

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

**Summary of Solvency Report
for
First Half of 2022**

Company Overview and Reporting Contact

Company name (Chinese): 中国平安保险（集团）股份有限公司
Company name (English): Ping An Insurance (Group) Company of China, Ltd.
Legal representative: Ma Mingzhe
Registered address: 47th, 48th, 109th, 110th, 111th and 112th Floors,
Ping An Finance Center,
No.5033 Yitian Road,
Futian District,
Shenzhen
Registered capital: RMB18,280,241,410
Corporate license number of insurance institution: 000016
Business commencement date: March 21, 1988
Business scope: Investing in financial and insurance enterprises,
supervising and managing the onshore and offshore
businesses of subsidiaries, and engaging in fund
utilization

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Note:

The Summary of Solvency Report for 1H 2022 is prepared in accordance with relevant regulations of the China Banking and Insurance Regulatory Commission (CBIRC), including the *Regulatory Rules on Solvency of Insurance Companies (II)* (the “C-ROSS Phase II Rules”).

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I. Statement by the Board of Directors and the Management

This report has been approved by the Board of Directors of the Company. The Board of Directors and the management of the Company warrant that the information contained in this report is true, accurate, complete and legally compliant and there are no false representations, misleading statements contained in or material omissions from this report, and severally and jointly accept legal responsibility for the above.

The statement is hereby given.

II. Basic Information of the Group

(I) Shareholding Structure, Shareholders and Their Changes

(1) Shareholding Structure and Its Changes

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 of new shares (%)	Issue shares	Bonus issue	Transfer from reserve	Others	Subtotal	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

(2) Shareholdings of Top Ten Shareholders as at the End of the Reporting Period

Name of shareholder	Nature of shareholder ⁽¹⁾	Shareholding percentage (%)	Total number of shares held (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 ⁽²⁾	Overseas legal person	37.01	6,765,175,826 ⁽³⁾	+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 ⁽⁴⁾	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. ⁽⁵⁾	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	-	-
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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 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.
- (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.

(3) 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.

(II) Shareholding or Control Relations between the Group Parent Company and Member Companies

The Group's member companies under C-ROSS Phase II Rules, with clear shareholding structures, engage in businesses including insurance, banking, investment, and technology. Shareholding or control relations with and basic information of the main member companies of Ping An Group as of June 30, 2022 are as follows:

(1) Shareholding or Control Relations with and Basic Information of the Subsidiaries of the Group

The Group had the following main consolidated subsidiaries as of June 30, 2022:

Company name	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Registered capital (in RMB unless otherwise specified)
				Direct	Indirect	
Ping An Life Insurance Company of China, Ltd.	Shenzhen	Shenzhen	Life insurance	99.51%		33,800,000,000
Ping An Property & Casualty Insurance Company of China, Ltd.	Shenzhen	Shenzhen	Property and casualty insurance	99.55%		21,000,000,000
Ping An Bank Co., Ltd.	Shenzhen	Shenzhen	Banking	49.56%	8.40%	19,405,918,198
Ping An Trust Co., Ltd.	Shenzhen	Shenzhen	Trust investment	99.88%		13,000,000,000
Ping An Securities Co., Ltd.	Shenzhen	Shenzhen	Securities investment and brokerage	40.96%	55.59%	13,800,000,000
Ping An Annuity Insurance Company of China, Ltd.	Shanghai	Shanghai	Annuity insurance	94.18%	5.79%	11,603,419,173
Ping An Asset Management Co., Ltd.	Shanghai	Shanghai	Asset management	98.67%	1.33%	1,500,000,000
Ping An Health Insurance Company of China, Ltd.	Shanghai	Shanghai	Health insurance	74.33%	0.68%	4,616,577,790
China Ping An Insurance Overseas (Holdings) Limited	Hong Kong	Hong Kong	Investment holding	100.00%		HKD7,085,000,000
China Ping An Insurance (Hong Kong) Company Limited	Hong Kong	Hong Kong	Property and casualty insurance		100.00%	HKD490,000,000
Ping An International Financial Leasing Co., Ltd.	Shanghai	Shanghai	Financial leasing	69.44%	30.56%	14,500,000,000
Ping An of China Asset Management (Hong Kong) Company Limited	Hong Kong	Hong Kong	Asset management		100.00%	HKD395,000,000
Shenzhen Ping An Innovation Capital Investment Co., Ltd.	Shenzhen	Shenzhen	Investment holding		99.88%	4,000,000,000
Ping An Trendwin Capital Management Co., Ltd.	Shanghai	Shanghai	Investment consulting		99.75%	100,000,000
Ping An Real Estate Co., Ltd.	Shenzhen	Shenzhen	Property management and investment management		99.60%	20,000,000,000
Ping An Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	IT services	37.66%	62.34%	5,310,315,757
Shenzhen Ping An Financial Services Co., Ltd.	Shenzhen	Shenzhen	IT and business process outsourcing services		100.00%	598,583,070
Ping An E-wallet Electronic Commerce Company Limited	Shenzhen	Shenzhen	Internet service		77.14%	1,000,000,000
Shenzhen Wanlitong Network Information Technology Co., Ltd.	Shenzhen	Shenzhen	Custom loyalty service		77.14%	200,000,000

(II) Shareholding or Control Relations between the Group Parent Company and Member Companies (continued)

