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PING AN

Finance · Technology

中国平安保险(集团)股份有限公司

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

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

(Stock Code: 2318)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

The board of directors (the “**Board of Directors**”) of Ping An Insurance (Group) Company of China, Ltd. (“**Ping An**” or the “**Company**”) announces the unaudited results (the “**Third Quarter Results**”) of the Company and its subsidiaries (the “**Group**”) for the nine months ended September 30, 2021 (the “**Reporting Period**”). The Board of Directors and its Audit and Risk Management Committee have reviewed the Third Quarter Results.

1. KEY BUSINESS PERFORMANCE

1.1 Business Highlights

- Ping An achieved steady business results. Operating profit attributable to shareholders of the parent company rose 9.2% year on year to RMB118,737 million, which is equivalent to a 20.3% annualized operating ROE in the first nine months of 2021.
- Customer development continued to yield greater results. Retail customers increased 3.1% year to date to over 225 million as of September 30, 2021. Of our total retail customers, 39.0% or 87.74 million held multiple contracts with different subsidiaries. New financing scale achieved through corporate business cross-selling increased 29.5% year on year in the first nine months of 2021.
- Ping An Life unswervingly advanced the transformation toward high-quality development and constantly upgraded its heartwarming insurance products. Ping An Life refined the tiered management of its agent force and improved its team structure, with Diamond Agents remaining stable in the third quarter of 2021. Ping An upgraded the “Ping An Zhen Xiang RUN Health Services Plan” in September 2021, providing customers with “worry-free, time-saving, and money-saving” health services experience through the Group’s healthcare ecosystem.
- Property & Casualty (the property and casualty insurance business) maintained good business quality. The combined ratio of Ping An Property & Casualty (“Ping An P&C”) improved by 1.8 pps year on year to 97.3% and operating profit grew 20.2% year on year to RMB13,283 million in the first nine months of 2021. Ping An P&C made every effort to fight super rainstorms in Henan Province by settling claims as rapidly as possible, with flood claim payments expected to exceed RMB3.4 billion. Moreover, Ping An P&C promptly provided front-line rescue workers with complimentary exclusive insurance.

- Ping An Bank maintained stable business growth and continued to improve its asset quality. Revenue grew 9.1% year on year to RMB127,190 million and net profit rose 30.1% year on year to RMB29,135 million in the first nine months of 2021. Non-performing loan ratio improved by 0.13 pps year to date to 1.05% and provision coverage ratio rose 66.95 pps year to date to 268.35% as of September 30, 2021.
- Ping An continued to strengthen its technological capabilities to empower its main businesses. Ping An’s technology patent applications increased by 5,423 year to date to 36,835 as of September 30, 2021. Ping An leverages cutting-edge technologies to comprehensively upgrade the end-to-end services of its core financial businesses. AI service representatives provided services about 1.54 billion times in the first nine months of 2021.
- Ping An comprehensively deepened its green finance initiative to support the sustainable development of society. Ping An’s green investment and green credit totaled RMB208,886 million and RMB53,278 million respectively as of September 30, 2021. Ping An’s premium of green insurance totaled RMB25,109 million in the first nine months of 2021. Moreover, Ping An continued to advance the Ping An Rural Communities Support program, moving from poverty alleviation to rural revitalization. Ping An cumulatively provided RMB37,583 million for poverty alleviation and industrial revitalization as of September 30, 2021. Ping An received the 11th “China Charity Award” and the 3rd “Capital Charity Award” for these efforts.

1.2 Key Figures

For the nine months ended September 30	2021	2020	Change (%)
Operating profit attributable to shareholders of the parent company (in RMB million)	118,737	108,692	9.2
Basic operating earnings per share (in RMB)	6.74	6.15	9.6
Net profit attributable to shareholders of the parent company (in RMB million)	81,638	103,041	(20.8)
Life & Health new business value (“NBV”) ⁽¹⁾ (in RMB million)	35,237	42,844	(17.8)
Property & Casualty combined ratio (%)	97.3	99.1	-1.8 pps
	September 30, 2021	December 31, 2020	Change (%)
Number of retail customers (in million)	225.25	218.43	3.1
Number of internet users (in million)	633.95	598.04	6.0
Proportion of retail customers holding multiple contracts with different subsidiaries (%)	39.0	38.0	1.0 pps

Note: (1) The computation of Life & Health NBV is based on the 11.0% risk discount rate.

2. PERFORMANCE REVIEW FOR KEY BUSINESSES

2.1 Overview

The Chinese economy continued to recover steadily in the third quarter of 2021 due to proactive fiscal policies and prudent monetary policies. Vitality was unleashed through innovation by advances in economic restructuring and industrial upgrading. Nevertheless, the foundation for economic recovery requires further consolidation against the backdrop of a complicated international environment, sporadic COVID-19 outbreaks in China, and the impact of natural disasters including floods. Household consumption shrank quarter on quarter, affecting the long-term protection business of Ping An. Facing challenges in China and abroad, Ping An upheld the compliance philosophy and strengthened risk management while adopting various forward-looking measures. Ping An pressed firmly ahead with Ping An Life's quality-oriented reform and transformation, improved the integrated financial business model, and enhanced the healthcare ecosystem. 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" experiences.

The Group's operating profit attributable to shareholders of the parent company rose 9.2% year on year to RMB118,737 million in the first nine months of 2021. Net profit attributable to shareholders of the parent company decreased 20.8% year on year to RMB81,638 million mainly because the Company made adjustments including impairment provisions to investments related to China Fortune Land Development Co., Ltd. ("China Fortune") in the first nine months of 2021. The Group's operating profit attributable to shareholders of the parent company rose 7.3% year on year to RMB36,901 million in the third quarter of 2021. Net profit attributable to shareholders of the parent company decreased 31.2% year on year to RMB23,633 million primarily due to capital market volatility in the third quarter of 2021. Ping An made no major adjustment to the provisions (including impairment provisions, valuation adjustments, and other equity adjustments) for investments related to China Fortune in the third quarter of 2021.

Operating profit

Operating profit after tax is based on net profit from financial statements, excluding items that are of short-term, volatile or one-off nature and others. The operating profit after tax which excludes fluctuations of the following non-operating items can provide a clearer and more objective representation of the Company's business performance and trend.

- Short-term investment variance, which is the variance between the actual investment return of the life and health insurance business ("Life & Health") and the embedded value (EV) long-run investment return assumption, net of the associated impact on insurance and investment contract liabilities. The investment return of Life & Health is locked at 5% after excluding the short-term investment variance;
- The impact of discount rate⁽¹⁾ change is the effect on the 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. Such impact comprised the revaluation gain or loss on the convertible bonds issued by Lufax Holding to the Group in the first nine months of 2021.

Note: (1) Refer to the significant accounting policies in the notes to the Company's 2020 Annual Report for the information about the discount rate.

