PING AN
Expertise Creates Value

中国平安保险(集团)股份有限公司
Ping An Insurance (Group) Company of China, Ltd.

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

(Stock Code: 2318)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

The board of directors (the "**Board**") of Ping An Insurance (Group) Company of China, Ltd. ("**Ping An**" or the "**Company**") hereby announces the audited results of the Company and its subsidiaries for the year ended December 31, 2022. This announcement, containing the full text of the 2022 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to the information to accompany preliminary announcements of annual results.

Both the Chinese and English versions of this results announcement are available on the websites of the Company (www.pingan.cn) and the Hong Kong Exchanges and Clearing Limited (the "**HKEX**") (www.hkexnews.hk). This results announcement is prepared in accordance with the International Financial Reporting Standards. The printed version of the Company's 2022 Annual Report will be delivered to the H shareholders of the Company and available for viewing on the websites of the HKEX (www.hkexnews.hk) and the Company (www.pingan.cn) before April 2023.

By order of the Board
Ma Mingzhe
Chairman

Shenzhen, the PRC, March 15, 2023

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

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

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

Orange is more than a color

The best time in a year, orange and green
Back in 2022
Over a million employees and agents of Ping An
United like a fortress, faced up to challenges

We upheld our original aspiration in 2022
Served the real economy, funded small businesses
Orange is a heart
Protecting countless families under the starry sky

We focused on our business in 2022
Busy trucks, high-speed trains
Sky-high satellites, Hulunbuir pastures
Orange is a beam of light
Blessing mountains and rivers, land and people

We sought to create value in 2022
Explored digital innovation to meet people's needs
Focused, committed, specialized, we continued to create value
Worry-free, time-saving, money-saving, we made life simple and joyful
Orange is a glorious power
A million common people's and even a great nation's dream

Orange is more than a color
Turning 35, Ping An is full of vigor and vitality
Ping An Orange is handed down from generation to generation
Always beside you, we advance with the times
On a new journey of high-quality development

Five-Year Summary

(in RMB million)	**2022/ December 31, 2022**	2021/ December 31, 2021	2020/ December 31, 2020	2019/ December 31, 2019	2018/ December 31, 2018
CUSTOMER DEVELOPMENT					
Number of internet users (in million)	**693.33**	647.32	598.04	515.50	443.59
Number of retail customers (in million)	**226.64**	221.91	213.44	198.31	180.22
Number of contracts per customer (contract)	**2.97**	2.91	2.81	2.67	2.54
Operating profit per customer (in RMB)	**585.23**	585.81	576.17	619.24	542.28
Proportion of retail customers holding multiple contracts with different subsidiaries (%)	**39.8**	39.8	38.7	37.7	34.3
THE GROUP					
Operating profit attributable to shareholders of the parent company	**148,365**	147,961	139,470	132,955	112,573
Operating ROE (%)	**17.9**	18.9	19.5	21.7	21.9
Basic operating earnings per share (in RMB)	**8.50**	8.40	7.89	7.48	6.31
Dividend per share (in RMB)	**2.42**	2.38	2.20	2.05	1.72
Net profit attributable to shareholders of the parent company	**83,774**	101,618	143,099	149,407	107,404
Equity attributable to shareholders of the parent company	**858,675**	812,405	762,560	673,161	556,508
Group comprehensive solvency margin ratio(1) (%)	**217.6**	233.5	236.4	229.8	216.4
Total assets	**11,137,168**	10,142,026	9,527,870	8,222,929	7,142,960
Total liabilities	**9,961,870**	9,064,303	8,539,965	7,370,559	6,459,317
LIFE AND HEALTH INSURANCE BUSINESS					
Operating return on embedded value (%)	**11.0**	11.1	14.5	25.0	30.8
Embedded value	**874,786**	876,490	824,574	757,490	613,223
New business value	**28,820**	37,898	49,575	75,945	72,294
Operating profit	**112,980**	97,075	93,666	88,950	71,345
Residual margin	**894,413**	940,733	960,183	918,416	786,633
Comprehensive solvency margin ratio of Ping An Life(1) (%)	**219.7**	230.4	241.8	231.6	218.8
PROPERTY AND CASUALTY INSURANCE BUSINESS					
Net profit	**8,879**	16,192	16,159	22,808	12,274
Combined ratio (%)	**100.3**	98.0	99.1	96.4	96.0
Comprehensive solvency margin ratio(1) (%)	**220.0**	278.4	241.4	259.2	223.8
BANKING BUSINESS					
Net profit	**45,516**	36,336	28,928	28,195	24,818
Net interest margin (%)	**2.75**	2.79	2.88	2.95	2.35
Cost-to-income ratio (%)	**27.45**	28.30	29.11	29.61	30.32
Non-performing loan ratio (%)	**1.05**	1.02	1.18	1.65	1.75
Provision coverage ratio (%)	**290.28**	288.42	201.40	183.12	155.24
Core tier 1 capital adequacy ratio (%)	**8.64**	8.60	8.69	9.11	8.54
ASSET MANAGEMENT BUSINESS					
Net profit	**3,803**	13,952	12,292	10,415	13,709
TECHNOLOGY BUSINESS					
Operating profit	**6,697**	9,448	8,221	4,661	7,748

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

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

Introduction

Ping An strives to be a world-leading integrated finance and healthcare services provider. Ping An actively responds to China's 14th Five-Year Plan, and serves the real economy and national strategies including "Digital China" and "Healthy China" via financial services. Ping An develops the "integrated finance + healthcare" service system to provide professional "financial advisory, family doctor, and elderlycare concierge" services. Ping An advances comprehensive digital transformation, and employs technologies to improve the quality, efficiency, and risk management of its financial businesses. Moreover, Ping An continuously delivers on its brand promise of "Expertise makes life simple" by "empowering financial services with technologies, empowering financial services with ecosystems, and advancing development with technologies." Remaining customer needs-oriented, Ping An focuses on core financial businesses and strengthens the insurance protection function to serve the real economy under the people-centered philosophy. Ping An continuously develops its integrated finance model of "one customer, multiple products, and one-stop services," providing diverse products and convenient services to nearly 227 million retail customers and over 693 million internet users. Moreover, Ping An continuously extends its "1 + N" services model (one customer + N products) to its corporate business to meet different customers' demands for integrated financial services.

World-leading
Integrated Finance and Healthcare Services Provider

Integrated Finance
One customer, multiple products, and one-stop services

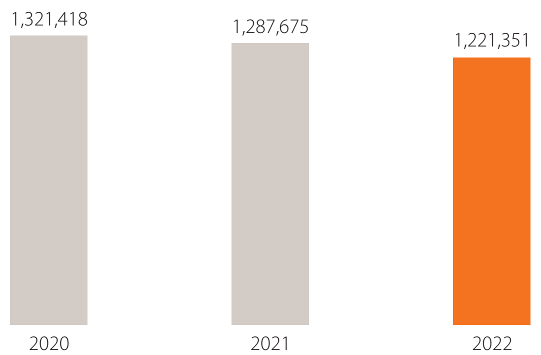
Healthcare
Family doctors and elderlycare concierges

Technological Empowerment
Empowering financial services with technologies, empowering financial services with ecosystems, and advancing development with technologies

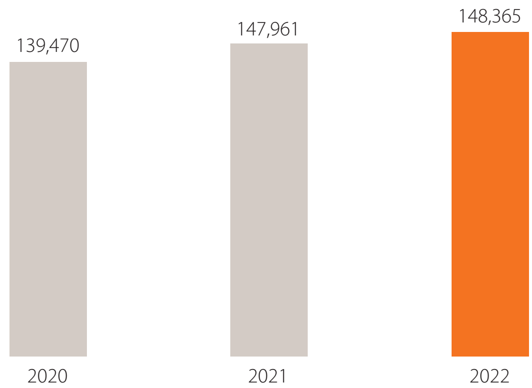
Business Performance at a Glance

Financial Results of the Group

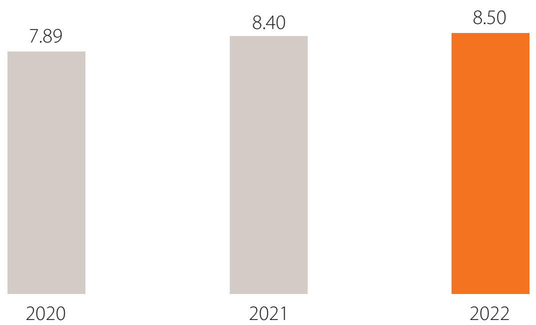
Total Revenue *(in RMB million)*



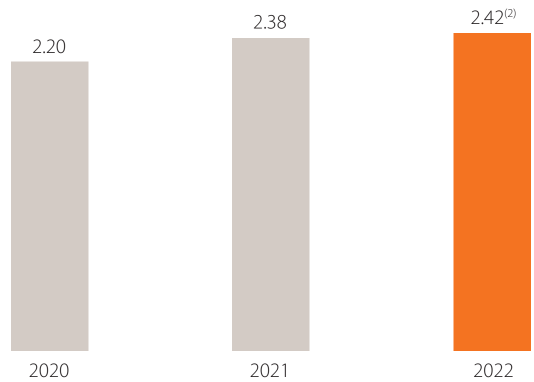
Operating Profit Attributable to Shareholders of the Parent Company *(in RMB million)*



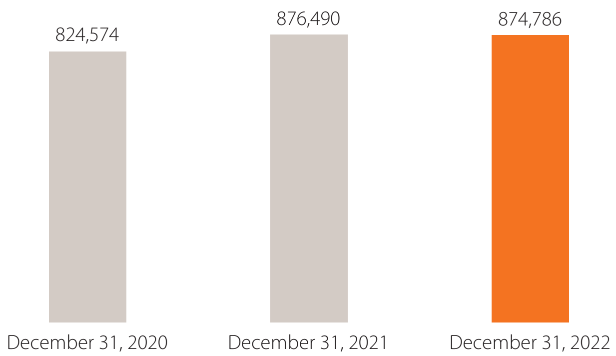
Basic Operating EPS *(in RMB)*



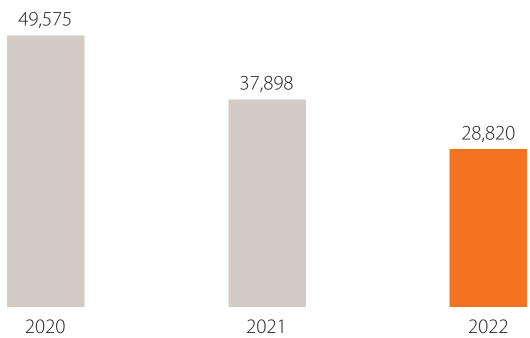
Dividend Per Share[1] *(in RMB)*



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



New Business Value *(in RMB million)*



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

(2) This includes a final dividend of RMB1.50 per share pending approval at the 2022 Annual General Meeting.

Top Ten Business Highlights

1 **Cash dividends continued to rise amid stable profit.** Ping An achieved a **17.9%** operating ROE in 2022, with operating profit attributable to shareholders of the parent company rising **0.3%** year on year to RMB**148,365** million. Ping An attaches importance to shareholder returns, and the annual cash dividend per share continued to grow **1.7%** year on year to RMB**2.42**.

2 **The integrated financial services model progressed steadily, providing "worry-free, time-saving, and money-saving" services.** Ping An's retail customers approached **227** million and contracts per retail customer grew steadily by **2.1%** from the beginning of 2022 to **2.97** as of December 31, 2022. Written premium of the corporate channel achieved through corporate business cross-selling rose **15.2%** year on year in 2022.

3 **Ping An Life pursued high-quality growth, effectively advanced reform, and completed rolling out smart operations to outlets nationwide.** Ping An Life optimized agent force structure, raising the proportion of "Talent +" new agents by **14.1** pps year on year in 2022. Team productivity climbed as NBV per agent grew **22.1%** year on year. Ping An Life's 13-month persistency ratio improved by **4.0** pps year on year, indicating improved business quality. The life and health insurance business ("Life & Health" or "L&H") operating profit rose **16.4%** year on year.

4 **Ping An Property & Casualty ("Ping An P&C") maintained stable business growth, and significantly improved auto insurance business quality.** Premium income increased **10.4%** year on year to RMB**298,038** million in 2022. Auto insurance combined ratio improved by **3.1** pps year on year to **95.8%**.

5 **Ping An Bank maintained steady, healthy business growth and stable asset quality.** Revenue grew **6.2%** year on year to RMB**179,895** million and net profit increased **25.3%** year on year to RMB**45,516** million in 2022. Non-performing loan ratio rose slightly by **3** bps from the beginning of 2022 to **1.05%**, and provision coverage ratio was **290.28%** as of December 31, 2022, indicating adequate risk provisions.

6 **Ping An continued to implement its healthcare ecosystem strategy.** Ping An has nearly **4,000** in-house doctors and over **45,000** contracted external doctors. Nearly **64%** of Ping An's nearly **227** million retail customers used services from the healthcare ecosystem. Over **55,000** corporate clients were served in 2022.

7 **Ping An continued to strengthen core technological capabilities.** Ping An's technology patent applications led most international financial institutions, totaling **46,077** as of December 31, 2022, up by **7,657** from the beginning of 2022. In 2022, sales realized by AI service representatives grew **25%** year on year; customer services provided by AI service representatives accounted for **82%** of Ping An's total customer service volume.

8 **Ping An comprehensively promoted the new value-oriented management culture.** Ping An republished the *New Value-oriented Management Culture of Ping An* and established the Corporate Culture Promotion Committee in 2022. Ping An comprehensively promoted the new value-oriented management culture by conducting eight groupwide cultural projects to ensure the implementation of cultural initiatives.

9 **Ping An further advanced green finance initiatives to support the real economy.** Ping An cumulatively invested over RMB**7.89** trillion to support the real economy as of December 31, 2022, safeguarding national strategic initiatives including the Belt and Road and the development of the Guangdong-Hong Kong-Macao Greater Bay Area. Green investment and financing, and green banking business totaled RMB**282,363** million and RMB**182,089** million respectively. Green insurance premium income amounted to RMB**25,105** million in 2022.