Company name	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Registered capital (in RMB unless otherwise specified)
				Direct	Indirect	
Shenzhen Ping An Commercial Property Investment Co., Ltd.	Shenzhen	Shenzhen	Property leasing and property management		99.50%	1,567,000,000
Ping An Futures Co., Ltd.	Shenzhen	Shenzhen	Futures brokerage		96.66%	721,716,042
Shenzhen Ping An Real Estate Investment Co., Ltd.	Shenzhen	Shenzhen	Real estate investment management		100.00%	1,310,000,000
Shanghai Pingpu Investment Co., Ltd.	Shanghai	Shanghai	Investment management		99.51%	9,130,500,000
Ansheng Investment Company Limited	British Virgin Islands	British Virgin Islands	Project investment		99.51%	USD50,000
Shenzhen Ping An Financial Technology Consulting Co., Ltd.	Shenzhen	Shenzhen	Corporation management advisory services	100.00%		30,406,000,000
Ping An Tradition International Money Broking Company Ltd.	Shenzhen	Shenzhen	Currency brokerage		66.92%	50,000,000
Pingan Haofang (Shanghai) E-commerce Co., Ltd.	Shanghai	Shanghai	Property agency		86.37%	1,930,000,000
Ping An Wealthtone Investment Management Co., Ltd.	Shenzhen	Shenzhen	Asset management		68.11%	800,000,000
Ping An Fund Management Company Limited	Shenzhen	Shenzhen	Fund raising and distribution		68.11%	1,300,000,000
Shenzhen Ping An Financial Center Development Company Ltd.	Shenzhen	Shenzhen	Property leasing and property management		99.51%	6,688,870,000
Ping An Insurance Sales Services Co., Ltd.	Shenzhen	Shenzhen	Sales agency of insurance		75.10%	515,000,000
Ping An Chuang Zhan Insurance Sales & Service Co., Ltd.	Guangzhou	Guangzhou	Insurance agent		99.55%	50,000,000
Reach Success International Company Limited	British Virgin Islands	British Virgin Islands	Project investment		99.51%	USD50,000
Jade Reach Investment Company Limited	British Virgin Islands	British Virgin Islands	Project investment		99.51%	USD50,000
Shenyang Shengping Investment Management Co., Ltd.	Shenyang	Shenyang	Property management and investment management		99.51%	419,000,000
Tongxiang Ping An Investment Co., Ltd.	Jiaxing	Jiaxing	Investment management		99.60%	500,000,000
Ping An Commercial Factoring Co., Ltd.	Shanghai	Shanghai	Commercial factoring advisory service		100.00%	2,700,000,000
Shanxi Changjin Expressway Co., Ltd.	Jincheng	Taiyuan	Expressway operation		59.71%	750,000,000
Shanxi Jinjiao Expressway Co., Ltd.	Jincheng	Taiyuan	Expressway operation		59.71%	504,000,000
Ping An Caizhi Investment Management Company Limited	Shenzhen	Shenzhen	Equity investment		96.55%	600,000,000
Ping An of China Securities (Hong Kong) Company Limited	Hong Kong	Hong Kong	Investment holding		96.55%	HKD663,514,734
Ping An of China Futures (Hong Kong) Company Limited	Hong Kong	Hong Kong	Futures brokerage		96.55%	HKD20,000,000
Ping An of China Capital (Hong Kong) Company Limited	Hong Kong	Hong Kong	Investment management		96.55%	HKD20,000,000

**(II) Shareholding or Control Relations between the Group Parent Company and
Member Companies (continued)**

Company name	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Registered capital (in RMB unless otherwise specified)
				Direct	Indirect	
China PA Securities (Hong Kong) Company Limited	Hong Kong	Hong Kong	Securities investment and brokerage		96.55%	HKD440,000,000
Shanghai Lufax Fund Sales Co., Ltd.	Shanghai	Shanghai	Fund sales		100.00%	20,000,000
Fuer Insurance Broker Co., Ltd.	Shanghai	Shanghai	Insurance brokerage service		100.00%	50,000,000
Beijing Shuangronghui Investment Co., Ltd.	Beijing	Beijing	Property leasing		99.51%	256,323,143
Chengdu Ping An Property Investment Co., Ltd.	Chengdu	Chengdu	Real estate investment management		99.51%	840,000,000
Hangzhou Pingjiang Investment Co., Ltd.	Hangzhou	Hangzhou	Real estate investment and management		99.51%	1,430,000,000
Beijing Jingxinlize Investment Co., Ltd.	Beijing	Beijing	Investment management		99.51%	1,160,000,000
Anbon Allied Investment Company Limited	United Kingdom	Hong Kong	Real estate investment management		99.51%	GBP90,000,160
Talent Bronze Limited	United Kingdom	Hong Kong	Real estate investment management		99.51%	GBP133,000,000
Ping An Pioneer Capital Co., Ltd.	Shenzhen	Shenzhen	Financial products and equity investment		96.55%	1,000,000,000
Shenzhen Pingke Information Consulting Co., Ltd.	Shenzhen	Shenzhen	Management consulting		100.00%	5,092,341,943
Beijing Jingping Shangdi Investment Co., Ltd.	Beijing	Beijing	Property leasing		99.51%	45,000,000
Guangzhou Xinping Property Investment Co., Ltd.	Guangzhou	Guangzhou	Property leasing		99.51%	50,000,000
Shanghai Jahwa (Group) Company Ltd.	Shanghai	Shanghai	Production and sale of consumer chemicals		99.51%	5,268,261,000
Shanghai Jahwa United Co., Ltd.	Shanghai	Shanghai	Industry		51.30%	679,634,461
FALCON VISION GLOBAL LIMITED	Shanghai	British Virgin Islands	Investment management		99.51%	USD50,000
Shanghai Zean Investment Management Company Limited	Shanghai	Shanghai	Property leasing		99.51%	4,810,000,000
PA Dragon LLC	USA	USA	Logistics and real estate		99.52%	USD143,954,940
Shanghai Pigan Automobile E-commerce Co., Ltd.	Shanghai	Shanghai	E-commerce		94.74%	63,330,000
Shanghai Gezhoubu Yangming Property Co., Ltd.	Shanghai	Shanghai	Real estate investment and management		99.51%	20,000,000
Shanghai Jinyao Investment Management Co., Ltd.	Shanghai	Shanghai	Investment management		99.05%	1,290,000,000
Shanghai Pingxin Asset Management Co., Ltd.	Shanghai	Shanghai	Asset management		100.00%	1,010,000,000
Shenzhen Qianhai Credit Service Centre Co., Ltd.	Shenzhen	Shenzhen	Credit information services		100.00%	345,075,000
Pigan Real Estate Capital Limited	Hong Kong	Hong Kong	Investment platform		99.60%	2,536,129,600
Shenzhen Qianhai Inclusive Crowdfunding & Trading Co., Ltd.	Shenzhen	Shenzhen	Investment consulting		100.00%	100,000,000
Zhuhai Hengqin Ping An Money Micro Loan Co., Ltd.	Zhuhai	Zhuhai	Micro loan		100.00%	300,000,000
Guangzhou Ping An Good Loan Microfinance Co., Ltd.	Guangzhou	Guangzhou	Micro loan		100.00%	600,000,000
Ping An International Financial Leasing (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Financial leasing		100.00%	1,800,000,000

