development of primary healthcare in rural areas. Under the Village Teacher Program for promoting rural education, Ping An continued to carry out popular science education in urban and rural areas through the "Juvenile Science and Technology Literacy Enhancement Program." Ping An cooperated with the China Next Generation Education Foundation and the *Science and Technology Daily* to produce a series of popular science videos which attracted over 17.11 million views in the first half of 2022.

On the basis of the Rural Communities Support, Ping An implemented the project of "bringing insurance, finance, and healthcare to rural areas," leveraging advantages in "integrated finance + healthcare" to boost rural revitalization. Pilot projects have been launched in Shaoguan, Guangdong Province. In delivering insurance to rural areas, Ping An P&C has established a laboratory to research risks in specialty industries and develop more specialty agricultural insurance products to expand business. Moreover, Ping An P&C further deepened the innovative application of credit insurance,

guarantee insurance, and price index insurance in rural industries to provide integrated operational support for industrial development. Moreover, Ping An P&C provided subsidies for specialty industries to reduce financing costs for rural entrepreneurial individuals. In delivering financial services to rural areas, Ping An Bank continued to innovate financial products, and developed a rural revitalization debit card featuring three preferential or complimentary services. Approximately 74,500 rural revitalization debit cards had been issued as of June 30, 2022. In delivering healthcare services to rural areas, Ping An Health consolidates the "healthcare front" for rural revitalization by helping villages digitize healthcare services through the Digital Village Healthcare Cloud platform.

### Joint Efforts to Fight COVID-19

In the face of the still severe and complex COVID-19 epidemic, Ping An responded quickly and actively contributed to the anti-epidemic battles by providing financial support, insurance protection, medical services, public donations and so on. Ping An donated approximately RMB92.00 million to charitable causes in the first half of 2022, including over RMB34.29 million worth of cash and supplies against COVID-19.

### Green Development for Sustainable Future

Ping An actively contributes to China's carbon peak and neutrality goals, aiming to boost the scale of green investment and green credit to RMB400 billion and total green insurance premiums to RMB250 billion by 2025. Ping An is also committed to achieving operational carbon neutrality by 2030. Ping An continuously advances its green finance initiative to explore innovative practices in green insurance, green investment and financing, and green credit, supporting green economic transformation and industry chain upgrading. Ping An adheres to the philosophies of green operations and public welfare, and has formulated and implemented the *Policy Statement on Biodiversity* and other environmental protection policies, contributing to China's ecological sustainability.

# Sustainability

## Green Finance

Ping An is reducing the proportion of brown assets by increasing green assets during business development, seizing green opportunities, and managing risks in low-carbon transformation.

- In the green investment field, Ping An encourages innovation in green financial products by increasing investment in green projects, and formulates plans for divestment or exit from high-pollution and high-emission industries.
- In the green 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 green financing support to environmentally friendly, low-carbon industries and companies.
- In the green insurance field, Ping An diversifies the offerings of green insurance products and services, and launches preferential policies for green insurance customers.

In addition, Ping An has taken an active part in industry seminars on green finance and launched innovative green technology-powered products to promote the green development of the industry. Ping An Bank joined hands with Ping An Securities in January 2022 to issue the first white paper on green finance in the banking industry. Delegates from all walks of life discussed paths to the green, low-carbon development in the financial industry. Ping An Life collaborated with the ChinaBond Pricing Center in April 2022 to launch the “ChinaBond Ping An Life ESG Integration Strategy Credit Bond Index,” the first ESG bond index launched by an insurer in China. In May 2022, Ping An Bank launched a personal carbon account platform called “Low-carbon Home,” which centers on a carbon account linked to the financial consumption behavior of individuals. In this way, Ping An adheres to the philosophy of green, low-carbon development, and helps achieve China’s carbon peak and neutrality goals.

Ping An’s green investment and financing totaled RMB249,355 million, and green banking business reached RMB161,735 million as of June 30, 2022. Ping An’s premium income of environmentally sustainable insurance products amounted to RMB76,971 million in the first half of 2022.

### 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 has advanced green operations since 2021, upgrading the goal of low carbon operations to new goals of workplace operations improvement and emission reduction during business processes to achieve comprehensive emission reduction. Ping An launched the Green Operations Innovation Competition, encouraging the Group's member companies to reasonably reduce energy consumption by setting rational carbon emission reduction goals, strategies and actions. The member companies were also encouraged to improve efficiency and reduce energy consumption in business operations by innovating energy consumption management and adopting new technologies during business development.

Moreover, Ping An is looking for ways to achieve carbon neutrality in operations by 2030. 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. After all emission reduction measures are duly implemented, Ping An will achieve the carbon neutrality goal 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 innovative responsible investment tools and practices. Ping An constantly amends the *Responsible Investment Policy*, and optimizes guidelines on implementation of the five principles for responsible investment, namely ESG Integration, Active Ownership, Thematic Investing, Prudence, and Information Transparency. Moreover, Ping An vigorously promotes the Active Ownership at the ESG investment management level, implements active, diligent post-investment management, and supports the healthy development of investee companies through communication and coaching.

Adhering to the responsible investment principles, Ping An has established a responsible investment and financing product framework by making full use of the AI-ESG smart management platform and integrating ESG risk management into the Group's investment risk management system.

Ping An's responsible investment and financing totaled RMB1,620,071 million as of June 30, 2022, including RMB249,355 million of green investment and financing, RMB46,049 million of inclusive investment and financing, and RMB1,324,667 million of social investment and financing. Details are as follows:

# Sustainability

(in RMB million)	Equities	Bonds	Financial products
Responsible investment and financing <sup>(1)</sup>	318,512	732,886	568,673
Including: Green investment and financing <sup>(2)</sup>	89,563	108,486	51,306
Inclusive investment and financing <sup>(3)</sup>	165	28,918	16,966
Social investment and financing <sup>(4)</sup>	228,784	595,482	500,401

Notes: (1) Responsible investment and financing data covers all financial products of which member companies of the Group act as a fund provider or product issuer, excluding responsible banking of Ping An bank.  
 (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 support for small and micro-enterprises, agriculture, farmers and rural areas, rural revitalization, and shanty area reconstruction.  
 (4) Social investment and financing include infrastructure, elderly care and healthcare, education and culture.

As a financial conglomerate, Ping An continuously uses credit to support sustainable economic development. Ping An's balance of green credit was RMB105,840 million and balance of inclusive loans was RMB444,522 million as of June 30, 2022.

## Sustainable Insurance

Ping An is committed to embedding the ESG philosophy in the insurance business, and constantly amends the *Policy of Ping An Group on Sustainable Insurance* 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 (global warming, extreme weather disasters and so on) and social change risks (demographic changes, population aging, high incidence of diseases and so on) to ensure reasonable ESG risk pricing of insurance products, and manage and avoid relevant risks. Regarding management of climate change risks, Ping An P&C has built a disaster service platform and a natural disaster risk management platform by leveraging its technological strengths and relying on AI, big data, cloud computing and other technological applications. These platforms enable Ping An P&C to digitize natural disaster risk management, identify risks in advance, and enhance disaster prevention and loss reduction, providing a strong guarantee for the normal production and operation of the real economy.

Moreover, Ping An has formulated a rational, unified insurance risk management system to manage the ESG risk exposure of its insurance products. All insurance subsidiaries have established and implemented insurance risk management rules and processes as well as ESG risk management measures covering product development, underwriting, claims, product management, reserve evaluation, and reinsurance management.



### Sustainable Insurance Product Portfolio

Ping An continuously improves and diversifies its sustainable insurance product portfolio by further integrating ESG factors into product development, design and evaluation as well as promoting product innovation. In response to China's Carbon Neutrality strategy, Ping An further developed green insurance products and services including the piloted forest carbon sinks index insurance and grassland insurance in the first half of 2022. Ping An launched preferential insurance policies for green enterprises or insurance customers with green projects including renewable energy, energy-saving reconstruction, and green buildings.

Ping An P&C had 4,652 sustainable insurance products as of June 30, 2022. 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 products targeting small and micro-enterprises, agricultural workers, and other groups with special needs. Moreover, Ping An P&C actively explores and enhances financial services for "new citizens" by continuously innovating insurance products and upgrading services. On one hand, Ping An P&C develops businesses such as employers' liability insurance and accident insurance in line with the new citizens' occupations to improve employment protection for them. On the other hand, given the demand for efficient claim settlement and fragmented time of new citizens, Ping An P&C launched "Ping An Good Life Insurance Mall," a one-stop insurance services platform, to promote the equality and convenience of financial services.

Moreover, Ping An closely watches health trends in China and changes in insurance demand brought about by enhanced insurance awareness, and develops various protection-oriented products accordingly. Ping An Life, Ping An Annuity, and Ping An Health Insurance had 1,625 sustainable insurance products, including medical insurance, critical illness insurance, old-age insurance, insurance for women and insurance for children, as of June 30, 2022.

Ping An had 6,277 sustainable insurance products as of June 30, 2022. Ping An's premium income of sustainable insurance products reached RMB308,312 million, with a total insured amount of approximately RMB462.78 trillion in the first half of 2022.

Below are some details of the Company's sustainable insurance products in the first half of 2022:

(in RMB million)	Environmental Insurance <sup>(1)</sup>	Social Insurance <sup>(2)</sup>	Inclusive Insurance <sup>(3)</sup>
Premium income	76,971	214,190	17,151
Insured amount	19,764,667	365,326,533	77,691,935

Notes: (1) Environmental insurance refers to insurance products provided by insurers for energy conservation, environmental protection, clean energy, and green, low-carbon lifestyles 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, critical illness insurance, old-age insurance, and other social insurance products in line with SDGs.  
 (3) Inclusive insurance includes agricultural insurance, insurance for rural areas, insurance for farmers, insurance for vulnerable groups, and insurance for small and micro-enterprise operations.

# Sustainability

## Information Security and AI Governance

Ping An always strictly implements its information security policies in line with the highest standards to support informatization. Moreover, 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 end-to-end 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 has built a continuity system based on multiple data centers since 2003, which features a remote backup for disaster recovery and an intra-city active-active data center. In addition, Ping An organizes disaster recovery drills at the Group level every year to verify the effectiveness of the organizational structure and contingency plans for disaster recovery and ensure a stable, available environment for disaster tolerance.

Moreover, Ping An 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. Ping An puts the collection, use, and protection of private information under strict control, and undertakes to protect the privacy of customers and employees in business activities.

## AI Governance

Ping An formulated *Ping An Group's Policy Statement 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, which is responsible for steering the macro directions 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 engages in global AI governance and strengthens exchanges with peers and academia, contributing to the standardization of AI governance.

## Product Responsibility and Customer Protection

### Responsible Products

As a financial services conglomerate, Ping An offers a wide range of products and services covering insurance, banking, asset management, healthcare, and technology. During the life cycles of all products and services, the Company undertakes to uphold the basic principles of compliance, fairness, inclusiveness and environmental protection. 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 put an end to violations of laws, regulations, and codes of ethics.

Ping An has built a robust management framework for responsible products, established and improved a policy regime governing all products and services, laid down rules including the *Product Sales Management Measures* and the *Product Development and Design Standards*. Moreover, the Company strengthens risk management throughout the life cycles of products and services, covering product development, sales and promotion, after-sales services, and emergency response to establish a closed loop for effective management and develop responsible financial products.

### Consumer Rights Protection

Ping An is committed to providing “worry-free, time-saving, and money-saving” 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 further improved consumer rights protection and internal review mechanisms, actively implemented consumer rights protection requirements, promoted comprehensive performance assessment, and incorporated consumer rights protection in corporate governance. In addition, Ping An enhanced complaint management through coordination and supervision. For key 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.

Ping An strengthened cultural development for consumer rights protection. Internally, Ping An raised the awareness and ideas of consumer rights protection culture featuring fairness and integrity among employees. A daily report mechanism has been set up to update the management on the Group’s consumer rights protection. Management members hold seminars regularly to promote the philosophy of consumer rights protection. To promote a correct philosophy of consumer rights protection, Ping An offered online consumer rights protection courses, and tailored compulsory courses for new junior employees. 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 “World Consumer Rights Day (March 15)” communication campaign.

# Sustainability

Ping An is committed to improving customer experience and protecting consumer rights. The Group 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 the Company's hotline at 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 sales system and renewal system. Ping An Life also launched a dedicated 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 12.73 million inbound calls had been answered as of June 30, 2022, with an average of 70,722 calls per day and a connection rate of 99.3%. Ping An P&C developed a 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. 92.8% of insurance claims were settled via "One-click Claims Services," and 95.8% of customers spoke highly of this function as it enabled customers to complete claim reporting through only four interactions. Ping An Bank's Credit Card Center joined hands with Guangdong Zhenghe Banking and Insurance Consumer Rights Protection Center to establish a quick settlement mechanism for small-amount disputes, providing consumers with convenient, efficient one-stop dispute settlement services. For the elderly customer group, Ping An actively explores "aging-friendly" service models to make it easier for the elderly to use smart technologies. Ping An launched a large-font version of its app, retained traditional stores as a service and protection channel, and provided user-friendly guidance and online manual assistance in application, claims and other processes to meet the demands of elderly customers and maintain fairness in consumption.

## Sustainable Supply Chain

Ping An has established the *Sustainable Supply Chain Policy of Ping An Group*, integrating sustainable development requirements into supply chain management that covers sourcing and introduction, registration and verification, supplier shortlist selection, procurement process, and performance management. Ping An attaches great importance to suppliers' ESG performance. The Company has also included sustainable development 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 procurement system operation, procurement management policies, compliance and standards to improve suppliers' sustainability performance. If a supplier violates the Group's business code of conduct or fails the Group's appraisal, Ping An will suspend the supplier's qualification until it passes the appraisal.

## Development and Protection of Employees and Agents

### Development and Protection of Employees

Ping An always regards employees as important assets of the Company and maintains a safe and pleasant working environment in strict compliance with policies including the *Policy Statement on Employee Rights*. Ping An has open, safe and diverse channels in place for complaints and feedback such as communication with superiors, the HR department and trade union, and email. Moreover, Ping An guarantees employees' freedom of speech and expression by getting employees informed of relevant information through communication, training and other methods.

Ping An always upholds fair, just and transparent salary and performance principles, providing employees with competitive 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 strengthen internal cohesiveness, Ping An has put in place long-term incentive and restraint mechanisms, and implements the Key Employee Share Purchase Plan and the Long-term Service Plan.

Ping An continuously diversifies and optimizes its talent management 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 continuously optimizes and strengthens its training system, diversifying the high-quality curricula and lecturers. Ping An vigorously develops online learning and offers highly personalized courses with accurate course recommendations, including recommendations based on performance, smart recommendations, and recommendation from supervisors, using technology to disseminate knowledge and meet employees' development needs.

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, regular health checkups, and employee discount products. Ping An maintains a health management platform where employees can directly consult a doctor online and make an appointment with a doctor. 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 including location-based attendance tracking. Ping An respects and cares for

female employees, and provides lactation rooms and facilities in the workplace for lactating employees. Ping An strictly abides by laws and regulations and local government requirements, and implements policies of parental leave, breastfeeding breaks and rest breaks for pregnant employees, protecting legitimate rights and interests of employees. Ping An is committed to creating an enabling environment for employees.

Ping An continuously strengthens the cohesion of employees, and pays attention to safeguarding the legitimate rights and interests of employees. Ping An has established trade unions at the Group and all its member companies, covering all employees. The trade unions maintain close relations with employees by building platforms of communication with employees. Ping An encourages each member company to develop an open and fair institutional culture by gradually establishing an "employees' congress" to communicate on issues closely related to employees' interests, and get feedback from employee representatives. The trade unions also take care of employees by helping the employees in need, providing employees with annual health checkups, and promoting COVID-19 control and prevention.

#### **Development and Protection of Agents**

Ping An Life advances high-quality transformation of the agent force and improves the 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 select high-quality talent. Ping An Life supports and empowers 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 improves agents' service capabilities and professional skills.

# Sustainability

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 policies for new agents, high-productivity agents, and supervisors by offering targeted development projects and support. Ping An Life offers a series of digital tools to enable the routine management, recruitment, training, and activity management of the agent force.

Ping An has formulated policies related to agent welfare and management, ensuring fair and just agent recruitment and prohibiting discrimination against agents. 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 agents with a wide range of medical care, injury, death, and elderlycare benefits, including four basic benefits, pensions, and long-term service bonuses. In addition, Ping An provides four exclusive value-added services for supervisors and high-productivity agents, namely consultation with specialists, VIP hospital appointment registration, second medical opinions on critical illnesses, and hospitalization arrangements. Ping An attaches great importance to the sustainable development of life insurance business, and provides special care for elderly outlet managers to protect their interests while ensuring the inheritance and development of life insurance business.

## Community Impact

### Public Welfare Activities

While delivering value to its shareholders, employees and customers, Ping An actively fulfilled its social responsibilities. The “Ping An Public Welfare Platform” operated by the Ping An Foundation was launched on May 27, 2022. As the only online donation information platform in the financial industry approved by the Ministry of Civil Affairs, the platform will mobilize our employees, customers and all walks of life to participate in charitable causes.