10 **Ping An further increased its brand value by returning the logo slogan to "Expertise Creates Value."** Ping An is committed to providing the most professional financial advisory, family doctor and elderlycare concierge services, aiming to build a century-old trusted, first-choice service brand. In 2022, Ping An ranked **25th** in the *Fortune* Global 500 list (**4th** among global financial services companies), **4th** in the *Fortune* China 500 list, and **17th** in the *Forbes* Global 2000 list.

Chairman's Statement

Ping An takes firm steps to pursue high-quality development, remaining true to its original aspirations throughout its 35 years of fast growth. The year 2022 marked the 20th National Congress of the Communist Party of China (the "CPC"). It was also an important year for China to implement the 14th Five-Year Plan and embark on a new journey of building itself into a modern socialist country in all respects and advancing toward the Second Centenary Goal. **Bearing in mind China's top priorities, we pursue development to serve our country and people.** Since it was founded in Shekou in 1988 and as one of China's leading financial companies, Ping An has adhered to its greatest and original aspiration of "being people-centered and contributing to national rejuvenation."

High-quality development, as we deeply understand it, means **people-centered development** and a commitment to enhancing people's senses of fulfillment, happiness and security. **Ping An pursues customer needs-oriented development.** It means "Expertise makes life simple" as Ping An aspires to become the industry's most professional financial advisor, family doctor, and provider of elderlycare concierge services. We keep our complex back-end tasks to ourselves while delivering simple, convenient, premium services to customers, providing them with "worry-free, time-saving, and money-saving" experience. **In our pursuit of high-quality development,** Ping An continues to advance digital transformation and life insurance reform to consolidate and enhance core competitive advantages. Ping An continues to improve business results and fulfill social responsibilities to **maximize value for customers, employees, shareholders and society. Looking forward and continuing the past 35 years' hard work, Ping An will take on new challenges and advance with the times and society to implement** the technology-driven "integrated finance + healthcare" strategy and contribute to national rejuvenation.

With strong senses of mission and urgency, we comprehensively assessed the environment, strengthened risk prevention, and operated prudently through the combined efforts of all our colleagues in 2022. The Group's profit remained stable and cash dividends continued to rise. Ping An achieved a 17.9% operating ROE in 2022, with operating profit attributable to shareholders of the parent company rising 0.3% year on year to RMB148,365 million. Moreover, to reward shareholders for their long-time trust and support, Ping An continued to increase cash dividends, paying an annual cash dividend of RMB2.42 per share for 2022, up 1.7% year on year.

Development is key to solving all problems. Only through high-quality development can we achieve long-term sustainable growth. In the past year, the world underwent change on a scale unseen in a century, and we saw more clearly the characteristics of historic changes around the world. Social development still faced new strategic opportunities, risks and challenges. Ping An stayed committed to serving the country with finance under a people-centered, customer needs-oriented philosophy in 2022. Ping An implemented our new development philosophy completely and accurately in all aspects, improving financial service capabilities and coverage to pursue high-quality development.

Long March-8 Y2 Carrier Rocket, for which Ping An P&C was the lead insurer, was launched at 11:06 on February 27, 2022, sending Nebula-IoT Satellite PingAn-2 up into space.

Ping An held fast to its core financial businesses to serve the real economy in 2022. Ping An cumulatively invested over RMB7.89 trillion to support the real economy, and provided over 1,000 key projects across China with over RMB2.5 trillion worth of risk protection as of December 31, 2022, safeguarding national strategic initiatives including the Belt and Road and the development of the Guangdong-Hong Kong-Macao Greater Bay Area. **Ping An helped improve people's livelihoods by providing people-centered financial services** in 2022. Ping An launched a package of products and fast-track services dedicated to "new citizens." Ping An provided Hui Min Bao (inclusive supplementary medical insurance) for over 50 million insureds, and offered innovative "expense payment + medical service" solutions to address people's medical care concerns. **Ping An actively channeled funds into micro-, small and medium-sized enterprises ("MSMEs") to help them recover and develop** in 2022. Ping An Bank launched three "Nebula-IoT" satellites. The "Nebula-IoT" platform connected over 20 million IoT terminal devices as of December 31, 2022. Ping An Bank had cumulatively supported over RMB650 billion in financing for the real economy since the "Nebula Plan" was launched, serving more MSMEs and remote areas. **Ping An provided elderlycare and healthcare services through innovative protection mechanisms and digital technologies** in 2022. More than 65% of Ping An's over 693 million internet users used services from the healthcare ecosystem, and Ping An's home-based elderlycare services covered 32 cities across China as of December 31, 2022. **Ping An expanded the digital application of healthcare capabilities to protect public health.** Amid challenges and changes in the external environment, Ping An rapidly launched 24/7 complimentary online healthcare consultation services in late 2022, serving 15 local government platforms across China to ensure the provision of medical supplies and drugs, peaking at more than three million consultations in a day.


Ping An Health's doctors were busy providing 24/7 complimentary online healthcare consultation services for millions of users in December 2022.

Ping An upgraded the new value-oriented culture and strengthened the brand promise of "Expertise makes life simple." Ping An aspires to become the industry's most professional financial advisor, family doctor, and provider of elderlycare concierge services, providing customers with "worry-free, time-saving, and money-saving" experience. Our financial advisors provide customers with one-stop, one-click direct solutions by making complex integrated financial services simple, understandable and convenient. Our family doctor service is committed to bringing together consultation services provided by private family doctors, specialists and experts from around the globe. Via our "online, in-store, and home-delivered" services, our health management services help make customers healthier, our disease management services save money for customers, and our chronic disease management services reduce burdens for customers. Ping An aspires to become an industry-leading provider of elderlycare concierge services by offering prime life, exclusive services, and respectful care through whole-hearted service concierges, making the elderly comfortable and their children worry-free. Our upgraded culture has attracted a growing number of customers. Our retail customers increased 2.1% from the beginning of 2022 to nearly 227 million as of December 31, 2022, including 29.70 million new customers acquired in 2022. Customer loyalty increased steadily, with contracts per retail customer growing 2.1% from the beginning of 2022 to 2.97.

Chairman's Statement

Ping An Life continued to pursue high-quality development by effectively advancing its reform. Pursuing high-quality development, Ping An Life continuously advanced reforms centering on team quality, product quality and service quality in 2022. Ping An Life completed rolling out smart operations to outlets nationwide. The structure of Ping An Life's agent force has steadily improved. Among the new agents, the proportion of "Talent +" new agents rose by 14.1 pps year on year. Team productivity climbed as NBV per agent grew 22.1% year on year. Ping An Life effectively enhanced its comprehensive strength in channels, with innovative channels gradually taking shape. As Ping An Life rolled out an "insurance + service" product framework in an orderly manner, its customer base and service scope continuously expanded. Operating profit after tax of the life and health insurance business grew steadily by 16.4% year on year to RMB112,980 million in 2022. Ping An Life's 13-month persistency ratio improved by 4.0 pps year on year, indicating improved business quality.

As the integrated financial services model progressed steadily, Ping An P&C and Ping An Bank both maintained stable business growth. Ping An P&C maintained steady business growth and significantly improved its auto insurance business quality. Ping An P&C's premium income increased 10.4% year on year to RMB298,038 million in 2022. Auto insurance combined ratio improved by 3.1 pps year on year to 95.8%. Ping An Bank maintained steady, healthy business growth and stable asset quality. Ping An Bank registered RMB179,895 million in revenue and RMB45,516 million in net profit in 2022. Ping An Bank's non-performing loan ratio rose slightly by 3 bps from the beginning of 2022 to 1.05%, and provision coverage ratio was 290.28% as of December 31, 2022, indicating adequate risk provisions.

A professional elderlycare worker is showing visitors how to operate Rotobed in a Ping An Zhen Yi Nian showroom in Shenzhen.

Ping An actively advanced its "healthcare ecosystem" strategy. Leveraging Ping An's decades of operational and management experience in insurance and healthcare industries, our innovative Chinese "managed care model" made encouraging progress in integrating healthcare service resources and supporting core financial businesses. Ping An has built an online-to-offline "online, in-store and home-delivered" service network. Ping An has nearly 4,000 in-house doctors and over 45,000 contracted external doctors, serving over 55,000 corporate clients in 2022. Nearly 64% of Ping An's nearly 227 million retail customers used services from the healthcare ecosystem. Moreover, Ping An led digital transformation by continuously developing core technologies. Ping An's technology patent applications led most international financial institutions, growing by 7,657 from the beginning of 2022 to 46,077 as of December 31, 2022. In 2022, sales realized by AI service representatives increased 25% year on year, and customer services provided by AI service representatives accounted for 82% of Ping An's total customer service volume.

Ping An helped improve people's livelihoods by supporting comprehensive sustainable development. Ping An consolidated achievements in poverty alleviation and promoted rural revitalization, having provided RMB77,153 million for poverty alleviation and industrial revitalization since the launch of "Ping An Rural Communities Support." Ping An P&C pioneered a "revitalization insurance + industry revitalization" model in 18 provinces in China, helping approximately 280,000 rural households increase incomes. Ping An integrates Environment, Social and Governance (ESG) into business and promotes green development. Ping An's green investment and financing totaled RMB282,363 million, and green banking business reached RMB182,089 million as of December 31, 2022. Green insurance premium income totaled RMB25,105 million in 2022. As a result of international ESG ratings, Ping An has built a reputation as a leader in China and internationally. Ping An is passionate about educational public welfare and innovative volunteer services. As of December 31, 2022, Ping An cumulatively contributed to the construction of 119 Hope Primary Schools and donated to 1,054 Smart Primary Schools. Ping An's teaching volunteers served for over 370,000 hours in total. There were approximately 570,000 employees and agents working as volunteers for Ping An, providing blood donations, emergency assistance, safety protection, rural education, and other services to those in need.

China weathered international turbulence and severe, complex challenges in 2022, showing strong resilience for economic and social development. As China's economic climate improved significantly in early 2023, businesses and industries are gradually recovering. We are fully confident about the upturn and favorable long-term fundamentals of the Chinese economy as well as the prospect for economic transformation, upgrading and high-quality development.

Spring is the best time to set new goals for the year; "With the east wind blowing fiercely, hundreds of boats are racing to move." 2023 is a crucial year for China's 14th Five-Year Plan. Meanwhile, Ping An will celebrate its 35th anniversary. In 2023, Ping An will seize opportunities and foster a new development dynamic, embarking on a new journey in a new era. Ping An will provide high-quality financial services by promoting and practicing our new value-oriented culture. Ping An will adhere to the business policy of "focusing on core businesses, increasing cost-effectiveness, optimizing portfolios, and improving policies and procedures." Under the technology-driven "integrated finance + healthcare" strategy, Ping An will pursue high-quality development with Chinese characteristics to share the benefits of financial business growth with society and serve the real economy. Ping An will remain committed to long-term, steady and sustainable value maximization for customers, employees, shareholders and society.

Everything we pursue requires step-by-step learning and practice. As a Chinese saying goes, a man should build a career at 30 and be free from doubts at 40. Turning 35, Ping An is full of vigor and vitality, forging ahead with strength and confidence. Looking back, what is Ping An's original aspiration? Looking forward, how can Ping An be free from doubts? National rejuvenation requires hard work, and Ping An is committed to serving millions upon millions of customers and pursuing high-quality development. All the employees and agents of Ping An will work together, uphold integrity, seek innovations, make improvements, do solid work, and strive for high-quality development!

Chairman

Shenzhen, PRC
March 15, 2023

Customer Development

- Ping An's retail operating profit increased 2.0% year on year to RMB132,636 million in 2022, accounting for 89.4% of its operating profit attributable to shareholders of the parent company.
- Ping An's retail customers approached 227 million as of December 31, 2022, up 2.1% from the beginning of 2022. Contracts per retail customer grew steadily by 2.1% from the beginning of 2022 to 2.97. As the Group's retail cross-selling continued to deepen, nearly 90.20 million retail customers held multiple contracts with different subsidiaries.
- Corporate customer development yielded good results in 2022, with a constantly expanding business scale and improving customer services. Written premium of the corporate channel achieved through cross-selling rose 15.2% year on year.

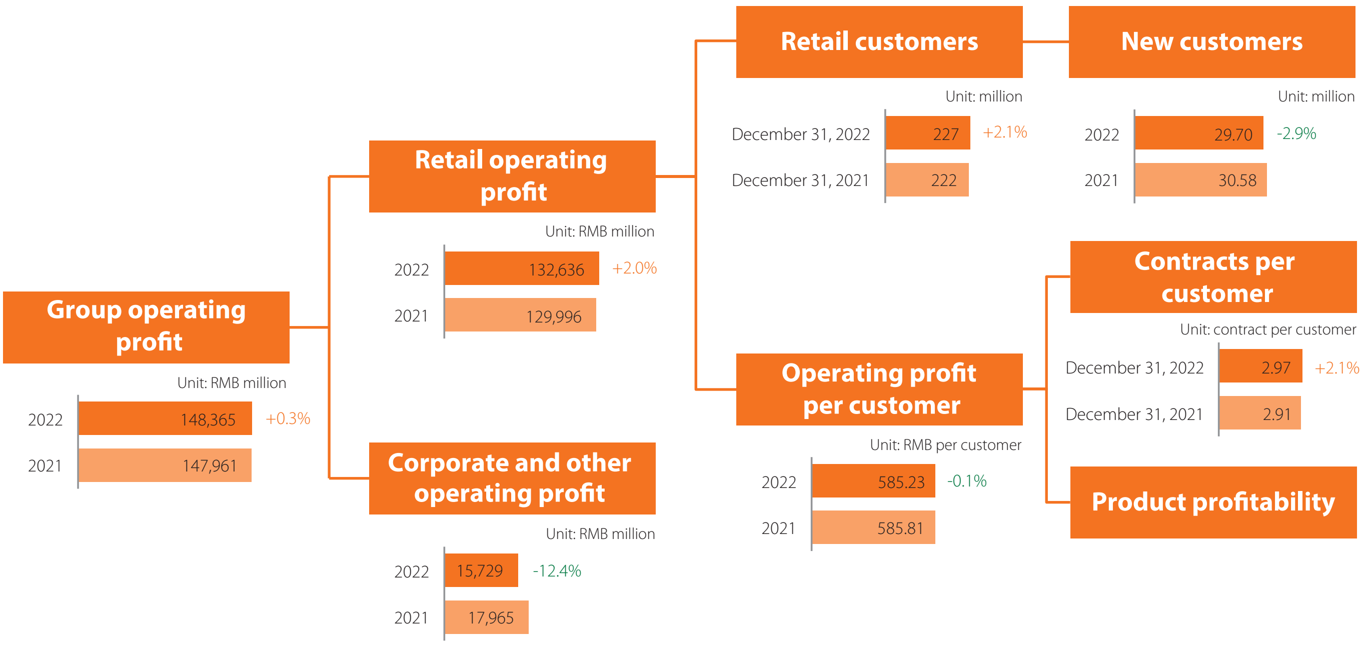
CUSTOMER DEVELOPMENT STRATEGY

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

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

Group Operating Profit Growth Drivers

Ping An's retail operating profit increased 2.0% year on year to RMB132,636 million in 2022, accounting for 89.4% of its operating profit attributable to shareholders of the parent company.