For the nine months ended September 30 (in RMB million)	Life and health insurance business	Property and casualty insurance business	Banking business	Trust business	Securities business	Other asset management business	Technology business	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	44,394	13,221	16,887	1,869	2,808	7,192	(1,355)	(3,378)	81,638
Net profit attributable to non-controlling interests	706	62	12,248	2	120	1,168	1,227	377	15,910
Net profit (A)	45,100	13,283	29,135	1,871	2,928	8,360	(128)	(3,001)	97,548
Excluding:									
Short-term investment variance (B)	(18,636)	-	-	-	-	-	-	-	(18,636)
Impact of discount rate change (C)	(9,949)	-	-	-	-	-	-	-	(9,949)
Impact of one-off material non-operating items and others (D)	-	-	-	-	-	-	(8,792)	-	(8,792)
Operating profit (E=A-B-C-D)	73,684	13,283	29,135	1,871	2,928	8,360	8,664	(3,001)	134,924
Operating profit attributable to shareholders of the parent company	72,701	13,221	16,887	1,869	2,808	7,192	7,437	(3,378)	118,737
Operating profit attributable to non-controlling interests	983	62	12,248	2	120	1,168	1,227	377	16,187

For the nine months ended September 30 (in RMB million)	Life and health insurance business	Property and casualty insurance business	Banking business	Trust business	Securities business	Other asset management business	Technology business	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	69,113	11,003	12,981	2,239	2,381	3,808	4,669	(3,153)	103,041
Net profit attributable to non-controlling interests	665	52	9,417	3	106	723	1,011	(126)	11,851
Net profit (A)	<u>69,778</u>	<u>11,055</u>	<u>22,398</u>	<u>2,242</u>	<u>2,487</u>	<u>4,531</u>	<u>5,680</u>	<u>(3,279)</u>	<u>114,892</u>
Excluding:									
Short-term investment variance (B)	19	-	-	-	-	-	-	-	19
Impact of discount rate change (C)	(5,687)	-	-	-	-	-	-	-	(5,687)
Impact of one-off material non-operating items and others (D)	-	-	-	-	-	-	-	-	-
Operating profit (E=A-B-C-D)	<u>75,446</u>	<u>11,055</u>	<u>22,398</u>	<u>2,242</u>	<u>2,487</u>	<u>4,531</u>	<u>5,680</u>	<u>(3,279)</u>	<u>120,560</u>
Operating profit attributable to shareholders of the parent company	74,764	11,003	12,981	2,239	2,381	3,808	4,669	(3,153)	108,692
Operating profit attributable to non-controlling interests	<u>682</u>	<u>52</u>	<u>9,417</u>	<u>3</u>	<u>106</u>	<u>723</u>	<u>1,011</u>	<u>(126)</u>	<u>11,868</u>

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. 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 trust business represents the results of Ping An Trust and Ping An New Capital. The securities business represents the results of Ping An Securities. The other asset management business represents the results of other subsidiaries that engage in asset management business including Ping An Asset Management, Ping An Financial Leasing, and Ping An Overseas Holdings. The technology business represents the results of subsidiaries, associates and jointly controlled entities that engage in technology business including Autohome, Lufax Holding, OneConnect, Ping An Good Doctor, and Ping An HealthKconnect. Eliminations include offsets against cross-shareholding among business lines.

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

2.2 Customer Development

Ping An's retail customers continued to increase. Ping An's retail customers⁽¹⁾ grew 3.1% year to date to over 225 million as of September 30, 2021, 39.0% of whom held multiple contracts with different subsidiaries, with contracts per customer being 2.78. The Group acquired 25.25 million new retail customers in the first nine months of 2021, 34.6% of whom were sourced from internet users from the Group's member companies. The Group's internet users⁽²⁾ increased 6.0% year to date to nearly 634 million as of September 30, 2021. The number of yearly active users⁽³⁾ reached nearly 345 million as of September 30, 2021.

(in million)	September 30, 2021	December 31, 2020	Change (%)
Number of retail customers	225.25	218.43	3.1
Including: Number of retail customers holding multiple contracts with different subsidiaries	87.74	83.08	5.6
Number of internet users	633.95	598.04	6.0

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

(2) Internet users refer to unique registered users with accounts on the internet services platforms (including webpage platforms and mobile apps) of the Group's member companies including technology companies and core financial companies.

(3) The number of yearly active users refers to the number of active users in the 12 months to the end of the Reporting Period.

Corporate customer development yielded significant results, with continued growth in business scale. Under the corporate integrated finance strategy, Ping An's corporate customer base continued to grow, customer services improved steadily, and the business scale kept expanding. Corporate premiums achieved through cross-selling grew 8.3% year on year to RMB13,857 million in the first nine months of 2021, in which the written premium of the corporate channel rose 17.9% year on year. The new financing scale achieved through corporate business cross-selling increased 29.5% year on year to RMB532,492 million in the first nine months of 2021.

For the nine months ended September 30 (in RMB million)	2021	2020	Change (%)
Corporate premiums achieved through cross-selling ⁽¹⁾	13,857	12,795	8.3
Including: Written premium of the corporate channel ⁽²⁾	4,277	3,628	17.9
New financing scale achieved through corporate business cross-selling ⁽³⁾	<u>532,492</u>	<u>411,319</u>	<u>29.5</u>

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.

2.3 Life and Health Insurance Business

NBV of Life & Health fell 17.8% year on year to RMB35,237 million in the first nine months of 2021 as the Company optimized the team structure under a high-quality talent strategy. The decline in the number of agents resulted in some negative impact on NBV. Life & Health's new business growth declined, policy persistency ratios fluctuated, and claims variance lowered as claim payments normalized in the first nine months of 2021 versus lower claim payments in the same period last year because of COVID-19. As a result, Life & Health's operating profit decreased 2.3% year on year to RMB73,684 million in the first nine months of 2021.

The Chinese life insurance market still has bright prospects in the long run with unmet demand for comprehensive healthcare and eldercare services as household income and wealth grow. The agent channel remains the main channel for selling long-term protection products. Ping An Life rose to the challenges by pioneering high-quality transformation. In respect of channels, the Company refined the tiered management of its agent force and improved the team structure through digital empowerment. In respect of products, the Company began rolling out upgraded "insurance + health management" and "insurance + high-end eldercare" services.

In respect of channels, Ping An Life further transformed the agent channel while coordinating the development of various channels including bancassurance, telemarketing, and internet channels.

- **Agent channel.** Ping An Life strengthened tiered management of its agent force and digital empowerment to support high-quality team transformation. In respect of Diamond Agents, Ping An Life continued to improve the top-performer management framework, consolidate basic management, and pool company resources to empower Diamond Agents. In respect of ordinary agents, Ping An Life further improved the operations of outlets through digitized and standardized management to increase agent income and stabilize ordinary agents. In respect of new agents, Ping An Life carried out dual-track development via routine recruitment and innovative projects. Ping An Life promoted the development of new agents by implementing the “Talent +” high-quality agent recruitment and development program to gradually raise the proportion of high-quality new agents.
- **Bancassurance channel.** The bancassurance channel upheld value-driven operations and focused on building a professional operations system of “channel + product + technology” to achieve the long-term strategic goal of more specialized and robust business. Ping An improved its team structure and accelerated the implementation of the new bancassurance model. Moreover, Ping An steadily boosted the professional capacity of its team by cultivating “Ping An Bankers” with “professionalism + entrepreneurship.” Ping An improved its product mix to meet diverse customer demands for savings, protection, and eldercare while enhancing technological empowerment of business processes and efficient operations to provide better services for the channel and customers.
- **Other channels.** In respect of the telemarketing channel, Ping An Life improved the long-term customer development model of “services before sales.” With sufficient service interactions with customers and precise conversion throughout the customer lifecycle, Ping An Life extended the customer development cycle, optimized its business portfolio, and maintained its industry-leading market share. In respect of the internet channel, Ping An Life strengthened platform operations for precise and efficient customer acquisition, and empowered agents via digitization to increase conversion and boost business.

In respect of products, Ping An Life delved deeper into the critical illness insurance market while enhancing savings products to meet diverse customer demands.

- In respect of savings products, Ping An Life launched “Cai Hui Ying” to meet customers’ demand for diverse, stable and safe savings products, giving full play to risk protection and wealth appreciation functions of insurance.