Ping An provides specific customers with “worry-free, time-saving, and money-saving” financial services by offering personalized, meticulous products and services. Ping An Life contributes to the “Healthy China” initiative and responds to the national strategy of “actively coping with population aging.” Under a customer-oriented philosophy, Ping An sped up the consolidation of the elderlycare sector to address nine pain points in home-based elderlycare. Under the online-merge-offline service model, Ping An created a one-stop service platform covering entire life cycles of customers to provide high-quality home-based elderlycare services and improve the quality of group elderlycare. Ping An Bank and the Civil Affairs Bureau of Shenzhen Municipality jointly issued nearly 816,500 Smart Old-age Care Identity Cards in Shenzhen as of June 30, 2022, covering 89.08% of senior citizens domiciled in Shenzhen and meeting the financial life demands of most senior users. In addition, under the philosophy of “Finance for Good,” Ping An Trust launched special care insurance trust products on the basis of ordinary insurance trust products, providing special support for the distribution of trust assets for beneficiaries who suffer from autism, Down syndrome and other mental diseases.

Besides caring for groups with special needs, Ping An pays close attention to animal welfare and takes public welfare actions to protect biodiversity. On the eve of the 2022 Spring Festival, Ping An and the Shenzhen Project Care Foundation jointly launched the “Tiger Growth” campaign to protect South China tigers. Ping An donated RMB1.50 million to fund the upgrade of the breeding research base, the improvement of the tiger cubs’ living environment, and the organization of popular science activities, thereby protecting endangered species through various measures. In addition, Ping An P&C launched the “I Promise Not to Abandon Pets” charitable program, donated winter supplies to stray pets, and gave complimentary “pet medical insurance cards” to care for stray pets and reduce pet abandonment.

### Volunteer Services

Ping An leverages its advantages in finance, technology, and healthcare to promote volunteerism and advocate civilization in a new era.

The Ping An Volunteers Association has set up 27 branches nationwide and covered 30 member companies since it was established in 2018. Ping An continued to conduct the “Ping An Guardian Initiative,” under which Ping An held 208 public welfare events in the first half of 2022. Moreover, Ping An launched a number of public welfare activities based on the “San Cun Hui” public welfare platform, sponsoring a total of 2,225 “Beside You” public welfare initiatives, attracting approximately 1,892,500 participants from Ping An’s employees and agents in the first half of 2022. The “San Cun Hui” public welfare platform had 3.42 million registered users, including approximately 580,000 employees and sales agents of Ping An as of June 30, 2022.

In respect of emergency response services, Ping An has established its own emergency volunteer rescue team to provide a variety of services including risk screening, emergency drills, risk education, and insurance protection. By doing so, Ping An mobilizes the whole society to participate in emergency management, enhances people’s awareness of disaster prevention and relief, and builds a solid line of defense for disaster prevention and relief.

### Business Code of Conduct

Ping An formulated and strictly implements the *Business Code of Conduct of Ping An Group* and the *Employee Code of Conduct of Ping An Group*, made commitments to the corporate business ethics and employee code of conduct, and continuously standardizes its management.

### Corporate Business Ethics

In strict 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, Ping An always upholds the principles and philosophy of “integrity, law-abiding and regulations + 1.” The Company strictly complies with all applicable laws and regulations, proactively conforms with tax policies, discloses tax information as required by law, declares and pays taxes on time, and prevents illegal tax dodging, evasion, and avoidance. In order to effectively manage tax risks, Ping An has established an internal control mechanism for tax risk management. Ping An rationally measures, manages and controls tax risks by continuously improving internal tax management rules, establishing a multi-level tax review system, and regularly assessing the effectiveness of tax risk control activities.
- In respect of anti-monopoly and fair trade, Ping An complies with anti-monopoly laws and regulations, strictly scrutinizes all merger and acquisition deals, and meets all disclosure requirements. Moreover, Ping An has established an effective monitoring and implementation mechanism, strengthened the prevention and control of common compliance risks, and effectively supervised various departments improving internal control measures and long-term risk control mechanisms.

# Sustainability

- In respect of anti-money laundering, anti-terrorist financing, and sanctions compliance, Ping An strictly abides by laws and regulations related to anti-money laundering, anti-terrorist financing and sanctions compliance. Adhering to the management philosophy of “legal person responsibility, risk-based supervision, and technological empowerment,” Ping An has established a robust anti-money laundering framework. Moreover, Ping An continuously improves its internal control rules and working mechanism, strengthens internal control procedures and measures, enhances its compliance culture through internal and external communication and training, and develops smart anti-money laundering platforms and tools. In this way, Ping An comprehensively improves risk prevention and control.
- In respect of fairness and the protection of employees’ rights and interests, the Company protects legitimate rights and interests of all employees. The Company opposes gender, regional and age discrimination, prohibits the use of child labor and forced labor, and does not interfere with the right of employees to participate in or form any legitimate association. Moreover, the Company includes relevant clauses in supplier contracts, urging them to ensure that the rights and interests of their employees are protected.
- 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). All parties concerned have been fully notified of the hotline and email box through various open channels. 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, Ping An attaches great importance to protection and management of intellectual property rights, ensuring effective commercialization of technological and innovative findings. Ping An protects its own intellectual property rights, respects the intellectual property rights of others, and strictly prohibits its employees from being involved in activities that violate intellectual property right laws, including abuse of dominance, counterfeit, and piracy, ensuring that they will not infringe others’ intellectual property rights. By doing so, Ping An effectively protects the Company’s intangible assets and also maintains orderly operations in business development.



Ping An has a highly independent, vertical internal audit and supervision framework in place to prevent and control risks related to business ethics. The Company's internal control assessments cover the following: corporate governance, sales management, fund operations and management, investment and financing management, anti-money laundering management, financial management, and asset management.

### Employee Code of Conduct

The Company attaches great importance to employee business ethics. Ping An 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*. Moreover, Ping An has laid out an employee code of conduct comprising "Five Standards" and "Prohibitive Rules", emphasizing the "bottom line of compliance" and "limitations on employee behaviors" to prevent violations of laws, regulations, and discipline, mainly 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 and are prohibited from leaking customer information. Employees may not divulge trade secrets or spread illegal information through official accounts on social media or employee accounts.
- In respect of conflicts of interests, tunneling, and management of confidential information, employees are required to understand and strictly comply with the Company's rules and procedures on conflicts of interest. The Company prevents and punishes tunneling 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 or 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 employees involved will be subject to penalties and punishments.

Ping An continues to strengthen management of employee code of conduct, cracking down on those in violation of laws, regulations and discipline. Moreover, Ping An provides training regarding the employee code of conduct on a semi-yearly basis to maintain a culture of integrity and self-discipline. All employees received training on compliance and internal controls as of June 30, 2022.

Ping An launched integrity promotion programs in the first half of 2022, taking "dare not, cannot, and do not want to commit corruption" as the objective in response to the government's call to combat corruption and promote integrity. Ping An intensified inspections in key areas, and demanded that all employees hold discipline in awe and respect, cultivate self-discipline, and do not cross the line, aiming to create a clean working environment and better manage risks related to business ethics. Ping An Life conducted a special review of compliance and integrity among its senior managers in the first half of 2022, making concerted efforts to foster a clean and upright environment for employee growth and business development. Ping An Trust comprehensively started a special campaign to fight activities such as bribe-giving and bribe-taking, crack down on illegal activities and disciplinary offences including misappropriation, bribe-taking and tunneling, and ensure long-term stable development.

# Changes in the Share Capital and Shareholders' Profile

## CHANGES IN SHARE CAPITAL

There was no change in the total number of shares and shareholding structure of the Company during the six months ended June 30, 2022 (the "Reporting Period").

Unit: Shares	January 1, 2022		Changes during the Reporting Period					June 30, 2022	
	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

## SHAREHOLDERS' INFORMATION

### Number of Shareholders

Unit: Shareholder

June 30, 2022

Total number of shareholders

1,161,742 (including 1,157,448 domestic shareholders)

## Shareholdings of Top Ten Shareholders as at the End of the Reporting Period

Name of shareholder	Nature of shareholder <sup>(1)</sup>	Shareholding percentage (%)	Total number of shares held (shares)	Changes during the Reporting Period (shares)	Type of shares	Number of selling-restricted shares held (shares)	Number of pledged, marked or frozen shares (shares)
Hong Kong Securities Clearing Company Nominees Limited <sup>(2)</sup>	Overseas legal person	37.01	6,765,175,826 <sup>(3)</sup>	+340,770	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 <sup>(4)</sup>	Others	3.46	632,073,751	-34,919,915	A Share	-	-
China Securities Finance Corporation Limited	Others	2.99	547,459,258	-	A Share	-	-
Central Huijin Asset Management Ltd.	State-owned legal person	2.57	470,302,252	-	A Share	-	-
Business Fortune Holdings Limited	Overseas legal person	2.43	443,639,264	-	H Share	-	269,768,865 pledged shares
Shum Yip Group Limited	State-owned legal person	1.41	257,728,008	-	A Share	-	-
Long-term Service Plan of Ping An Insurance (Group) Company of China, Ltd. <sup>(5)</sup>	Others	1.39	254,486,244	+93,109,778	A Share	-	-
Plenty Ace Investments (SPV) Limited	Overseas legal person	1.20	219,127,694	-	H Share	-	-
Dacheng Fund - Agricultural Bank of China - Dacheng Zhongzheng Financial Asset Management Plan	Others	1.10	201,948,582	-	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.  
(5) Participants in the Long-term Service Plan of the Company are the employees of the Company and its subsidiaries. Over 110,000 employees have participated in the Long-term Service Plan cumulatively. The source of funding is the remunerations payable to employees.

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 June 30, 2022, 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.

# Directors, Supervisors and Senior Management

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

Name	Position	Gender	Age	Period of appointment
He Jianfeng <sup>(1)</sup>	Newly-appointed Non-executive Director	Male	50	Since July 2022
Cai Xun <sup>(1)</sup>	Newly-appointed Non-executive Director	Female	47	Since July 2022
Zhu Xinrong <sup>(2)</sup>	Newly-appointed Independent Supervisor	Female	65	Since July 2022
Liew Fui Kiang <sup>(2)</sup>	Newly-appointed Independent Supervisor	Male	56	Since July 2022
Hung Ka Hai Clement <sup>(2)</sup>	Newly-appointed Independent Supervisor	Male	67	Since July 2022
Ji Guangheng <sup>(3)</sup>	Newly-appointed Senior Management	Male	53	Since March 2022
Deng Bin <sup>(4)</sup>	Newly-appointed Senior Management	Male	52	Since March 2022
Huang Wei <sup>(5)</sup>	Resigned Non-executive Director	Male	52	August 2021 - July 2022
Gu Liji <sup>(6)</sup>	Resigned Independent Supervisor	Male	73	June 2009 - July 2022
Huang Baokui <sup>(6)</sup>	Resigned Independent Supervisor	Male	80	June 2016 - July 2022
Zhang Wangjin <sup>(6)</sup>	Resigned Shareholder Representative Supervisor	Female	42	June 2013 - July 2022

- Notes: (1) Mr. He Jianfeng and Ms. Cai Xun took office as Non-executive Directors of the Company on July 1, 2022.  
(2) Ms. Zhu Xinrong, Mr. Liew Fui Kiang and Mr. Hung Ka Hai Clement took office as Independent Supervisors of the Company on July 18, 2022.  
(3) Mr. Ji Guangheng took office as a Senior Vice President of the Company on March 18, 2022.  
(4) Mr. Deng Bin took office as an Assistant President and the Chief Investment Officer of the Company on March 29, 2022.  
(5) Mr. Huang Wei ceased to be a Non-executive Director of the Company on July 1, 2022 due to the change of his personal work arrangements.  
(6) In accordance with the relevant requirements of the *Corporate Governance Standards for Banking and Insurance Institutions* of the CBIRC, Mr. Gu Liji and Mr. Huang Baokui resigned as Independent Supervisors on July 18, 2022 since their term of office exceed six years. Ms. Zhang Wangjin resigned as a Shareholder Representative Supervisor on July 18, 2022 due to personal work arrangements.

## SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT Change in the Number of Shares Held in the Company

As of June 30, 2022, 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. 3 Concerning the Contents and Formats of Information Disclosed by Listed Companies - The Contents and Formats of Interim Reports* 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	2,011,161	2,245,730	+234,569	Key Employee Share Purchase Plan	Long position	0.02073	0.01229
Sun Jianyi	Beneficial owner	A	4,991,340	5,048,596	+57,256	Key Employee Share Purchase Plan	Long position	0.04661	0.02762
Xie Yonglin	Beneficial owner	A	463,055	666,487	+203,432	Key Employee Share Purchase Plan	Long position	0.00615	0.00365
Tan Sin Yin	Beneficial owner	A	419,628	547,920	+128,292	Key Employee Share Purchase Plan	Long position	0.00506	0.00300
	Beneficial owner	H	40,000	40,000	-	-	Long position	0.00054	0.00022
Yao Jason Bo	Beneficial owner	A	573,947	686,391	+112,444	Key Employee Share Purchase Plan	Long position	0.00634	0.00375
	Beneficial owner	H	24,000	24,000	-	-	Long position	0.00032	0.00013
Cai Fangfang	Beneficial owner	A	300,395	378,064	+77,669	Key Employee Share Purchase Plan	Long position	0.00349	0.00207
Gu Liji	Beneficial owner	A	25,000	25,000	-	-	Long position	0.00023	0.00014
Zhang Wangjin	Beneficial owner	H	20,000	20,000	-	-	Long position	0.00027	0.00011
Huang Baoxin	Beneficial owner	A	91,186	101,319	+10,133	Key Employee Share Purchase Plan	Long position	0.00094	0.00055
Zhang Xiaolu	Beneficial owner	A	-	12,627	+12,627	Key Employee Share Purchase Plan	Long position	0.00012	0.00007
	Beneficial owner	H	10,000	10,000	-	-	Long position	0.00013	0.00005
Sheng Ruisheng	Beneficial owner	A	314,539	379,613	+65,074	Key Employee Share Purchase Plan	Long position	0.00350	0.00208
Wang Zhiliang	Beneficial owner	A	61,571	68,281	+6,710	Key Employee Share Purchase Plan	Long position	0.00063	0.00037
Hu Jianfeng	Beneficial owner	A	59,343	67,836	+8,493	Key Employee Share Purchase Plan	Long position	0.00063	0.00037

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 June 30, 2022, 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 SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, Supervisors 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 SEHK 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 <sup>(1)</sup>	A	776,490	1,196,936	+420,446	Others <sup>(1)</sup>	Long position	0.01105	0.00655
Sun Jianyi	Others <sup>(1)</sup>	A	126,381	126,381	-	-	Long position	0.00117	0.00069
Xie Yonglin	Others <sup>(1)</sup>	A	582,367	897,702	+315,335	Others <sup>(1)</sup>	Long position	0.00829	0.00491
Tan Sin Yin	Others <sup>(1)</sup>	A	582,367	897,702	+315,335	Others <sup>(1)</sup>	Long position	0.00829	0.00491
Yao Jason Bo	Interest of his spouse	H	64,000	64,000	-	-	Long position	0.00086	0.00035
	Others <sup>(1)</sup>	A	388,245	598,468	+210,223	Others <sup>(1)</sup>	Long position	0.00552	0.00327
Cai Fangfang	Others <sup>(1)</sup>	A	388,245	598,468	+210,223	Others <sup>(1)</sup>	Long position	0.00552	0.00327
Wang Zhiliang	Others <sup>(1)</sup>	A	45,335	68,459	+23,124	Others <sup>(1)</sup>	Long position	0.00063	0.00037

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.*

### 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	-	-	Long position	0.00014
Tan Sin Yin	OneConnect	Beneficial owner	78,000	78,000	-	-	Long position	0.00667

Save as disclosed above, as of June 30, 2022, 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 SEHK 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 SEHK pursuant to the *Model Code*.

# Directors, Supervisors and Senior Management

## CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

1. Mr. Ouyang Hui, an Independent Non-executive Director of the Company, ceased to be an Independent Non-executive Director of Aegon-Industrial Fund Management Co., Ltd. in June 2022.
2. Mr. Ng Sing Yip, an Independent Non-executive Director of the Company, took office as an Independent Non-executive Director instead of Non-executive Director of Hang Seng Bank Limited in April 2022.
3. Mr. Chu Yiyun, an Independent Non-executive Director of the Company, ceased to be an Independent Non-executive Director of Bank of Jiaxing Co., Ltd., and took office as an Independent Supervisor of Bank of China Ltd. in June 2022.
4. Mr. Ng Kong Ping Albert, an Independent Non-executive Director of the Company, took office as an Independent Non-executive Director of China International Capital Corporation Limited in June 2022, and took office as an Independent Director of Alibaba Group Holding Limited in August 2022.

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

# Significant Events

## IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

The 2021 profit distribution plan of the Company was deliberated and approved at the 2021 Annual General Meeting, pursuant to which the Company paid in cash the 2021 final dividend of RMB1.50 (tax inclusive) per share, totaling RMB27,161,462,992.50 (tax inclusive) based on 18,107,641,995 shares, the actual number of shares entitled to the dividend distribution (exclusive of A shares of the Company in the repurchased securities account). As at the date of this Report, the implementation of the distribution plan had been completed.

## INTERIM RESULTS AND PROFIT DISTRIBUTION

The Group's business results for the first half of 2022 are set out in the section headed "FINANCIAL STATEMENTS."

The Board of Directors hereby declares that the 2022 interim dividend of RMB0.92 (tax inclusive) per share in cash will be distributed 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 will not be entitled to the interim dividend distribution. The actual total amount of the interim 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 interim dividend payment for the first half of 2022 is estimated at RMB16,659,030,635.40 (tax inclusive) based on the total share capital of 18,280,241,410 shares less the 172,599,415 A shares of the Company in the repurchased securities account as of June 30, 2022. The dividend payment will have no material impact on the Group's solvency margin ratios. After the dividend payment, the Group's solvency margin ratios will still meet the relevant regulatory requirements.