Notes: (1) The above operating profits are operating profits attributable to shareholders of the parent company.
(2) The Company improved the definitions of retail customers and contracts per customer in 2022 by removing unreachable customers but including distributed contracts. Comparable data for 2021 was restated correspondingly.
(3) Figures may not match the calculation due to rounding.

RETAIL CUSTOMER DEVELOPMENT

Retail Customer Development Strategy

In retail business, Ping An adopts the model of "one customer, multiple products, and one-stop services." Leveraging technological and data analytical capabilities, Ping An gains precise insights into customer demands. Ping An builds a brand of heartwarming financial services by meeting customer demands and providing excellent "worry-free, time-saving, and money-saving" experience via one-stop, multiple-channel integrated finance solutions. Moreover, Ping An matches products with scenarios, realizes efficient customer conversion, and empowers business growth through financial master accounts by leveraging data, products, benefits and an intelligent marketing services platform. The continuously expanding retail customer base, steadily increasing contracts per customer, and stable product profitability have become drivers of Ping An's sustained retail business growth.

- Accounts. Via financial master accounts, Ping An leverages its member companies' technological capabilities to provide customers with full-lifecycle financial and daily life services based on different scenarios. By doing so, Ping An effectively facilitates customer acquisition, customer retention, and asset retention. Financial master accounts recorded 253 million new transactions with a total volume of RMB670.4 billion in 2022. Assets under management ("AUM") in financial master accounts grew 28.1% from the beginning of 2022 to RMB411.88 billion as of December 31, 2022.

- Data. Ping An develops comprehensive customer profiles in a strictly compliant manner, protecting consumer rights while facilitating product and service improvements as well as smart match with customers based on customer demands. In this way, Ping An optimizes "worry-free, time-saving, and money-saving" customer experience.

- Products. Under the "worry-free, time-saving, and money-saving" value proposition, Ping An continuously optimizes and upgrades products by conducting market benchmarking and surveying and researching consumer demands. Ping An develops ecosystem scenarios covering the full lifecycles of customers and users, establishes product suites for different customer segments, and builds new marketing paths. For instance, Ping An provides high net worth individuals ("HNWIs") with customized special care insurance trust products, which help increase AUM and empower agents. New sales of insurance trust products grew 41.5% year on year to RMB41,438 million in 2022, contributing RMB2,408 million and RMB1,000 million to Ping An Life's first-year premium ("FYP") and NBV respectively. Ping An develops the individual pension account business rapidly. Approximately 544,000 people had opened individual pension accounts with Ping An as of December 31, 2022, with depositors increasing quickly.

- Benefits. Ping An provides retail customers with heartwarming financial services by continuously improving an integrated finance benefit system. In the auto services ecosystem, Ping An actively develops strategic cooperation with external partners and explores new auto-services scenarios. Ping An has built online-merge-offline closed-loop processes for auto viewing, purchase, use and replacement to meet auto owners' demands for one-stop integrated financial services. Ping An upgrades products and services to provide auto owners with various auto ecosystem services and benefits. Ping An selected ten auto life-related benefits in 40 scenarios on eight apps as of December 31, 2022, providing auto owners with one-stop services including refueling, parking, and designated driver services. Moreover, Ping An accelerates the construction of its healthcare ecosystem, conducts agile tests, and empowers core businesses with health benefits including renowned doctors' lectures and high-end checkup salons. By doing so, Ping An improves private banking customer conversion, increases bancassurance business AUM and intermediary business revenue, and replicates mature models by leveraging the Group's platforms.

- An intelligent marketing services platform. The Group's member companies coordinate the themes and launches of seasonal marketing campaigns based on the pace of business development to drive customer migration and product sales. Marketing campaigns including "Ping An January 8 Marketing Campaign" and "Ping An May 18 Insurance Festival" brought over RMB2.62 trillion in total transaction volume and nearly 6.36 million new customers during the campaign periods in 2022.

Customer Development

Retail Customers Increased Steadily

Ping An's retail customers approached 227 million as of December 31, 2022, up 2.1% from the beginning of 2022.

Retail customer mix by product line

(in million)	December 31, 2022	December 31, 2021	Change (%)
Life insurance[(1)]	**62.01**	63.52	(2.4)
Auto insurance[(1)]	**59.88**	56.50	6.0
Retail banking[(2)]	**123.08**	118.21	4.1
Securities, funds and trusts	**50.72**	55.61	(8.8)
Others[(3)]	**78.22**	68.92	13.5
The Group	**226.64**	221.91	2.1

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

Focusing on "one-stop services," Ping An increases contracts per customer by aligning online service scenarios with customer demands and continuously improving online service experience. Seven of Ping An's portfolio of apps had accumulated more than 100 million registered users each as of December 31, 2022. On average, each internet user[(1)] used 2.10 online service items at Ping An. Moreover, the number of yearly active users[(2)] approached 351 million as user activity remained strong due to effective internet user development.

Notes: (1) Internet users refer to unique registered users having accounts on the internet services platforms (including webpage platforms and mobile apps) of the Group's member companies including technology companies and core financial companies.
(2) The number of yearly active users refers to the number of users who were once active in the 12 months ended December 31, 2022.

Ping An continued to improve online service coverage for customers and boost customer retention through high-quality internet user development which helped value-driven financial customer development. Ping An had over 208 million retail customers who were also internet users, including over 171 million yearly active users, whose contracts per customer were 15.9% higher than the Group average, as of December 31, 2022.

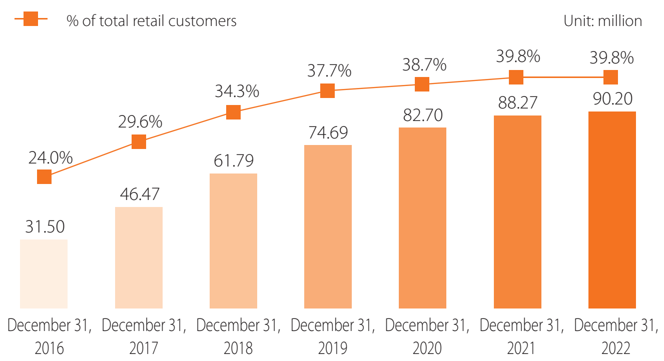
Retail customer and internet user structure

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

Retail Business Value and Cross-selling Continued to Deepen

As Ping An advanced its integrated finance strategy, retail cross-selling continued to deepen. Over 24.96 million customer migrations occurred between the Group's core financial companies in 2022. Nearly 90.20 million retail customers held multiple contracts with different subsidiaries as of December 31, 2022. Ping An continuously builds "worry-free, time-saving, and money-saving" product capabilities to meet retail customers' demands for integrated financial services. Contracts per retail customer grew 2.1% from the beginning of 2022 to 2.97 as of December 31, 2022, concentrating in auto insurance, bank deposits, credit cards, life insurance and accident insurance.

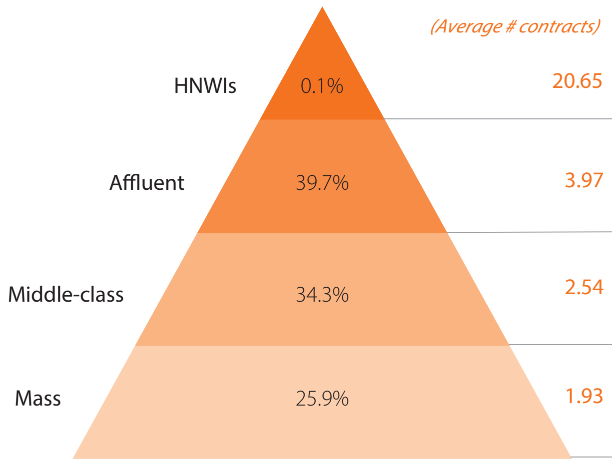
Number of retail customers holding multiple contracts with different subsidiaries



Ping An deepens the understanding of its customers through long-term customer development. The wealthier the customers are, the more contracts they hold, and the greater value they contribute. The number of middle-class and above customers approached 168 million as of December 31, 2022, accounting for 74.1% of total retail customers. HNWIs held 20.65 contracts per customer, far more than affluent customers. The longer the customers have been with Ping An, the more contracts they hold, and the greater value they contribute. Ping An had over 144 million fifth-year and longer-time customers as of December 31, 2022, with an average of 3.32 contracts per customer, more than 2.08 held by the first- and second-year ones.

Retail customers' wealth structure, proportions and typical offerings

Retail customer structure and contracts per customer by segment



Customer needs and typical offerings

Wealth management and inheritance

- Wealth management: privately offered products and family trusts, pension annuities, pension funds
- Inheritance and protection: insurance trusts, life insurance
- Investment and consumption: wealth management products, securities accounts, securities margin trading, home mortgages, auto loans, auto owner credit cards

Consumption, business management, comprehensive protection

- Credit card purchases and installments, business operation loans
- Life insurance, critical illness insurance, accident insurance, physical checkups, auto insurance
- Highly liquid products, wealth management products, publicly offered products

Pension reserves, capital turnover, personal protection, housing/auto consumption

- The well-off middle-aged and elderly: pension funds, pension wealth management, medical insurance, deposit products
- Diligent middle-class: business operation loans, life insurance, credit card installments, publicly offered products
- The well-off young and middle-aged: home loans, auto insurance, auto owner credit cards

Capital turnover, basic protection, housing/auto consumption

- The diligent moderately prosperous: business operation loans, elderly protection, life insurance
- Moderately prosperous families: accident insurance, medical insurance
- The striving young: home loans, auto insurance, credit card purchases

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

Retail customers and contracts per customer by years with Ping An

	As of December 31, 2022	
	Number of customers (in million)	Contracts per customer
5 or more years	144.15	3.32
2-5 years	53.46	2.52
Less than 2 years	29.03	2.08
The Group	**226.64**	**2.97**

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

Cross-selling between the Company's insurance businesses continued to make contributions. In particular, Ping An Health Insurance's premium income from cross-selling by Ping An Life's agents rose 15.7% year on year in 2022.

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

	2022		2021	
	Channel contribution		Channel contribution	
(in RMB million)	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Ping An P&C	**40,942**	**13.7**	42,229	15.6
Ping An Annuity's short-term insurance	**7,753**	**43.3**	8,858	41.1
Ping An Health Insurance	**8,808**	**66.0**	7,615	67.8

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

Customer Development

CORPORATE CUSTOMER DEVELOPMENT

Corporate Business Value

Revolving around the technology-driven "integrated finance + healthcare" strategy, Ping An's corporate business focuses on increasing its shared and own values. In boosting its shared value, corporate business provides high-quality allocable assets for insurance funds and retail business within the Group, helping retail financial business to achieve development targets. Moreover, Ping An provides corporate customers with employee health management programs featuring comprehensive benefits, premium services and high cost-effectiveness by combining integrated finance with the healthcare ecosystem strategy. In boosting its own value, corporate business adheres to a customer-centric philosophy, strengthens collaboration and synergies among the Group's member companies, and promotes tiered customer development and co-marketing. In this way, Ping An increases the value of each corporate customer.

Corporate Customer Development Strategy

Ping An's corporate business strategy focuses on tiered customer development. Differentiated financial service solutions are offered under three models, namely investment banking-driven large and medium-sized enterprise services, technology-driven small and micro-enterprise and supply chain services, and trading- and sales-driven financial institution services. Moreover, Ping An uses technological capabilities to improve corporate customer experience, cut service costs, serve the real economy, and promote financial inclusion.

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

Ping An actively responds to the state's strategic call, implements the spirit of the 20th National Congress of CPC, and upholds the new development philosophy. Ping An focuses on emerging industries including next-generation infrastructure, high-end manufacturing and new energy to support the real economy. Ping An has made breakthroughs in multiple key business areas by leveraging its advantages in insurance funds investment. Total scale of corporate investment and financing projects implemented by Ping An amounted to RMB1,361.5 billion in 2022. Moreover, Ping An builds a bond business ecosystem and a fund business ecosystem covering the whole process from contracting to executing, underwriting, investing, and trading. In this way, Ping An contributes to the capital market transformation toward direct financing.

- Regarding infrastructure and high-end manufacturing, Ping An offers comprehensive integrated finance solutions by leveraging its full suite of financial licenses and combining products including debt schemes and mezzanine funds with insurance and banking services. Total scale of infrastructure and high-end manufacturing projects implemented by Ping An amounted to RMB443.4 billion in 2022. For example, Ping An used a product bundle of trust plans and mezzanine funds to bolster a semiconductor company under a large state-owned enterprise, supporting the state's industrial integration and technological innovation strategies.

- Ping An actively contributes to China's carbon peak and neutrality goals by expanding the scale of green investment and green credit. Ping An implemented RMB282,363 million worth of green investment and financing projects and grew its green credit balance to RMB116,420 million as of December 31, 2022. In the field of new energy, Ping An provided new energy enterprises with low-cost financing sources including bond issuance, equity investment and lending, exploiting the advantages of its "commercial banking + investment banking + investment" integrated finance model.