**(II) Shareholding or Control Relations between the Group Parent Company and
Member Companies (continued)**

Company name	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Registered capital (in RMB unless otherwise specified)
				Direct	Indirect	
An Ke Technology Company Limited	Hong Kong	Hong Kong	Investment management and investment consulting		100.00%	USD582,996,000
Ping An Pay Technology Service Co., Ltd.	Shenzhen	Shenzhen	Internet service		77.14%	680,000,000
Ping An Pay Electronic Payment Co., Ltd.	Shanghai	Shanghai	Internet service		77.14%	489,580,000
Tongxiang Anhao Investment Management Co., Ltd.	Jiaxing	Jiaxing	Investment management		99.80%	300,000,000
Ping An Infrastructure Investment Fund Management Co., Ltd.	Shenzhen	Shenzhen	Investment management		98.01%	1,000,000,000
Ping An Fortune Management Co., Ltd.	Shanghai	Shanghai	Consulting services		100.00%	100,000,000
Ping An International Financial Leasing (Tianjin) Co., Ltd.	Tianjin	Tianjin	Finance leasing		100.00%	10,400,000,000
Shenzhen Anpu Development Co., Ltd.	Shenzhen	Shenzhen	Logistics and warehousing		79.61%	5,625,000,000
China PA Asset Management (Hong Kong) Company Limited	Hong Kong	Hong Kong	Asset management		96.55%	HKD10,000,000
Shanghai Tianhe Insurance Brokerage Co., Ltd.	Shanghai	Shanghai	Insurance broker		41.10%	50,000,000
Helios P.A. Company Limited	Hong Kong	Hong Kong	Project investment		99.51%	USD677,161,909
Value Success International Limited	British Virgin Islands	British Virgin Islands	Project investment		100.00%	USD50,000
Ping An Urban-Tech (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	IT services		79.21%	50,000,000
Shenzhen Ping An Chuangke Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment management		99.80%	100,000,000
Shenzhen Anchuang Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment management		99.70%	100,000,000
Lianxin (Shenzhen) Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment management		99.70%	5,100,000,000
Autohome Inc.	Beijing	Cayman Islands	Automotive internet platform		41.10%	USD1,273,469
Mayborn Group Limited	United Kingdom	United Kingdom	Infant products		51.30%	GBP1,154,873
Jiaxing Ping An Cornerstone I Equity Investment Management Co., Ltd.	Shanghai	Jiaxing	Investment management		99.51%	1,000,000
Shenzhen Qianhai Jinxuan Investment Co., Ltd.	Shenzhen	Shenzhen	Investment management and investment consulting		99.90%	2,270,000,000
eLink Commerce Company Limited	Hong Kong	Hong Kong	E-commerce trade		99.89%	HKD25,124,600
Overseas W.H. Investment Company Limited	Cayman Islands	Cayman Islands	Investment holding		100.00%	USD5,009,918,056
Global Voyager Fund (HK) Company Limited	Hong Kong	Hong Kong	Asset management		100.00%	USD14,794,701
Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd.	Shenzhen	Shenzhen	Investment consulting		100.00%	1,500,100,000
Shenzhen Dingshuntong Investment Co., Ltd.	Shenzhen	Shenzhen	Investment consulting		100.00%	100,000,000

(II) Shareholding or Control Relations between the Group Parent Company and Member Companies (continued)

Company name	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Registered capital (in RMB unless otherwise specified)
				Direct	Indirect	
China PA Wealth Management (Hong Kong) Company Limited	Hong Kong	Hong Kong	Insurance brokerage		96.55%	HKD1,000,000
Ping An Commodities Trading Co., Ltd.	Shenzhen	Shenzhen	Commodity trade		96.66%	1,000,000,000
Shenzhen Shengjun Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment management		99.70%	5,000,000
Shenzhen Hengchuang Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment platform		99.60%	5,000,000
Chongqing Youshengda Real Estate Consulting Co., Ltd.	Chongqing	Chongqing	Real estate consulting		99.51%	12,537,286,000
Shenzhen Pingjia Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment platform		99.70%	5,000,000
Ping An Wealth Management Co., Ltd.	Shenzhen	Shenzhen	Asset management		57.96%	5,000,000,000
Hangzhou Xiaoshan Ping An Cornerstone II Equity Investment Co., Ltd.	Shanghai	Hangzhou	Investment management		99.51%	10,000,000
TTP CAR INC.	Shanghai	Cayman Islands	Second-hand car platform		20.96%	USD15,753
Beijing Xinjie Real Estate Development Co., Ltd.	Beijing	Beijing	Property leasing and property management		69.66%	USD24,500,000
Shanghai Orient Overseas Kaixuan Real Estate Co., Ltd.	Shanghai	Shanghai	Property leasing and property management		69.66%	2,208,601,418
Shanghai Huaqing Real Estate Management Co., Ltd.	Shanghai	Shanghai	Property leasing and property management		59.71%	USD30,000,000
Chengdu Raffles City Industry Co., Ltd.	Chengdu	Chengdu	Property leasing and property management		69.66%	USD217,700,000
Raffles City (Hangzhou) Real Estate Development Co., Ltd.	Hangzhou	Hangzhou	Property leasing and property management		69.66%	USD299,740,000
Ningbo Xinyin Property Development Co., Ltd.	Ningbo	Ningbo	Property leasing and property management		69.66%	800,000,000

Note: The proportion of ordinary shares, as shown in the above table, is the sum product of direct holding by the Company and indirect holding by a multiplication of the proportion of shares held in each holding layer.