The decision-making procedure and mechanism of the above profit distribution plans were complete, and the dividend payout standards and proportions were clear. The above profit distribution plans were in line with the *Articles of Association* and relevant deliberation procedures, had no material impact on the Group's solvency margin ratios, and had fully protected the legitimate interests of minority shareholders. All the Independent Non-executive Directors of the Company have expressed independent opinions of their agreement on the profit distribution plan.

## GENERAL ANALYSIS OF EXTERNAL INVESTMENT

The Company is a financial conglomerate, and investment is one of its core businesses. The investment of insurance funds represents a majority of the investment of the Company. The investment 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 relevant 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 Recorded at Fair Value

Details of financial instruments recorded at fair value of the Company are set out in Note 45 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.

# Significant Events

## 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 in relation to 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.

On June 24, 2022, the Company announced that, affected by multiple factors including the pandemic, the restructuring plan of the Founder Group Restructuring cannot be completed within 12 months as originally scheduled. According to the application of the Restructuring Entities, the First Intermediate People’s Court of Beijing Municipality has approved to extend the execution period of the restructuring plan of the Founder Group Restructuring to December 28, 2022 in accordance with the laws. Ping An Life 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](http://www.sse.com.cn)) and HKEX ([www.hkexnews.hk](http://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 and Note 30 to the financial statements respectively.

## STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

There is no significant change in the details of Structured Entities controlled by the Company compared with the year 2021.



## IMPLEMENTATION OF SHARE PURCHASE PLANS OF THE COMPANY

### Key Employee Share Purchase Plan

The Company has implemented the Key Employee Share Purchase Plan since 2015 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. 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.

Eight phases of the Key Employee Share Purchase Plan were implemented as of the end of the Reporting Period. Among them, all shares under the four phases for 2015-2018 were unlocked, and the four phases for 2019-2022 were implemented as follows:

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, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 980 employees qualified and 97 employees did not qualify for vesting under this phase. For the duration, 581,105 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, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 1,170 employees qualified and 128 employees did not qualify for vesting under this phase. For the duration, 1,176,910 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. During the Reporting Period, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 1,556 employees qualified and 198 employees did not qualify for vesting under this phase. For the duration, 1,468,954 shares were forfeited.

There were 1,703 participants in the Key Employee Share Purchase Plan for 2022. A total of 12,518,547 A shares of the Company were purchased for a total amount of RMB595,602,067.09 (expenses inclusive), accounting for approximately 0.068% 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 2022 Key Employee Share Purchase Plan* published by the Company on the websites of the HKEX and the SSE on March 27, 2022 and March 28, 2022 respectively. During the Reporting Period, no change was made in equity under the Key Employee Share Purchase Plan for 2022.

During the Reporting Period, the manager of the Key Employee Share Purchase Plan was not changed.

The key employees held 19,609,457 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 0.107% of the total share capital of the Company.

# Significant Events

## The Long-term Service Plan

The Company has implemented the Long-term Service Plan since 2019 as deliberated at the third meeting of the 11th Board of Directors held on October 29, 2018 and approved at the second extraordinary general meeting for 2018 held on December 14, 2018. For the Long-term Service Plan of the Company, the participants 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.

Four 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, 8 employees qualified and applied for vesting, and their shares were vested; 1,076 employees were disqualified due to reasons including their resignation; 2,839,877 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, 7 employees qualified and applied for vesting, and their shares were vested; 1,323 employees were disqualified due to reasons including their resignation; 2,895,494 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. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 6 employees qualified and applied for vesting, and their shares were vested; 5,304 employees were disqualified due to reasons including their resignation; 4,768,211 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 2022. A total of 93,314,482 A shares of the Company were purchased for a total amount of RMB4,438,825,366.37 (expenses inclusive), accounting for approximately 0.510% 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 2022 Long-term Service Plan* published by the Company on the websites of the HKEX and the SSE on March 27, 2022 and March 28, 2022 respectively. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 4,485 employees were disqualified due to reasons including their resignation, and 3,812,068 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 254,486,244 A shares of the Company as at the end of the Reporting Period, accounting for approximately 1.392% 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.

## 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, employees and consultants of Autohome to purchase Class A ordinary shares of Autohome (which were 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, restricted share units and share appreciation rights.

As of June 30, 2022, the Autohome Options granted pursuant to the Autohome 2016 Share Incentive Plan were as follows:

Type of grantees	Exercise period	Exercise price (per Autohome Share, US\$)	Number of Options				Balance as at June 30, 2022
			Balance as at January 1, 2022	Granted during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	
Employees	Not exceeding 10 years from the date of grant	5.55-24.61	2,088,512	3,200	204,800	-	1,886,912

Autohome, as a company listed on the New York Stock Exchange and secondarily listed on the SEHK, furnishes its quarterly financial results to the U.S. Securities and Exchange Commission and publishes the same on the website of the HKEX under the relevant regulatory rules of the U.S. and Hong Kong. To ensure the consistency of information disclosure, 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.

# Significant Events

## CONNECTED TRANSACTIONS

In respect of connected transactions and continuing connected transactions, the Company has complied with requirements under the *SEHK Listing Rules* as amended from time to time. During the Reporting Period, the Company had no connected transaction that was required to be disclosed under the *SEHK Listing Rules*. The Company's connected transactions stated in accordance with the accounting standards used in the preparation of financial statements for the six months ended June 30, 2022 are presented in Note 48 to the financial statements.

## MATERIAL CONTRACTS AND THEIR PERFORMANCE

### Guarantee

(in RMB million)	<b>External guarantee of the Company and its subsidiaries (excluding the guarantee in favor of its subsidiaries)</b>	
Total external guarantee incurred during the Reporting Period		-
Total external guarantee balance as at the end of the Reporting Period		-
<b>Guarantee of the Company and its subsidiaries in favor of its subsidiaries</b>		
Total guarantee in favor of its subsidiaries incurred during the Reporting Period		(18,150)
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period		18,502
<b>Total guarantee of the Company (including the guarantee in favor of its subsidiaries)</b>		
Total guarantee		18,502
Total guarantee as a percentage of the Company's net assets (%)		2.2
Including: Direct or indirect guarantee for the companies with a total liabilities to total assets ratio over 70% (as of June 30, 2022)		14,137
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 RMB2,924 million less the guarantee repayment of RMB21,074 million.

## 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, please refer to the notes to the financial statements.

### SEIZURE, DISTRAINMENT OR FREEZE OF MAJOR ASSETS

During the Reporting Period, the Company had no event of seizure, distraintment or freeze of major assets that was required to be disclosed.

### MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company had no material litigation or arbitration that was required to be disclosed.

### CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, OR CORRECTIONS OF MATERIAL ACCOUNTING MISTAKES

Details of changes in accounting estimates of the Company during the Reporting Period are set out in Note 3 to the financial statements.

During the Reporting Period, there was no change in accounting policies or correction of material accounting mistake made by the Company.

### 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 currency assets based on the Company's risk appetite, risk profiles of the asset classes, 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, enhance overseas asset management, and regularly analyze 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:

June 30, 2022 (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	5,010

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.

# Significant Events

## 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 from the placing were HKD36,831,472,000. As of June 30, 2022, all the proceeds had been used, and all the specific fund-raising accounts had been closed. Details of the use of the proceeds in the first half of 2022 are as follows:

Total proceeds raised from the issue	Balance of unutilized proceeds as at January 1, 2022	Intended use of the proceeds as previously disclosed	Proceeds used during the Reporting Period	Balance in the specific fund-raising account as at June 30, 2022	Utilization plan for the balance in the specific fund-raising account
HKD36,831,472,000	HKD116,179,628.19	To develop the Company's main businesses and replenish its equity and working capital	HKD116,179,628.19	HKD0	All the proceeds have been used

## ENGAGEMENT OF ACCOUNTING FIRMS

According to the resolution passed at the Company's 2021 Annual General Meeting, the Company appointed Ernst & Young Hua Ming LLP and Ernst & Young ("E&Y") as the auditors of the Company's financial statements under CAS and IFRS respectively for the year 2022. The Company's interim financial reports are unaudited.

## 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.

## INTEGRITY CONDITIONS OF THE COMPANY

During the Reporting Period, the Company had no failure to abide by any effective judicial ruling, or default on its material due debts.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Resolution regarding Share Repurchase was considered and approved at the 4th meeting of the 12th session of the Board of Directors held by the Company on August 26, 2021. Under this resolution, a total of 102,592,612 A shares of the Company were repurchased by the Company by means of centralized bidding transaction via the system of the SSE, representing approximately 0.56122% of the total share capital of the Company as of June 30, 2022. The total amount of funds paid was RMB5,000,001,422.40 (exclusive of transaction costs)/RMB5,000,840,424.22 (inclusive of transaction costs). The lowest transaction price was RMB43.72 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. There were a total of 172,599,415 A shares of the Company in the Company's repurchased securities account as of June 30, 2022.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months from January 1, 2022 to June 30, 2022.

## CORPORATE GOVERNANCE

The Company implemented corporate governance measures in strict accordance with the applicable laws, including the *Company Law of the PRC*, the *Securities Law of the PRC*, the applicable regulations, and the principles set out in the *Corporate Governance Code*, taking into account the Company's specific needs and circumstances. The general meetings of shareholders, the Board of Directors, the supervisory committee and the executive committee of the Company exercised their rights and performed their obligations conferred by the *Articles of Association*, respectively.

### 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 PRC* and the *Articles of Association*.

The annual general meeting of the Company for 2021 held on April 29, 2022 deliberated and approved 12 proposals including the *Report of the Board of Directors of the Company for 2021*, the *Report of the Supervisory Committee of the Company for 2021*, the Annual Report of the Company for 2021 and its summary, the *Report on Final Accounts of the Company for 2021*, the *Profit Distribution Plan of the Company for 2021* and the *Appointment of Auditors of the Company for 2022*. The resolutions of the above general meeting have also been published on the websites of SSE ([www.sse.com.cn](http://www.sse.com.cn)) and HKEX ([www.hkexnews.hk](http://www.hkexnews.hk)).

### Audit and Risk Management Committee

The Board of Directors of the Company has established the Audit and Risk Management Committee according to the *Corporate Governance Code*. The Audit and Risk Management Committee and the management have reviewed the accounting standards and practices adopted by the Company and discussed internal control and financial reporting matters, including reviewing the Company's unaudited interim report.

### Compliance with the *Corporate Governance Code*

None of the Directors is aware of any information that would reasonably indicate that the Company did not meet the applicable Code Provisions set out in the *Corporate Governance Code* for any part of the six-month period from January 1, 2022 to June 30, 2022 save as disclosed below.

According to Code Provision D.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 2022 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.

# Significant Events

However, after considering the relevant principles under Code Provision D.3.2 of the *Corporate Governance Code* and reviewing the Company's management structure, and taking into account the following reasons, the Company believes that the past positions Mr. Ng Kong Ping Albert held in Ernst & Young have 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 2022, 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* by Directors and Supervisors of the Company**

In August 2007, the Company adopted a code of conduct regarding securities transactions by Directors and Supervisors of the Company ("Code of Conduct"), which was amended in October 2018, on terms no less exacting than the required standard 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 for the six-month period from January 1, 2022 to June 30, 2022.

## **INFORMATION OF TAX DEDUCTION FOR HOLDERS OF LISTED SECURITIES**

### **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 depository 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 People's Republic of China:

- 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 People's Republic of China, 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.

# Significant Events

All investors are requested to read this part carefully. Shareholders are recommended to consult their tax advisers 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.

## **PROGRESS IN INTERNAL CONTROL ASSESSMENT**

The CBIRC took a more forward-looking and effective approach to regulation under the principle of seeking progress while maintaining stability in the first half of 2022. The CBIRC continuously prevented and resolved financial risks, advanced the reform and opening-up of banking and insurance sectors, and promoted high-quality economic and social development. The Company implements the spirit of regulation, upholds a people-centric development philosophy, pursues high-quality development, and supports the real economy. With its local advantages, the Company implements corporate governance in line with international standards, comprehensively improves its rule formulation and internal control framework, upholds the compliance philosophy of “Regulations + 1,” and constantly enhances its risk buffer. In this way, the Company ensures that the Group and its member companies abide by laws and regulations in their business activities, keep single and accumulated residual risks at levels acceptable to the Company, and promote the sustainable, healthy growth of the Group.

Regarding the management framework for internal controls, the Company has put in place a complete and well-staffed internal control management system with well-defined powers 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 effective 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 general risk management targets, basic policies and rules, and supervises operations of the risk management systems of subsidiaries or business lines.

Regarding the formulation and implementation of internal control rules, the Company comprehensively started the standardization, procedurization, and systemization of rules in the first half of 2022. Firstly, the Company standardized the tiers, naming, classification, contents and procedures of the rules. The Company interpreted the latest regulatory policies in a timely manner, analyzed their impact on the Company’s business management, and laid down internal rules and requirements accordingly. Secondly, the Company adopted life-cycle management of the rules, incorporating rules into processes, building processes in systems, and taking compliance reviews as an essential procedure of developing or amending important internal rules and model contracts. Thirdly, the Company introduced a systematic work mechanism to formulate internal rules in line with regulations and optimizing internal rules. The Company lays a solid foundation for high-quality development of the Company by empowering business management with internal rules and technology platforms as well as embedding rules in the whole process of business management.

Regarding internal control operations and assessment, the Company strictly complied with applicable laws and regulations. In response to the CBIRC’s call for strengthening compliance management and preventing compliance risks, the Company continued to optimize its governance structure and strengthen internal control management. Firstly, the Company optimized key controls over business processes. The Company reviewed business processes and identified internal control requirements for key business areas and processes in accordance with regulatory rules and the Company’s rules. The Company optimized key controls over business processes, improved relevant work mechanisms, and viewed internal control assessment as an important means to improve the effectiveness of risk management and internal controls and prevent potential risks. Secondly, the Company adopted a problem-oriented approach and took account of its own business features, risk profiles, and violation prevention when constantly carrying out internal control assessment and risk screening. The Company focused on solving the chronic problems in key areas, detected internal control and compliance weaknesses behind the problems, and clarified risk control points, requirements and countermeasures, aiming to fix deficiencies in the internal control

and compliance mechanisms. Thirdly, the Company strengthened the Group's role in supervision and management. The Company organized subsidiaries and relevant member companies to monitor and assess the effectiveness of the internal control system in accordance with the *Measures for the Supervision and Administration of Insurance Group Companies*, the *Basic Norms for Internal Controls of Enterprises*, and the *Basic Rules for the Internal Control of Insurance Companies* and other rules. By doing so, the Company further strengthened the mandatory internal control restraints to improve the overall operating efficiency and risk prevention. Fourthly, the Company organized training on internal controls. By organizing training and education on internal control assessment in line with the internal control assessment progress, the Company effectively communicated the internal control philosophy, and improved employees' internal control awareness and management skills. Ernst & Young Hua Ming LLP audited the effectiveness of the Company's internal controls over financial reporting for 2021, and issued the *Internal Control Audit Report*, opining that the Company maintained effective internal controls over financial reporting in all material aspects in accordance with the *Basic Norms for Internal Controls of Enterprises* and relevant guidelines.

Regarding the monitoring of major risks, the Company continued to consolidate the achievements of the "Year of Improving Internal Control and Compliance Management" in line with the Communist Party of China's and the state's guidelines on anti-corruption and integrity. The Company revised the *Guidelines for Employees' Behavioral Standards (2022)* and refined the negative behavior list to further strengthen the management of employees' behavioral standards, especially key personnel in important positions. The Company emphasized the "bottom line of compliance" and "limitations on employee behaviors." Moreover, the Company has set up a set of risk monitoring indicators to monitor risks in key businesses, key positions and key processes. The Company continued to strengthen risk monitoring and alerting to ensure quick response, timely reporting, accurate control and prudent disposal of risk events, and stronger synergies between operational risk management and internal control management. The Company further improved the mechanism for monitoring regulatory and compliance issues by maintaining the rectification ledger, overseeing the fulfillment of responsibilities, strengthening the assessment and accountability, and dynamically monitoring the rectification. In addition, the Company focused on compliance inspections in areas with high incidence of problems and regulatory concerns, and reviewed related compliance risks. For any findings, the Company asked the responsible departments to formulate rectification plans, and continued to monitor and promote the rectification.

Regarding the management of money laundering and terrorist financing risk ("money laundering risk"), the Company implemented the policy of "compliant operations" strictly in line with regulatory requirements of anti-money laundering and anti-terrorist financing. The Company continuously optimized and upgraded its money laundering risk management frameworks, and further promoted member companies' fulfillment of anti-money laundering responsibilities. Under the Group's supervision and guidance, both the Group and its member companies improved their capability of money laundering risk management. The Company pioneered the "1+N" money laundering risk self-assessment methodology applicable to financial groups. The methodology can innovatively identify and assess the impacts of intra-group horizontal and vertical transmission of money laundering risks, and help implement relevant risk prevention measures. The Company established an intra-group customer money laundering risk labeling system and information sharing mechanism to improve identification of and response to cross-market, cross-industry money laundering risks. The Company continued to practice data-driven operations, explore cutting-edge technologies, and apply new technologies including AI, machine learning, and big data to anti-money laundering data management, money laundering risk monitoring, and platform and application upgrades to comprehensively improve the technological capability of money laundering risk management. The Company increased the effectiveness of anti-money laundering work by continuously improving an independent testing and inspection system under the philosophy of enhancing management via inspections. Moreover, with a money laundering risk management system across different business lines of a financial group and empowerment by new technologies, the Company actively cooperated with competent authorities to crack down on new types of telecommunications fraud, illegal fundraising and other illegal and criminal activities. By doing so, the Company protected the legitimate rights and interests of customers, fulfilled its corporate social responsibilities, and contributed to national financial security.