Technology-driven standardized financial services for small and micro-enterprises

Ping An develops technology-driven small and micro-enterprise and supply chain service models targeting small and micro-enterprises. Ping An uses digital service capabilities and integrates the Group's strong fintech service capabilities to empower small and micro-enterprises. Moreover, Ping An leverages the "Ping An Bank Digital Pocket" platform to develop small and micro-enterprise customers by referring users to Ping An Bank through collaboration of the Group's member companies. The "Ping An Bank Digital Pocket" platform had 13,296,400 registered business users as of December 31, 2022, up 63.4% from the beginning of 2022.

Efficient trading- and sales-driven services for financial institutions

Ping An strives to build a service alliance between the Group and financial institution customers based on the sharing of its technological service capabilities. Ping An's member companies leveraged the Group's bond investment system to build a bond business ecosystem in 2022. Ping An enables member companies to make investment decisions, boost trading returns, and reduce investment risks via unified strategy research, performance appraisal, and risk warning. Moreover, Ping An promotes the communication of funding needs between large and medium-sized enterprises and financial institutions to increase financing/investment efficiency and improve customer services.

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

As a source of premium customers and assets, corporate business contributes to the steady growth of retail business, and sources assets for insurance funds investment. The balance of retail assets referred by corporate business was approximately RMB1.16 trillion as of December 31, 2022. The balance of underlying assets invested by insurance funds sourced from corporate business[1] increased 4.8% from the beginning of 2022 to RMB654,733 million, with an increment of RMB159,053 million in 2022.

Note: (1) The underlying assets invested by insurance funds sourced from corporate business refer to the assets sourced by the Group's core financial companies, including Ping An Asset Management, Ping An Securities, and Ping An Trust, for the allocation of the Group's insurance funds.

Customer Development

Corporate customer development yielded good results in 2022, with a constantly expanding business scale and improving customer services. Corporate premiums achieved through cross-selling amounted to RMB18,737 million, in which written premium of the corporate channel increased 15.2% year on year to RMB6,819 million in 2022.

Performance of corporate integrated finance

(in RMB million)	**2022**	2021	Change (%)
Corporate premiums achieved through cross-selling[1]	**18,737**	18,236	2.7
Including: Written premium of the corporate channel[2]	**6,819**	5,920	15.2
New financing scale achieved through corporate business cross-selling[3]	**582,217**	638,998	(8.9)

Notes: (1) The corporate premiums achieved through cross-selling refer to written premiums of insurance policies sold by the Group to corporate customers through cross-selling.

(2) The written premium of the corporate channel refers to the corporate premiums achieved through cross-selling less that achieved by Ping An Life.

(3) The new financing scale achieved through corporate business cross-selling refers to the scale of new financing projects achieved by the Group's member companies through cross-selling. New financing scale achieved through corporate business cross-selling declined year on year in 2022 due to market situations and investment strategies.

Performance of integrated finance realized through Ping An Bank

As the "engine" of the Group's corporate business, Ping An Bank has advantageous distribution channels. The written premium of the corporate channel and new financing scale achieved through corporate business cross-selling referred by Ping An Bank accounted for 39.5% and 70.9% respectively in 2022.

For the twelve months ended December 31, 2022 (in RMB million)	Ping An Bank channel	Percentage of Ping An Bank channel[1] (%)
Written premium of the corporate channel	2,696	39.5
New financing scale achieved through corporate business cross-selling	412,958	70.9

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

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

Healthcare as a New Driver of Value Growth

- Ping An launched an innovative Chinese "managed care model" by seamlessly combining differentiated healthcare services with financial businesses in which Ping An acts as a payer, leveraging its decades of operational and management experience in insurance and healthcare industries. Ping An achieved nearly RMB140 billion in health insurance premium income in 2022. Customers entitled to service benefits in the healthcare ecosystem accounted for an increasing percentage of Ping An Life's NBV in 2022.
- Ping An actively integrates its abundant healthcare service resources. Ping An had nearly 4,000 in-house doctors and over 45,000 contracted external doctors as well as six proprietary 3A/tier-3 hospitals as of December 31, 2022. Moreover, Ping An partnered with over 10,000 hospitals (including all top 100 hospitals and 3A hospitals in China), over 100,000 healthcare management institutions, and approximately 224,000 pharmacies as of December 31, 2022.
- Ping An's healthcare ecosystem empowers its core financial businesses. Nearly 64% of Ping An's nearly 227 million retail customers used services from the healthcare ecosystem as of December 31, 2022. They held approximately 3.41 contracts and RMB54,500 in AUM per capita respectively, 1.6 times and 3.0 times those held by non-users of these services respectively.

"HEALTHCARE ECOSYSTEM" STRATEGY

Ping An has developed its healthcare ecosystem for over 10 years, covering business lines including insurance, healthcare, investment and technology. Ping An develops the healthcare ecosystem through the coordinated operations of companies including Ping An Life, Ping An P&C, Ping An Annuity, Ping An Health Insurance, and Ping An Health (stock short name: PA GOODDOCTOR).

Ping An's proprietary healthcare ecosystem creates value on three fronts: (1) connecting commercial insurance with medical resources by building a comprehensive consultation and treatment network via its internet medical platforms and flagship medical institutions; (2) ensuring quality and increasing efficiency by providing services through in-house, full-time medical teams; and (3) achieving long-term value growth by providing "integrated finance + healthcare" products and services through the Group's core financial businesses. As a bridge between payers and providers in the healthcare industry chain, Ping An Health helps the Group's retail and corporate customers seamlessly navigate online and offline service resources in our healthcare ecosystem. In addition, PKU Healthcare Industry Group, which has been acquired by us, will further strengthen our online and offline medical facilities.

Ping An launched an innovative Chinese "managed care model" by seamlessly combining differentiated healthcare services with financial businesses in which Ping An acts as a payer. Under the model, Ping An integrates "insurance +" services with the healthcare ecosystem's capabilities to develop products including "insurance + health," "insurance + medical service," "insurance + home-based elderlycare," and "insurance + high-end elderlycare."

Healthcare as a New Driver of Value Growth

"HEALTHCARE ECOSYSTEM" PROGRESS

Payers:

Ping An made significant progress in serving both corporate and retail customers by effectively integrating insurance with healthcare services. Ping An's healthcare ecosystem had over 55,000 paying corporate clients, and Ping An Health had over 40 million paying users in 2022. Ping An achieved nearly RMB140 billion in health insurance premium income in 2022. Customers entitled to service benefits in the healthcare ecosystem accounted for an increasing percentage of Ping An Life's NBV in 2022.

- For mid-range and high-end retail customers, Ping An provides "heartwarming services" by focusing on "insurance + health" products and exploring "insurance + medical service" products. Since its launch in 2021, Ping An Zhen Xiang RUN Health Services Plan ("Ping An Zhen Xiang RUN") has been upgraded on the basis of interactive health management to include five highlights, namely unique checkups, online consultation, outpatient appointment assistance and escort, blood sugar control, and critical illness management. About 18.59 million customers of Ping An Life used services from the healthcare ecosystem in 2022.

- For large and medium-sized enterprises, Ping An provides employee health management programs featuring comprehensive benefits, premium services and high cost-effectiveness via "commercial insurance + healthcare fund + healthcare service" products. Over 55,000 corporate clients and their 25 million plus employees were served in 2022.

Integrator:

- As an online flagship of our healthcare ecosystem, Ping An Health is committed to building a one-stop ecosystem platform and a professional bridge between doctors and patients. Ping An Health provides membership-based healthcare services via dedicated family doctors, guiding members through an end-to-end "online, in-store and home-delivered" service network covering consultation, diagnosis, treatment and services enabling 24/7 seconds-level management. Ping An had a team of nearly 4,000 in-house doctors as of December 31, 2022.

Providers:

- **In respect of proprietary flagships:** Ping An invests in service capabilities via general hospitals, checkup centers, medical testing centers, and imaging centers. Hospital beds owned or managed by Ping An can meet customer demands and help optimize the allocation of scarce medical resources, bringing a differentiation advantage. Ping An enhanced its presence in the healthcare industry by acquiring PKU Healthcare Industry Group and integrating its excellent resources into Ping An's existing healthcare ecosystem. These resources include six 3A/tier-3 hospitals, specialty medical institutions and so on, among which Peking University International Hospital is a flagship hospital. In addition to hospitals, Ping An had 14 health management centers as of December 31, 2022.

- **In respect of partner networks:** Ping An provides services via an "online, in-store, and home-delivered" network by integrating domestic and overseas premium resources including medical services, health services, commodities and drugs. Ping An had over 45,000 contracted external doctors in China as of December 31, 2022. Ping An partnered with over 10,000 hospitals (including all top 100 hospitals and 3A hospitals), over 100,000 healthcare management institutions and approximately 224,000 pharmacies (over 38% of all pharmacies) in China as of December 31, 2022. Moreover, Ping An partnered with over 1,000 overseas medical institutions in 16 countries across the world as of December 31, 2022.

In addition, Ping An continuously advances healthtech research and development. Ping An ranked first globally by the number of digital healthcare patent applications as of December 31, 2022. Ping An has one of the world's largest healthcare databases, enables precise diagnosis of approximately 4,000 diseases, and proactively builds a leading remote consultation and treatment platform. In this way, Ping An effectively supports sustainable development of the healthcare ecosystem by building technological capabilities in a forward-looking manner.

POSITIVE RESULTS FROM A PROPRIETARY "HEALTHCARE ECOSYSTEM"

The proprietary ecosystem helps provide customers with excellent, efficient service experience. Ping An builds its good reputation by providing premium, efficient and convenient services through the healthcare ecosystem, enhancing its brand image by word of mouth. For instance, Ping An Heath has established an online consultation and treatment platform which covers nine medical specialties including dermatology, pediatrics and Traditional Chinese Medicine. Patients on the platform can see a doctor remotely on a 24/7 basis and get responses within 60 seconds by means of images, texts, speeches, videos and so on, without a need to queue offline. For difficult and complicated diseases, remote consultations can be conducted. Moreover, Ping An Health helps users prevent diseases by maintaining health records for them and carrying out regular clinical follow-ups. There has been no major healthcare incident since the online specialty consultation and treatment platform was established, with five-star monthly reviews from over 98% of users.

Proprietary medical resources are closely combined with commercial insurance to unlock potential value. By combining unique resources of offline proprietary flagship hospitals and high-end health management centers with insurance products, Ping An piloted and explored scenario-based marketing practices including online streaming, hospital experience and VIP checkups in Beijing, Shanghai and Shenzhen. In this way, Ping An provided "health insurance + service" products and cumulatively served nearly 200,000 customers. Going forward, Ping An will further develop product combinations of "life insurance + health insurance + high-end medical services" to unlock long-term value.

Ping An's healthcare ecosystem empowers its core financial businesses through customer acquisition and retention. More than 65% of Ping An's over 693 million internet users used services from the healthcare ecosystem as of December 31, 2022. Nearly 64% of Ping An's nearly 227 million retail customers[1] used services from the healthcare ecosystem as of December 31, 2022. They held approximately 3.41 contracts[1] and RMB54,500 in AUM per capita respectively, 1.6 times and 3.0 times those held by non-users of these services respectively.

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

Business Analysis
Performance Overview

- Despite a challenging environment, Ping An delivered a 17.9% operating ROE with operating profit attributable to shareholders of the parent company rising 0.3% year on year to RMB148,365 million in 2022.
- Ping An's basic operating earnings per share rose 1.2% year on year to RMB8.50 in 2022. Ping An continues to increase cash dividends, and proposes to pay a final cash dividend of RMB1.50 per share, implying an annual cash dividend of RMB2.42 per share for 2022, up 1.7% year on year.

CONSOLIDATED RESULTS

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

(in RMB million)	2022	2021	Change (%)
Operating profit attributable to shareholders of the parent company	**148,365**	147,961	0.3
Basic operating earnings per share (in RMB)	**8.50**	8.40	1.2
Operating ROE (%)	**17.9**	18.9	-1.0 pps
Dividend per share (in RMB)	**2.42**	2.38	1.7
Net profit attributable to shareholders of the parent company	**83,774**	101,618	(17.6)
ROE (%)	**10.1**	13.0	-2.9 pps

OPERATING PROFIT OF THE GROUP

Operating profit is a meaningful business performance evaluation metric given the long-term nature of the Company's major L&H. Ping An defines operating profit after tax as reported net profit excluding the following items which are of a short-term, volatile or one-off nature:

- Short-term investment variance, which is the variance between L&H's actual investment return and the EV long-run investment return assumption, net of the associated impact on insurance and investment contract liability. L&H investment return is locked at 5% after excluding the short-term investment variance;
- The impact of discount rate(1) change is the effect on L&H insurance contract liability due to changes in the discount rate; and
- The impact of one-off material non-operating items and others is the impact of material items that management considered to be non-operating incomes and expenses, which in 2022 and 2021 refer to the revaluation gain or loss on the convertible bonds issued by Lufax Holding to the Group.

Note: (1) Refer to the significant accounting policies in the notes to financial statements in the Company's 2022 Annual Report for the information about the discount rate.

The operating profit after tax which excludes fluctuations in the above non-operating items facilitates the understanding and comparison of the Company's business performance and trend.

Global capital markets remained volatile in a complex international environment in 2022. Domestic economic growth faced three headwinds, namely declining demand, supply chain disruption, and weakening confidence. Household consumption recovery still faced many challenges, which continued to have an impact on Ping An's long-term life & health protection insurance business. Facing challenges, Ping An adhered to a people-centered development philosophy, and went all out to serve the real economy. Ping An remained true to its original aspiration in its core financial businesses, and strengthened the protection function of its insurance offerings. Following the technology-driven "integrated finance + healthcare" strategy, Ping An advanced Ping An Life's quality-oriented reform and transformation, strengthened integrated finance advantages, and built the "managed care model." In this way, Ping An vigorously pursued high-quality development by providing customers with "worry-free, time-saving, and money-saving" experience.

The Group's net profit attributable to shareholders of the parent company decreased 17.6% year on year to RMB83,774 million in 2022, affected by changes in the macroeconomic environment and the volatility of capital markets. However, operating profit attributable to shareholders of the parent company rose 0.3% year on year to RMB148,365 million. Basic operating earnings per share rose 1.2% year on year to RMB8.50.