- In respect of protection products, Ping An Life focused on diverse customer demands for critical illness protection, and constantly improved its critical illness product mix. Ping An Life launched two critical illness insurance products in September 2021, namely “Yu Xiang Fu” and “Sheng Shi Fu,” to satisfy diverse customer demands. “Yu Xiang Fu” sets lower rates and offers premium discounts to healthy customers who meet Ping An Life’s health standards. Moreover, Ping An Life launched “Yue Xiang Fu” in July 2021, the first modularized critical illness insurance product dedicated to the Greater Bay Area. The product offers extra coverage for 15 special diseases of frequent occurrence in the Greater Bay Area.
- In respect of “insurance + health management,” Ping An continued to upgrade its products and services to provide customers with better experience since it launched the “Ping An Zhen Xiang RUN Health Services Plan” (the “Plan”) in February 2021. Ping An upgraded the Plan in September 2021 to offer management schemes covering four scenarios, namely health management, sub-health management, chronic disease management, and disease management. As a result, customers can enjoy “worry-free, time-saving, and money-saving” health services experience on the basis of professional family doctors and health records.
- In respect of “insurance + high-end eldercare,” Ping An is committed to developing the high-end eldercare market and realizing “Expertise brings premium eldercare.” Ping An launched “High-end Eldercare 2.0” with a refreshed service system and targeted eldercare solutions in the third quarter of 2021 by focusing on common customer pain points in eldercare.

Key indicators of Life & Health

For the nine months ended September 30
(in RMB million)

	2021	2020	Change (%)
Operating profit	<u>73,684</u>	<u>75,446</u>	<u>(2.3)</u>
First-year premium used to calculate NBV	114,749	120,152	(4.5)
NBV ⁽¹⁾	35,237	42,844	(17.8)
NBV margin (%)	<u>30.7</u>	<u>35.7</u>	<u>-5.0 pps</u>

Note: (1) The computation of Life & Health NBV is based on the 11.0% risk discount rate.

	September 30, 2021	December 31, 2020	Change (%)
Number of individual life insurance sales agents (person)	<u>706,208</u>	<u>1,023,836</u>	<u>(31.0)</u>

2.4 Property and Casualty Insurance Business

Ping An P&C maintained strong business quality despite short-term pressure on its written premium. In active response to regulatory requirements, Ping An P&C advanced the auto insurance pricing reform, which led to lower auto insurance premiums rates. Meanwhile, Ping An P&C constantly optimized its customer mix and enhanced risk screening. Ping An P&C's premium income decreased 9.2% year on year to RMB199,343 million in the first nine months of 2021. The overall combined ratio improved by 1.8 pps year on year to 97.3% in the first nine months of 2021. Operating profit grew 20.2% year on year to RMB13,283 million in the first nine months of 2021.

Ping An P&C continued to apply technologies to online customer development and improve the services system. "Ping An Auto Owner," the largest automotive service app in China, had over 144 million registered users as of September 30, 2021. Over 92 million vehicles had been linked with the app. Monthly active users exceeded 34 million in September 2021.

Ping An P&C's leading online claims services offer superior user experience. Ping An P&C pioneered voice-based and instant messaging-based claim reporting for auto insurance. Ping An P&C offers differentiated claim settlement services by introducing a precise claim settlement decision engine capable of precise customer profiling. Of family auto insurance claims, 90.8% were processed via "One-click Claims Services" in the first nine months of 2021. In response to super rainstorms in Henan Province, Ping An P&C immediately launched fast tracks for claims on online platforms including Ping An Auto Owner, Ping An Good Life, and Ping An Qi Ye Bao. Ping An P&C made every effort to fight the super rainstorms by settling claims as rapidly as possible, with flood claim payments expected to exceed RMB3.4 billion. Meanwhile, Ping An P&C provided front-line rescue workers with complimentary exclusive insurance. Moreover, Ping An P&C has established a natural disaster response team and a natural disaster risk management system for "defense, monitoring, rescue, and claim settlement," hoping to play a greater role in disaster response.

For the nine months ended September 30
(in RMB million)

	2021	2020	Change (%)
Operating profit	<u>13,283</u>	<u>11,055</u>	<u>20.2</u>
Premium income	199,343	219,490	(9.2)
Including: Auto insurance	135,468	147,072	(7.9)
Non-auto insurance	47,165	59,734	(21.0)
Accident and health insurance	16,710	12,684	31.7
Combined ratio (%)	<u>97.3</u>	<u>99.1</u>	<u>-1.8 pps</u>

2.5 Investment Portfolio of Insurance Funds

The Company continued to improve the asset allocation of its investment portfolio of insurance funds and the management of asset-liability matching. The Company's investment portfolio of insurance funds grew about 3% year to date to nearly RMB3.9 trillion as of September 30, 2021. The investment portfolio of insurance funds achieved an annualized net investment yield of 4.2% and an annualized total investment yield of 3.7% in the first nine months of 2021.

Offshore capital markets maintained an upward trend in general, and risk-free interest rates in major economies halted rises and fluctuated in the first nine months of 2021. Developed economies were better positioned to recover than emerging ones due to uneven vaccine supply. In China, economic recovery remained unstable and uneven against the backdrop of industry control and sporadic COVID-19 cases, along with fluctuating market interest rates, mixed performance of stock sectors, and increased index volatility. Capital market volatility and increasing impairment provisions on investment assets weighed on the investment yields on the Company's investment portfolio of insurance funds.

For the nine months ended September 30

(in RMB million)	2021	2020	Change (%)
Net investment income ⁽¹⁾	122,411	115,796	5.7
Total investment income ⁽²⁾	103,564	135,869	(23.8)
Net investment yield ⁽³⁾ (annualized, %)	4.2	4.5	-0.3 pps
Total investment yield ⁽³⁾ (annualized, %)	3.7	5.2	-1.5 pps

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 jointly controlled entities.

(2) Total investment income includes net investment income, realized gains, fair value gains or losses, and impairment losses on investment assets.

(3) 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 are 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 are not annualized. Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method.

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

Debt schemes and debt wealth management products accounted for 12.2% of the total investment assets as of September 30, 2021. The debt schemes and debt wealth management products held by Ping An in its investment portfolio of insurance funds had high credit ratings, with risks under control.

The Company continued to improve the asset-liability matching of insurance funds. The Company ensured long-term, sound asset-liability duration matching by holding large amounts of long-duration assets including central and local government bonds. In addition, Ping An established flexible asset-liability management mechanisms, maintained reasonable guaranteed interest rates of liabilities, and optimized the interest rate matching of assets and liabilities. Moreover, the Company managed equity investment flexibly to profit from structural opportunities. The Company also obtained income from increased investment in high-quality alternative assets by fully leveraging its integrated financial services platform. The Company will maintain the risk appetite of its investment portfolio of insurance funds given the policy environment, economic conditions and market situation. The Company is confident of steady investment returns on its high-quality assets.

The Company 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. In addition to limits on proportions to total assets, the Group sets limits on any counterparties' proportions to net assets and net profit respectively. Moreover, the Company enhances the setting, using, warning, and adjustment of credit limits for large clients. 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 deep understanding of industry trends and cycles. By doing so, the Company ensures pre-investment participation, post-investment tracking, risk warning, and operational empowerment to enhance its post-investment management capability and maximize the value of its investments.