# Significant Events

Regarding the management framework for internal audit and supervision, the Company established a highly independent, vertical audit and supervision framework. The Company established the Audit and Risk Management Committee under the Board of Directors of the Group in accordance with applicable laws and regulations concerning the corporate governance structure and internal rules including the *Articles of Association*. The committee, comprising two thirds or more of the Independent Non-executive Directors and chaired by an Independent Non-executive Director, is responsible for comprehensive review and supervision of the Company's financial reporting, internal audit and control procedures. Under the Person-in-charge of Auditing accountability mechanism, the Person-in-charge of Auditing is responsible for managing all audit matters across the Group, and reports to the Audit and Risk Management Committee under the Board of Directors of the Group. The Company has put in place a three-tier internal audit structure comprising the Group Audit and Supervision Department and the Audit and Supervision Project Center, the audit and supervision departments of member companies, and the regional audit and supervision functions. Audit and supervision departments are independent of business operations and management departments. Audit and supervision departments report to the Board of Directors through the Audit and Risk Management Committee under the Board of Directors, and are appraised and supervised by the Audit and Risk Management Committee. To ensure objectivity and fairness, auditing and supervisory activities are independent of business operations and management, and audit and supervision departments are not directly involved in or responsible for risk management and the design and implementation of internal control frameworks as well as auditees' business activities, business decision-making and execution.

The Company will conduct internal control effectiveness tests, audit independence tests, and internal control assessments as planned in the second half of 2022. The Company will continuously rectify deficiencies identified in the internal control assessments, improve rules and procedures, and enhance the system for managing employees' behavioral standards. The Company will focus on monitoring, warning and prevention of risk in key areas, and intensify compliance inspection. The Company will improve its money laundering risk management framework and strengthen compliance and internal control appraisals to enhance its internal control management.

## **CORPORATE SUSTAINABILITY AND ENVIRONMENTAL PROTECTION**

The Company actively fulfilled its social responsibilities, and was not a key pollutant discharging unit designated by the environmental protection authority of the PRC in the Reporting Period. For more information on environmental protection, please refer to the section headed "Sustainability."

No administrative penalty was imposed on the Company due to environmental problems during the Reporting Period.

## 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 June 30, 2022, 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)	596,943,157	Long position	8.01	3.26
		Interest of controlled corporations	(2)	379,759,723	Short position	5.09	2.07
JPMorgan Chase & Co.	H	Interest of controlled corporations	(3)	361,928,840	Long position	4.85	1.97
		Investment manager		125,490,647	Long position	1.68	0.68
		Person having a security interest in shares		1,469,876	Long position	0.01	0.00
		Trustee		10,154	Long position	0.00	0.00
		Approved lending agent	(3)	280,787,706	Lending pool	3.77	1.53
		Total:	(3)	769,687,223		10.33	4.21
		Interest of controlled corporations	(3)	362,803,855	Short position	4.87	1.98
Citigroup Inc.	H	Interest of controlled corporations	(4)	60,771,539	Long position	0.81	0.33
		Approved lending agent	(4)	425,300,246	Lending pool	5.71	2.32
		Total:	(4)	486,071,785		6.52	2.65
		Interest of controlled corporations	(4)	48,847,475	Short position	0.65	0.26
BlackRock, Inc.	H	Interest of controlled corporations	(5)	406,305,634	Long position	5.45	2.22
		Interest of controlled corporations	(5)	507,500	Short position	0.00	0.00
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		962,719,102	Long position	8.89	5.27

# Significant Events

## 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 July 5, 2022, UBS Group AG was deemed to be interested in a total of 596,943,157 H shares (long position) and 379,759,723 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 303,757,151 H shares (long position) and 284,318,934 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position	36,076,958
	Short position	4,134,412
Listed derivatives - Cash settled	Long position	1,701,077
	Short position	5,882,503
Unlisted derivatives - Physically settled	Long position	202,925,297
	Short position	202,852,692
Unlisted derivatives - Cash settled	Long position	63,053,819
	Short position	71,449,327

- (3) According to the disclosure form filed by JPMorgan Chase & Co. on July 4, 2022, JPMorgan Chase & Co. was deemed to be interested in a total of 769,687,223 H shares (long position) and 362,803,855 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 280,787,706 H shares (long position). In addition, 292,889,932 H shares (long position) and 241,204,402 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position	44,556,000
	Short position	117,735,000
Listed derivatives - Cash settled	Long position	301,450
	Short position	9,604,300
Unlisted derivatives - Physically settled	Long position	224,290,344
	Short position	61,887,686
Unlisted derivatives - Cash settled	Long position	22,191,608
	Short position	23,591,021
Listed derivatives - Convertible instruments	Long position	1,550,530
	Short position	28,386,395

- (4) According to the disclosure form filed by Citigroup Inc. on June 9, 2022, Citigroup Inc. was deemed to be interested in a total of 486,071,785 H shares (long position) and 48,847,475 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 425,300,246 H shares (long position). In addition, 11,045,161 H shares (long position) and 38,402,496 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position	6,659,193
	Short position	9,292,500
Unlisted derivatives - Physically settled	Long position	2,325,243
	Short position	26,136,973
Unlisted derivatives - Cash settled	Long position	2,060,725
	Short position	2,973,023

- (5) According to the disclosure form filed by BlackRock, Inc. on June 29, 2022, BlackRock, Inc. was deemed to be interested in a total of 406,305,634 H shares (long position) and 507,500 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 2,646,206 H shares (long position) and 446,500 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Unlisted derivatives - Cash settled	Long position	1,681,500
	Short position	446,500
Listed derivatives - Convertible instruments	Long position	964,706

- (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 June 30, 2022.

Save as disclosed above, to the best knowledge of the Directors and Supervisors, as of June 30, 2022, 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.

### OTHER SIGNIFICANT EVENTS

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

# Report on Review of Interim Condensed Consolidated Financial Information

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

(Incorporated in the People's Republic of China with limited liability)

## INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 119 to 176, which comprises the interim consolidated statement of financial position of Ping An Insurance (Group) Company of China, Ltd. (the "Company") and its subsidiaries as at 30 June 2022 and the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

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

*Ernst & Young*  
Certified Public Accountants

Hong Kong  
23 August 2022



# Interim Consolidated Income Statement

For the six-month period ended 30 June 2022

For the six-month period ended 30 June (in RMB million)	Notes	2022 (Unaudited)	2021 (Unaudited)
Gross written premiums	7	429,289	422,498
Less: Premiums ceded to reinsurers		(11,876)	(13,135)
Net written premiums	7	417,413	409,363
Change in unearned premium reserves		(4,436)	927
Net earned premiums		412,977	410,290
Reinsurance commission revenue		3,720	2,977
Interest revenue from banking operations	8	112,740	104,790
Interest revenue from non-banking operations	9	62,149	63,437
Fees and commission revenue from non-insurance operations	10	24,180	26,052
Investment income	11	14,765	44,819
Share of profits and losses of associates and joint ventures		6,100	2,266
Other revenues and other gains/(losses)	12	31,005	33,157
<b>Total revenue</b>		<b>667,636</b>	<b>687,788</b>
Gross claims and policyholders' benefits	13	(354,987)	(346,202)
Less: Reinsurers' share of claims and policyholders' benefits	13	7,306	8,927
Claims and policyholders' benefits	13	(347,681)	(337,275)
Commission expenses on insurance operations		(39,184)	(46,172)
Interest expenses on banking operations	8	(48,144)	(44,915)
Fees and commission expenses on non-insurance operations	10	(4,799)	(4,585)
Net impairment losses on financial assets	14	(39,751)	(47,983)
Net impairment losses on other assets	15	(1,083)	(11,512)
Foreign exchange gains/(losses)		1,275	534
General and administrative expenses		(81,984)	(83,037)
Interest expenses on non-banking operations		(11,852)	(15,075)
Other expenses		(16,348)	(18,947)
<b>Total expenses</b>		<b>(589,551)</b>	<b>(608,967)</b>
Profit before tax	16	78,085	78,821
Income tax	17	(6,409)	(10,858)
<b>Profit for the period</b>		<b>71,676</b>	<b>67,963</b>
<b>Attributable to:</b>			
- Owners of the parent		60,273	58,005
- Non-controlling interests		11,403	9,958
		<b>71,676</b>	<b>67,963</b>
<b>Earnings per share attributable to ordinary equity holders of the parent:</b>		<b>RMB</b>	<b>RMB</b>
- Basic	19	3.45	3.29
- Diluted	19	3.40	3.26

# Interim Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2022

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
<b>Profit for the period</b>	<b>71,676</b>	67,963
<b>Other comprehensive income</b>		
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	<b>(735)</b>	(637)
Credit risks provision of debt instruments at fair value through other comprehensive income	<b>1,729</b>	2,122
Shadow accounting adjustments	<b>(178)</b>	(538)
Reserve from cash flow hedging instruments	<b>(189)</b>	(217)
Exchange differences on translation of foreign operations	<b>1,952</b>	(387)
Share of other comprehensive income of associates and joint ventures	<b>(53)</b>	434
Others	<b>-</b>	(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	<b>13,149</b>	1,588
Shadow accounting adjustments	<b>(7,389)</b>	6
Share of other comprehensive income of associates and joint ventures	<b>175</b>	(477)
<b>Other comprehensive income for the period, net of tax</b>	<b>8,461</b>	1,723
<b>Total comprehensive income for the period</b>	<b>80,137</b>	69,686
<b>Attributable to:</b>		
- Owners of the parent	<b>68,079</b>	59,457
- Non-controlling interests	<b>12,058</b>	10,229
	<b>80,137</b>	69,686

# Interim Consolidated Statement of Financial Position

As at 30 June 2022

(in RMB million)	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Assets</b>			
Cash and amounts due from banks and other financial institutions	20	705,116	584,995
Balances with the Central Bank	21	310,094	308,348
Financial assets purchased under reverse repurchase agreements	22	36,783	61,429
Premium receivables	23	80,995	79,834
Accounts receivable		28,231	26,628
Derivative financial assets		28,740	30,957
Reinsurers' share of insurance liabilities		24,890	26,852
Policy loans		183,975	178,298
Finance lease receivable	24	195,913	200,701
Loans and advances to customers	25	3,139,925	2,980,975
Financial assets at fair value through profit or loss	26	1,508,583	1,426,677
Financial assets at amortized cost	27	2,973,698	2,768,995
Debt financial assets at fair value through other comprehensive income	28	405,413	428,530
Equity financial assets at fair value through other comprehensive income	29	277,704	268,215
Investments in associates and joint ventures	30	282,715	284,061
Statutory deposits for insurance operations	31	14,202	12,606
Investment properties		99,027	86,041
Property and equipment		44,629	49,758
Intangible assets		73,669	68,462
Right-of-use assets		12,148	14,185
Deferred tax assets		74,234	65,360
Other assets	32	166,899	154,117
Policyholder account assets in respect of insurance contracts	33	24,163	31,847
Policyholder account assets in respect of investment contracts	33	4,402	4,155
<b>Total assets</b>		<b>10,696,148</b>	10,142,026

# Interim Consolidated Statement of Financial Position

As at 30 June 2022

(in RMB million)	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	34	18,280	18,280
Reserves	35	239,740	234,186
Treasury shares	38	(10,996)	(9,895)
Retained profits	35	601,695	569,834
Equity attributable to owners of the parent		848,719	812,405
Non-controlling interests	35	268,544	265,318
<b>Total equity</b>		<b>1,117,263</b>	1,077,723
<b>Liabilities</b>			
Due to banks and other financial institutions	39	796,376	797,646
Financial liabilities at fair value through profit or loss		99,608	57,376
Derivative financial liabilities		31,799	35,049
Assets sold under agreements to repurchase	40	282,490	127,477
Accounts payable		6,444	6,663
Income tax payable		12,991	16,247
Insurance payables		123,098	150,767
Policyholder dividend payable		69,894	67,276
Customer deposits and payables to brokerage customers	41	3,317,193	3,002,049
Bonds payable	42	927,063	1,097,523
Insurance contract liabilities	43	3,461,164	3,261,354
Investment contract liabilities for policyholders		73,832	72,839
Lease liabilities		12,620	14,208
Deferred tax liabilities		13,724	13,605
Other liabilities		350,589	344,224
<b>Total liabilities</b>		<b>9,578,885</b>	9,064,303
<b>Total equity and liabilities</b>		<b>10,696,148</b>	10,142,026

**MA Mingzhe**

Director

**XIE Yonglin**

Director

**YAO Jason Bo**

Director

# Interim Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2022

For the six-month period ended 30 June 2022												
	Reserves											Total equity
	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	
(in RMB million)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
As at 1 January	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
Profit for the period	-	-	-	-	-	-	-	-	-	60,273	11,403	71,676
Other comprehensive income for the period	-	-	13,590	(7,526)	(70)	-	-	1,812	-	-	655	8,461
Total comprehensive income for the period	-	-	13,590	(7,526)	(70)	-	-	1,812	-	60,273	12,058	80,137
Dividends declared (Note 18)	-	-	-	-	-	-	-	-	-	(27,161)	-	(27,161)
Appropriations to general reserves	-	-	-	-	-	-	915	-	-	(915)	-	-
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained profits	-	-	336	-	-	-	-	-	-	(336)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,594)	(4,594)
Equity transactions with non-controlling interests	-	-	-	-	38	-	-	-	-	-	(1,663)	(1,625)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	889	889
Key Employee Share Purchase Plan (Note 36)	-	-	-	-	(196)	-	-	-	-	-	-	(196)
Long-term Service Plan (Note 37)	-	-	-	-	(4,278)	-	-	-	-	-	-	(4,278)
Acquisition of shares	-	-	-	-	-	-	-	-	(1,101)	-	-	(1,101)
Other equity instruments issued/redeemed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(3,561)	(3,561)
Others	-	-	-	-	933	-	-	-	-	-	97	1,030
As at 30 June	18,280	111,598	(22,487)	18,431	17,772	12,164	102,023	239	(10,996)	601,695	268,544	1,117,263

# Interim Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2022

(in RMB million)	For the six-month period ended 30 June 2021											
	Reserves											Total equity
	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	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
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 period	-	-	-	-	-	-	-	-	-	58,005	9,958	67,963
Other comprehensive income for the period	-	-	2,712	(529)	(350)	-	-	(381)	-	-	271	1,723
Total comprehensive income for the period	-	-	2,712	(529)	(350)	-	-	(381)	-	58,005	10,229	69,686
Dividends declared (Note 18)	-	-	-	-	-	-	-	-	-	(25,494)	-	(25,494)
Appropriations to general reserves	-	-	-	-	-	-	565	-	-	(565)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,097)	(4,097)
Equity transactions with non-controlling interests	-	-	-	-	(839)	-	-	-	-	-	2,699	1,860
Contributions from non-controlling interests	-	-	-	-	739	-	-	-	-	-	2,835	3,574
Key Employee Share Purchase Plan (Note 36)	-	-	-	-	(463)	-	-	-	-	-	-	(463)
Long-term Service Plan (Note 37)	-	-	-	-	(4,055)	-	-	-	-	-	-	(4,055)
Other equity instruments issued/redeemed by subsidiaries	-	-	-	-	-	-	-	-	-	-	1,847	1,847
Others	-	-	-	-	(69)	-	-	-	-	-	(1,780)	(1,849)
As at 30 June	18,280	111,598	(31,211)	22,618	21,821	12,164	89,354	(743)	(5,995)	553,950	237,078	1,028,914

# Interim Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2022

For the six-month period ended 30 June (in RMB million)	Note	2022 (Unaudited)	2021 (Unaudited)
<b>Net cash flows from operating activities</b>		<b>318,100</b>	19,466
<b>Cash flows from investing activities</b>			
Purchases of property and equipment, intangibles and other long-term assets		<b>(2,836)</b>	(6,764)
Proceeds from disposal of property and equipment, intangibles and other long-term assets, net		<b>145</b>	346
Proceeds from disposal of investments		<b>943,360</b>	959,120
Purchases of investments		<b>(1,304,916)</b>	(1,028,677)
Acquisition of subsidiaries, net		<b>-</b>	(6)
Disposal of subsidiaries, net		<b>244</b>	3,596
Interest received		<b>74,876</b>	89,728
Dividends received		<b>35,189</b>	21,050
Rentals received		<b>3,141</b>	1,875
Increase in policy loans, net		<b>(5,354)</b>	(10,044)
<b>Net cash flows (used in)/from investing activities</b>		<b>(256,151)</b>	30,224
<b>Cash flows from financing activities</b>			
Capital injected into subsidiaries by non-controlling interests		<b>2,355</b>	6,504
Proceeds from bonds issued		<b>433,105</b>	590,225
Increase/(decrease) in assets sold under agreements to repurchase of insurance operations, net		<b>180,331</b>	(89,001)
Proceeds from borrowings		<b>105,528</b>	118,515
Repayment of borrowings		<b>(735,910)</b>	(583,867)
Interest paid		<b>(14,925)</b>	(23,675)
Dividends paid		<b>(29,879)</b>	(29,532)
Increase in insurance placements from banks and other financial institutions, net		<b>400</b>	800
Payment of acquisition of shares		<b>(1,101)</b>	-
Payment of shares purchased for Long-term Service Plan		<b>(4,439)</b>	(4,184)
Repayment of lease liabilities		<b>(3,110)</b>	(3,616)
Payment of redemption for other equity instruments by subsidiaries		<b>(5,800)</b>	(1,050)
Others		<b>(2,561)</b>	(701)
<b>Net cash flows used in financing activities</b>		<b>(76,006)</b>	(19,582)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(14,057)</b>	30,108
Net foreign exchange differences		<b>3,566</b>	(2,645)
Cash and cash equivalents at the beginning of the period		<b>403,125</b>	424,748
<b>Cash and cash equivalents at the end of the period</b>	47	<b>392,634</b>	452,211

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 1. CORPORATE INFORMATION

Ping An Insurance (Group) Company of China, Ltd. (the “Company”) was registered in Shenzhen, the People’s Republic of China (the “PRC”) on 21 March 1988. The business scope of the Company includes investing in financial and insurance enterprises, as well as supervising and managing various domestic and overseas businesses of subsidiaries, and controlled funds. The Company and its subsidiaries are collectively referred to as the Group. The Group mainly provides integrated financial products and services and is engaged in life insurance, property and casualty insurance, trust, securities, banking and other businesses.