(2) Shareholding Structures and Basic Information of Joint Ventures

The Group had the following main joint ventures as of June 30, 2022:

Company name	Principal place of business	Place of registration	Nature of business	Shareholding proportion	Registered capital (in RMB unless otherwise specified)
Beijing Zhaotai Property Development Co., Ltd.	Beijing	Beijing	Property development	25.00%	5,000,000,000
Wuhan DAJT Property Development Co., Ltd.	Wuhan	Wuhan	Property development	50.00%	500,000,000

(III) Major Punishments imposed on the Company by Financial Regulators including the CBIRC during the Reporting Period

(Yes No)

III. Operation of Major Member Companies

(I) Ping An Life Insurance Company of China, Ltd. (“Ping An Life”)

Residents have 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 furthered its reform and achieved initial results.

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. Regarding the 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. Regarding the 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. We have 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 the bancassurance transformation, Ping An Life has begun to improve the bancassurance product suite to meet customer demands in this high growth potential channel. Regarding other channels, Ping An Life diversified its channels and actively 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” 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 accounted for 13.4% of Ping An Life’s NBV, up 2.1 pps year on year in the first half of 2022.

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 elderlcare,” and “insurance + high-end elderlcare,” by leveraging the Group’s healthcare ecosystem. In respect of 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 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.

In respect of 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 elderlcare,” Ping An integrates internal and external service providers to offer one-stop, home-based elderlcare 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 elderlcare brand in China. Ping An’s home-based elderlcare services had covered 32 cities across China as of June 30, 2022. In respect of “insurance + high-end elderlcare,” Ping An aims to fully satisfy the increasing needs for high-quality elderlcare 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 elderlcare community project, was launched in March 2022.

(II) Ping An Property & Casualty Insurance Company of China, Ltd. (“Ping An P&C”)

We conduct our property and casualty insurance business mainly through Ping An P&C. The business scope of Ping An P&C covers all lawful property and casualty insurance business lines including auto, corporate property and casualty, engineering, cargo, liability, guarantee, credit, home contents, and accident & health, as well as international reinsurance business. Ping An P&C 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.

For the six months ended June 30 (in RMB million)	2022	2021	Change (%)
Premium income	146,792	133,313	10.1
Including: Auto insurance	95,502	89,015	7.3
Non-auto insurance	37,923	33,727	12.4
Accident and health insurance	13,367	10,571	26.4
Market share ⁽¹⁾ (%)	18.3	18.2	0.1 pps
Including: Auto insurance (%)	24.0	23.8	0.2 pps

Note: (1) The market share was calculated on the basis of the insurance industry data published by the CBIRC.

(III) Ping An Bank Co., Ltd. (“Ping An Bank”)

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 Co., Ltd.) had 109 branches and 1,192 business outlets as of June 30, 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.

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

Regarding 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. In basic retail banking, Ping An Bank continued to strengthen omni-channel customer acquisition and full-scenario business development. “Ping An Pocket Bank” app’s registered users increased 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 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 & wealth management business, Ping An Bank upgraded its capabilities of developing products, teams, customer segments and so on to boost private banking & wealth management business comprehensively. Ping An Bank’s retail assets under management (“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. 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.

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 the following 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 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.

In 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 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 Co., Ltd. (Ping An Bank’s wholly-owned subsidiary) 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.

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. Ping An Bank's non-performing loan ratio remained unchanged year to date at 1.02% as of June 30, 2022. 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. In respect of corporate asset quality, Ping An Bank focused on key industries, regions and customers, selected industries with low cyclicalities, 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.

Moreover, 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 core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 8.53%, 10.39% and 13.09% respectively, meeting regulatory requirements as of June 30, 2022.

(IV) Ping An Trust Co., Ltd. ("Ping An Trust")

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).

(V) Ping An Securities Co., Ltd. (“Ping An Securities”)

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 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) 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 volume and 7th in bonds underwriting respectively in the first half of 2022. Ping An Securities continuously optimized its bond product mix, underwriting 14 interbank products and 11 Euro bonds in the first half of 2022. 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 demand 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.

(VI) Ping An International Financial Leasing Co., Ltd. (“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 new leasing business 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 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.

<u>(in RMB million)</u>	June 30, 2022	December 31, 2021	Change (%)
Total assets	276,486	273,954	0.9
Non-performing asset ratio (%)	1.28	1.21	0.07 pps

(VII) Ping An Asset Management Co., Ltd. (“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.

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

IV. Opinions from External Institutions

(I) Audit Opinions on the Group's Solvency Statements

Ernst & Young Hua Ming LLP, an auditor engaged by the Company, issued the Solvency Audit Report on Ping An for 2021, and was of the view that the Company's insurance group solvency statements as of December 31, 2021 was prepared, in all material respects, in accordance with the basis of preparation set forth in the *Regulatory Rules on Solvency of Insurance Companies (No. 1-17)* and the *Circular on Implementation of China Risk Oriented Solvency System*.

(II) Audit Opinions on the Group's Financial Statements and Internal Controls

Ernst & Young Hua Ming LLP, an auditor engaged by the Company, issued the Independent Auditor's Report on Ping An for 2021, and was of the view that the consolidated and company balance sheets as at December 31, 2021, as well as the consolidated and company income statements, statements of changes in shareholders' equity, and cash flow statements for the year 2021 and the notes to the financial statements were prepared, in all material respects, in accordance with the *Enterprise Accounting Standards*, which gave a fair view of the consolidated and company's financial position as at December 31, 2021 and the consolidated and company's performance results and cash flows for the year 2021.

Ernst & Young Hua Ming LLP, an auditor engaged by the Company, issued the Internal Control Audit Report on Ping An for 2021, and was of the view that the Company maintained effective internal controls over financial reporting in all material respects as of December 31, 2021 in accordance with the *Basic Norms for Internal Controls of Enterprises* and relevant requirements.