2.6 Banking Business

Ping An Bank adhered to its mission to be "China's most outstanding, world-leading smart retail bank" under the strategy of "technological empowerment, breakthroughs in retail banking, and enhancement of corporate banking." Positioned as "a digital bank, an ecosystem, and a platform," Ping An Bank upgraded the operation strategies for retail, corporate and interbank businesses, and pushed forward comprehensive digital operations. Furthermore, Ping An Bank made every effort to achieve the new three-year goal of "reshaping asset-liability operations," maintaining a steady growth outlook.

Ping An Bank maintained stable business growth. Revenue grew 9.1% year on year to RMB127,190 million in the first nine months of 2021. Net profit grew 30.1% year on year to RMB29,135 million. Ping An Bank's net interest margin was 2.81%, down 0.07 pps year on year. The average cost of deposits was 2.05%, down 0.22 pps year on year, reflecting continued cost optimization of deposits.

Ping An Bank further advanced its retail business transformation. Ping An Bank further implemented the “five-in-one” new model of a “comprehensive bank, AI bank, remote bank, offline bank, and open bank.” Ping An Bank provided “heartwarming” financial services and created new growth momentum for retail business revival by enhancing technological empowerment and revolutionizing traditional business models. Ping An Bank's retail assets under management (“AUM”) rose 16.3% year to date to RMB3,052,432 million as of September 30, 2021. Retail customers increased 8.5% year to date to approximately 116,204,500, among which qualified private banking customers grew 18.2% year to date to approximately 67,700. The balance of retail deposits increased 8.6% year to date to RMB743,374 million, with average cost of retail deposits declining 0.14 pps year on year to 2.30% in the first nine months of 2021, reflecting the improved deposit structure. The balance of retail loans grew 14.4% year to date to RMB1,836,087 million as of September 30, 2021, with the business portfolio and customer mix further improving.

Ping An Bank continued to enhance corporate banking. Ping An Bank made breakthroughs in business development by playing “five cards,” namely supply chain finance, bill integration, customer development platforms, sophisticated investment and financing, and ecosystem-based cross-selling. The balance of corporate loans grew 7.6% year to date to RMB1,142,500 million as of September 30, 2021. The balance of corporate deposits grew 9.6% year to date to RMB2,180,056 million. The average daily balance of corporate demand deposits was RMB702,333 million in the first nine months of 2021, up 23.0% year on year. Average cost of corporate deposits was 1.97%, down 0.25 pps year on year.

Ping An Bank made new achievements in interbank business. Ping An Bank improved its specialized product and service framework of “trading, hedging, interbank, custody, and asset management.” Market share by transaction volume of bonds was 2.1% in the first nine months of 2021. “Ping An Hedging” foreign exchange and interest rate derivatives trading volume grew 77.5% year on year to USD22,810 million. Interbank institutional sales reached RMB1,058,967 million, up 90.9% year on year. Net assets under custody increased 26.1% year to date to RMB7.32 trillion as of September 30, 2021. Ping An Bank had RMB737,194 million of NAV-type (net asset value-type) products in compliance with the new asset management regulation, up 59.0% year to date.

Asset quality of Ping An Bank continued to improve. The non-performing loan ratio was 1.05% as of September 30, 2021, improved by 0.13 pps year to date. The provision coverage ratio for non-performing loans rose by 66.95 pps year to date to 268.35%. The deviations of loans more than 60 days overdue and loans more than 90 days overdue were 0.81 and 0.72 respectively.

For the nine months ended September 30			
(in RMB million)	2021	2020	Change (%)
Net profit	<u>29,135</u>	<u>22,398</u>	<u>30.1</u>
Revenue	127,190	116,564	9.1
Net interest revenue ⁽¹⁾	89,561	84,559	5.9
Net non-interest revenue ⁽¹⁾	<u>37,629</u>	<u>32,005</u>	<u>17.6</u>
Impairment losses on credit and other assets	<u>53,762</u>	<u>54,390</u>	<u>(1.2)</u>
Operational efficiency and profitability			
Cost-to-income ratio (%)	27.81	27.53	0.28 pps
Net interest margin ⁽¹⁾ (annualized, %)	<u>2.81</u>	<u>2.88</u>	<u>-0.07 pps</u>
	September 30,	December 31,	
(in RMB million)	2021	2020	Change (%)
Deposits and loans⁽²⁾			
Total loans and advances	2,978,587	2,666,297	11.7
Including: Retail loans	1,836,087	1,604,940	14.4
Corporate loans	1,142,500	1,061,357	7.6
Deposits	2,923,430	2,673,118	9.4
Including: Retail deposits	743,374	684,669	8.6
Corporate deposits	<u>2,180,056</u>	<u>1,988,449</u>	<u>9.6</u>

Notes: (1) The revenue from credit card installment services was reclassified from fee and commission revenue to interest revenue in accordance with the *Circular on Strictly Implementing the Accounting Standards for Business Enterprises and Effectively Strengthening the Work on the 2020 Annual Reports of Enterprises* (Cai Kuai [2021] No.2) jointly issued by the Ministry of Finance and related commissions of the People's Republic of China (the "PRC") on February 5, 2021. Corresponding financial indicators including the net interest revenue, net non-interest revenue, and net interest margin for the comparable period have been restated accordingly.

(2) Total loans and advances, deposits, and their components are exclusive of interest receivable and payable.

	September 30, 2021	December 31, 2020	Change
Asset quality			
Percentage of special mention loans (%)	1.37	1.11	0.26 pps
Non-performing loan ratio (%)	1.05	1.18	-0.13 pps
Provision coverage ratio (%)	268.35	201.40	66.95 pps
<hr/>			
Percentage of loans more than 60 days overdue (%)	0.85	1.08	-0.23 pps
Deviation of loans more than 60 days overdue ⁽¹⁾	0.81	0.92	(0.11)
Provision coverage ratio for loans more than 60 days overdue (%)	330.46	219.78	110.68 pps
<hr/>			
Percentage of loans more than 90 days overdue (%)	0.76	0.88	-0.12 pps
Deviation of loans more than 90 days overdue ⁽²⁾	0.72	0.75	(0.03)
Provision coverage ratio of loans more than 90 days overdue (%)	370.18	268.74	101.44 pps
<hr/> <hr/>			

Notes: (1) Deviation of loans more than 60 days overdue = balance of loans more than 60 days overdue / balance of non-performing loans.

(2) Deviation of loans more than 90 days overdue = balance of loans more than 90 days overdue / balance of non-performing loans.

Ping An Bank's capital adequacy ratios at all levels satisfied minimum regulatory requirements as of September 30, 2021. The core tier 1 capital adequacy ratio rose compared with June 30, 2021. Ping An Bank refined its capital management while supporting the real economy under its new three-year transformation strategy. Ping An Bank will continue to reform capital management, improve capital utilization efficiency, and maintain stable capital adequacy ratios.

	September 30, 2021	December 31, 2020	Change (%)
Capital adequacy ratio			
Total risk-weighted assets (in RMB million)	3,472,610	3,151,764	10.2
Core tier 1 capital adequacy ratio (%)	8.56	8.69	-0.13 pps
Tier 1 capital adequacy ratio (%)	10.58	10.91	-0.33 pps
Capital adequacy ratio (%)	12.55	13.29	-0.74 pps

Note: Ping An Bank and its wholly-owned subsidiary Ping An Wealth Management Co., Ltd. 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.

2.7 Asset Management Business

Net profit of asset management business grew 42.1% year on year to RMB13,159 million in the first nine months of 2021.