The registered office address of the Company is 47th, 48th, 109th, 110th, 111th and 112th Floors, Ping An Finance Center, No. 5033 Yitian Road, Futian District, Shenzhen Guangdong Province, China.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

This unaudited interim condensed consolidated financial information for the six-month period ended 30 June 2022 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited consolidated annual financial statements for the year ended 31 December 2021.

The accounting policies applied are consistent with those of the consolidated annual financial statements for the year ended 31 December 2021, as described in those annual financial statements.

## 3. 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 30 June 2022 (mainly due to change of the benchmarking yield curve for the measurement of insurance contract liabilities), 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 RMB10,953 million as at 30 June 2022 and the profit before tax for the six-month period ended 30 June 2022 was decreased by RMB10,953 million (the long-term life insurance policyholders’ reserves were increased by RMB5,892 million as at 30 June 2021 and the profit before tax for the six-month period ended 30 June 2021 was decreased by RMB5,892 million).

## 4. CHANGES IN PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the six-month period ended 30 June 2022, there was no significant change in principal subsidiaries, associates and joint ventures of the Group.



## 5. 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 International Accounting Standards Board (“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.

## 6. 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 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”);
- 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 Ping An Property & Casualty Insurance Company of China, Ltd. (“Ping An Property & Casualty”);
- 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 Ping An Bank Co., Ltd. (“Ping An Bank”);
- The trust segment provides trust products services and undertakes 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 Ping An Asset Management Co., Ltd. (“Ping An Asset Management”) and Ping An International Financial Leasing Co., Ltd. (“Ping An Financial Leasing”) 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.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 6. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2022 is as follows:

	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
(in RMB million)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross written premiums	283,590	146,806	-	-	-	-	-	(1,107)	429,289
Less: Premiums ceded to reinsurers	(2,996)	(10,116)	-	-	-	-	-	1,236	(11,876)
Change in unearned premium reserves	(5,521)	1,086	-	-	-	-	-	(1)	(4,436)
Net earned premiums	275,073	137,776	-	-	-	-	-	128	412,977
Reinsurance commission revenue	1,563	2,613	-	-	-	-	-	(456)	3,720
Interest revenue from banking operations	-	-	112,789	-	-	-	-	(49)	112,740
Fees and commission revenue from non-insurance operations	-	-	19,602	1,176	4,179	756	-	(1,533)	24,180
Including: Inter-segment fees and commission revenue from non-insurance operations	-	-	1,402	65	37	48	-	(1,552)	-
Interest revenue from non-banking operations	50,111	3,835	-	245	3,021	5,666	255	(984)	62,149
Including: Inter-segment interest revenue from non-banking operations	132	34	-	12	201	895	43	(1,317)	-
Investment income	3,573	1,835	9,443	500	1,483	263	(629)	(1,703)	14,765
Including: Inter-segment investment income	1,523	131	(12)	-	23	71	34	(1,770)	-
Including: Operating lease income from investment properties	3,647	199	26	-	2	22	-	(755)	3,141
Share of profits and losses of associates and joint ventures	2,463	527	-	-	(20)	977	4,153	(2,000)	6,100
Other revenues and other gains/(losses)	12,015	519	305	276	2,481	15,454	9,662	(9,707)	31,005
Including: Inter-segment other revenues	5,024	10	11	20	-	1,640	2,959	(9,664)	-
Including: Non-operating gains	74	35	29	-	-	21	(1)	(12)	146
<b>Total revenue</b>	<b>344,798</b>	<b>147,105</b>	<b>142,139</b>	<b>2,197</b>	<b>11,144</b>	<b>23,116</b>	<b>13,441</b>	<b>(16,304)</b>	<b>667,636</b>

## 6. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2022 is as follows (continued):

	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
(in RMB million)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Claims and policyholders' benefits	(252,698)	(95,081)	-	-	-	-	-	98	(347,681)
Commission expenses on insurance operations	(24,287)	(16,832)	-	-	-	-	-	1,935	(39,184)
Interest expenses on banking operations	-	-	(48,730)	-	-	-	-	586	(48,144)
Fees and commission expenses on non-insurance operations	-	-	(3,540)	(50)	(1,208)	(21)	-	20	(4,799)
Net impairment losses on financial assets and other assets	(139)	(1,112)	(38,845)	68	268	(1,057)	(34)	17	(40,834)
Including: Loan impairment losses, net	-	-	(29,831)	-	-	-	-	-	(29,831)
Including: Impairment losses on investment assets	(69)	19	(9,025)	(23)	399	(518)	2	16	(9,199)
Including: Impairment losses on receivables and others	(70)	(1,131)	11	91	(131)	(539)	(36)	1	(1,804)
Foreign exchange gains/(losses)	(405)	(32)	2,182	2	11	(475)	20	(28)	1,275
Investment expenses	(1,624)	(166)	-	-	-	-	-	1,732	(58)
Including: Taxes and surcharges on investment operations	(38)	(20)	-	-	-	-	-	-	(58)
Administrative expenses	(21,042)	(23,672)	(25,216)	(535)	(2,894)	(4,623)	(6,502)	2,558	(81,926)
Including: Taxes and surcharges on insurance operations	(644)	(592)	-	-	-	-	-	-	(1,236)
Interest expenses on non-banking operations	(2,210)	(621)	-	(27)	(2,026)	(7,900)	(158)	1,090	(11,852)
Including: Financial costs	(1,165)	(445)	-	5	(1,562)	(7,895)	(158)	1,115	(10,105)
Including: Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	(1,045)	(176)	-	(32)	(464)	(5)	-	(25)	(1,747)
Other expenses	(12,053)	(229)	(207)	(2)	(2,364)	(5,428)	(1,870)	5,805	(16,348)
<b>Total expenses</b>	<b>(314,458)</b>	<b>(137,745)</b>	<b>(114,356)</b>	<b>(544)</b>	<b>(8,213)</b>	<b>(19,504)</b>	<b>(8,544)</b>	<b>13,813</b>	<b>(589,551)</b>
Profit before tax	30,340	9,360	27,783	1,653	2,931	3,612	4,897	(2,491)	78,085
Income tax	3,748	(979)	(5,695)	(357)	(510)	(2,091)	(22)	(503)	(6,409)
<b>Profit for the period</b>	<b>34,088</b>	<b>8,381</b>	<b>22,088</b>	<b>1,296</b>	<b>2,421</b>	<b>1,521</b>	<b>4,875</b>	<b>(2,994)</b>	<b>71,676</b>
- Attributable to owners of the parent	33,760	8,343	12,802	1,294	2,321	785	4,480	(3,512)	60,273

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 6. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2021 is as follows:

	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
(in RMB million)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross written premiums	290,946	133,370	-	-	-	-	-	(1,818)	422,498
Less: Premiums ceded to reinsurers	(5,280)	(9,799)	-	-	-	-	-	1,944	(13,135)
Change in unearned premium reserves	(2,752)	3,684	-	-	-	-	-	(5)	927
Net earned premiums	282,914	127,255	-	-	-	-	-	121	410,290
Reinsurance commission revenue	1,096	2,586	-	-	-	-	-	(705)	2,977
Interest revenue from banking operations	-	-	104,832	-	-	-	-	(42)	104,790
Fees and commission revenue from non-insurance operations	-	-	20,688	1,961	4,249	972	-	(1,818)	26,052
Including: Inter-segment fees and commission revenue from non-insurance operations	-	-	1,577	92	28	73	-	(1,770)	-
Interest revenue from non-banking operations	49,153	3,623	-	285	2,760	8,647	200	(1,231)	63,437
Including: Inter-segment interest revenue from non-banking operations	85	36	-	9	169	1,317	35	(1,651)	-
Investment income	31,953	3,369	7,205	421	863	4,775	(2,099)	(1,668)	44,819
Including: Inter-segment investment income	1,473	117	24	-	(4)	11	27	(1,648)	-
Including: Operating lease income from investment properties	2,439	95	27	-	1	71	3	(761)	1,875
Share of profits and losses of associates and joint ventures	(777)	1,521	-	37	(1)	(578)	4,229	(2,165)	2,266
Other revenues and other gains/(losses)	12,507	447	237	298	2,552	16,396	11,529	(10,809)	33,157
Including: Inter-segment other revenues	5,300	48	-	-	-	2,038	3,727	(11,113)	-
Including: Non-operating gains	99	48	26	-	-	5	15	3	196
<b>Total revenue</b>	<b>376,846</b>	<b>138,801</b>	<b>132,962</b>	<b>3,002</b>	<b>10,423</b>	<b>30,212</b>	<b>13,859</b>	<b>(18,317)</b>	<b>687,788</b>

## 6. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2021 is as follows (continued):

	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
(in RMB million)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Claims and policyholders' benefits	(252,202)	(85,180)	-	-	-	-	-	107	(337,275)
Commission expenses on insurance operations	(32,606)	(15,594)	-	-	-	-	-	2,028	(46,172)
Interest expenses on banking operations	-	-	(45,471)	-	-	-	-	556	(44,915)
Fees and commission expenses on non-insurance operations	-	-	(3,290)	(243)	(1,115)	(96)	-	159	(4,585)
Net impairment losses on financial assets and other assets	(19,883)	(737)	(38,285)	(475)	(252)	216	(87)	8	(59,495)
Including: Loan impairment losses, net	-	-	(25,121)	-	-	-	-	-	(25,121)
Including: Impairment losses on investment assets	(19,796)	(316)	(11,863)	(450)	(242)	830	-	8	(31,829)
Including: Impairment losses on receivables and others	(87)	(421)	(1,301)	(25)	(10)	(614)	(87)	-	(2,545)
Foreign exchange gains/(losses)	24	(18)	505	-	(1)	25	(4)	3	534
Investment expenses	(1,714)	(172)	-	-	-	-	-	1,824	(62)
Including: Taxes and surcharges on investment operations	(54)	(8)	-	-	-	-	-	-	(62)
Administrative expenses	(23,020)	(23,436)	(23,980)	(559)	(2,819)	(5,621)	(6,907)	3,367	(82,975)
Including: Taxes and surcharges on insurance operations	(487)	(549)	-	-	-	-	-	-	(1,036)
Interest expenses on non-banking operations	(2,747)	(690)	-	(93)	(1,692)	(11,274)	(297)	1,718	(15,075)
Including: Financial costs	(1,069)	(466)	-	(53)	(1,286)	(11,269)	(297)	1,728	(12,712)
Including: Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	(1,678)	(224)	-	(40)	(406)	(5)	-	(10)	(2,363)
Other expenses	(14,099)	(210)	(100)	(3)	(2,432)	(5,403)	(2,941)	6,241	(18,947)
<b>Total expenses</b>	<b>(346,247)</b>	<b>(126,037)</b>	<b>(110,621)</b>	<b>(1,373)</b>	<b>(8,311)</b>	<b>(22,153)</b>	<b>(10,236)</b>	<b>16,011</b>	<b>(608,967)</b>
Profit before tax	30,599	12,764	22,341	1,629	2,112	8,059	3,623	(2,306)	78,821
Income tax	(814)	(1,973)	(4,758)	(375)	(364)	(2,244)	(253)	(77)	(10,858)
<b>Profit for the period</b>	<b>29,785</b>	<b>10,791</b>	<b>17,583</b>	<b>1,254</b>	<b>1,748</b>	<b>5,815</b>	<b>3,370</b>	<b>(2,383)</b>	<b>67,963</b>
- Attributable to owners of the parent	29,256	10,741	10,191	1,253	1,677	5,078	2,644	(2,835)	58,005

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 6. SEGMENT REPORTING (CONTINUED)

The segment assets, liabilities and equity as at 30 June 2022 and 31 December 2021 are as follows:

At 30 June 2022									
(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Trust (Unaudited)	Securities (Unaudited)	Other asset management (Unaudited)	Technology business (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Segment assets	4,045,250	508,690	5,108,776	32,590	269,845	701,630	151,167	(121,800)	10,696,148
Segment liabilities	3,705,195	387,222	4,696,678	8,324	226,070	629,155	29,946	(103,705)	9,578,885
Segment equity	340,055	121,468	412,098	24,266	43,775	72,475	121,221	(18,095)	1,117,263
- Attributable to owners of the parent	316,629	120,715	209,868	24,236	37,144	53,240	102,987	(16,100)	848,719

At 31 December 2021									
(in RMB million)	Life and health insurance (Audited)	Property and casualty insurance (Audited)	Banking (Audited)	Trust (Audited)	Securities (Audited)	Other asset management (Audited)	Technology business (Audited)	Other businesses and elimination (Audited)	Total (Audited)
Segment assets	3,716,504	470,407	4,921,380	31,725	253,368	745,973	149,785	(147,116)	10,142,026
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

## 7. GROSS AND NET WRITTEN PREMIUMS

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
Gross written premiums and premium deposits	<b>475,498</b>	471,486
Less: Premium deposits of policies without significant insurance risk transfer	<b>(1,544)</b>	(1,678)
Premium deposits separated out from universal life and investment-linked products	<b>(44,665)</b>	(47,310)
<b>Gross written premiums</b>	<b>429,289</b>	422,498
Long-term life business gross written premiums	<b>262,868</b>	268,521
Short-term life business gross written premiums	<b>19,379</b>	20,377
Property and casualty business gross written premiums	<b>147,042</b>	133,600
<b>Gross written premiums</b>	<b>429,289</b>	422,498
<b>Gross written premiums</b>		
Life insurance		
Individual business	<b>270,838</b>	277,193
Group business	<b>11,409</b>	11,705
	<b>282,247</b>	288,898
Property and casualty insurance		
Automobile insurance	<b>95,572</b>	89,094
Non-automobile insurance	<b>38,101</b>	33,933
Accident and health insurance	<b>13,369</b>	10,573
	<b>147,042</b>	133,600
<b>Gross written premiums</b>	<b>429,289</b>	422,498
<b>Net of reinsurance premiums ceded</b>		
Life insurance		
Individual business	<b>268,932</b>	274,303
Group business	<b>11,662</b>	11,363
	<b>280,594</b>	285,666
Property and casualty insurance		
Automobile insurance	<b>92,822</b>	86,139
Non-automobile insurance	<b>30,708</b>	27,146
Accident and health insurance	<b>13,289</b>	10,412
	<b>136,819</b>	123,697
<b>Net written premiums</b>	<b>417,413</b>	409,363

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 8. NET INTEREST INCOME FROM BANKING OPERATIONS

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
<b>Interest revenue from banking operations</b>		
Due from the Central Bank	1,799	1,790
Due from and placements with banks and other financial institutions and financial assets purchased under reverse repurchase agreements	2,023	2,632
Loans and advances to customers (including discounted bills)	92,828	84,861
Financial investments	16,090	15,507
Subtotal	112,740	104,790
<b>Interest expenses on banking operations</b>		
Due to the Central Bank	1,989	1,801
Due to and placements from banks and other financial institutions and assets sold under agreements to repurchase	4,173	5,856
Customer deposits	31,458	27,150
Bonds payable	10,524	10,050
Others	-	58
Subtotal	48,144	44,915
Net interest income from banking operations	64,596	59,875

## 9. INTEREST REVENUE FROM NON-BANKING OPERATIONS

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
Financial assets at amortized cost	57,012	57,305
Debt financial assets at fair value through other comprehensive income	5,137	6,132
	62,149	63,437

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

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
<b>Fees and commission revenue from non-insurance operations</b>		
Brokerage commission	3,430	3,309
Underwriting commission	330	425
Trust service fees	964	1,668
Fees and commission from the banking business	18,200	19,112
Others	1,256	1,538
Subtotal	24,180	26,052
<b>Fees and commission expenses on non-insurance operations</b>		
Brokerage commission	1,168	1,069
Fees and commission on the banking business	3,540	3,290
Others	91	226
Subtotal	4,799	4,585
Net fees and commission income from non-insurance operations	19,381	21,467



## 11. INVESTMENT INCOME

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
Net investment income	45,301	32,765
Realized gains/(losses)	(42,723)	14,286
Unrealized gains/(losses)	12,187	(2,232)
Total investment income	14,765	44,819

### (1) NET INVESTMENT INCOME

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
Financial assets at fair value through profit or loss	34,341	23,500
Equity financial assets at fair value through other comprehensive income	7,819	7,390
Operating lease income from investment properties	3,141	1,875
	45,301	32,765

### (2) REALIZED GAINS/(LOSSES)

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
Financial assets at fair value through profit or loss	(44,654)	10,170
Debt financial assets at fair value through other comprehensive income	(394)	(284)
Financial assets at amortized cost	(312)	(223)
Derivative financial instruments	151	(366)
Gains on disposals of loans and advances at fair value through other comprehensive income	2,337	1,133
Precious metal transactions investment gains	16	77
Investment in subsidiaries, associates and joint ventures	133	3,779
	(42,723)	14,286