(III) Credit Rating Results

1. Name of the external agency providing rating service: China Chengxin International Credit Rating Co., Ltd.
2. Purpose of rating: proactive arrangements based on solvency regulations regarding credit rating;
3. Rated entity: Ping An Insurance (Group) Company of China, Ltd.
4. Rating results: the corporate credit rating is AAA, and the rating outlook is stable;
5. Valid period of rating: August 2022.

(IV) Change of External Institutions during the Reporting Period

1. During the Reporting Period, did the Company replace an accounting firm that provided auditing services for the Company? (Yes No)
2. During the Reporting Period, did the Company replace an external institution that issued other independent opinions? (Yes No)

V. Solvency Statements

(I) Solvency Statement of Insurance Holding Group

Insurance group name: Ping An Insurance (Group) Company of China, Ltd. June 30, 2022 (in RMB million)

Item	Line	June 30, 2022 (under C-ROSS Phase II)	December 31, 2021 (under C-ROSS Phase I)
Actual capital	(1) = (2) + (3) + (4) + (5)	1,803,788.20	1,899,988.76
Core tier 1 capital	(2)	1,145,180.09	1,703,744.49
Core tier 2 capital	(3)	220,652.54	157,742.01
Supplementary tier 1 capital	(4)	426,174.12	38,502.26
Supplementary tier 2 capital	(5)	11,781.45	-
Minimum capital	(6) = (7) + (21) + (22)	764,670.63	813,781.04
Minimum capital for quantifiable risks	(7) = (8) + (9) + (10) + (11) + (12) + (13) - (20)	764,670.63	813,781.04
Minimum capital of the parent company	(8)	-	-
Minimum capital of insurance member companies	(9)	442,825.90	507,553.67
Minimum capital of banking member companies	(10)	300,523.67	285,317.21
Minimum capital of securities member companies	(11)	14,901.71	13,957.75
Minimum capital of trust member companies	(12)	6,419.35	6,952.41
Minimum capital for group-level quantifiable specific risks	(13) = (14) + (15)	-	-
Minimum capital for risk contagion	(14)	-	N/A
Minimum capital for concentration risk	(15) = (16) + (17) + (18) - (19)	-	N/A
Minimum capital for counterparty concentration risk	(16)	-	N/A
Minimum capital for industry concentration risk	(17)	-	N/A
Minimum capital for customer concentration risk	(18)	-	N/A
Risk diversification effect	(19)	-	N/A
Capital requirement decrease due to risk diversification	(20)	-	-
Minimum capital for control risks	(21)	-	-
Additional capital buffer	(22)	-	-
Core solvency margin surplus	(23) = (2) + (3) - (6) × 50%	983,497.32	1,454,595.98
Core solvency margin ratio	(24) = [(2) + (3)] / (6) × 100%	178.62%	228.75%
Comprehensive solvency margin surplus	(25) = (1) - (6)	1,039,117.57	1,086,207.72
Comprehensive solvency margin ratio	(26) = (1) / (6) × 100%	235.89%	233.48%

Note: The group-level capital requirement decrease due to risk diversification and additional capital buffer will be separately stipulated by the CBIRC.

(II) Actual Capital Statement of Insurance Holding Group

Insurance group name: Ping An Insurance (Group) Company of China, Ltd. June 30, 2022 (in RMB million)

Item	Line	June 30, 2022 (under C-ROSS Phase II)	December 31, 2021 (under C-ROSS Phase I)
Core tier 1 capital	(1) = (2) + (3) + (12) + (13) + (14) + (15) + (16)	1,145,180.09	1,703,744.49
Net assets in group consolidated financial statements	(2)	1,117,263.00	1,077,723.00
Adjustment for insurance member companies	(3) = (4) + (5) + (6) + (7) + (8) + (9) + (10) + (11)	151,586.07	745,660.80
Book value of unadmitted assets	(4)	(16,618.27)	(12,267.10)
Difference between admitted value and book value of long-term equity investments	(5)	(5,696.06)	-
Difference between admitted value and book value (exclusive of the effect of income tax) of investment property (including investment property held by insurance companies through property rights or subsidiaries, etc.)	(6)	-	-
Deferred income tax assets (excluding deferred income tax assets caused by operating losses)	(7)	(21,426.70)	-
Catastrophe risk reserves for agricultural insurance	(8)	136.78	2.30
Policy future surplus included in core tier 1 capital	(9)	195,058.52	757,925.60
Amount of capital instruments attributable to liabilities that meet the core tier 1 capital standards and may be included in core tier 1 capital	(10)	-	-
Other adjustments stipulated by the CBIRC	(11)	131.80	-
Adjustment for banking member companies	(12)	(77,325.71)	(76,399.13)
Adjustment for trust member companies	(13)	(6,131.50)	(5,239.06)
Adjustment for securities and futures member companies	(14)	(12,725.75)	(11,730.81)
Goodwill	(15)	(15,593.56)	(15,607.03)
Other adjustments stipulated by the CBIRC	(16)	(11,892.46)	(10,663.28)
Core tier 2 capital	(17) = (18) + (23) + (24)	220,652.54	157,742.01
Core tier 2 capital of insurance member companies	(18) = (19) + (20) + (21) - (22)	60,790.43	-
Preferred stock	(19)	-	-
Policy future surplus included in core tier 2 capital	(20)	60,790.43	-
Other core tier 2 capital	(21)	-	-
Less: the amount that should be deducted for exceeding the limit	(22)	-	-
Other tier 1 capital of banking member companies	(23)	58,371.20	58,391.15
Tier 2 capital instruments of banking member companies	(24)	101,490.91	99,350.86
Supplementary tier 1 capital	(25) = (26) + (27) + (28) + (29) + (30) + (31) - (32)	426,174.12	38,502.26
Subordinated term debt	(26)	-	-
Capital supplementary bonds	(27)	33,500.00	33,500.00
Convertible subordinated debt	(28)	-	-
Deferred income tax assets (excluding deferred income tax assets caused by operating losses)	(29)	21,426.70	-
Policy future surplus included in supplementary tier 1 capital	(30)	363,710.28	-
Other supplementary tier 1 capital	(31)	7,537.14	5,002.26
Less: the amount that should be deducted for exceeding the limit	(32)	-	-
Supplementary tier 2 capital	(33) = (34) + (35) - (36)	11,781.45	-
Contingent capital and other supplementary tier 2 capital	(34)	-	-
Policy future surplus included in supplementary tier 2 capital	(35)	11,781.45	-

Less: the amount that should be deducted for exceeding the limit	(36)	-	-
Total actual capital	(37) = (1) + (17) + (25) + (33)	1,803,788.20	1,899,988.76

VI. Management Discussion and Analysis

(I) Changes in Solvency Margins

Ping An Group has adopted the C-ROSS Phase II Rules starting from the solvency report for the first half 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.