Ping An Trust followed regulatory requirements and actively promoted business transformation. Ping An Trust focused on its four core trust businesses, namely special asset investment, infrastructure investment, financial service trusts, and private equity investment. Ping An Trust gave full play to its advantages in trust businesses to support the development of the real economy. Ping An Trust achieved remarkable results by adhering to its transformation direction and optimizing its business portfolio. Assets held in trust increased 18.3% year to date to RMB462,802 million as of September 30, 2021. The proportion of assets under active management grew to 71.4%. Assets held in trust in the investment category increased by RMB80,772 million or 68.5% year to date.

Ping An Securities achieved steady growth by leveraging integrated financial services and technological strengths. Ping An Securities continued to transform comprehensively toward digital and platform-based operations, and vigorously implemented various strategic measures. Net profit grew 17.7% year on year to RMB2,928 million and core business indicators continued to improve steadily in the first nine months of 2021. In brokerage and wealth management business, the market share of Ping An Securities in terms of the equity and fund trading volume (excluding seat leasing)⁽¹⁾ expanded by 0.18 pps year on year to approximately 3.71% in the first nine months of 2021 thanks to its advantages in online operations. Ping An Securities accelerated the transformation of the wealth management business, and optimized its revenue structure. In investment banking and bond business, Ping An Securities was among top players in the industry by bond underwriting scale. Ping An Securities ranked 1st and 7th in the industry by scales of asset-backed securities and bonds underwritten respectively in the first nine months of 2021.

Note: (1) The computation of the market share excludes the Northbound Stock Connect market.

2.8 Technology Business

Ping An continues to further its technology strategies and develop various businesses rapidly. The total revenue of the technology business⁽¹⁾ increased 12.6% year on year to RMB73,227 million in the first nine months of 2021.

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

Lufax Holding (NYSE: LU) is one of the leading technology-powered personal financial services platforms in China. Lufax Holding is committed to addressing the huge unmet demand for loans among small and micro-business owners as well as salaried workers in China, and providing tailor-made wealth management solutions for China's fast-growing middle class and affluent population. Lufax Holding engages in two major businesses, namely retail credit facilitation and wealth management. In retail credit facilitation, Lufax Holding efficiently connects borrowers with banks, trust companies and insurers on its "Aggregate Model" retail lending platform to provide small and micro-business owners with quick, convenient lending services. In retail credit facilitation, Lufax Holding maintained steady business growth despite tighter fintech regulation and fiercer competition. In wealth management, Lufax Holding cooperated with financial product providers and built a technology-powered smart business framework, using AI to match customers with products and providing middle-class and affluent investors with diverse, customized offerings. As per the government policy on transforming online lending platforms, Lufax Holding cleaned up all its peer-to-peer AUM held by retail customers by August 2021, achieving the target of winding up online lending business ahead of schedule.

OneConnect (NYSE: OCFT) is a technology-as-a-service platform for financial institutions. OneConnect offers four integrated products featuring "horizontal integration" and "vertical full coverage." The Digital Retail Banking, Digital Commercial Banking, Digital Insurance and Gamma Platform (which provides fintech infrastructure services) cover full-process services including marketing and customer acquisition, risk management, operational management, smart operations, and fintech infrastructure. OneConnect continuously promotes fintech innovation, and has been on the IDC FinTech Rankings Top 100 list for four consecutive years. Moreover, OneConnect has been honored as one of KPMG's China Leading Fintech 50 companies for three consecutive years. OneConnect announced an upgraded strategy of "One Body and Two Wings" at its Open Day on September 10, 2021. "One Body" refers to the main business of helping financial institutions pursue digital transformation to improve efficiency, enhance service quality, reduce costs, and manage risks. "Two Wings" refers to developing ecosystems for governments, regulators and enterprises and expanding overseas markets. OneConnect will facilitate digital transformation by empowering financial services ecosystems with technologies. Committed to the mission of "technology creates value through expertise," OneConnect will continue to make breakthroughs in growth, quality and value.

Ping An Good Doctor (HKEX: 01833.HK), China’s leading online healthcare services platform, caters for the demand of users, governments, and other stakeholders. Ping An Good Doctor focuses on the four major pain points of the healthcare industry, namely the unbalanced resource supply and demand, insufficient high-quality healthcare, low resource utilization efficiency, and fragmented market supply. Starting with dedicated family doctors, Ping An Good Doctor provides members with personalized healthcare services covering health, sub-health, disease, chronic disease, and eldercare management, under the value proposition of “worry-free, time-saving, and money-saving” user experience. Leveraging its unique strengths in the experience, technologies, customer base and resources, Ping An Good Doctor empowers payers, serves providers, and provides patients with high-quality, convenient and cost-effective healthcare services. Ping An Good Doctor further integrates and empowers online and offline healthcare service providers as well as develops a uniform provider management system by pooling high-value traffic brought by various parties and generating bargaining power of the platform. Going forward, Ping An Good Doctor will increase investment in service capabilities to develop medical services while enhancing health management services. In addition, Ping An Good Doctor will expand the offline partner network and focus on financial institutions and enterprises in customer acquisition channels to enhance users’ trust. Moreover, Ping An Good Doctor will strengthen its in-house medical team, partner with renowned doctors in China and abroad, and build a global network of doctors under the multi-site practice model to provide comprehensive, professional medical services.

Autohome (NYSE: ATHM; HKEX: 02518.HK), China’s leading online auto services platform, is committed to developing a smart auto ecosystem centering on data and technology. In the ecosystem, Autohome provides auto consumers with diverse products and services across the entire auto lifecycle. Autohome announced its “ecosystem-based” strategic upgrade on September 15, 2021. Under the new business strategy, Autohome will develop the dual ecosystem of “Autohome + Ping An” to provide comprehensive services for consumers, automakers and various players in the auto ecosystem. Autohome completed its secondary listing on HKEX in March 2021, and became a constituent of the Hang Seng TECH Index and the Hang Seng Composite Index in early June 2021.

Ping An HealthKconnect strives to be a smart technology company that fully empowers the healthcare ecosystem with its focus on social health insurance (“SHI”). Through the provision of software and services, Ping An HealthKconnect promotes the co-development of SHI, healthcare, and medicine to lower medical costs, improve service experience, and strengthen insurance coverage. Ping An HealthKconnect empowers Healthcare Security Administrations by developing the Smart SHI Integrated Platform centering around a smart SHI system. Starting from SHI, Ping An HealthKconnect provides integrated medical management solutions covering hospitals, doctors, pharmacies, and insured members. Moreover, Ping An HealthKconnect empowers commercial insurers in terms of insurance product design, risk management, and marketing channels. Ping An HealthKconnect won 12 new bids to construct provincial-level SHI platforms in the first nine months of 2021, and cumulatively won 24 such bids as of September 30, 2021.

Ping An's smart city business offers comprehensive and 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 leverages technologies to empower city governance, support industries, advance people's livelihoods, and facilitate the digital government, digital economy, and digital society. Ping An's smart city business cumulatively served 160 cities, 1.74 million companies, and 130 million citizens as of September 30, 2021. In digital government services, Ping An helps local governments modernize governance frameworks and capabilities at an accelerated pace through its integrated solutions and leading proprietary technologies including AI, blockchain, and cloud computing. In promoting the digital economy, Ping An built a "smart brain" to help companies pursue digitization and smart business decision-making, aiming to provide comprehensive business services, optimize the business environment, and drive high-quality economic growth. In digital citizen services, Ping An empowers governments to digitize services with technologies and optimize citizens' daily life experience with an aim to improve citizens' senses of happiness, gain, and security.