### (3) UNREALIZED GAINS/(LOSSES)

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
Financial assets at fair value through profit or loss		
– Bonds	(915)	1,153
– Funds	(2,343)	4,576
– Stocks	15,499	(3,759)
– Wealth management investments, debt schemes and other investments	(1,487)	(4,105)
Financial liabilities at fair value through profit or loss	381	(685)
Derivative financial instruments	1,052	588
	12,187	(2,232)

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 12. OTHER REVENUES AND OTHER GAINS/(LOSSES)

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
Sales revenue	10,935	12,884
Expressway toll fee	415	400
Annuity management fee	973	706
Management fee and consulting fee income	5,343	5,865
Finance lease income	8,429	8,672
Others	4,910	4,630
	<b>31,005</b>	<b>33,157</b>

## 13. CLAIMS AND POLICYHOLDERS' BENEFITS

(1)

For the six-month period ended 30 June (in RMB million)	2022		
	Gross (Unaudited)	Reinsurers' share (Unaudited)	Net (Unaudited)
Claims and claim adjustment expenses	126,906	(7,123)	119,783
Surrenders	28,410	-	28,410
Annuities	4,272	-	4,272
Maturities and survival benefits	19,349	-	19,349
Policyholder dividends	13,713	-	13,713
Increase in long-term life insurance policyholders' reserves	147,851	(183)	147,668
Interest credited to policyholder contract deposits	14,486	-	14,486
	<b>354,987</b>	<b>(7,306)</b>	<b>347,681</b>

For the six-month period ended 30 June (in RMB million)	2021		
	Gross (Unaudited)	Reinsurers' share (Unaudited)	Net (Unaudited)
Claims and claim adjustment expenses	118,994	(8,731)	110,263
Surrenders	26,154	-	26,154
Annuities	4,426	-	4,426
Maturities and survival benefits	15,308	-	15,308
Policyholder dividends	13,408	-	13,408
Increase in long-term life insurance policyholders' reserves	152,642	(196)	152,446
Interest credited to policyholder contract deposits	15,270	-	15,270
	<b>346,202</b>	<b>(8,927)</b>	<b>337,275</b>

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

(2)

For the six-month period ended 30 June (in RMB million)	2022		
	Gross (Unaudited)	Reinsurers' share (Unaudited)	Net (Unaudited)
Long-term life insurance contract benefits	246,162	(1,753)	244,409
Short-term life insurance claims	9,132	(1,029)	8,103
Property and casualty insurance claims	99,693	(4,524)	95,169
	<b>354,987</b>	<b>(7,306)</b>	<b>347,681</b>

For the six-month period ended 30 June (in RMB million)	2021		
	Gross (Unaudited)	Reinsurers' share (Unaudited)	Net (Unaudited)
Long-term life insurance contract benefits	244,858	(1,621)	243,237
Short-term life insurance claims	9,931	(1,152)	8,779
Property and casualty insurance claims	91,413	(6,154)	85,259
	346,202	(8,927)	337,275

### 14. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

For the six-month period ended 30 June (in RMB million)	2022	2021
	(Unaudited)	(Unaudited)
Accounts receivable	(63)	197
Loans and advances to customers	29,831	25,121
Debt financial assets at fair value through other comprehensive income	588	2,211
Financial assets at amortized cost	1,300	16,989
Finance lease receivable	572	451
Placements with banks and other financial institutions	1,152	(11)
Credit commitments	5,129	2,001
Due from banks and other financial institutions	1,404	256
Others	(162)	768
	<b>39,751</b>	<b>47,983</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 15. NET IMPAIRMENT LOSSES ON OTHER ASSETS

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
Investments in associates and joint ventures	-	9,822
Other assets	1,083	1,690
	<b>1,083</b>	11,512

## 16. PROFIT BEFORE TAX

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

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
Employee costs	39,040	39,590
Interest expenses on policyholder contract deposits and investment contract reserves	14,486	15,270
Depreciation of investment properties	1,770	826
Depreciation of property and equipment	3,511	3,374
Amortization of intangible assets	1,177	1,232
Depreciation of right-of-use assets	3,077	3,190
Net impairment losses on financial assets	39,751	47,983
Net impairment losses on other assets	1,083	11,512
Cost of sales	5,420	6,225

## 17. INCOME TAX

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
Current income tax	17,365	18,427
Deferred income tax	(10,956)	(7,569)
	<b>6,409</b>	10,858

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 2022 was 25%.

## 18. DIVIDENDS

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
2021 final dividend – RMB1.50 (2020: RMB1.40) per ordinary share <sup>(i)</sup>	27,161	25,494
2022 interim dividend – RMB0.92 (2021: RMB0.88) per ordinary share <sup>(ii)</sup>	16,659	15,975

(i) On 17 March 2022, the Board of Directors of the Company approved the Resolution of the Profit Distribution Plan for 2021, agreeing to declare a cash dividend in the amount of RMB1.50 (tax inclusive) per share. The total amount of the cash dividend for 2021 was RMB27,161 million (tax inclusive).

On 29 April 2022, the above profit distribution plan was approved by the shareholders of the Company at the annual general meeting.

(ii) On 23 August 2022, the Board of Directors of the Company approved the Resolution of the Profit Distribution Plan for Interim Dividend of 2022, and declared an interim cash dividend of RMB0.92 (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 will not be entitled to the interim dividend distribution. The actual total amount of the interim 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 interim dividend payment for the first half of 2022 is estimated at RMB16,659,030,635.40 (tax inclusive) based on the total share capital of 18,280,241,410 shares less the 172,599,415 A shares of the Company in the repurchased securities account as of 30 June 2022, which was not recognized as a liability as at 30 June 2022.

## 19. EARNINGS PER SHARE

### (1) BASIC

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the six-month period ended 30 June 2022 excluding ordinary shares purchased by the Group.

For the six-month period ended 30 June	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to owners of the parent (in RMB million)	60,273	58,005
Weighted average number of ordinary shares in issue (million shares)	17,471	17,646
Basic earnings per share (in RMB)	3.45	3.29

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 19. EARNINGS PER SHARE (CONTINUED)

### (2) DILUTED

Diluted earnings per share was computed by dividing the adjusted profit attributable to the equity holders of the Company based on assuming conversion of all dilutive potential shares for the period by the adjusted weighted average number of ordinary shares in issue. The shares granted by the Company under the Key Employee Share Purchase Plan (Note 36) and Long-term Service Plan (Note 37) have a potential dilutive effect on the earnings per share.

For the six-month period ended 30 June	2022 (Unaudited)	2021 (Unaudited)
Earnings (in RMB million)		
Profit attributable to owners of the parent	<b>60,273</b>	58,005
Weighted average number of ordinary shares (million shares)		
Weighted average number of ordinary shares in issue	<b>17,471</b>	17,646
Adjustments for:		
- Assumed vesting of Key Employee Share Purchase Plan	<b>24</b>	22
- Assumed vesting of Long-term Service Plan	<b>213</b>	125
Weighted average number of ordinary shares for diluted earnings per share in issue (million shares)	<b>17,708</b>	17,793
Diluted earnings per share (in RMB)	<b>3.40</b>	3.26

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

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash on hand	<b>3,598</b>	3,686
Term deposits	<b>296,738</b>	258,176
Due from banks and other financial institutions	<b>266,458</b>	227,690
Placements with banks and other financial institutions	<b>138,322</b>	95,443
	<b>705,116</b>	584,995

## 20. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

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

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Measured at amortized cost:		
Placements with banks	86,082	59,142
Placements with other financial institutions	41,188	25,145
Gross	127,270	84,287
Less: Provision for impairment losses	(978)	(72)
Net	126,292	84,215
Measured at fair value through other comprehensive income:		
Placements with other financial institutions	12,030	11,228
Total	138,322	95,443

As at 30 June 2022, the provision for impairment losses of placements with banks and other financial institutions measured at fair value through other comprehensive income is RMB416 million (31 December 2021: RMB170 million).

As at 30 June 2022, cash and amounts due from banks and other financial institutions of RMB9,080 million (31 December 2021: RMB11,579 million) were restricted from use.

## 21. BALANCES WITH THE CENTRAL BANK

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Statutory reserve deposits with the Central Bank for banking operations	235,370	221,619
- Statutory reserve deposits with the Central Bank for banking operations - RMB	222,559	211,488
- Statutory reserve deposits with the Central Bank for banking operations - foreign currencies	12,811	10,131
Surplus reserve deposits with the Central Bank	74,503	84,057
Fiscal deposits with the Central Bank	221	2,672
	310,094	308,348

In accordance with relevant regulations, subsidiaries of the Group engaged in bank operations are required to place mandatory reserve deposits with the People's Bank of China for customer deposits in both local currency and foreign currencies. As at 30 June 2022, the mandatory deposits are calculated at 7.75% (31 December 2021: 8.0%) of customer deposits denominated in RMB and 8.0% (31 December 2021: 9.0%) of customer deposits denominated in foreign currencies. Mandatory reserve deposits are not available for use by the Group in its day-to-day operations.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 22. FINANCIAL ASSETS PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS

Classified by collateral:

	30 June 2022	31 December 2021
(in RMB million)	(Unaudited)	(Audited)
Bonds	32,513	55,662
Stocks and others	4,448	6,091
Gross	36,961	61,753
Less: Provision for impairment losses	(178)	(324)
Net	36,783	61,429

## 23. PREMIUM RECEIVABLES

	30 June 2022	31 December 2021
(in RMB million)	(Unaudited)	(Audited)
Premium receivables	86,520	84,742
Less: Provision for doubtful receivables	(5,525)	(4,908)
Premium receivables, net	80,995	79,834
Life insurance	17,597	17,482
Property and casualty insurance	63,398	62,352
Premium receivables, net	80,995	79,834

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:

	30 June 2022	31 December 2021
(in RMB million)	(Unaudited)	(Audited)
Within 3 months	75,934	76,279
Over 3 months but within 1 year	4,837	3,509
Over 1 year	5,749	4,954
	86,520	84,742

## 24. FINANCE LEASE RECEIVABLE

	30 June 2022	31 December 2021
(in RMB million)	(Unaudited)	(Audited)
Finance lease receivables, net of unrealized financial gains	200,788	205,907
Less: Provision for impairment losses	(4,875)	(5,206)
	195,913	200,701

The Group's long-term receivables are finance lease receivables to offset the net unrealized financial gains.



## 25. LOANS AND ADVANCES TO CUSTOMERS

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Measured at amortized cost</b>		
Corporate customers		
Loans	<b>957,380</b>	901,295
Individual customers		
Xinyidai	<b>164,763</b>	158,981
Credit card receivables	<b>595,148</b>	621,448
Mortgage loans and licensed mortgage loans	<b>682,965</b>	654,870
Auto loans	<b>317,183</b>	301,229
Others	<b>175,363</b>	173,793
Gross	<b>2,892,802</b>	2,811,616
Add: Interest receivable	<b>11,029</b>	10,561
Less: Provision for impairment losses	<b>(92,284)</b>	(89,256)
Net	<b>2,811,547</b>	2,732,921
<b>Measured at fair value through other comprehensive income</b>		
Corporate customers		
Loans	<b>111,402</b>	93,401
Discounted bills	<b>216,976</b>	154,653
Subtotal	<b>328,378</b>	248,054
Carrying amount	<b>3,139,925</b>	2,980,975

As at 30 June 2022, discounted bills with a carrying amount of RMB496 million (31 December 2021: RMB2,841 million) were pledged for amounts due to the Central Bank.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 25. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### Loan impairment provision

<i>(in RMB million)</i>	<b>For the six-month period ended 30 June 2022 (Unaudited)</b>	For the year ended 31 December 2021 (Audited)
<b>Measured at amortized cost</b>		
As at 1 January	<b>89,256</b>	62,821
Charge for the period/year	<b>28,040</b>	58,859
Write-off and transfer during the period/year	<b>(32,835)</b>	(48,084)
Recovery of loans written off previously	<b>7,840</b>	15,888
Unwinding of discount of impairment provisions recognized as interest income	<b>(19)</b>	(109)
Others	<b>2</b>	(119)
As at 30 June/31 December	<b>92,284</b>	89,256
<b>Measured at fair value through other comprehensive income</b>		
As at 1 January	<b>946</b>	398
Charge for the period/year	<b>1,791</b>	548
As at 30 June/31 December	<b>2,737</b>	946
As at 30 June/31 December	<b>95,021</b>	90,202

## 26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Bonds		
Government bonds	137,502	167,688
Finance bonds	219,092	171,644
Corporate bonds	59,607	80,011
Funds	439,998	351,183
Stocks	85,321	100,485
Preferred shares	32,205	32,958
Unlisted equity investments	127,170	125,363
Debt schemes	62,348	62,164
Wealth management investments	235,825	245,208
Other investments	109,515	89,973
<b>Total</b>	<b>1,508,583</b>	<b>1,426,677</b>
Listed	175,974	185,601
Unlisted	1,332,609	1,241,076
	<b>1,508,583</b>	<b>1,426,677</b>

## 27. FINANCIAL ASSETS AT AMORTIZED COST

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Bonds		
Government bonds	2,069,625	1,804,351
Finance bonds	301,567	306,714
Corporate bonds	86,591	77,606
Debt schemes	140,969	136,654
Wealth management investments	288,399	327,717
Other investments	127,876	149,595
Gross	3,015,027	2,802,637
Less: Provisions for impairment losses	(41,329)	(33,642)
<b>Net</b>	<b>2,973,698</b>	<b>2,768,995</b>
Listed	332,896	326,326
Unlisted	2,640,802	2,442,669
	<b>2,973,698</b>	<b>2,768,995</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 28. DEBT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Bonds		
Government bonds	153,924	188,185
Finance bonds	103,432	96,784
Corporate bonds	50,739	43,347
Margin accounts receivable	47,549	54,253
Wealth management investments	49,769	45,961
<b>Total</b>	<b>405,413</b>	<b>428,530</b>
Listed	38,838	37,830
Unlisted	366,575	390,700
	<b>405,413</b>	<b>428,530</b>

As at 30 June 2022, the total provision for impairment losses recognized in debt financial assets at fair value through other comprehensive income is RMB4,983 million (31 December 2021: RMB4,821 million).

## 29. 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)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Stocks	196,901	189,541
Preferred shares	75,938	76,115
Other equity investments	4,865	2,559
<b>Total</b>	<b>277,704</b>	<b>268,215</b>
Listed	272,839	265,656
Unlisted	4,865	2,559
	<b>277,704</b>	<b>268,215</b>

### 30. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in the principal associates and joint ventures as at 30 June 2022 are as follows:

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Associates</b>		
Veolia Water (Kunming) Investment Co., Ltd.	292	272
Veolia Water (Yellow River) Investment Co., Ltd.	156	158
Veolia Water (Liuzhou) Investment Co., Ltd.	97	93
Shanxi Taichang Expressway Co., Ltd.	961	873
Beijing-Shanghai High-Speed Railway Equity Investment Scheme	9,682	9,318
Massive Idea Investments Limited	1,124	1,074
Guangzhou Jinglun Property Development Co., Ltd.	616	701
Xuhui Holdings Co., Ltd.	3,233	4,336
Lufax Holding Ltd. ("Lufax Holding")	53,822	51,564
Ping An Healthcare and Technology Co., Ltd. ("Ping An Health")	18,767	18,922
HealthKconnect Medical and Health Technology Management Company Limited ("Ping An HealthKconnect")	2,951	2,903
OneConnect Financial Technology Co., Ltd. ("OneConnect")	2,137	2,259
Shenzhen China Merchants-Ping An Asset Management Co., Ltd.	1,245	1,570
ZhongAn Online P&C Insurance Co., Ltd.	1,562	1,735
Beijing Beiqi Penglong Automobile Service Co., Ltd.	1,850	1,830
China Yangtze Power Co., Ltd.	16,128	15,684
China Traditional Chinese Medicine Holdings Co., Ltd.	2,759	2,797
China Fortune Land Development Co., Ltd.	3,154	3,621
China Jinmao Holding Group Co., Ltd.	7,284	7,137
Ping An Consumer Finance Co., Ltd.	1,351	1,330
Vivid Synergy Limited	9,641	9,217
Shanghai Yibin Property Co., Ltd.	13,340	13,345
Guangzhou Futures Exchange Co., Ltd.	465	450
Others	35,219	35,633
<b>Subtotal</b>	<b>187,836</b>	186,822
<b>Joint ventures</b>		
Yunnan Kunyu Highway Development Co., Ltd.	-	762
Beijing Zhaotai Property Development Co., Ltd.	1,622	1,632
Wuhan DAJT Property Development Co., Ltd.	471	482
Others	92,786	94,363
<b>Subtotal</b>	<b>94,879</b>	97,239
<b>Investments in associates and joint ventures</b>	<b>282,715</b>	284,061

The Group has no significant contingent liabilities relating to the associates and joint ventures listed above.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 31. STATUTORY DEPOSITS FOR INSURANCE OPERATIONS

<i>(in RMB million)</i>	<b>30 June 2022</b> <b>(Unaudited)</b>	31 December 2021 <b>(Audited)</b>
Ping An Life	<b>7,350</b>	6,760
Ping An Property & Casualty	<b>4,200</b>	4,200
Ping An Annuity	<b>1,402</b>	972
Ping An Health Insurance	<b>940</b>	420
Others	<b>17</b>	20
Subtotal	<b>13,909</b>	12,372
Less: Provision for impairment losses	<b>(4)</b>	(4)
Add: Interest receivable	<b>297</b>	238
<b>Total</b>	<b>14,202</b>	12,606

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.