Ping An's comprehensive solvency margin ratio and core solvency margin ratio under the C-ROSS Phase II Rules were 235.89% and 178.62% respectively as of June 30, 2022, both well above regulatory requirements.

(II) Changes in Integrated Risk Ratings

Not applicable. The CBIRC has not yet conducted the Integrated Risk Rating of insurance groups.

(III) Risk Analysis of the Group

The Group's overall risk profile was stable, and all types of risks were kept within risk appetites in the first half of 2022. In respect of credit risk, the default risk of some industries and customer segments involving investment/financing increased due to the recent COVID-19 resurgence and economic slowdown. In respect of market risk, fluctuations in the equity market had some impact on the investment income of some insurance subsidiaries. In respect of insurance risk, all the risk indicators were in good condition. There was no major solvency risk event in respect of strategic risk, brand and reputation risk, liquidity risk, and compliance and operational risk. In respect of group-level specific risk management, the Group proactively implements applicable regulatory requirements, and enhances the management of group-level specific risks including risk contagion, organizational structure non-transparency risk, concentration risk, and risks in non-insurance areas. Among them, regarding the concentration risk, the Group focuses on strengthening the concentration management of counterparties and industries, and will continue to enhance the position monitoring and risk management of the real estate industry and large-value transaction counterparties.

The Group reshaped a comprehensive risk management system covering 11 types of general risks and 4 types of insurance group-level specific risks in line with new regulatory requirements under the C-ROSS Phase II Rules and internal management needs in the first half of 2022. Moreover, the Group actively implemented the latest requirements under the C-ROSS Phase II Rules, started to optimize internal risk management, and conducted gap analysis and management improvement regarding new regulations under the C-ROSS Phase II Rules, further improving the Group's solvency risk management system.

VII. Significant Events

(I) Major Investments

During the Reporting Period, equity investments made by the parent company in its subsidiaries included:

(in RMB million)

No.	Type	Investment target	Time of investment	Investment amount			Book value at the end of the period
				At the beginning of the period	At the end of the period	Change	
1	Subsidiary	Ping An Annuity Insurance Company of China, Ltd.	March and June, 2022	4,185.0000	19,305.0000	15,120.0000	19,305.0000
2	Subsidiary	Ping An Health Insurance Company of China, Ltd.	April, 2022	1,481.1354	3,431.3954	1,950.2600	3,431.3954
3	Subsidiary	Ping An Property & Casualty Insurance Company of China, Ltd.	April, 2022	20,992.6443	21,005.1755	12.5312	21,005.1755

Note: The parent company made no new investments in its associates and joint ventures during the Reporting Period.

(II) Material Investment Losses

During the Reporting Period, there was no material investment loss as stipulated under the regulatory rules on solvency.

(III) Material Guarantees

During the Reporting Period, there was no material guarantee as stipulated under the regulatory rules on solvency.

(IV) Major Financing Activities

During the Reporting Period, there was no major financing activities as stipulated under the regulatory rules on solvency.

(V) Material Related Party Transactions

According to the *Regulatory Rules on Solvency of Insurance Companies (II)*, the Group had one material related party transaction during the Reporting Period under the CBIRC's rules on related party transactions to identify related parties and determine material related party transactions. Details are as follows:

On April 28, 2022, the Company entered into the *Capital Increase Agreement* with Ping An Annuity Insurance Company of China, Ltd. ("Ping An Annuity"). Other shareholders of Ping An Annuity, including Ping An Life Insurance Company of China, Ltd., Ping An Property & Casualty Insurance Company of China, Ltd., Ping An Trust Co., Ltd., and Shenzhen Ping An Innovation Capital Investment Co., Ltd., waived the pre-emptive rights in connection with the capital increase. The waived part was subscribed for by the Company. The Company injected RMB10.52 billion into Ping An Annuity.

This related party transaction was deliberated and approved at the 1st meeting of the Related Party Transaction

Control and Consumer Rights Protection Committee held by the Company on March 17, 2022, and was deliberated and approved at the 8th meeting of the 12th session of the Board of Directors held by the Company on March 17, 2022.

(VI) Material Reinsurance Contracts

During the Reporting Period, no material reinsurance contract was signed.

(VII) The Group's Member Companies Faced Financial Crises or Being Taken Over by Other Regulators

During the Reporting Period, no member company of the Group faced financial crises or was taken over by other regulators.

(VIII) Other Significant Events

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). The implementation of the distribution plan had been completed.

The Board of Directors declared 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.

VIII. Risk Management Capability

(I) Solvency Risk Governance

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

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

- (1) to review and approve overall objectives of the Group's comprehensive risk management, risk appetites and tolerance, and risk management policies;
- (2) to review and approve the organizational structure and responsibilities of the Group's comprehensive risk management;
- (3) to supervise whether the management effectively manages and controls the Group's overall risk;
- (4) to review and approve the Group's comprehensive risk management reports, including the Group's solvency reports, risk assessment reports, capital plans and other risk-related reports; and
- (5) to review and approve other significant events related to comprehensive risk management.