2.9 Empowering Main Businesses with Technology

Ping An attaches great importance to developing core technologies and securing proprietary intellectual property rights. Ping An's technology patent applications increased by 5,423 year to date to 36,835 as of September 30, 2021, which is more than most other international financial institutions'. Of the technology patent applications, nearly 96% were for inventions, and 8,715 were made under the Patent Cooperation Treaty and abroad. Moreover, Ping An won multiple honors in top international technology competitions. Ping An won one championship in the "Number Recognition" task and ranked second by total score at the authoritative international contest Visual Question Answering Challenge in July 2021.

Ping An leverages cutting-edge technologies to comprehensively upgrade the end-to-end services of its core financial businesses.

- In respect of sales, Ping An Life continued to promote its online-merge-offline sales model through the "AI Customer Visit Assistant." The AI Customer Visit Assistant enables live streaming for online customer interactions, and provides audio- and video-based guidance as well as insurance and disease tips during offline customer visits. The AI Customer Visit Assistant supported an average of nearly 150,000 hours per month for customer visits in the first nine months of 2021, an increase of more than 200% as compared to 2020. Providing wider access to the service benefits, the "Jin Guan Jia" app had over 267 million registered users as of September 30, 2021. Over 15.30 million customers used the service benefits nearly 37.50 million times in the first nine months of 2021.
- In respect of operations, Ping An leverages technologies to optimize financial business processes, boost operational efficiency, and improve customer experience. In Property & Casualty's operations management, Ping An leverages AI robot assistants to reform its traditional business operating models and streamline the operational procedures. A "Robot Factory" was built to comprehensively rationalize and create a property and casualty insurance knowledge graph which improves the capability of identifying customer intentions based on natural language processing. The robot assistants can "listen, speak, read, think and act" via integration with voice recognition and voice-to-text technologies. As a result, 77.8% of policies were issued through self-service in September 2021.

- In respect of customer services, Ping An empowers human service representatives with AI which has been widely used in financial business scenarios. AI service representatives provided services about 1.54 billion times in the first nine months of 2021, covering a series of services including lending, credit cards, and insurance.

Ping An builds core competences around financial scenarios and develops a healthcare ecosystem to create greater synergies for the Group's main businesses. Nearly 63% of Ping An's over 225 million retail customers used services from the healthcare ecosystem. Such customers held 3.2 contracts and nearly RMB40,000 in AUM per capita respectively, 1.6 times and 2.9 times respectively as many as those who did not use healthcare services from the healthcare ecosystem.

2.10 Prospects of Future Development

The COVID-19 pandemic is still evolving across the world, and there are many uncertainties in the external environment. China's economy is steadily recovering as China's epidemic prevention and control has seen significant strategic achievements and entered a normal stage. However, the foundation of economic recovery still needs to be consolidated due to sporadic COVID-19 cases and natural disasters. The profound changes in the Chinese and overseas economic environments are breeding new long-term growth opportunities for the Company. On the one hand, residents' health awareness and demands for health management and eldercare services are increasing. Growing consumer demands for insurance and health management services mean ample opportunities for the Company to develop its financial and insurance businesses. On the other hand, policies and technologies are driving the demand for digital transformation. Therefore, the Company is accelerating model innovation in fields including finance and healthcare to empower business growth.

2021 is the first year of China's 14th Five-Year Plan. Ping An earnestly implements the 14th Five-Year Plan by upholding the compliance philosophy of "Regulations + 1," strengthening risk management, and improving operations. In response to the call of the Communist Party of China and the state, Ping An will pursue steady progress by focusing on its main businesses, serving the real economy, and promoting high-quality development. Ping An focuses on "Pan Financial Assets" and "Pan Healthcare" under its "finance + technology" and "finance + ecosystem" strategies. Ping An strives to become a world-leading retail financial services group by promoting steady business development under the philosophy of "Expertise makes life simple, technology makes financial services heartwarming, and healthcare makes life better." Moreover, Ping An will actively fulfill its corporate social responsibilities, and create steadily growing value for customers, shareholders, and society. Ping An will make unremitting efforts to realize people's aspiration for a better life and the common prosperity of society.

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

As of September 30, 2021, the total share capital of the Company was 18,280,241,410 shares, of which 10,832,664,498 were A shares and 7,447,576,912 were H shares.

Total number of shareholders as of the end of the Reporting Period		Total number of shareholders was 1,307,854, of which 1,303,569 were holders of A shares and 4,285 were holders of H shares.				
Shareholdings of top ten shareholders						
Name of shareholder	Nature of shareholder ⁽¹⁾	Shareholding percentage (%)	Total number of shares held (Shares) ⁽²⁾	Type of shares	Number of shares subject to selling restrictions (Shares)	Number of pledged, marked or frozen shares
Hong Kong Securities Clearing Company Nominees Limited ⁽³⁾	Overseas legal person	37.01	6,764,998,366 ⁽⁴⁾	H Share	-	Unknown
Shenzhen Investment Holdings Co., Ltd.	State	5.27	962,719,102	A Share	-	341,740,000 pledged shares
Hong Kong Securities Clearing Company Limited ⁽⁵⁾	Others	3.76	686,884,936	A Share	-	-
China Securities Finance Corporation Limited	Others	2.99	547,459,258	A Share	-	-
Central Huijin Asset Management Ltd.	State-owned legal person	2.65	483,801,600	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	-	-
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	-	-
Huaxia Fund-Agricultural Bank of China-Huaxia Zhongzheng Financial Asset Management Plan	Others	1.09	199,511,462	A Share	-	-

- Notes:*
- (1) Nature of the holders of A shares represents the nature of accounts held by the holders of A shares registered with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
 - (2) The shares of the Company could be used as underlying securities for margin financing and securities lending. None of the above shareholders holds A shares in credit securities accounts or engages in centralized securities lending and borrowing.
 - (3) 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.
 - (4) Business Fortune Holdings Limited and Plenty Ace Investments (SPV) Limited are indirect wholly-owned subsidiaries of Charoen Pokphand Group Company Limited (“CP Group Ltd.”), and the shares owned by these two companies have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by the above two companies have been deducted from the shares held by HKSCC Nominees Limited.
 - (5) The shares held by Hong Kong Securities Clearing Company Limited refer to the shares held by non-registered shareholders under the Northbound Trading of the Shanghai-Hong Kong Stock Connect Program.

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

Business Fortune Holdings Limited and 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 September 30, 2021, through the above two companies and other subsidiaries.

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

4. SIGNIFICANT EVENTS

Implementation of Share Purchase Plans of the Company

Key employee share purchase plan

As deliberated at the 16th Meeting of the 9th Board of Directors held on October 28, 2014 and approved at the 1st Extraordinary General Meeting for 2015 held on February 5, 2015, the Key Employee Share Purchase Plan of the Company has been officially implemented since 2015. For the Key Employee Share Purchase Plan of the Company, the participants are key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding are legitimate incomes and performance bonuses of the employees.

Seven phases of the Key Employee Share Purchase Plan were implemented as of the end of the Reporting Period. Among them, all the shares under the three phases for 2015-2017 were unlocked and vested, and the four phases for 2018-2021 were implemented as follows:

There were 1,296 participants in the Key Employee Share Purchase Plan for 2018. A total of 9,666,900 A shares of the Company were purchased for a total amount of RMB592,698,901.19 (expenses inclusive), accounting for approximately 0.053% of the total share capital of the Company at that time. During the Reporting Period, the lock-up period in respect of one third of the shares under the Key Employee Share Purchase Plan for this phase expired and all such shares were vested in batches to 1,043 employees. As to 133 employees who did not qualify for the vesting, 315,704 shares were forfeited. Shares under the Key Employee Share Purchase Plan for this phase were unlocked.