	2022						
(in RMB million)	L&H	Property and casualty insurance business	Banking business	Asset management business	Technology business	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	**48,488**	**8,838**	**26,380**	**2,292**	**3,614**	**(5,838)**	**83,774**
Net profit attributable to non-controlling interests	858	41	19,136	1,511	1,239	873	23,658
Net profit (A)	**49,346**	**8,879**	**45,516**	**3,803**	**4,853**	**(4,965)**	**107,432**
Excluding:							
Short-term investment variance (B)	(46,791)	-	-	-	-	-	(46,791)
Impact of discount rate change (C)	(16,843)	-	-	-	-	-	(16,843)
Impact of one-off material non-operating items and others (D)	-	-	-	-	(1,844)	-	(1,844)
Operating profit (E=A-B-C-D)	**112,980**	**8,879**	**45,516**	**3,803**	**6,697**	**(4,965)**	**172,910**
Operating profit attributable to shareholders of the parent company	**111,235**	**8,838**	**26,380**	**2,292**	**5,458**	**(5,838)**	**148,365**
Operating profit attributable to non-controlling interests	1,745	41	19,136	1,511	1,239	873	24,545

(in RMB million)	2021 L&H	Property and casualty insurance business	Banking business	Asset management business	Technology business	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	59,468	16,117	21,060	12,221	(1,957)	(5,291)	101,618
Net profit attributable to non-controlling interests	835	75	15,276	1,731	1,500	767	20,184
Net profit (A)	60,303	16,192	36,336	13,952	(457)	(4,524)	121,802
Excluding:							
Short-term investment variance (B)	(23,491)	–	–	–	–	–	(23,491)
Impact of discount rate change (C)	(13,281)	–	–	–	–	–	(13,281)
Impact of one-off material non-operating items and others (D)	–	–	–	–	(9,905)	–	(9,905)
Operating profit (E=A-B-C-D)	97,075	16,192	36,336	13,952	9,448	(4,524)	168,479
Operating profit attributable to shareholders of the parent company	95,906	16,117	21,060	12,221	7,948	(5,291)	147,961
Operating profit attributable to non-controlling interests	1,169	75	15,276	1,731	1,500	767	20,518

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

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

OPERATING PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

(in RMB million)	2022	2021	Change (%)
L&H	**111,235**	95,906	16.0
Property and casualty insurance business	**8,838**	16,117	(45.2)
Banking business	**26,380**	21,060	25.3
Asset management business	**2,292**	12,221	(81.2)
Technology business	**5,458**	7,948	(31.3)
Other businesses and elimination	**(5,838)**	(5,291)	10.3
The Group	**148,365**	147,961	0.3

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

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

(in RMB million)	December 31, 2022	December 31, 2021	Change (%)
L&H	**305,537**	296,877	2.9
Property and casualty insurance business	**119,265**	113,898	4.7
Banking business	**222,956**	200,217	11.4
Asset management business	**117,143**	115,843	1.1
Technology business	**94,937**	100,697	(5.7)
Other businesses and elimination	**(1,163)**	(15,127)	(92.3)
The Group	**858,675**	812,405	5.7

OPERATING ROE

(%)	2022	2021	Change (pps)
L&H	**32.7**	32.3	0.4
Property and casualty insurance business	**7.6**	14.8	(7.2)
Banking business	**12.4**	10.9	1.5
Asset management business	**2.4**	11.3	(8.9)
Technology business	**5.8**	8.0	(2.2)
Other businesses and elimination	**N/A**	N/A	N/A
The Group	**17.9**	18.9	(1.0)

Business Analysis
Life and Health Insurance Business

- Ping An Life enhanced its comprehensive strength in channels, and rolled out products and services in an orderly manner. Ping An Life continued the quality-oriented agent force transformation, advanced the digital business outlet reform, accelerated sales channel diversification, and enhanced core competitiveness of products and services in 2022. In Ping An Life's agent channel, the proportion of "Talent +" new agents increased by 14.1 pps year on year, and NBV per agent rose 22.1% year on year. In respect of digital business outlets, Ping An Life completed rolling out smart operations to outlets nationwide. Innovative channels gradually took shape. As Ping An Life rolled out an "insurance + service" product framework in an orderly manner, its customer base and service scope continuously expanded.
- Business quality continued to improve, and operating profit grew steadily. Operating profit after tax of L&H rose 16.4% year on year to RMB112,980 million in 2022. Ping An Life's 13-month persistency ratio improved by 4.0 pps year on year.

BUSINESS OVERVIEW

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

In multiple regions, the agent force's offline activities including business development and training were hindered in 2022. Chinese residents' capacity and willingness to consume weakened, which reduced sales opportunities for agents, making it more challenging to both recruit and retain agents. Changes in the market environment and demands weighed on the Company's value growth. L&H NBV dropped 24.0% year on year to RMB28,820 million in 2022. Ping An Life firmly pressed ahead with its reform despite severe external challenges. Ping An Life refined the tiered management of agent force by controlling recruitment quality and enhancing team development, reversing course from the "mass in, mass out" agent development model. On digital business outlets, Ping An Life completed rolling out smart operations to outlets nationwide. In Ping An Life's agent channel, the proportion of "Talent +" new agents increased by 14.1 pps year on year, and NBV per agent rose 22.1% year on year in 2022.

Key Indicators

(in RMB million)	**2022/ December 31, 2022**	2021/ December 31, 2021	Change (%)
NBV	**28,820**	37,898	(24.0)
NBV margin (%)	**24.1**	27.8	-3.7 pps
FYP used to calculate NBV	**119,336**	136,290	(12.4)
Embedded value	**874,786**	876,490	(0.2)
Operating ROEV (%)	**11.0**	11.1	-0.1 pps
Operating profit after tax	**112,980**	97,075	16.4
Operating ROE (%)	**32.7**	32.3	0.4 pps
Net profit	**49,346**	60,303	(18.2)

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

PING AN LIFE'S REFORM AND TRANSFORMATION

Under the value proposition of high-quality development, Ping An Life advanced the "4 channels + 3 products" reform strategy. Amid fading demographic dividends, homogeneous offerings, and changing demands, Ping An Life unswervingly transformed toward more balanced professional sales channels and more suitable products and services. **Through three years of intensive reform, Ping An Life improved agent channel business quality, and gradually rolled out an "insurance + service" product framework in an orderly, determined manner.** In the agent channel, Ping An Life improved the productivity and structure of agent force by developing high-productivity agents and growing the proportion of high-quality new agents. In addition, Ping An Life completed rolling out smart operations to outlets nationwide. In innovative channels, Ping An Life increased the number of Private Wealth Advisers and grid-based community specialists, and preliminarily explored innovative development models for the lower-tier channel. In "insurance + service," Ping An Life improved the multi-level service system, and continuously expanded its customer base and service scope, delivering significant results via service integration. Looking ahead, Ping An Life is firmly optimistic about the fundamentals of the Chinese economy and the huge potential of the Chinese insurance market. Ping An Life will build its long-term, sustainable value creation capability by advancing the "4 channels + 3 products" strategy.

In respect of channels, the agent channel was optimized as Ping An Life completed rolling out smart operations to outlets nationwide, and innovative channels gradually took shape. As a result, Ping An Life's comprehensive strength in channels was effectively enhanced.

- **Agent channel.** Ping An Life optimized the structure of agent force by firmly advancing quality-oriented transformation and refining tiered management. Monthly income per agent amounted to RMB7,051, up 22.5% year on year in 2022. The proportion of agents with a college education background and above rose by 3.4 pps year on year as of December 31, 2022. For new agents, Ping An Life constantly upgraded its "Talent +" program to improve team structure and competence, and raised the proportion of high-quality new agents through high-quality existing ones. The proportion of "Talent +" new agents increased by 14.1 pps year on year in 2022. For Diamond Agents, Ping An Life furthered the Diamond Agent development strategy, optimized team structure, and improved team productivity. In addition, Ping An Life completed rolling out smart operations to outlets nationwide.

(in RMB million)	2022	2021	Change (%)
Agent channel			
Agent channel NBV	**22,932**	31,076	(26.2)
Average number of agents per month (in thousand)	**481**	796	(39.6)
NBV per agent (RMB per agent per year)	**47,639**	39,031	22.1
Activity rate of agents[1] (%)	**50.8**	47.0	3.8 pps
Agent income (RMB per agent per month)	**7,051**	5,758	22.5
Including: Income from Ping An Life's products (RMB per agent per month)	**5,390**	4,651	15.9

Ping An Life	December 31, 2022	December 31, 2021	Change (%)
Number of individual life insurance sales agents (in thousand)	**445**	600	(25.8)

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

- **Bancassurance channel.** Ping An Life promoted high-quality development by accelerating the transformation of the bancassurance channel, boosting the channel's NBV by 15.9% year on year and increasing its contribution. Ping An Life's exclusive distribution model in cooperation with Ping An Bank started to pay off. Leveraging Ping An's integrated finance advantages, Ping An Life and Ping An Bank conducted in-depth cooperation in terms of training, products and services via convenient, efficient communication and operation mechanisms, delivering more comprehensive, professional customer services. Ping An Life focuses on helping Ping An Bank develop a team of Private Wealth Advisers for bancassurance. More than 1,600 Private Wealth Advisers have been recruited, over 90% of whom hold a bachelor's degree. Moreover, Ping An Life actively partners with external banks, improves the bancassurance "Product +" suite based on bank customers' characteristics and demands, and optimizes customer experience by offering comprehensive, one-stop insurance protection and value-added services.

- **Community Grid and other channels.** Ping An Life has been rolling out the Community Grid model, whereby highly competent grid-based specialists have an initial focus on increasing the policy persistency ratio of "retained customers[1]" under an online-merge-offline service model. Ping An Life successfully rolled out Community Grid in 25 cities and built a team of nearly 8,000 high-quality specialists as of December 31, 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 policy persistency ratio of "retained customers" improved by over 14 pps year on year. Community specialists provide "Pre-sell, Soft-sell, Cross-sell and Up-sell" services to precisely recommend products to customers based on their protection gaps. Customer upselling met expectations. Ping An Life also explored sales models for the lower-tier channel in 2022, focusing on tier-3 and tier-4 cities as well as county-level life insurance markets. Ping An Life piloted such models in seven provinces as of December 31, 2022, upgrading business processes and exploring innovative models by leveraging insurance consumption scenarios in lower-tier markets. Innovative channels including bancassurance, telemarketing, internet, and other channels accounted for 17.6% of Ping An Life's NBV in 2022, up 2.5 pps year on year.

Note: (1) Retained customers are customers holding in-force policies which were sold by Ping An Life's former agents before their agency relationship terminated.

In respect of products, Ping An Life upgraded its insurance product portfolio and reformed its three core services, namely health management, home-based elderlycare and high-end elderlycare. Moreover, Ping An Life created differentiation advantages under the "insurance + service" framework by leveraging the Group's healthcare ecosystem.

- **Insurance products.** Ping An Life focused on three markets, namely wealth management, pension, and insurance protection in 2022. Ping An Life continues to meet customers' different insurance demands for wealth appreciation and inheritance, pension savings, and health protection by upgrading the product portfolio and optimizing the product mix. **Ping An Life developed wealth management and pension insurance markets.** Insurance wealth management products outperformed other financial products in terms of long-term stability amid new asset management regulations, declining market interest rates, and volatile equity markets. Ping An Life launched "Yuxiang Caifu" and "Yuxiang Jinrui," two traditional annuity products offering better customer benefits. Moreover, to meet elderly customers' demands, Ping An Life rolled out an elderlycare version of "Yuxiang Caifu" with relaxed age requirements for application. In addition, Ping An Life launched and continuously promoted "Sheng Shi Jin Yue," a whole life insurance product, to facilitate long-term capital preservation and appreciation. **Ping An Life continued to enhance protection insurance products.** The per capita sum assured against critical illnesses is generally low in China, indicating significant potential demand for protection products. Adhering to insurance protection, Ping An Life has been in the critical illness insurance market for a long time and built a critical illness product line. Ping An Life launched "Children Protector 100% Plus," a child critical illness insurance product with upgraded benefits, and "Ping An Juvenile Shouhu Baifenbai Quanneng Endowment + Ping An Shouhu Quanneng Dread Disease Rider," a product bundle covering minor, moderate and major conditions of critical illnesses. In addition, Ping An Life continues to penetrate other protection insurance markets including whole life insurance and long-term medical insurance, providing customers with more diverse protection insurance products.

- **Services.** Ping An Life leveraged the Group's healthcare ecosystem to offer healthcare management services to insurance customers. **In respect of "insurance + health management,"** Ping An Life served approximately 18.59 million customers in 2022. Over 76% of newly enrolled customers used health management services which received wide recognition from customers. Since its launch in 2021, Ping An Zhen Xiang RUN has provided customers with full-lifecycle healthcare services including five highlights, namely unique checkups, online consultation, outpatient appointment assistance and escort, blood sugar control, and critical illness management. Ping An Life is committed to providing premium services, namely health checkups, sub-health management, online consultation for mild diseases, expert teams for chronic disease, and critical illness management. **In respect of "insurance + home-based elderlycare,"** Ping An integrates internal and external service providers to offer one-stop, home-based elderlycare solutions through committed AI concierges, life concierges and doctor concierges, making the elderly comfortable and their children worry-free. The solutions cover ten scenarios including medical care, housing, nursing, dining and entertainment, enabling 24/7 customer services. With a robust service supervision system, Ping An ensures customer rights protection and helps the elderly to live a dignified life at home, striving to build the No.1 home-based elderlycare brand in China. Ping An's home-based elderlycare services covered 32 cities across China as of December 31, 2022, providing over 500 service items. Over 20,000 customers have qualified for the home-based elderlycare services, giving positive feedback after using the services. **In respect of "insurance + high-end elderlycare,"** Ping An is committed to developing the premium elderlycare market and delivering innovative "one-stop" full-lifecycle elderlycare solutions. Under the core philosophy of "seven-dimensional healthcare" and the value proposition of "prime life, exclusive services, and respectful care," Ping An provides customized elderlycare services and high-quality heartwarming elderlycare experience to meet the growing demand for premium elderlycare in China. Ping An held a groundbreaking ceremony to start the construction of its first Yi Nian Cheng community, which is located in Shekou, Shenzhen, on July 25, 2022. Moreover, Ping An unveiled its second Yi Nian Cheng community, which is located in Guangzhou, in November 2022. The "Yi Xiang Cheng" product line was unveiled in October 2022, with its first project located in Foshan as an initial presence in the Guangdong-Hong Kong-Macao Greater Bay Area.