The Audit and Risk Management Committee under the Board of Directors conducts relevant tasks authorized by the Board of Directors, deliberates matters related to comprehensive risk management, and gives opinions and recommendations to the Board of Directors. Its functions include:

- (1) to deliberate overall objectives of the Group's comprehensive risk management, risk appetites and tolerance, and risk management policies;
- (2) to deliberate the organizational structure and responsibilities of the Group's comprehensive risk management;
- (3) to deliberate the Group's solvency reports and submit them to the Board of Directors for review and approval;
- (4) to deliberate comprehensive risk management reports, including the Group's risk assessment reports and other special risk reports, and have a thorough understanding of the Group's and its member companies' risk exposures and management situations;
- (5) to assess the operational effectiveness of the Group's comprehensive risk management framework;
- (6) to assess risks in the Group's significant business activities, and deliberate solutions to significant events related to comprehensive risk management;
- (7) other tasks arranged by the Board of Directors.

The Group Executive Committee authorizes the Risk Management Executive Committee (RMEC) to be responsible for risk management decision-making and execution. The Group's Chief Risk Officer acts as the RMEC's chairman, and has responsibilities for managing strategies, policies, procedures, execution, and award and

punishment under the comprehensive risk management framework, and advancing the establishment of an integrated risk prevention and management framework by the Group and its member companies to cover the overall risk management.

The Group further solidified the foundation for comprehensive risk management by reshaping its comprehensive risk management framework based on the latest regulatory requirements and internal management needs in the first half of 2022. The Group clarified that the comprehensive risk management framework covers 11 types of general risks and 4 types of insurance group-level specific risks. The Group has clearly defined risk management responsibilities on the basis of the two-tier risk management structure of the Group and its member companies. The Group is responsible for supervision and management by stipulating rules and conducting supervision and appraisal, and its member companies are responsible for discretionary management and independent decision-making. The Group has set clear limits on group-level specific risks by defining the Group's risk appetite indicators, and established the comprehensive risk indicator system to continuously monitor risk limits. The Group has reviewed and standardized execution processes and management requirements and incorporated them into procedures. The Group maintained robust risk management and prevention by continuing to promote member companies' implementation of the Group's management requirements.

(II) Introduction and Implementation of Risk Management Strategies

(1) Risk Management Strategies

Ping An Group developed effective solvency risk management strategies by continuing to strengthen its enterprise risk management system and improve its organizational structure. Meanwhile, the Group urged its member companies to formulate risk management strategies according to their actual conditions and features.

In respect of risk appetites, tolerance, and limits, Ping An Group set a risk appetite framework covering the "11+4" types of risks in line with regulatory policies, strategic business plans, overall capital position, market landscapes, and business features of member companies. This framework constitutes a core part of the Group's solvency risk management strategies.

In respect of risk identification, evaluation, and monitoring, Ping An Group introduced a solvency risk warning mechanism with matched comprehensive risk monitoring indicators to identify, evaluate and monitor risks in a timely manner.

In respect of risk responses and crisis management, Ping An Group continued to improve its risk warning mechanism, providing effective alerts on industry developments, regulatory information and risk events, The Group also enhanced its risk emergency management mechanism, effectively guarding against potential risks.

In respect of assessment of the effectiveness of risk management, Ping An Group conducted holistic management of member companies' risks, reviewing and assessing the overall solvency risk management to improve the risk management system.

In respect of the prevention against risk contagion and transmission, Ping An Group strengthened the risk contagion system and management mechanism, gave relevant publicity and training sessions, set indicators of risk contagion, risk appetites and risk limits, and monitored and reported on risks on a regulator

basis.

In respect of resource allocation of risk management in human resources, finance and organizations, Ping An put a Chief Risk Officer in place responsible for the solvency risk management. As an independent risk management department, the Group's Risk Management Department headed up the Group's solvency risk management, being well-staffed and with necessary qualifications.

(2) Risk Appetite System and Objective

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

Ping An Group adopted prudent risk appetites in accordance with related requirements of the risk appetite management measures, pursuing business operations in a lawful, compliant and prudent manner, and taking risks under reasonable control. Ping An Group prevented risk events in operational compliance, information technology, brand reputation, and so on to take effective control of insurance, credit, market and other related risks. Ping An Group enhanced management of strategic risks, and has always met regulatory requirements for solvency margin ratios. By doing so, Ping An effectively prevented significant risks and reduced small risks, promoting business operations, management and development through risk management.

The risk appetite system of Ping An Group consists of three parts, i.e. the overall risk appetite statement, risk tolerance, and risk limits. The overall risk appetite statement describes the level of risk that the Group is willing to take in pursuit of the business goals. Risk tolerance details the overall risk appetite statement by specifying 11 types of general risks and 4 types of insurance group-specific risks. Risk limits further quantify and detail risk tolerance by setting corresponding limits based on risk tolerance for the risks suitable for monitoring with quantitative indicators.

(3) Risk Management Tools

Ping An Group stepped up the use of risk management tools including comprehensive budget, asset-liability management, capital plan and allocation, and stress testing, to manage inherent risks of the Group and its main member companies within the scope of business. Ping An Group clarified the management plans and main processes of the Group and member companies, and provided regular monitoring and supervision to ensure the effective implementation and application of risk management tools.

In respect of comprehensive budget, Ping An Group assisted in the Group's major business management through comprehensive budget by taking into account risk appetites and risk limits. Member companies promoted the implementation of comprehensive budget under the guidance of the Group.

In respect of asset-liability management, Ping An Group adopted a prudent asset-liability risk management policy, focusing on improving asset quality and operating performances. Member companies are responsible for making independent decisions on asset-liability risk management within their own jurisdiction, and setting up a robust asset-liability risk management system.

In respect of capital plan and allocation, Ping An Group developed a forward-looking program for

capital plan and allocation management in line with factors including strategic goals, business development and industry landscapes, to keep improving the Company's capability for risk prevention. Member companies organized the implementation of related capital management work in accordance with the Group's management requirements, their own development strategies and business plans, and other requirements.

In respect of stress testing, Ping An Group conducted sensitivity and scenario stress testing to keep a close eye on the changes in solvency. Member companies carried out stress testing as required by the Group.