There were 1,267 participants in the Key Employee Share Purchase Plan for 2019. A total of 8,078,395 A shares of the Company were purchased for a total amount of RMB588,197,823.00 (expenses inclusive), accounting for approximately 0.044% of the total share capital of the Company at that time. During the Reporting Period, the lock-up period in respect of one third of the shares under the Key Employee Share Purchase Plan for this phase expired and all such shares were vested in batches to 1,077 employees. As to 130 employees who did not qualify for the vesting, 604,835 shares were forfeited.

There were 1,522 participants in the Key Employee Share Purchase Plan for 2020. A total of 7,955,730 A shares of the Company were purchased for a total amount of RMB638,032,305.75 (expenses inclusive), accounting for approximately 0.044% of the total share capital of the Company at that time. During the Reporting Period, the lock-up period in respect of one third of the shares under the Key Employee Share Purchase Plan for this phase expired and all such shares were vested in batches to 1,298 employees. As to 224 employees who did not qualify for the vesting, 727,801 shares were forfeited.

There were 1,754 participants in the Key Employee Share Purchase Plan for 2021. A total of 9,162,837 A shares of the Company were purchased for a total amount of RMB670,258,495.86 (expenses inclusive), accounting for approximately 0.050% of the total share capital of the Company at that time. For details of the share purchase, please refer to the *Announcement Regarding the Completion of Share Purchase under the 2021 Key Employee Share Purchase Plan* published by the Company on the websites of the HKEX and the SSE on April 30, 2021 and May 6, 2021 respectively. During the Reporting Period, no change was made in equity under the Key Employee Share Purchase Plan for 2021.

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

The key employees held 20,983,759 A shares of the Company in total through the Key Employee Share Purchase Plan as of the end of the Reporting Period, accounting for approximately 0.115% of the total share capital of the Company.

The long-term service plan

As deliberated at the 3rd meeting of the 11th Board of Directors held on October 29, 2018 and approved at the 2nd Extraordinary General Meeting for 2018 held on December 14, 2018, the Company has implemented the Long-term Service Plan since 2019. For the Long-term Service Plan of the Company, the participants are employees of the Company and its subsidiaries including directors, employee representative supervisors, and senior management. The source of funding is the payroll payable.

Three phases of the Long-term Service Plan were implemented as of the end of the Reporting Period:

There were 31,026 participants in the Long-term Service Plan for 2019. A total of 54,294,720 A shares of the Company were purchased for a total amount of RMB4,296,112,202.60 (expenses inclusive), accounting for approximately 0.297% of the total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, six employees qualified and applied for vesting, and their shares were vested; 2,290 employees were disqualified due to reasons including their resignations; 5,200,740 A shares were forfeited due to reasons including employees' resignations or failures 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, three employees qualified and applied for vesting, and their shares were vested; 2,933 employees were disqualified due to reasons including their resignations; 5,425,098 A shares were forfeited due to reasons including employees' resignations or failures to meet performance targets.

There were 90,960 participants in the Long-term Service Plan for 2021. A total of 57,368,981 A shares of the Company were purchased for a total amount of RMB4,184,093,674.69 (expenses inclusive), accounting for approximately 0.314% of the total share capital of the Company at that time. For details of the share purchase, please refer to the *Announcement on Completion of Share Purchase under the 2021 Long-term Service Plan* published by the Company on the websites of the HKEX and the SSE on April 30, 2021 and May 6, 2021 respectively. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 6,016 employees were disqualified due to reasons including their resignations, and 3,609,572 A shares were forfeited due to reasons including employees' resignations or failures to meet performance targets.

During the Reporting Period, the manager of the Long-term Service Plan was not changed.

The Long-term Service Plan held a total of 161,400,206 A shares of the Company as of the end of the Reporting Period, accounting for approximately 0.883% of the total share capital of the Company.

The Company has had stable, healthy operations 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 as well as establishing and strengthening long-term incentive and restraint mechanisms to facilitate the long-term, sustainable, healthy development of the Company.

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 56,878,274 A shares of the Company were repurchased by the Company by means of centralized bidding transaction via the system of the Shanghai Stock Exchange ("SSE"), representing approximately 0.31115% of the total share capital of the Company as of September 30, 2021. The total amount of funds paid was RMB2,866,508,561.06 (exclusive of transaction costs)/RMB2,866,995,872.90 (inclusive of transaction costs). The lowest transaction price was RMB48.38 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 126,885,077 A shares of the Company in the Company's repurchased securities account as of September 30, 2021.

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 nine months from January 1, 2021 to September 30, 2021.

5. SOLVENCY MARGIN OF SUBSIDIARIES

As of September 30, 2021	Ping An Life	Ping An P&C
Core capital (in RMB million)	1,063,642	113,070
Actual capital (in RMB million)	1,083,642	126,570
Minimum capital (in RMB million)	457,647	44,481
Core solvency margin ratio (%)	232.4	254.2
Comprehensive solvency margin ratio (%)	236.8	284.5

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.

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

6. GUARANTEE

(in RMB million)

External guarantee of the Company and its subsidiaries (excluding the guarantee in favor of its subsidiaries)	
Total external guarantee incurred during the Reporting Period	–
Total external guarantee balance as of the end of the Reporting Period	–
Guarantee of the Company and its subsidiaries in favor of its subsidiaries	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period ⁽²⁾	(6,121)
Total guarantee balance in favor of its subsidiaries as of the end of the Reporting Period	48,669
Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee	48,669
Total guarantee as a percentage of the Company's net assets (%)	6.1
Including: Direct or indirect guarantee for the companies with a total liabilities to total assets ratio over 70% (as of September 30, 2021)	48,669
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 RMB16,094 million less the guarantee repayment of RMB22,215 million.

7. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

7.1 Consolidated Income Statement

For the nine-month period ended 30 September 2021

For the nine-month period ended 30 September (in RMB million)	2021 (Unaudited)	2020 (Unaudited)
Gross written premiums	591,765	626,696
Less: Premiums ceded to reinsurers	(24,543)	(17,672)
Net written premiums	567,222	609,024
Change in unearned premium reserves	8,370	(20,418)
Net earned premiums	575,592	588,606
Reinsurance commission revenue	4,502	5,007
Interest revenue from banking operations	158,627	149,820
Interest revenue from non-banking operations	94,614	86,467
Fees and commission revenue from non-insurance operations	39,555	38,348
Investment income	56,651	66,955
Share of profits and losses of associates and jointly controlled entities	5,685	12,969
Other revenues and other gains	49,161	46,950
Total revenue	984,387	995,122
Gross claims and policyholders' benefits	(493,335)	(473,438)
Less: Reinsurers' share of claims and policyholders' benefits	15,087	8,876
Claims and policyholders' benefits	(478,248)	(464,562)
Commission expenses on insurance operations	(64,290)	(82,129)
Interest expenses on banking operations	(68,275)	(64,583)
Fees and commission expenses on non-insurance operations	(7,489)	(9,423)
Net impairment losses on financial assets	(65,240)	(57,910)
Net impairment losses on other assets	(11,742)	(2,172)
Foreign exchange gains/(losses)	820	1,222
General and administrative expenses	(126,607)	(134,016)
Interest expenses on non-banking operations	(22,019)	(19,912)
Other expenses	(27,594)	(24,264)
Total expenses	(870,684)	(857,749)