## 32. OTHER ASSETS

<i>(in RMB million)</i>	<b>30 June 2022</b> <b>(Unaudited)</b>	31 December 2021 <b>(Audited)</b>
Precious metals held for trading	<b>14,364</b>	18,071
Other receivables	<b>73,766</b>	74,645
Prepayments	<b>17,821</b>	4,114
Foreclosed assets	<b>2,167</b>	2,345
Dividends receivable	<b>4,687</b>	469
Amounts in the processing clearance and settlement	<b>33,603</b>	30,107
Due from reinsurers	<b>12,256</b>	16,300
Others	<b>16,655</b>	16,310
Gross	<b>175,319</b>	162,361
Less: Impairment provisions	<b>(8,420)</b>	(8,244)
Including: Other receivables	<b>(4,941)</b>	(4,531)
Due from reinsurers	<b>(27)</b>	(24)
Foreclosed assets	<b>(1,747)</b>	(1,895)
Precious metals held for trading	<b>(239)</b>	(251)
Others	<b>(1,466)</b>	(1,543)
<b>Net</b>	<b>166,899</b>	154,117

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

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

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash and amounts due from banks and other financial institutions	4,736	6,284
Financial assets at fair value through profit or loss		
Bonds	317	759
Funds	15,199	20,322
Stocks	3,707	4,211
Other investments	163	183
Financial assets purchased under reverse repurchase agreements	10	49
Other assets	31	39
	<b>24,163</b>	31,847

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

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash and amounts due from banks and other financial institutions	1,190	870
Financial assets at fair value through profit or loss		
Bonds	1,242	1,167
Funds	1,199	1,343
Other investments	761	647
Financial assets purchased under reverse repurchase agreements	3	105
Other assets	7	23
	<b>4,402</b>	4,155

### 34. SHARE CAPITAL

(million shares)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Number of shares registered, issued and fully paid, with a par value of RMB1 each	18,280	18,280

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 35. 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 appropriations based on 10% of net profit, and the companies operating in fund should make appropriations 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.

## 36. 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:

For the six-month period ended 30 June 2022 (in RMB million)	Cost of shares held for Key Employee Share Purchase Plan (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	(1,439)	984	(455)
Purchased <sup>(i)</sup>	(596)	-	(596)
Share-based compensation expenses <sup>(ii)</sup>	-	292	292
Exercised	790	(790)	-
Expired	108	-	108
As at 30 June	(1,137)	486	(651)



### 36. KEY EMPLOYEE SHARE PURCHASE PLAN (CONTINUED)

For the six-month period ended 30 June 2021 (in RMB million)	Cost of shares held for Key Employee Share Purchase Plan (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	(1,595)	1,310	(285)
Purchased <sup>(i)</sup>	(670)	-	(670)
Share-based compensation expenses <sup>(ii)</sup>	-	85	85
Exercised	704	(704)	-
Expired	122	-	122
<b>As at 30 June</b>	<b>(1,439)</b>	<b>691</b>	<b>(748)</b>

- (i) During the period from 18 March 2022 to 25 March 2022, 12,518,547 ordinary A shares were purchased from the market. The average price of shares purchased was RMB47.56 per share. The total purchasing cost was RMB596 million (transaction expenses included).  
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).
- (ii) The share-based compensation expenses of the Key Employee Share Purchase Plan and the total value of employee services were RMB292 million during the six-month period ended 30 June 2022 (six-month period ended 30 June 2021: RMB85 million).

### 37. 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:

For the six-month period ended 30 June 2022 (in RMB million)	Cost of shares held for Long-term Service Plan (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	<b>(12,465)</b>	<b>662</b>	<b>(11,803)</b>
Purchased <sup>(i)</sup>	<b>(4,439)</b>	-	<b>(4,439)</b>
Share-based compensation expenses <sup>(ii)</sup>	-	<b>161</b>	<b>161</b>
Exercised	<b>16</b>	<b>(16)</b>	-
<b>As at 30 June</b>	<b>(16,888)</b>	<b>807</b>	<b>(16,081)</b>

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## 37. LONG-TERM SERVICE PLAN (CONTINUED)

For the six-month period ended 30 June 2021 (in RMB million)	Cost of shares held for Long-term Service Plan (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	(8,284)	371	(7,913)
Purchased <sup>(i)</sup>	(4,184)	-	(4,184)
Share-based compensation expenses <sup>(ii)</sup>	-	129	129
Exercised	1	(1)	-
As at 30 June	(12,467)	499	(11,968)

(i) From 18 March 2022 to 25 March 2022, 93,314,482 ordinary A shares were purchased from the market. The average price of shares purchased was RMB47.56 per share. The total purchasing cost was RMB4,439 million (transaction expenses included).

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).

(ii) The share-based compensation expenses and the total value of employee services of the Long-term Service Plan were RMB161 million during the six-month period ended 30 June 2022 (six-month period ended 30 June 2021: RMB129 million).

## 38. TREASURY SHARES

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Treasury shares	10,996	9,895

### 39. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Deposits from other banks and financial institutions	385,116	361,700
Due to the Central Bank	132,100	148,162
Short-term borrowings	128,105	116,102
Long-term borrowings	151,055	171,682
	<b>796,376</b>	797,646

### 40. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Bonds	281,991	127,477
Others	499	-
Total	<b>282,490</b>	127,477

As at 30 June 2022, bonds with a carrying amount of RMB182,729 million (31 December 2021: RMB95,158 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 30 June 2022, the carrying amount of bonds deposited in the collateral pool was RMB294,519 million (31 December 2021: RMB284,423 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.

# Notes to the Interim Condensed Consolidated Financial Information

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## 41. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

<small>(in RMB million)</small>	<small>30 June 2022</small>	<small>31 December 2021</small>
	<small>(Unaudited)</small>	<small>(Audited)</small>
Current and savings accounts		
Corporate customers	<b>902,679</b>	828,389
Individual customers	<b>268,470</b>	242,554
Term deposits		
Corporate customers	<b>1,445,003</b>	1,319,315
Individual customers	<b>612,306</b>	538,863
Subtotal	<b>3,228,458</b>	2,929,121
Payables to brokerage customers		
Individual customers	<b>70,107</b>	54,285
Corporate customers	<b>18,628</b>	18,643
Subtotal	<b>88,735</b>	72,928
Total	<b>3,317,193</b>	3,002,049

As at 30 June 2022, bonds classified as financial assets carried at amortized costs with a carrying amount of RMB24,370 million (31 December 2021: RMB20,245 million) were pledged as main collaterals for term deposit with the Central Bank.

## 42. 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)	30 June	31 December
									2022	2021
									(Unaudited)	(Audited)
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	3,271	2019	Fixed	3.23%-3.84%	<b>3,325</b>	3,659
Ping An Financial Leasing	Corporate bonds	None	4 years	End of the second year	2,500	2020	Fixed	3.65%-3.85%	<b>2,541</b>	2,541
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	2,750	2020	Fixed	3.88%-4.02%	<b>2,795</b>	2,795
Ping An Financial Leasing	Private corporate bonds	None	5 years	End of the third year	2,710	2018	Fixed	4.20%-4.30%	<b>2,755</b>	2,755
Ping An Financial Leasing	Private corporate bonds	None	3 years	End of the second year	600	2019	Fixed	3.95%	-	610
Ping An Financial Leasing	Private corporate bonds	None	4 years	End of the second year	2,700	2019	Fixed	4.10%-4.18%	<b>2,745</b>	2,745
Ping An Financial Leasing	Private corporate bonds	None	5 years	End of the third year	629	2019	Fixed	3.70%	<b>639</b>	2,541
Ping An Financial Leasing	Corporate bonds	None	2-4 years	End of the second year	3,100	2021	Fixed	3.60%-4.05%	<b>3,151</b>	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%	<b>1,728</b>	1,728
Ping An Financial Leasing	Corporate bonds	None	3-4 years	End of the second year	7,300	2022	Fixed	3.13%-3.65%	<b>7,421</b>	-
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	500	2022	Fixed	3.80%	<b>508</b>	-
Ping An Financial Leasing	Corporate bonds	None	2 years	End of the first year	1,300	2022	Fixed	2.75%-2.87%	<b>1,322</b>	-
Ping An Bank	Tier-2 Capital bonds	None	10 years	End of the fifth year	30,000	2019	Fixed	4.55%	<b>30,223</b>	30,910
Ping An Bank	Financial bonds	None	3 years	None	30,000	2020	Fixed	2.30%	<b>30,068</b>	30,416
Ping An Bank	Financial bonds	None	3 years	None	20,000	2021	Fixed	3.45%	<b>20,284</b>	20,631
Ping An Bank	Tier-2 Capital bonds	None	10 years	End of the fifth year	30,000	2021	Fixed	3.69%	<b>30,699</b>	30,149
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)	<b>20,357</b>	20,665
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)	<b>3,661</b>	3,562
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)	<b>10,229</b>	10,434
Ping An Securities Co., Ltd. ("Ping An Securities")	Corporate bonds	None	5 years	End of the third year	100	2018	Fixed	3.00%	<b>102</b>	100
Ping An Securities	Corporate bonds	None	5 years	End of the third year	2,000	2019	Fixed	3.70%	-	2,062

# Notes to the Interim Condensed Consolidated Financial Information

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## 42. BONDS PAYABLE (CONTINUED)

The information of the Group's main bonds payable is as follows (continued):

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	30 June	31 December
									2022	2021
									(Unaudited)	(Audited)
Ping An Securities	Corporate bonds	None	5 years	End of the third year	2,700	2019	Fixed	3.75%	-	2,774
Ping An Securities	Corporate bonds	None	5 years	End of the third year	2,300	2019	Fixed	3.73%	-	2,350
Ping An Securities	Private corporate bonds	None	3 years	None	3,500	2019	Fixed	4.05%	-	3,612
Ping An Securities	Private corporate bonds	None	3 years	None	2,000	2019	Fixed	4.20%	-	2,058
Ping An Securities	Corporate bonds	None	5 years	End of the third year	1,500	2020	Fixed	3.40%	<b>1,522</b>	1,547
Ping An Securities	Private corporate bonds	None	3 years	None	3,000	2020	Fixed	3.19%	<b>3,029</b>	3,077
Ping An Securities	Corporate bonds	None	3 years	None	4,000	2020	Fixed	3.58%	<b>4,133</b>	4,061
Ping An Securities	Corporate bonds	None	3 years	None	2,550	2020	Fixed	3.70%	<b>2,612</b>	2,565
Ping An Securities	Corporate bonds	None	547 days	None	2,450	2020	Fixed	3.44%	-	2,536
Ping An Securities	Private corporate bonds	None	18 months	None	1,500	2021	Fixed	3.70%	<b>1,575</b>	1,547
Ping An Securities	Private corporate bonds	None	18 months	None	1,500	2021	Fixed	3.50%	<b>1,567</b>	1,541
Ping An Securities	Corporate bonds	None	3 years	None	3,000	2021	Fixed	3.40%	<b>3,008</b>	3,059
Ping An Securities	Corporate bonds	None	549 days	None	2,000	2021	Fixed	3.05%	<b>2,066</b>	2,035
Ping An Securities	Corporate bonds	None	3 years	None	2,400	2021	Fixed	3.48%	<b>2,403</b>	2,444
Ping An Securities	Corporate bonds	None	3 years	None	1,200	2021	Fixed	3.50%	<b>1,200</b>	1,221
Ping An Securities	Corporate bonds	None	2 years	None	2,000	2021	Fixed	3.35%	<b>2,000</b>	2,034
Ping An Securities	Corporate bonds	None	3 years	None	1,800	2021	Fixed	3.25%	<b>1,854</b>	1,825
Ping An Securities	Corporate bonds	None	1 year	None	2,000	2021	Fixed	2.77%	<b>2,052</b>	2,024
Ping An Securities	Corporate bonds	None	1 year	None	2,000	2021	Fixed	2.67%	<b>2,046</b>	2,018
Ping An Securities	Corporate bonds	None	3 years	None	3,000	2021	Fixed	3.05%	<b>3,079</b>	3,033
Ping An Securities	Corporate bonds	None	5 years	None	2,000	2021	Fixed	3.47%	<b>2,059</b>	2,024
Ping An Securities	Corporate bonds	None	3 years	None	2,600	2021	Fixed	3.37%	<b>2,659</b>	2,615
Ping An Securities	Corporate bonds	None	1 year	None	2,000	2021	Fixed	2.75%	<b>2,043</b>	2,015
Ping An Securities	Private corporate bonds	None	2 years	None	2,000	2021	Fixed	3.25%	<b>2,042</b>	2,009
Ping An Securities	Private corporate bonds	None	2 years	None	1,500	2021	Fixed	3.20%	<b>1,524</b>	1,500
Ping An Securities	Private corporate bonds	None	2 years	None	1,500	2022	Fixed	3.07%	<b>1,521</b>	-
Ping An Securities	Corporate bonds	None	3 years	None	2,300	2022	Fixed	3.00%	<b>2,313</b>	-
Ping An Securities	Corporate bonds	None	5 years	None	500	2022	Fixed	3.42%	<b>503</b>	-
Ping An Securities	Subordinated corporate bonds	None	3 years	None	1,900	2022	Fixed	3.10%	<b>1,906</b>	-
Ping An Securities	Subordinated corporate bonds	None	5 years	None	1,100	2022	Fixed	3.56%	<b>1,104</b>	-
Ping An Real Estate Co., Ltd. ("Ping An Real Estate")	Corporate bonds	None	5 years	End of the third year	710	2019	Fixed	3.70%	<b>734</b>	720
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	750	2019	Fixed	4.40%	<b>781</b>	764
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	940	2019	Fixed	4.30%	<b>975</b>	955

## 42. BONDS PAYABLE (CONTINUED)

The information of the Group's main bonds payable is as follows (continued):

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	30 June	31 December
									2022	2021
									(Unaudited)	(Audited)
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	244	2016	Fixed	3.28%	250	265
Shenzhen Ping An Financial Technology Consulting Co., Ltd. ("Ping An Financial Technology")	Private corporate bonds	None	5 years	End of the third year	3,000	2019	Fixed	4.30%	3,081	3,017
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	2,000	2020	Fixed	3.40%	2,011	2,045
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	3,000	2020	Fixed	3.80%	3,005	3,062
Ping An Financial Technology	Private corporate bonds	None	3 years	End of the second year	2,000	2020	Fixed	4.19%	2,056	2,014
Shenzhen Dingshantong Investment Co., Ltd.	Private corporate bonds	None	2 years	Yes	272	2020	Fixed	6.74%	287	278
Shenzhen Dingshantong Investment Co., Ltd.	Private corporate bonds	None	2 years	Yes	240	2020	Fixed	6.74%	253	245
Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd.	Private corporate bonds	Yes	2 years	Yes	3,000	2020	Fixed	4.30%	3,096	3,029
Shenzhen Ping An Real Estate Investment Co., Ltd.	Convertible bonds	None	3 years	Yes	273	2019	Fixed	6.74%	290	280
Shenzhen Ping An Real Estate Investment Co., Ltd.	Convertible bonds	None	2 years	Yes	289	2020	Fixed	6.69%	-	302
Lianxin (Shenzhen) Investment Management Co., Ltd.	Private corporate bonds	None	5 years	End of the third year	2,000	2020	Fixed	5.40%	2,056	2,004
Lianxin (Shenzhen) Investment Management Co., Ltd.	Private corporate bonds	None	3 years	End of the second year	1,000	2021	Fixed	4.50%	1,008	1,031

As at 30 June 2022, the original term of interbank certificates of deposit issued by Ping An Bank, but unmaturing was from 6 months to 1 year, and the annual interest rate was from 0.35% to 3.01% (31 December 2021: the original term was from 3 months to 1 year, and the annual interest rate was from 0.27% to 3.18%). The carrying amount was RMB566,087 million (31 December 2021: RMB711,828 million).

As at 30 June 2022, the original term of short-term financial bonds issued by Ping An Securities, but unmaturing was 121 days to 365 days, and the annual interest rate was from 2.10% to 2.79% (31 December 2021: the original term was from 92 days to 365 days, and the annual interest rate was from 2.70% to 2.79%). The carrying amount was RMB7,966 million (31 December 2021: RMB6,929 million).

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## 42. BONDS PAYABLE (CONTINUED)

The information of the Group's main bonds payable is as follows (continued):

As at 30 June 2022, the original term of short-term financial bonds issued by Ping An Financial Leasing, but unmatured was from 112 days to 365 days, and the annual interest rate was from 2.20% to 3.22% (31 December 2021: the original term was from 150 days to 365 days, and the annual interest rate was from 2.78% to 4.00%). The carrying amount was RMB9,860 million (31 December 2021: RMB12,097 million).

As at 30 June 2022, the original term of short-term financial bonds issued by Ping An Real Estate, but unmatured was from 210 days to 268 days, and the annual interest rate was from 3.08% to 3.25% (31 December 2021: the original term was from 268 days to 270 days, and the annual interest rate was from 3.08% to 3.20%). The carrying amount was RMB3,539 million (31 December 2021: RMB2,532 million).

As at 30 June 2022, 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 5.11% (31 December 2021: the original term was from 14 days to 240 days, and the annual interest rate was from 3.65% to 5.20%). The carrying amount was RMB1,128 million (31 December 2021: RMB2,201 million).