(III) Identification and Evaluation of Group-level Specific Risks

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

(1) Risk Contagion

Risk contagion refers to a situation where the risk created by a member of the Group spreads to another member of the Group by means of related party transactions or other activities, causing unexpected losses to such other member or the Group. While promoting synergies in integrated finance, the Group has strengthened management and coordination across the Group by building firewalls, managing related party transactions, outsourcing and integrated financial services, and centralizing branding, communications and information disclosure in order to prevent intra-group risk contagion. The management of risk contagion within the Group has been fully improved.

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

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

Secondly, finance firewalls. The finance frameworks and management policies of the Group and its members all meet the requirements of finance firewalls, including personnel independence, policy independence, account independence, accounting independence, and system authority independence. Specifically, the Group and its members have respective independent finance functions; the Group and its members have their own finance management policies and processes; the Group and its members strictly satisfy the requirements for setting up accounts by legal person and create their own independent financial ledger, the Group and its members perform independent financial accounting, with external auditors issuing independent financial audit reports; and the Group and its members implement strict management segregation over the data of the financial information systems.

Thirdly, treasury firewalls. The treasury frameworks and management policies of the Group and its members

all meet the requirements of firewalls, including personnel independence, policy independence, account independence, and system authority independence, as detailed below: The Group and its member companies have set up independent treasury management units, with respective rules and procedures on treasury management. The Group and its member companies strictly satisfy the requirements for setting up accounts by legal person, and have established hierarchical authorization and approval processes for transactions to prevent random allocation of funds between entities and non-business-based fund transfers. The Group and its member companies established strict authority control and information isolation mechanism in the system, with different approval chains for applying for adding or invalidating system authority under different scenarios or for different posts.

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

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

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

operating effectively.

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

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

The Group has centralized the management of branding, communication, and information disclosure. The Group has developed robust policies for brand asset management and information disclosure, and strictly implemented them to ensure centralized and consistent brand management. In terms of brand asset management, the Group constantly improves its reputation risk management framework in accordance with applicable laws and regulations and regulatory requirements. The Group adheres to a reputation risk management philosophy centering on prevention, and conducts multi-level differentiated reputation risk management. The Group takes risk prevention and control, effective disposal, and image restoration as the ultimate standards for reputation risk management. The Group has established a scientific, sound, and efficient risk prevention and response mechanism to ensure rapid, coordinated responses to and efficient handling of reputation risk events, and promptly repair its reputation and image. In terms of information disclosure, the Group and its member companies subject themselves to public oversight, and have developed centralized interview and information release mechanisms to ensure timely and

accurate information disclosure, and prevent reputation risk arising from misreading or misunderstanding. In terms of public information disclosure, the Group has formulated corresponding information disclosure management procedures and detailed implementation rules in accordance with regulatory requirements, and clarified the management and control requirements for information disclosure by the Group and its member companies, to ensure that information disclosure is fair, timely, true, accurate and complete.

(2) Organizational Structure Non-transparency Risk

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

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

The Group has formulated clear shareholding structure management requirements. Through measures such as pre-assessment of material equity investments, quarterly monitoring of the investments, and post-investment tracking and reporting, the Group ensured a clear internal shareholding structure, gradually simplified control levels, and avoided internal cross-shareholding and illegal subscription for capital instruments. At present, the Group's management system for organizational structure non-transparency risk is clear, the division of responsibilities is well defined, and the internal management is effective.

(3) Concentration Risk

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

To manage the concentration risk from the perspectives of counterparties, the Group has followed the principle of reasonably controlling the concentration risk of counterparties. The Group has specified a set of risk limits for counterparties after considering the risk profiles of counterparties and the appetite and tolerance of the Group. The Group's set of risk limits cover investment and financing businesses such as debts, equities and financial products, contingent liabilities businesses such as external commitments/guarantee, and other businesses such as derivatives

bearing counterparty risk. For a group of corporations and public institutions or interbank customers with control relationships among them, the Group includes them in the same group, and implements unified and combined concentration limit management. Moreover, by adopting advanced technology, the Group has been improving the breadth and depth of the concentration risk management, increasing its monitoring frequency effectively, and warning against counterparties with higher concentration risks promptly.

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

To manage the concentration risk in classes of invested assets, the Group has followed the principle of reasonable diversification. The Group has set concentration risk limits for different asset classes based on reasonable classification of invested assets. Moreover, the Group has regularly reviewed the concentration risk posed by invested assets at the member company level to prevent any solvency risk and liquidity risk arising from overconcentration of investments in certain asset classes.

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

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

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

(4) Non-insurance Risk

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

The Group is an integrated financial service group authorized by the State Council to engage in separate operations under a listed holding group subject to separate regulation. The Group improves its overall specialized capabilities and market competitiveness through its diversified business presence in non-insurance sectors by regularly evaluating and adjusting its diversification strategy while focusing on main insurance businesses.

For equity investments in non-insurance businesses, the Group has developed rules, standards and limits,

established investment decision-making and risk management processes as well as investment review, evaluation and reporting processes, and specified mechanisms for investment management. The Group prudently engages in investments in non-insurance businesses adhering to the principle of “focusing on the main businesses.” Moreover, the Group regularly conducts equity management and risk monitoring of non-insurance member companies, and regularly evaluates the impact of the business activities of the Group's non-insurance member companies on solvency.

All the non-insurance member companies of the Group engage in specialized operations independently, and are supervised by their corresponding regulators. Through corporate governance and internal mechanisms, the Group has clarified the requirements of segregating insurance member companies from non-insurance member companies. The Group regularly reviews the segregation mechanism to ensure that all the non-insurance member companies are segregated from the insurance member companies in terms of assets and liquidity.

(IV) Results of Regulatory Assessment

The CBIRC has not yet conducted a regulatory assessment for insurance groups in the first half of 2022.

IX. Integrated Risk Rating

(I) Two Recent Integrated Risk Ratings

Not applicable. The CBIRC has not yet conducted the Integrated Risk Rating of insurance groups.

(II) Improvement Measures Adopted or to Be Adopted by the Group

Not applicable. The CBIRC has not yet conducted the Integrated Risk Rating of insurance groups.