For the nine-month period ended 30 September (in RMB million)	2021 (Unaudited)	2020 (Unaudited)
Profit before tax	113,703	137,373
Income tax	(16,155)	(22,481)
Profit for the period	<u>97,548</u>	<u>114,892</u>
Attributable to:		
– Owners of the parent	81,638	103,041
– Non-controlling interests	15,910	11,851
	<u>97,548</u>	<u>114,892</u>
	RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent		
– Basic	4.63	5.83
– Diluted	4.59	5.79

7.2 Consolidated Statement of Comprehensive Income

For the nine-month period ended 30 September 2021

For the nine-month period ended 30 September (in RMB million)	2021 (Unaudited)	2020 (Unaudited)
Profit for the period	97,548	114,892
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Changes in the fair value of debt instruments at fair value through other comprehensive income	1,399	(4,359)
Credit risks provision of debt instruments at fair value through other comprehensive income	1,848	373
Shadow accounting adjustments	(1,302)	796
Reserve from cash flow hedging instruments	(286)	280
Exchange differences on translation of foreign operations	(359)	(1,107)
Share of other comprehensive income of associates and jointly controlled entities	481	(252)
Others	(171)	594
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	(9,532)	(67,797)
Shadow accounting adjustments	6,135	40,885
Share of other comprehensive income of associates and jointly controlled entities	(1,244)	2,971
Other comprehensive income for the period, net of tax	(3,031)	(27,616)
Total comprehensive income for the period	94,517	87,276
Attributable to:		
– Owners of the parent	78,344	76,217
– Non-controlling interests	16,173	11,059
	94,517	87,276

7.3 Consolidated Statement of Financial Position

As at 30 September 2021

(in RMB million)	30 September, 2021 (Unaudited)	31 December, 2020 (Audited)
ASSETS		
Cash and amounts due from banks and other financial institutions	630,082	587,391
Balances with the Central Bank	326,767	280,177
Financial assets purchased under reverse repurchase agreements	70,726	122,765
Premium receivables	86,878	94,003
Accounts receivable	25,983	26,176
Derivative financial assets	30,415	37,661
Reinsurers' share of insurance liabilities	28,483	20,219
Policy loans	174,965	161,381
Finance lease receivable	201,990	202,050
Loans and advances to customers	2,898,951	2,599,510
Financial assets at fair value through profit or loss	1,365,378	1,231,331
Financial assets at amortized cost	2,778,768	2,624,848
Debt financial assets at fair value through other comprehensive income	402,829	511,386
Equity financial assets at fair value through other comprehensive income	263,801	277,401
Investments in associates and jointly controlled entities	279,529	267,819
Statutory deposits for insurance operations	12,691	12,561
Investment properties	91,273	43,385
Property and equipment	44,975	46,286
Intangible assets	68,873	64,290
Right-of-use assets	14,599	16,172
Deferred tax assets	65,280	61,901
Other assets	176,353	186,098
Policyholder account assets in respect of insurance contracts	35,493	48,796
Policyholder account assets in respect of investment contracts	4,378	4,263
Total assets	10,079,460	9,527,870

(in RMB million)	30 September, 2021 (Unaudited)	31 December, 2020 (Audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	18,280	18,280
Reserves	221,932	228,271
Treasury shares	(8,862)	(5,995)
Retained profits	<u>560,690</u>	<u>522,004</u>
Equity attributable to owners of the parent	792,040	762,560
Non-controlling interests	<u>257,340</u>	<u>225,345</u>
Total equity	<u>1,049,380</u>	<u>987,905</u>
Liabilities		
Due to banks and other financial institutions	863,310	960,175
Financial liabilities at fair value through profit or loss	53,734	37,217
Derivative financial liabilities	36,702	48,579
Assets sold under agreements to repurchase	155,837	276,602
Accounts payable	5,801	5,148
Income tax payable	17,119	17,283
Insurance payables	125,416	139,528
Policyholder dividend payable	66,808	63,806
Customer deposits and payables to brokerage customers	2,965,859	2,693,833
Bonds payable	1,080,407	901,285
Insurance contract liabilities	3,207,753	2,972,460
Investment contract liabilities for policyholders	74,191	67,581
Lease liabilities	14,700	15,620
Deferred tax liabilities	14,028	19,267
Other liabilities	<u>348,415</u>	<u>321,581</u>
Total liabilities	<u>9,030,080</u>	<u>8,539,965</u>
Total equity and liabilities	<u>10,079,460</u>	<u>9,527,870</u>

7.4 Consolidated Statement of Cash Flows

For the nine-month period ended 30 September 2021

For the nine-month period ended 30 September (in RMB million)	2021 (Unaudited)	2020 (Unaudited)
Net cash flows from operating activities	49,730	264,313
Cash flows from investing activities		
Purchases of investment properties, property and equipment, and intangible assets	(9,071)	(5,619)
Proceeds from disposal of investment properties, property and equipment, and intangible assets, net	558	337
Proceeds from disposal of investments	1,502,332	1,586,327
Purchases of investments	(1,598,657)	(2,060,694)
Acquisition of subsidiaries, net	(236)	(336)
Disposal of subsidiaries, net	3,925	1,851
Interest received	127,131	127,349
Dividends received	40,949	31,866
Rentals received	3,032	2,278
Increase in policy loans, net	(13,208)	(17,058)
Net cash flows from/(used in) investing activities	56,755	(333,699)

For the nine-month period ended 30 September (in RMB million)	2021 (Unaudited)	2020 (Unaudited)
Cash flows from financing activities		
Capital injected into subsidiaries by non-controlling interests	6,533	36,130
Proceeds from bonds issued	903,627	697,902
(Decrease)/Increase in assets sold under agreements to repurchase of insurance operations, net	(118,816)	72,922
Proceeds from borrowings	165,487	163,946
Repayment of borrowings	(951,887)	(695,085)
Interest paid	(36,136)	(33,369)
Dividends paid	(29,744)	(35,226)
(Decrease)/Increase in insurance placements from banks and other financial institutions, net	(300)	2,800
Payment of acquisition of shares	(2,867)	(994)
Payment of shares purchased for Long-term Service Plan	(4,184)	(3,989)
Repayment of lease liabilities	(5,464)	(5,424)
Payment of redemption for other equity instruments by subsidiaries	(1,050)	–
Others	8,000	6,028
Net cash flows (used in)/from financing activities	(66,801)	205,641
Net increase in cash and cash equivalents	39,684	136,255
Net foreign exchange differences	(2,106)	(1,771)
Cash and cash equivalents at the beginning of the period	424,748	303,466
Cash and cash equivalents at the end of the period	462,326	437,950

8. RELEASE OF RESULTS ANNOUNCEMENT

This results announcement is simultaneously available on the website of HKEX (www.hkexnews.hk) and the website of the Company (www.pingan.cn). This results announcement is prepared in accordance with IFRSs. The report of the Third Quarter Results for 2021 prepared in accordance with the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance of the People's Republic of China and other relevant regulations will be published on the Company's website (www.pingan.cn) at the same time as it is published on the website of SSE (www.sse.com.cn).

By order of the Board of Directors

Ma Mingzhe

Chairman

Shenzhen, PRC, October 27, 2021

As at the date of this announcement, the executive directors of the Company are Ma Mingzhe, Xie Yonglin, Tan Sin Yin, Yao Jason Bo and Cai Fangfang; the non-executive directors of the Company are Soopakij Chearavanont, Yang Xiaoping and Huang Wei; the independent non-executive directors of the Company are Ouyang Hui, Ng Sing Yip, Chu Yiyun, Liu Hong, Ng Kong Ping Albert and Jin Li.