Ping An Life's 13-month persistency ratio of insurance policies improved by 4.0 pps year on year to 90.3% in 2022, and 25-month persistency ratio improved by 0.9 pps year on year. Ping An Life will strengthen services-based renewal premium collection by providing ex ante services and conducting precise collection in policy renewal through smart digital operations to improve collection efficiency and persistency ratios.

	2022	2021	Change (pps)
Ping An Life			
13-month persistency ratio (%)	**90.3**	86.3	4.0
25-month persistency ratio (%)	**79.0**	78.1	0.9

OPERATION INFORMATION OF INSURANCE PRODUCTS

The following table lists the top five insurance products of Ping An Life by premium income in 2022.

(in RMB million)	Sales channel	Premium income	Surrender
Ping An Jinrui Rensheng (2021) Annuity Insurance	Agents, bancassurance	16,769	461
Ping An Caifu Jinrui (2021) Annuity Insurance	Agents, bancassurance	15,836	350
Ping An Yuxiang Jinrui Annuity Insurance	Agents, bancassurance	14,130	85
Ping An Ping An Fu Whole Life Insurance	Agents, bancassurance	12,714	1,759
Ping An Jinrui Rensheng (20) Annuity Insurance	Agents, bancassurance	11,851	496

ANALYSIS OF OPERATING PROFIT AND PROFIT SOURCES

Operating profit is a meaningful business performance evaluation metric given the long-term nature of the Company's major L&H business. Ping An defines operating profit after tax as reported net profit excluding the following items which are of a short-term, volatile or one-off nature:

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

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

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

Note: (1) Refer to the significant accounting policies in the notes to financial statements in the Company's 2022 Annual Report for the information about the discount rate.

The operating profit after tax which excludes fluctuations in the above non-operating items can help understand and compare the Company's business performance and trend.

(in RMB million)	2022	2021	Change (%)
Release of residual margin (A)	**80,517**	82,488	(2.4)
Return on net worth[1] (B)	**16,366**	14,567	12.4
Spread income[2] (C)	**6,252**	4,823	29.6
Operating variances and others (D)	**14,582**	7,436	96.1
Operating profit before tax (E=A+B+C+D)	**117,718**	109,314	7.7
Income tax[3] (F)	**(4,737)**	(12,239)	(61.3)
Operating profit after tax (G=E+F)	**112,980**	97,075	16.4
Short-term investment variance (H)	**(46,791)**	(23,491)	99.2
Impact of discount rate change (I)	**(16,843)**	(13,281)	26.8
Impact of one-off material non-operating items and others (J)	**-**	-	N/A
Net profit (K=G+H+I+J)	**49,346**	60,303	(18.2)

Notes: (1) Return on net worth is the investment return on shareholder equity based on the EV long-run investment return assumption (5%).
(2) Spread income is the expected investment return from assets backing contract liability based on the EV long-run investment return assumption (5%) exceeding the interest required on contract liability.
(3) Income tax decreased year on year mainly because tax-exempt incomes from central government bonds, railway bonds and fund dividend distribution increased year on year.
(4) Figures may not match the calculation due to rounding.

Operating variances and others increased 96.1% year on year, largely because the actual claims payment was lower and the persistency ratios improved, resulting in increased operating variances.

L&H residual margin was RMB894,413 million as of December 31, 2022.

(in RMB million)	2022	2021	Change (%)
Opening residual margin	**940,733**	960,183	(2.0)
New business residual margin	**33,606**	55,905	(39.9)
Expected interest growth	**35,679**	36,505	(2.3)
Release of residual margin	**(80,517)**	(82,488)	(2.4)
Lapse variances and others	**(35,088)**	(29,373)	19.5
Closing residual margin	**894,413**	940,733	(4.9)

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

SOLVENCY MARGIN

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

	Ping An Life		Ping An Annuity		Ping An Health Insurance	
(in RMB million)	**December 31, 2022 (under C-ROSS Phase II)**	December 31, 2021 (under C-ROSS Phase I)	**December 31, 2022 (under C-ROSS Phase II)**	December 31, 2021 (under C-ROSS Phase I)	**December 31, 2022 (under C-ROSS Phase II)**	December 31, 2021 (under C-ROSS Phase I)
Core capital	**495,845**	1,026,410	**8,482**	11,568	**6,681**	4,307
Actual capital	**877,807**	1,046,410	**13,480**	11,568	**8,125**	4,307
Minimum capital	**399,557**	454,175	**6,233**	5,955	**3,056**	2,097
Core solvency margin ratio (%)	**124.1**	226.0	**136.1**	194.3	**218.6**	205.4
Comprehensive solvency margin ratio (%)	**219.7**	230.4	**216.2**	194.3	**265.9**	205.4

Notes: (1) Core solvency margin ratio = core capital / minimum capital. Comprehensive solvency margin ratio = actual capital / minimum capital.
(2) The minimum regulatory requirements for the core solvency margin ratio and comprehensive solvency margin ratio are 50% and 100% respectively.
(3) For details of subsidiaries' solvency margin, please visit the Company's website (www.pingan.cn).
(4) Figures may not match the calculation due to rounding.

Business Analysis
Life and Health Insurance Business

OTHER MAJOR FINANCIAL AND REGULATORY INFORMATION

Income Statement of Life & Health

(in RMB million)	2022	2021
Written premium	**543,014**	567,281
Less: Premium deposits of policies without significant insurance risk transfer	**(2,670)**	(3,060)
Less: Premium deposits separated out from universal life and investment-linked products	**(69,242)**	(73,931)
Premium income	**471,102**	490,290
Reinsurance premium income	**2,463**	3,721
Gross written premiums	**473,565**	494,011
Net earned premiums	**464,555**	479,195
Claims and policyholders' benefits	**(437,413)**	(444,096)
Commission expenses on insurance operations	**(39,873)**	(52,277)
Administrative expenses[(1)]	**(43,779)**	(48,342)
Total investment income[(2)]	**93,198**	131,286
Other net revenue and expenses[(3)]	**(3,816)**	(5,481)
Profit before tax	**32,872**	60,285
Income tax	**16,474**	18
Net profit	**49,346**	60,303

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

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

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

Written Premium

L&H written premium is analyzed below by policyholder type and channel:

(in RMB million)	2022	2021
Retail business	**523,350**	544,790
New business	**119,558**	127,776
Agent channel	**90,503**	93,509
Including: Regular premium	**70,352**	77,926
Bancassurance channel	**10,989**	9,291
Including: Regular premium	**8,864**	7,956
Telemarketing, internet and others	**18,066**	24,976
Including: Regular premium	**5,205**	10,493
Renewed business	**403,792**	417,014
Agent channel	**363,629**	366,666
Bancassurance channel	**18,074**	15,414
Telemarketing, internet and others	**22,089**	34,934
Group business	**19,664**	22,491
New business	**19,436**	22,298
Renewed business	**228**	193
Total	**543,014**	567,281

L&H written premium is analyzed below by product type:

(in RMB million)	2022	2021
Participating insurance	**69,851**	83,437
Universal insurance	**84,770**	90,233
Traditional life insurance	**121,052**	115,738
Long-term health insurance	**113,733**	117,305
Accident & short-term health insurance	**42,699**	47,127
Annuity	**110,532**	112,801
Investment-linked insurance	**377**	640
Total	**543,014**	567,281

L&H written premium is analyzed below by region:

(in RMB million)	2022	2021
Guangdong	**94,951**	98,969
Beijing	**35,904**	35,597
Shandong	**33,915**	34,868
Jiangsu	**32,416**	32,928
Zhejiang	**30,113**	29,586
Subtotal	**227,299**	231,948
Total	**543,014**	567,281

Claims and Policyholders' Benefits

(in RMB million)	2022	2021
Surrender	**54,102**	52,931
Surrender rate[1] (%)	**2.07**	2.23
Claim expenses of insurance contracts	**98,919**	95,604
Claims paid	**20,647**	25,233
Annuities	**9,122**	7,887
Maturities and survival benefits	**33,003**	25,980
Death, injury and medical care benefits	**36,147**	36,504
Reinsurer's share of claim expenses of insurance contracts	**(6,982)**	(9,278)
Policyholder dividends	**19,599**	19,405
Net increase in insurance reserves	**244,636**	254,573
Interest credited to policyholder contract deposits	**27,139**	30,861
Total	**437,413**	444,096

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

Maturities and survival benefits grew 27.0% year on year, mainly because some products saw higher maturities and survival benefits in 2022 due to the insurance underwriting pace.

Reinsurer's share of claim expenses of insurance contracts declined 24.7% year on year, mainly due to a lower ceding proportion.

Commission Expenses on Insurance Operations

Commission expenses on insurance operations (mainly paid to the Company's sales agents) for 2022 decreased 23.7% year on year mainly due to changes in the business scale and product mix.

(in RMB million)	2022	2021
Health insurance	**15,378**	22,089
Accident insurance	**1,567**	2,481
Life insurance and others	**22,928**	27,707
Total	**39,873**	52,277

Administrative Expenses

Administrative expenses for 2022 decreased 9.4% year on year.

(in RMB million)	2022	2021
Operating expenses	**42,269**	47,126
Taxes and surcharges	**1,452**	1,171
Impairment losses on receivables and others	**58**	45
Total	**43,779**	48,342

Total Investment Income

L&H investment income was under pressure in 2022 due to volatile capital markets. The net investment yield was 4.7%, and the total investment yield was 2.5%.

(in RMB million)	2022	2021
Net investment income[1]	**172,700**	151,454
Net realized and unrealized gains[2]	**(78,931)**	4,279
Impairment losses on investment assets	**(571)**	(24,447)
Total investment income	**93,198**	131,286
Net investment yield[3] (%)	**4.7**	4.6
Total investment yield[3] (%)	**2.5**	4.0

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

(2) Net realized and unrealized gains include capital gains from securities investments and fair value gains or losses.

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

Income Tax

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

Business Analysis
Property and Casualty Insurance Business

- Ping An P&C maintained stable business growth and significantly improved its auto insurance business quality. Premium income increased 10.4% year on year to RMB298,038 million in 2022. Auto insurance combined ratio improved by 3.1 pps to 95.8% in 2022.
- Ping An P&C proactively applies technologies to data-driven online customer development. "Ping An Auto Owner," the largest automotive service app in China, had over 174 million registered users as of December 31, 2022, with over 100 million vehicles linked to it. Monthly active users of the app exceeded 37 million in December 2022.
- Ping An P&C offers leading online claims services. Ping An P&C scored 95.13 in the Auto Insurance Service Quality Index evaluation by CBIT, No.1 in the property and casualty insurance industry. Ping An P&C launched a matrix of "one-click, worry-free, time-saving, and money-saving" services in 2022 to improve customer experience. For excellent customer services, Ping An P&C has been honored as "No.1 Brand" in China's auto insurance and property and casualty insurance markets by the Ministry of Industry and Information Technology for 12 consecutive years.

BUSINESS OVERVIEW

The Company conducts property and casualty insurance business mainly through Ping An P&C whose business scope 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 insurance, as well as international reinsurance business. Ping An P&C has been honored as "No.1 Brand" in China's auto insurance and property and casualty insurance markets by the Ministry of Industry and Information Technology for 12 consecutive years.

Ping An P&C maintained stable business growth, with premium income up 10.4% year on year to RMB298,038 million in 2022. Ping An P&C remained the second largest property and casualty insurance company in China by premium income. Combined ratio rose by 2.3 pps year on year to 100.3% in 2022. Specifically, auto insurance combined ratio improved significantly by 3.1 pps year on year. However, overall combined ratio fluctuated mainly because the claim expenses of guarantee insurance business rose due to changes in the market environment.

Ping An P&C proactively applies technologies to data-driven online customer development. "Ping An Auto Owner," the largest automotive service app in China, is committed to providing one-stop services covering "auto insurance and auto life" for users, and retaining users through popular content and information related to car use, car maintenance and road travel. The app had over 174 million registered users as of December 31, 2022, with over 100 million vehicles linked to it. Monthly active users of the app exceeded 37 million in December 2022. Ping An P&C's leading online claims services offer superior user experience. Ping An P&C launched a matrix of "one-click, worry-free, time-saving, and money-saving" services in 2022, taking advantage of online claims to create the most time-saving, worry-free, end-to-end online claims service experience. With excellent customer services, Ping An P&C scored 95.13 in the Auto Insurance Service Quality Index evaluation[1] by CBIT, No.1 in the property and casualty insurance industry.

Note: (1) From the Auto Insurance Service Quality Index evaluation results for 2022 released by China Banking and Insurance Information Technology Management Co., Ltd ("CBIT").

Key Indicators

(in RMB million)	2022	2021	Change (%)
Operating profit	**8,879**	16,192	(45.2)
Operating ROE (%)	**7.6**	14.8	-7.2 pps
Combined ratio (%)	**100.3**	98.0	2.3 pps
Including:			
Expense ratio[1] (%)	**30.4**	31.0	-0.6 pps
Loss ratio[2] (%)	**69.9**	67.0	2.9 pps
Premium income	**298,038**	270,043	10.4
Including:			
Auto insurance	**201,298**	188,838	6.6
Non-auto insurance	**73,056**	58,590	24.7
Accident and health insurance	**23,684**	22,615	4.7
Market share[3] (%)	**20.0**	19.7	0.3 pps
Including:			
Auto insurance (%)	**24.5**	24.3	0.2 pps

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

Analysis of Profit Sources

(in RMB million)	2022	2021	Change (%)
Premium income	**298,038**	270,043	10.4
Net earned premiums	**277,620**	260,490	6.6
Claim expenses	**(193,976)**	(174,663)	11.1
Commission expenses on insurance operations	**(34,277)**	(32,039)	7.0
Administrative expenses[1]	**(54,739)**	(53,179)	2.9
Reinsurance commission revenue	**4,484**	4,527	(0.9)
Underwriting profit	**(888)**	5,136	N/A
Combined ratio (%)	**100.3**	98.0	2.3 pps
Total investment income[2]	**10,014**	14,123	(29.1)
Average investment assets	**358,145**	325,515	10.0
Total investment yield (%)	**2.8**	4.3	-1.5 pps
Other net revenue and expenses	**(892)**	(563)	58.4
Profit before tax	**8,234**	18,696	(56.0)
Income tax	**645**	(2,504)	N/A
Net profit	**8,879**	16,192	(45.2)
Operating profit	**8,879**	16,192	(45.2)

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

Business Analysis
Property and Casualty Insurance Business

OPERATING DATA BY PRODUCT TYPE

In 2022, the top five sources of premium income for Ping An P&C were auto insurance, guarantee insurance, liability insurance, accidental injury insurance, and health insurance. These five product types collectively accounted for 90.2% of Ping An P&C's total premium income for 2022.