## 43. INSURANCE CONTRACT LIABILITIES

	30 June 2022	31 December 2021
(in RMB million)	(Unaudited)	(Audited)
Long-term life insurance policyholders' reserves	2,338,656	2,183,788
Policyholder contract deposits	793,521	756,373
Policyholder account liabilities in respect of insurance contracts	24,163	31,847
Unearned premium reserves	173,550	170,420
Claim reserves	131,274	118,926
Total	3,461,164	3,261,354

## 44. FIDUCIARY ACTIVITIES

	30 June 2022	31 December 2021
(in RMB million)	(Unaudited)	(Audited)
Assets under trust schemes	517,205	444,454
Assets under annuity investments and annuity schemes	677,567	712,159
Assets under asset management schemes	1,773,431	1,719,031
Entrusted loans of banking operations	187,421	190,853
Entrusted investments of banking operations	947,276	872,066
Total	4,102,900	3,938,563



## 45. 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	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Financial assets</b>				
Cash and amounts due from banks and other financial institutions	705,116	584,995	705,116	584,995
Balances with the Central Bank and statutory deposits for insurance operations	324,296	320,954	324,296	320,954
Financial assets purchased under reverse repurchase agreements	36,783	61,429	36,783	61,429
Accounts receivable	28,231	26,628	28,231	26,628
Derivative financial assets	28,740	30,957	28,740	30,957
Finance lease receivable	195,913	200,701	195,913	200,701
Loans and advances to customers	3,139,925	2,980,975	3,139,925	2,980,975
Financial assets at fair value through profit or loss	1,508,583	1,426,677	1,508,583	1,426,677
Financial assets at amortized cost	2,973,698	2,768,995	3,140,213	2,919,483
Debt financial assets at fair value through other comprehensive income	405,413	428,530	405,413	428,530
Equity financial assets at fair value through other comprehensive income	277,704	268,215	277,704	268,215
Other assets	106,780	100,725	106,780	100,725
<b>Financial liabilities</b>				
Due to banks and other financial institutions	796,376	797,646	796,376	797,646
Financial liabilities at fair value through profit or loss	99,608	57,376	99,608	57,376
Derivative financial liabilities	31,799	35,049	31,799	35,049
Assets sold under agreements to repurchase	282,490	127,477	282,490	127,477
Accounts payable	6,444	6,663	6,444	6,663
Customer deposits and payables to brokerage customers	3,317,193	3,002,049	3,317,193	3,002,049
Bonds payable	927,063	1,097,523	928,578	1,098,380
Other liabilities	259,858	271,853	259,858	271,853

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

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

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

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

The methods used to determine fair value of financial assets and liabilities and the breakdown of fair value hierarchy are disclosed in the 2021 annual report of the Group. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The 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 China Central Depository & Clearing Co., Ltd. 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.

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

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

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

(in RMB million)	30 June 2022			
	Level 1 (Unaudited)	Level 2 (Unaudited)	Level 3 (Unaudited)	Total fair value (Unaudited)
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
Bonds	12,226	403,755	220	416,201
Funds	281,122	154,739	4,137	439,998
Stocks	84,210	1,111	-	85,321
Wealth management investments, debt schemes and other investments	15	366,653	200,395	567,063
	<b>377,573</b>	<b>926,258</b>	<b>204,752</b>	<b>1,508,583</b>
Derivative financial assets				
Interest rate swaps	-	14,124	-	14,124
Currency forwards and swaps	-	13,328	-	13,328
Others	-	1,288	-	1,288
	-	<b>28,740</b>	-	<b>28,740</b>
Debt financial assets at fair value through other comprehensive income				
Bonds	20,856	286,410	829	308,095
Wealth management investments, debt schemes and other investments	-	47,705	49,613	97,318
	<b>20,856</b>	<b>334,115</b>	<b>50,442</b>	<b>405,413</b>
Equity financial assets at fair value through other comprehensive income				
Stocks	196,900	1	-	196,901
Preferred shares	-	75,938	-	75,938
Other equity investments	-	2,000	2,865	4,865
	<b>196,900</b>	<b>77,939</b>	<b>2,865</b>	<b>277,704</b>
Placements with banks and other financial institutions measured at fair value through other comprehensive income	-	12,030	-	12,030
Loans and advances to customers measured at fair value through other comprehensive income	-	328,378	-	328,378
<b>Total financial assets</b>	<b>595,329</b>	<b>1,707,460</b>	<b>258,059</b>	<b>2,560,848</b>
<b>Financial liabilities</b>				
Derivative financial liabilities				
Interest rate swaps	-	11,817	-	11,817
Currency forwards and swaps	-	13,715	-	13,715
Others	-	6,267	-	6,267
	-	<b>31,799</b>	-	<b>31,799</b>
Financial liabilities at fair value through profit or loss	<b>10,613</b>	<b>85,920</b>	<b>3,075</b>	<b>99,608</b>
<b>Total financial liabilities</b>	<b>10,613</b>	<b>117,719</b>	<b>3,075</b>	<b>131,407</b>

# Notes to the Interim Condensed Consolidated Financial Information

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

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

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

(in RMB million)	31 December 2021			Total fair value (Audited)
	Level 1 (Audited)	Level 2 (Audited)	Level 3 (Audited)	
<b>Financial assets</b>				
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
Other 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
<b>Total financial assets</b>	<b>510,855</b>	<b>1,639,633</b>	<b>263,173</b>	<b>2,413,661</b>
<b>Financial liabilities</b>				
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
<b>Total financial liabilities</b>	<b>11,976</b>	<b>77,487</b>	<b>2,962</b>	<b>92,425</b>

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

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

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

During the six months ended 30 June 2022, there were no significant transfers between Level 1 and Level 2 fair value measurements. (During the six months ended 30 June 2021, there were no significant transfers between Level 1 and Level 2 fair value measurements.)

## 46. 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.

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.

# Notes to the Interim Condensed Consolidated Financial Information

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## 46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (1) INSURANCE RISK (CONTINUED)

#### 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 43.

#### Assumptions

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

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

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

The principal assumptions underlying the estimates includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year which are determined based on the Group's past claim experiences. 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.

##### (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.

## 46. 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.

#### (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 equity 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.

#### (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.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (3) CREDIT RISK

Credit risks refer to the risk of losses incurred by the inability of debtors or counterparties to fulfill their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, loans and advances to customers, 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.

#### 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 individual loans of comprise credit origination, credit review, credit approval, disbursement, post credit management. 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 credit 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.



## 46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (3) CREDIT RISK (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)	30 June 2022 (Unaudited)			Maximum credit risk exposure
	Stage 1	Stage 2	Stage 3	
Cash and amounts due from banks and other financial institutions	705,116	-	-	705,116
Balances with the Central Bank and statutory deposits for insurance operations	324,296	-	-	324,296
Financial assets purchased under reverse repurchase agreements	36,760	-	23	36,783
Accounts receivable	28,127	90	14	28,231
Finance lease receivable	190,185	4,723	1,005	195,913
Loans and advances to customers	3,079,561	53,727	6,637	3,139,925
Financial assets at amortized cost	2,945,961	4,218	23,519	2,973,698
Debt financial assets at fair value through other comprehensive income	403,154	1,000	1,259	405,413
Other assets	105,446	210	1,124	106,780
Subtotal	7,818,606	63,968	33,581	7,916,155
Off-balance sheet	1,789,151	3,504	361	1,793,016
Total	9,607,757	67,472	33,942	9,709,171

Carrying amount (in RMB million)	31 December 2021 (Audited)			Maximum credit risk exposure
	Stage 1	Stage 2	Stage 3	
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

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## 46. 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, keeps 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.

## 46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (4) LIQUIDITY RISK (CONTINUED)

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

(in RMB million)	30 June 2022 (Unaudited)						Total
	Undated	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and amounts due from banks and other financial institutions	-	224,899	137,221	178,139	172,995	301	713,555
Balances with the Central Bank and statutory deposits for insurance operations	235,293	74,801	1,598	2,534	11,254	-	325,480
Financial assets purchased under reverse repurchase agreements	-	23	33,893	3,002	-	-	36,918
Premium receivables	-	9,928	21,135	10,748	38,988	196	80,995
Accounts receivable	-	114	7,846	14,271	7,090	-	29,321
Policy loans	-	3,931	146,122	33,922	-	-	183,975
Finance lease receivable	-	2,258	30,191	82,453	102,986	445	218,333
Loans and advances to customers	-	15,149	720,388	1,024,123	1,071,123	838,324	3,669,107
Financial assets at fair value through profit or loss	834,485	13,745	44,305	119,861	386,318	192,452	1,591,166
Financial assets at amortized cost	-	45,610	98,382	354,586	1,032,708	3,223,606	4,754,892
Debt financial assets at fair value through other comprehensive income	-	180	35,040	110,623	196,955	126,109	468,907
Equity financial assets at fair value through other comprehensive income	277,704	-	-	-	-	-	277,704
Other assets	-	56,557	30,112	41,225	6,059	1,619	135,572
	1,347,482	447,195	1,306,233	1,975,487	3,026,476	4,383,052	12,485,925
Due to banks and other financial institutions	-	269,486	198,739	262,825	80,262	1,744	813,056
Financial liabilities at fair value through profit or loss	285	1,203	89,373	6,108	2,810	-	99,779
Assets sold under agreements to repurchase	-	-	282,502	33	-	-	282,535
Accounts payable	-	943	846	4,154	501	-	6,444
Insurance payables	-	91,408	10,537	4,583	1,051	52	107,631
Policyholder dividend payable	-	69,894	-	-	-	-	69,894
Customer deposits and payables to brokerage customers	-	1,279,117	697,721	711,004	704,262	-	3,392,104
Bonds payable	-	-	157,571	562,831	197,827	45,958	964,187
Insurance contract liabilities	-	-	38,390	71,762	200,142	7,529,726	7,840,020
Insurance and investment contract liabilities for policyholders	-	-	2,917	8,254	34,080	40,725	85,976
Lease liabilities	-	350	1,599	3,939	8,049	352	14,289
Other liabilities	-	34,028	36,873	80,365	117,145	13,808	282,219
	285	1,746,429	1,517,068	1,715,858	1,346,129	7,632,365	13,958,134
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	(38)	56	1,003	(2,475)	(1)	(1,455)
Derivative financial instruments settled on a gross basis							
- Cash inflow	-	7,326	879,089	891,619	83,142	1,123	1,862,299
- Cash outflow	-	(7,823)	(878,075)	(895,915)	(82,939)	(1,147)	(1,865,899)
	-	(497)	1,014	(4,296)	203	(24)	(3,600)

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (4) LIQUIDITY RISK (CONTINUED)

(in RMB million)	31 December 2021 (Audited)						Total
	Undated	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
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 liabilities	-	-	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)

## 46. 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
30 June 2022						
Credit commitments (Unaudited)	<b>94,492</b>	<b>172,385</b>	<b>646,983</b>	<b>526,419</b>	<b>347,560</b>	<b>1,787,839</b>
31 December 2021						
Credit commitments (Audited)	97,420	164,186	456,632	517,234	325,735	1,561,207

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 33.

### (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 invests 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.

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (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.

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.

Pursuant to the *Notice on the Implementation of Regulatory Rules on Solvency of Insurance Companies (II)* issued by the CBIRC, the Group computes solvency margin ratios and recognizes, assesses and manages related risks from 2022 in accordance with the *Regulatory Rules on Solvency of Insurance Companies (II)*. As at 30 June 2022, the Group was compliant with the CBIRC's requirements for solvency margin ratios.

## 47. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following items (original maturities within three months):

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash		
Cash and amounts due from banks and other financial institutions		
Cash on hand	3,598	3,686
Term deposits	11,699	15,208
Due from banks and other financial institutions	192,419	174,345
Placements with banks and other financial institutions	76,159	70,821
Balances with the Central Bank	74,478	84,028
Subtotal	358,353	348,088
Cash equivalents		
Bonds	2,160	365
Financial assets purchased under reverse repurchase agreements	32,121	54,672
Subtotal	34,281	55,037
Total	392,634	403,125

## 48. 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 30 June 2022, CP Group indirectly held 6.80% (31 December 2021: 6.80%) equity interests in the Company and is the largest shareholder of the Company.

## 48. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

### (2) OTHER MAJOR RELATED PARTIES

Name of related parties	Relationship with the Company
Lufax Holding	Associate of subsidiaries
Ping An Health	Associate of subsidiaries
Ping An HealthKonnnect	Associate of subsidiaries
OneConnect	Associate of subsidiaries

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

For the six-month period ended 30 June (in RMB million)	2022 (Unaudited)	2021 (Unaudited)
CP Group		
Premiums income from	34	23
Rental revenue from	13	13
SIHC		
Premiums income from	2	16
Interest revenue from	6	-
Interest expenses to	47	21
Lufax Holding		
Interest revenue from	5	-
Interest expenses to	335	377
Other revenues from	1,528	1,714
Other expenses to	2,052	2,340
Ping An Health		
Interest expenses to	85	77
Other revenues from	197	282
Other expenses to	676	892
Ping An HealthKonnnect		
Interest revenue from	16	-
Interest expenses to	5	16
Other revenues from	168	228
Other expenses to	19	114
OneConnect		
Interest revenue from	3	10
Interest expenses to	5	7
Other revenues from	883	826
Other expenses to	1,201	848

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 48. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
SIHC		
Customer deposits	2,601	2,127
Loans and advances to customers	280	280
Lufax Holding		
Customer deposits	11,812	9,798
Loans and advances to customers	805	-
Derivative financial assets	-	26
Derivative financial liabilities	227	38
Accounts payable and other payables	5,913	8,714
Accounts receivable and other receivables	760	661
Ping An Health		
Customer deposits	2,754	4,075
Accounts payable and other payables	5,705	3,465
Accounts receivable and other receivables	108	66
Ping An HealthKonnnect		
Customer deposits	3,304	851
Loans and advances to customers	880	-
Accounts payable and other payables	160	232
Accounts receivable and other receivables	6,042	6,780
OneConnect		
Customer deposits	1,132	1,132
Loans and advances to customers	-	301
Derivative financial assets	75	191
Derivative financial liabilities	9	-
Accounts payable and other payables	1,957	1,617
Accounts receivable and other receivables	1,411	1,173

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 pays interest to the Group every six months at an annual rate of 0.7375%. As at 30 June 2022, the Group still held these convertible bonds.



## 49. COMMITMENTS

### (1) CAPITAL COMMITMENTS

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

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Contracted, but not provided for <sup>(i)</sup>	47,397	59,273
Authorized, but not contracted for	5,880	6,898
	<b>53,277</b>	66,171

(i) The contracted capital commitments include investment commitment to New Founder Group, refer to Note 52 for more details.

### (2) CREDIT COMMITMENTS

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Bank acceptances	742,484	576,355
Guarantees issued	103,571	99,355
Letters of credit issued	70,960	66,869
Subtotal	917,015	742,579
Unused limit of credit cards	870,824	818,628
Total	1,787,839	1,561,207
Credit risk weighted amounts of credit commitments	462,877	431,405

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 associates and joint ventures are as follows:

(in RMB million)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Contracted but not provided for	13,522	15,810

# Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2022

## 50. 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.

## 51. EVENTS AFTER THE REPORTING PERIOD

On 23 August 2022, the Board of Directors of the Company approved the Resolution of the Profit Distribution Plan for Interim Dividend of 2022, and declared an interim cash dividend of RMB0.92 (tax inclusive) per share for 2022 as disclosed in Note 18.

## 52. OTHER SIGNIFICANT EVENTS

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.

## 53. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

## 54. APPROVAL OF THE FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorized for issue by the Board of Directors of the Company on 23 August 2022.

# 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 Wealth Management	Ping An Wealth Management Co., Ltd., a subsidiary of Ping An Bank
Ping An Trust	Ping An Trust Co., Ltd., a subsidiary of the Company
Ping An Securities	Ping An Securities Co., Ltd., a subsidiary of Ping An Trust
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
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

# Glossary

Lufax Holding	Lufax Holding Ltd., an associate of Ping An Financial Technology
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
CP Group Ltd.	Charoen Pokphand Group Company Limited, the flagship company of CP Group
RMB	Chinese Renminbi unless otherwise specified
CAS	The <i>Accounting Standards for Business Enterprises</i> and other relevant regulations issued by the Ministry of Finance of the People's Republic of China
IFRS	The <i>International Financial Reporting Standards</i> issued by the International Accounting Standards Board
Written premium	All premiums received from the policies underwritten by the Company, which are prior to the significant insurance risk testing and separation of hybrid risk contracts
HKEX	Hong Kong Exchanges and Clearing Limited
SEHK	The Stock Exchange of Hong Kong Limited
SEHK 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 SEHK 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 SEHK 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

## COMPANY SECRETARY

Sheng Ruisheng

## REPRESENTATIVE OF SECURITIES AFFAIRS

Shen Xiaoxiao

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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

## AUDITORS AND PLACES OF BUSINESS Domestic Auditor

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## Names of Certified Public Accountants

HUANG YUEDONG  
WU Cuirong

## International Auditor

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## LEGAL ADVISER

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8 Connaught Place  
Central, Hong Kong

## H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

## AMERICAN DEPOSITARY SHARES REGISTRAR

The Bank of New York Mellon



### Ping An protects millions of families

A traditional Chinese watercolor, the picture takes a lake as the visual center, indicating Ping An protects millions of families via "Ping An's paradigm" of high-quality development driven by "integrated finance + healthcare."

Finance: Water currents converge from financial buildings into the lake, symbolizing Ping An's harmonious financial services ecosystem. A "live" cycle comprises the inflows and outflows of water, symbolizing liquidity provided via financial services for people's livelihoods.

Healthcare: Ginkgo trees are praised as "healing trees with leaves of health." Under the trees, a medicinal herb collector goes down the hill at a leisurely pace.