Auto Insurance

Ping An P&C actively refined operations and continuously improved its sales capability and service capability. Overall operations were steady and healthy in good order after the comprehensive reform of auto insurance in 2022. Vehicles insured by Ping An P&C increased 4.6% year on year, and auto insurance premium income rose 6.6% year on year to RMB201,298 million in 2022. Ping An P&C significantly improved auto insurance business quality by optimizing pricing models, strengthening risk screening, and improving cost management. Moreover, vehicle accident frequency decreased to some extent due to the reduced need for travel. As a result, auto insurance combined ratio improved by 3.1 pps year on year to 95.8% in 2022. Going forward, Ping An P&C will strengthen core technologies in new auto insurance segments including new energy vehicles, self-driving vehicles and usage-based insurance, and promote product and service innovations to meet diverse customer demands and drive the healthy development of auto insurance business.

Guarantee Insurance

Guarantee insurance premium income grew 21.2% year on year to RMB21,934 million in 2022. Guarantee insurance combined ratio rose by 40.2 pps year on year to 131.4% mainly due to a complex economic environment which made it harder for small and micro-enterprise customers to operate and adversely impacted their repayment ability. Historically, guarantee insurance business produced a significant underwriting profit, but in recent years combined ratio has been hampered by changes in the market environment. From 2018 to 2021, combined ratio was 88.6%, 93.6%, 111.0%, and 91.2% respectively. Guarantee insurance business will get back on track in the medium to long term due to China's economic resilience and growth momentum, supportive government policies, and Ping An P&C's quality-first proactive risk management.

Liability Insurance

Liability insurance premium income grew 9.6% year on year to RMB21,783 million in 2022. Liability insurance combined ratio was 105.4% for 2022, improved by 0.1 pps compared with the first half of 2022, mainly affected by the unification of urban and rural compensation standards for personal injuries across China, but the overall business risk was under control. Ping An P&C has optimized the risk pricing models for major product types, continuously improved the risk pricing database, and enhanced the precision pricing capability. As a result, the quality of newly-sold liability insurance policies has been significantly optimized.

Accidental Injury Insurance

Accidental injury insurance premium income fell 18.7% year on year to RMB13,989 million in 2022. Accidental injury insurance combined ratio remained good at 94.5%. Centering on user demands, Ping An P&C provides users with convenient insurance services through apps including "Ping An Auto Owner" and "Ping An Good Life."

Health Insurance

Health insurance premium income grew 79.2% year on year to RMB9,696 million in 2022. Health insurance combined ratio remained good at 95.2%. Ping An P&C continues to transform its customer management model from "treatment-centered" to "health-centered," having launched needs-oriented products and services to address the health-related pain points of customer segments from children to the elderly, from individuals to families, and from cities to counties.

(in RMB million)	Insured amount	Premium income	Net earned premiums	Claim expenses	Underwriting profit	Combined ratio	Reserve liabilities
Auto insurance	210,530,821	201,298	189,233	130,320	8,032	95.8%	174,330
Guarantee insurance	253,614	21,934	28,663	32,711	(9,013)	131.4%	43,700
Liability insurance	2,309,896,957	21,783	17,329	10,616	(929)	105.4%	22,529
Accidental injury insurance	1,603,275,864	13,989	15,482	6,809	847	94.5%	11,723
Health insurance	275,907,196	9,696	8,356	3,581	398	95.2%	5,776

SOLVENCY MARGIN

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

(in RMB million)	**December 31, 2022 (under C-ROSS Phase II)**	December 31, 2021 (under C-ROSS Phase I)
Core capital	**101,193**	112,277
Actual capital	**125,337**	125,777
Minimum capital	**56,976**	45,171
Core solvency margin ratio (%)	**177.6**	248.6
Comprehensive solvency margin ratio (%)	**220.0**	278.4

Notes: (1) Core solvency margin ratio = core capital / minimum capital. Comprehensive solvency margin ratio = actual capital / minimum capital.
(2) The regulatory minimum requirements for the core solvency margin ratio and comprehensive solvency margin ratio are 50% and 100% respectively.
(3) For details of Ping An P&C's solvency margin, please refer to the Company's website (www.pingan.cn).

OTHER FINANCIAL AND REGULATORY INFORMATION

Premium Income

Ping An P&C's premium income is analyzed below by channel:

(in RMB million)	2022 Amount	2022 Percentage (%)	2021 Amount	2021 Percentage (%)
Agencies	**84,107**	**28.2**	71,893	26.6
Car dealers	**81,999**	**27.5**	72,916	27.0
Cross-selling	**40,942**	**13.7**	42,229	15.6
Direct selling	**40,403**	**13.6**	35,945	13.3
Telemarketing and online channels	**24,313**	**8.2**	20,386	7.5
Others	**26,274**	**8.8**	26,674	10.0
Total	**298,038**	**100.0**	270,043	100.0

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

Ping An P&C's premium income is analyzed below by region:

(in RMB million)	2022	2021
Guangdong	**50,072**	44,426
Jiangsu	**23,093**	19,927
Zhejiang	**20,109**	17,959
Shanghai	**16,342**	15,592
Shandong	**16,102**	14,646
Subtotal	**125,718**	112,550
Total	**298,038**	270,043

Reinsurance Arrangement

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

(in RMB million)	2022	2021
Premiums ceded to reinsurers	**17,725**	17,324
Auto insurance	**5,821**	6,380
Non-auto insurance	**11,778**	10,491
Accident and health insurance	**126**	453
Inward reinsurance premium	**36**	70
Non-auto insurance	**36**	70

CLAIM EXPENSES

Claim expenses grew 11.1% year on year in 2022, mainly because guarantee insurance claim expenses increased year on year due to changes in the market environment.

(in RMB million)	2022	2021
Auto insurance	**130,320**	127,567
Non-auto insurance	**53,265**	39,837
Accident and health insurance	**10,391**	7,259
Total	**193,976**	174,663

Commission Expenses on Insurance Operations

Commission expenses on insurance operations increased 7.0% year on year in 2022, mainly because commission expenses rose year on year due to a large increase in non-auto insurance premium income.

(in RMB million)	2022	2021
Auto insurance	**16,791**	16,772
Non-auto insurance	**10,341**	7,692
Accident and health insurance	**7,145**	7,575
Total	**34,277**	32,039
Commission expenses as a percentage of premium income (%)	**11.5**	11.9

Administrative Expenses

Administrative expenses increased 2.9% year on year in 2022.

(in RMB million)	2022	2021
Operating expenses	**51,701**	51,033
Taxes and surcharges	**1,259**	1,091
Impairment losses on receivables and others	**1,779**	1,055
Total	**54,739**	53,179

Total Investment Income

Ping An P&C's investment income was under pressure in 2022 due to volatile capital markets. The net investment yield was 4.9%, and the total investment yield was 2.8%.

(in RMB million)	2022	2021
Net investment income[1]	**17,523**	16,720
Net realized and unrealized gains[2]	**(7,528)**	(2,156)
Impairment losses on investment assets	**19**	(441)
Total investment income	**10,014**	14,123
Net investment yield[3] (%)	**4.9**	5.1
Total investment yield[3] (%)	**2.8**	4.3

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

Business Analysis
Investment Portfolio of Insurance Funds

- Insurance funds investment portfolio grew 11.5% from the beginning of 2022 to nearly RMB4.37 trillion as of December 31, 2022. The portfolio achieved a 5.3% average net investment yield and a 5.5% average comprehensive investment yield over the past decade.
- The Company continued to optimize the duration gap between assets and liabilities despite a market-wide shortage of long-duration assets. The Company effectively managed investment risks by strengthening risk review, refining risk limits, and tightening concentration risk management and post-investment management.

INVESTMENT PORTFOLIO OVERVIEW

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

Inflation of major overseas economies surged due to tight energy supply amid geopolitical tensions in 2022. Rate hikes announced by central banks (such as the U.S. Federal Reserve) led to economic slowdowns of major economies, with features of stagflation. This weighed on global capital markets. Pressures on economic growth in China and geopolitical tensions and tightening polices in foreign countries sent capital markets declining significantly.

The Company followed the principle of gaining certain returns in an uncertain environment. The interest rate on one-year term deposits declined further, and the 10-year central government bond yield dipped to 2.85%, the lowest level during 2022, down by nearly 20 bps from the beginning of 2022. However, the Company's insurance funds investment portfolio recorded RMB188,841 million in net investment income, an increase of RMB21,990 million year on year. The insurance funds investment portfolio's net investment yield, total investment yield and comprehensive investment yield were 4.7% (up 0.1 pps year on year), 2.5% and 2.7% respectively. In addition, no new default occurred in 2022 as the Company adhered to the credit risk bottom line.

ASSET-LIABILITY MANAGEMENT

The Company is committed to creating stable investment incomes across macroeconomic cycles and meeting liability needs under a liability-driven approach, taking solvency as a core metric. The Company retains a prudent risk appetite and continues to optimize the asset-liability matching of insurance funds, accumulate high-quality assets, and implement disciplined, flexible and robust investment operations. In response to challenges brought by lower interest rates and rising credit risk, the Company increased its allocation to central and local government bonds and long-duration low-risk bonds (e.g. policy bank bonds). Moreover, the Company increased its investment in high-quality alternative assets, especially rent-collecting assets with stable cash flow. In addition, the Company maintained flexible asset-liability management mechanisms, controlled reasonable guaranteed interest rates on liabilities, and optimized the interest rate matching of assets and liabilities.

INVESTMENT RISK MANAGEMENT

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

The Company has further strengthened investment rules and processes. To continuously optimize end-to-end risk management, the Company has standardized its business processes, improved its investment risk management framework, and enhanced key processes including risk admittance strategies, credit rating, counterparty and issuer credit facility management, concentration management, risk monitoring, and emergency management. Moreover, the Company employs technologies to empower the management of key post-investment matters and constantly optimizes its risk warning platform. Based on consolidated statements of investment portfolios, the Company monitors comprehensive risk signals covering market fluctuations, public sentiment, financial changes and so on, and closely watches forward-looking indicators automatically generated by systems. By using smart analytics models, the Company can identify risks more rapidly, make timely decisions, and take action in advance.

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

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

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

Business Analysis
Investment Portfolio of Insurance Funds

INVESTMENT PORTFOLIO (BY CATEGORY)

(in RMB million)	December 31, 2022 Carrying value	December 31, 2022 Percentage (%)	December 31, 2021 Carrying value	December 31, 2021 Percentage (%)
Cash and cash equivalents	**144,508**	**3.3**	110,762	2.8
Term deposits	**234,142**	**5.4**	208,417	5.3
Debt financial assets				
Bond investments	**2,216,095**	**50.7**	1,904,366	48.6
Bond funds	**108,960**	**2.5**	90,052	2.3
Preferred stocks	**116,749**	**2.7**	116,749	3.0
Perpetual bonds	**37,675**	**0.9**	57,345	1.5
Policy loans	**188,765**	**4.3**	178,298	4.6
Debt schemes	**181,821**	**4.1**	196,542	5.0
Wealth management products[1]	**260,972**	**6.0**	263,605	6.7
Equity financial assets				
Stocks	**228,796**	**5.2**	272,597	7.0
Equity funds	**146,988**	**3.4**	91,263	2.3
Wealth management products[1]	**50,847**	**1.2**	32,893	0.8
Unlisted equities	**109,797**	**2.5**	108,088	2.8
Long-term equity stakes	**205,286**	**4.7**	160,645	4.1
Investment properties	**117,985**	**2.7**	100,647	2.6
Other investments[2]	**19,014**	**0.4**	24,143	0.6
Total investments	**4,368,400**	**100.0**	3,916,412	100.0

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

INVESTMENT PORTFOLIO (BY ACCOUNTING MEASUREMENT)

The Company has implemented IFRS 9 for financial instruments since January 1, 2018. Financial assets carried at fair value through profit or loss accounted for 21.6% of the total investment assets of the Company's insurance funds investment portfolio as of December 31, 2022.

(in RMB million)	December 31, 2022 Carrying value	December 31, 2022 Percentage (%)	December 31, 2021 Carrying value	December 31, 2021 Percentage (%)
Financial assets carried at fair value through profit or loss	**942,824**	**21.6**	829,375	21.2
Fixed income	**577,407**	**13.2**	513,711	13.1
Stocks	**57,334**	**1.3**	83,395	2.1
Equity funds	**146,988**	**3.4**	91,263	2.3
Other equity financial assets	**161,095**	**3.7**	141,006	3.7
Financial assets carried at fair value through other comprehensive income	**408,899**	**9.4**	451,686	11.5
Financial assets measured at amortized cost	**2,692,818**	**61.6**	2,373,438	60.6
Others[1]	**323,859**	**7.4**	261,913	6.7
Total investments	**4,368,400**	**100.0**	3,916,412	100.0

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

INVESTMENT INCOME

The Company's insurance funds investment was under pressure in 2022 due to capital market uncertainties. Through multiple efforts, the Company increased net investment yield by 10 bps year on year to 4.7% in 2022, without raising risk appetite against a volatile market and rising credit risk.

(in RMB million)	2022	2021	Change (%)
Net investment income(1)	**188,841**	166,851	13.2
Net realized and unrealized gains(2)	**(86,459)**	2,123	N/A
Impairment losses on investment assets	**(552)**	(24,888)	(97.8)
Total investment income	**101,830**	144,086	(29.3)
Changes in other comprehensive income	**5,594**	(6,171)	N/A
Comprehensive investment income	**107,424**	137,915	(22.1)
Net investment yield(3) (%)	**4.7**	4.6	0.1 pps
Total investment yield(3) (%)	**2.5**	4.0	-1.5 pps
Comprehensive investment yield(3) (%)	**2.7**	3.8	-1.1 pps

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

The average investment yields on the Company's insurance funds investment portfolio for the past 10 years are higher than the EV long-run investment return assumption (5%).

	2013-2022
Average net investment yield (%)	**5.3**
Average total investment yield (%)	**5.3**
Average comprehensive investment yield (%)	**5.5**

CORPORATE BONDS

The Company held RMB88,088 million worth of corporate bonds in its insurance funds investment portfolio as of December 31, 2022, which accounted for 2.0% of the total investment assets, down 0.2 pps from the beginning of 2022 and down 0.9 pps from the beginning of 2021. The remaining bond investments were mainly central and high-quality local government bonds which have been carefully selected. Corporate bond portfolio enjoyed high credit ratings with about 99.2% rated AA or higher externally, and about 72.7% have AAA external ratings. In terms of credit loss risk, corporate bonds in the portfolio are secure as their risks are under control. For risk management of corporate bonds, the Company ensures end-to-end assessment and management of investment risks through asset allocation, admittance management, and dynamic review. The Company established an internal credit rating team in 2003. Since then, the team has conducted admittance management of corporate bond investments in strict accordance with internal credit ratings, and enhanced the review and adjustment of ratings to ensure they reasonably reflect bond issuers' credit standings. Moreover, the Company carries out ex ante monitoring of potential risks in corporate bonds on the basis of a bond issuer list and a rapid response mechanism that deals with public sentiment warnings. The Company effectively manages the review and reporting of corporate bonds to enhance the efficiency of risk warning and management.

DEBT SCHEMES AND DEBT WEALTH MANAGEMENT PRODUCTS

Debt schemes and debt wealth management products include debt investment schemes undertaken by insurance asset management companies, debt trust plans issued by trust companies, and debt wealth management products issued by commercial banks. Debt schemes and debt wealth management products in the Company's insurance funds investment portfolio totaled RMB442,793 million as of December 31, 2022, accounting for 10.1% of the portfolio, down 1.6 pps from the beginning of 2022.

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

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

Industry	Investment proportion (%)	Nominal yield (%)	Maturity (year)	Remaining maturity (year)
Infrastructure	**48.1**	**5.03**	**7.66**	**4.99**
Expressway	11.0	5.16	8.06	3.60
Electric power	6.4	4.67	8.04	5.81
Infrastructure and development zones	11.5	5.47	7.46	6.28
Others (water supply, environmental protection, railway, and so on)	19.2	4.81	7.42	4.74
Non-banking financial services(2)	**18.9**	**5.38**	**6.42**	**2.95**
Real estate industry(3)	**13.6**	**5.03**	**4.77**	**2.70**
Coal mining	**0.2**	**5.70**	**7.86**	**3.80**
Others	**19.2**	**4.77**	**5.94**	**3.72**
Total	**100.0**	**5.05**	**6.70**	**4.05**

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

Currently, the Company pays close attention to market credit conditions to ensure the overall risks of debt schemes and debt wealth management products held by Ping An in its insurance funds investment portfolio are controllable. Debt schemes and debt wealth management products in the Company's insurance funds investment portfolio have good credit ratings. Over 96.1% of the debt schemes and trust plans held by Ping An have AAA external ratings, and about 1.2% of them have AA+ external ratings. Aside from some high-credit entities which do not need credit enhancement for financing, most of the assets held by the Company have guarantees or collateral. In terms of industry and geographic distribution, Ping An proactively avoids high-risk industries and regions. Ping An's target assets are mainly in the non-banking financial services, and expressway industries in economically developed and coastal areas including Beijing, Shanghai, and Guangdong. In terms of investment timing and returns, Ping An seized time windows of large supplies of high-quality assets to effectively boost the overall portfolio's investment yields.

EQUITY WEALTH MANAGEMENT PRODUCTS

Equity wealth management products in the Company's insurance funds investment portfolio totaled RMB50,847 million as of December 31, 2022, accounting for 1.2% of the portfolio. The majority of equity wealth management products held by Ping An are from insurance asset managers. These products' underlying assets are mainly tradable shares of domestic and foreign high-quality companies in the secondary market, indicating no significant liquidity risk. Private equity funds account for a tiny proportion, and their underlying assets are mainly equities in central or local governments' partnerships, with risks under control.

REAL ESTATE INVESTMENTS

The balance of real estate investments in the Company's insurance funds investment portfolio was RMB204,562 million as of December 31, 2022, accounting for 4.7% of the portfolio, including RMB117,985 million in real properties (measured at cost less depreciation provided on a straight-line basis), RMB45,479 million in equity types of investments, and RMB41,098 million in fixed-income types of investments respectively. The real properties held in the portfolio were primarily rent-collecting commercial and office properties with sustained returns, which is in line with the principle of allocating insurance funds to long-duration assets to match liabilities. Of the equity types of investments held by the Company, approximately 70% were invested in rent-collecting real properties in the form of equity stakes in project companies. The fixed-income types of investments held by the Company mainly included corporate bonds, real estate financial products with funds directly invested in real estate projects, and so on. Both the equity and fixed-income types of investments aim to earn dividends, interest, and capital gains. Going forward, the Company will improve asset quality and control investment risks by analyzing and predicting internal and external risks carefully and managing real estate investments prudently.

Business Analysis
Banking Business

- Ping An Bank maintained stable, healthy business growth. Revenue and net profit for 2022 grew 6.2% and 25.3% year on year respectively.
- Ping An Bank kept asset quality stable by proactively tackling changes in the macroeconomic environment. Non-performing loan ratio rose slightly by 3 bps from the beginning of 2022 to 1.05%, and provision coverage ratio increased by 1.86 pps from the beginning of 2022 to 290.28% as of December 31, 2022, indicating adequate risk provisions.
- Ping An Bank maintained steady development of retail business. Retail AUM rose 12.7% from the beginning of 2022 to RMB3,587,274 million, and retail deposit balance rose 34.3% from the beginning of 2022 to exceed RMB1 trillion as of December 31, 2022.

BUSINESS OVERVIEW

Ping An Bank adhered to its mission to be "China's most outstanding, world-leading smart retail bank" under the strategy of "technological empowerment, retail banking breakthroughs, and corporate banking enhancements." Ping An Bank is positioned as "a digital bank, an ecosystem-based bank, and a platform-based bank." During the year, Ping An Bank continuously upgraded its retail, corporate and interbank strategies, reshaped asset-liability operations, enhanced its capability of serving the real economy, strengthened financial risk management, and maintained stable, healthy business growth.

Ping An Bank continued to make its outlets smarter, and improved their geographic distribution. Ping An Bank (excluding Ping An Wealth Management) had 109 branches and 1,191 business outlets as of December 31, 2022.

KEY INDICATORS

Ping An Bank's revenue grew 6.2% year on year to RMB179,895 million and net profit rose 25.3% year on year to RMB45,516 million in 2022.

(in RMB million)	2022	2021	Change (%)
Operating results			
Revenue	**179,895**	169,383	6.2
Net profit	**45,516**	36,336	25.3
Cost-to-income ratio (%)	**27.45**	28.30	-0.85 pps
Average return on total assets (%)	**0.89**	0.77	0.12 pps
Weighted average ROE (%)	**12.36**	10.85	1.51 pps
Net interest margin (%)	**2.75**	2.79	-0.04 pps

(in RMB million)	December 31, 2022	December 31, 2021	Change
Deposits and loans(1)			
Deposits	**3,312,684**	2,961,819	11.8%
Including: Retail deposits	**1,034,970**	770,365	34.3%
Corporate deposits	**2,277,714**	2,191,454	3.9%
Total loans and advances	**3,329,161**	3,063,448	8.7%
Including: Retail loans	**2,047,390**	1,910,321	7.2%
Corporate loans	**1,281,771**	1,153,127	11.2%
Asset quality			
Non-performing loan ratio (%)	**1.05**	1.02	0.03 pps
Provision coverage ratio (%)	**290.28**	288.42	1.86 pps
Deviation of loans more than 60 days overdue(2)	**0.83**	0.85	(0.02)
Capital adequacy ratio			
Core tier 1 capital adequacy ratio(3) (%)	**8.64**	8.60	0.04 pps

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

Analysis of Profit Sources

(in RMB million)	2022	2021	Change (%)
Net interest revenue	**130,130**	120,336	8.1
Average interest-earning assets	**4,738,938**	4,314,998	9.8
Net interest margin(1) (%)	**2.75**	2.79	-0.04 pps
Net non-interest revenue	**49,765**	49,047	1.5
Including:			
Net fee and commission revenue	**30,208**	33,062	(8.6)
Other net non-interest revenue(2)	**19,557**	15,985	22.3
Revenue	**179,895**	169,383	6.2
General and administrative expenses	**(49,387)**	(47,937)	3.0
Cost-to-income ratio(3) (%)	**27.45**	28.30	-0.85 pps
Tax and surcharges	**(1,727)**	(1,644)	5.0
Operating profit before impairment losses on assets	**128,781**	119,802	7.5
Impairment losses on credit and other assets	**(71,306)**	(73,817)	(3.4)
Including:			
Loan impairment loss	**(64,168)**	(59,407)	8.0
Average balance of loans and advances (including discounted bills)	**3,190,601**	2,853,155	11.8
Credit cost(4) (%)	**2.01**	2.08	-0.07 pps
Other expenses	**(222)**	(106)	109.4
Profit before tax	**57,253**	45,879	24.8
Income tax	**(11,737)**	(9,543)	23.0
Net profit	**45,516**	36,336	25.3

Notes: (1) Net interest margin = net interest revenue / average interest-earning assets.
(2) Other net non-interest revenue includes investment income, foreign exchange gains or losses, other revenues and other gains or losses less non-operating gains under the segmented income statement.
(3) Cost-to-income ratio = general and administrative expenses / revenue.
(4) Credit cost = loan impairment losses / average balance of loans and advances (including discounted bills).

Ping An Bank's net interest margin fell 0.04 pps year on year to 2.75% and average cost of liabilities fell 0.05 pps year on year to 2.16% for 2022. Ping An Bank proactively reshaped asset-liability operations. Regarding liabilities, Ping An Bank cut the cost of liabilities by proactively optimizing the liability portfolio. Regarding assets, returns on assets declined because of falling market interest rates, Ping An Bank's support for the real economy, and other factors. As a result, net interest margin narrowed.

Ping An Bank's net non-interest revenue for 2022 amounted to RMB49,765 million, up 1.5% year on year. Specifically, net fee and commission revenue decreased 8.6% year on year mainly because fee revenue from fund distribution and credit card services declined due to macroeconomic situations and other factors. Other net non-interest revenue increased 22.3% year on year in 2022, driven by increased net non-interest revenue from bill discounting, foreign exchange business, and other businesses.

RETAIL BUSINESS

Ping An Bank actively carries out its original mission of serving the real economy and supporting people's livelihoods with financial services. By leveraging integrated finance and technological empowerment, Ping An Bank builds "Smart Bank 3.0" under a new retail transformation model of an "open bank, AI bank, remote bank, offline bank, and comprehensive bank."

(in RMB million)	2022	2021	Change (%)
Retail business operating results			
Revenue from retail business	**103,007**	98,237	4.9
Proportion of revenue from retail business (%)	**57.3**	58.0	-0.7 pps
Net profit from retail business	**19,828**	21,498	(7.8)
Proportion of net profit from retail business (%)	**43.6**	59.2	-15.6 pps

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

Integrated finance contributed steadily to Ping An Bank's retail business in 2022 as the bank innovated and upgraded its online integrated finance operations model.

	2022	
	Integrated finance's contributions	Integrated finance's contribution percentage (%)
Integrated finance's contributions to retail business		
Net increase in customers (in thousand)	**1,901.2**	**39.1**
Net increase in retail AUM (in RMB million)	**218,251**	**53.9**
New credit cards issued (in thousand)	**2,070.1**	**26.4**
Xinyidai unsecured loans granted (in RMB million)	**73,555**	**57.6**
Auto loans granted (in RMB million)	**48,520**	**20.8**

In basic retail business, Ping An Bank continued to strengthen omni-channel customer acquisition and full-scenario business development. "Ping An Pocket Bank" app's registered users increased 13.3% from the beginning of 2022 to approximately 152,883,200 as of December 31, 2022. Specifically, monthly active users of the app grew 5.1% from the beginning of 2022 to approximately 50,684,400. Ping An Bank adhered to the operation policy of growing the size, optimizing the portfolio, strengthening the customer base, and controlling the costs. The balance of retail deposits increased 34.3% from the beginning of 2022 to RMB1,034,970 million as of December 31, 2022.

In private banking and wealth management business, Ping An Bank continuously upgraded its products, customer development, teams and other capabilities to boost private banking and wealth management business comprehensively. Ping An Bank's retail AUM rose 12.7% from the beginning of 2022 to RMB3,587,274 million as of December 31, 2022, including RMB1,620,785 million in AUM of qualified private banking customers, up 15.3% from the beginning of 2022. 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 RMB54,607 million in 2022, up 43.6% year on year. In respect of team upgrade, Ping An Bank focuses on building a new wealth management team who understands insurance well, to provide customers with more comprehensive asset allocation services under the integrated finance model.

	December 31, 2022	December 31, 2021	Change (%)
Number of retail customers[1] (in thousand)	**123,080**	118,212	4.1
Including:			
Wealth management customers (in thousand)	**1,265.2**	1,099.8	15.0
Including:			
Qualified private banking customers[2] (in thousand)	**80.5**	69.7	15.5
Retail AUM (in RMB million)	**3,587,274**	3,182,634	12.7

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

In consumer finance, Ping An Bank strengthened digital operations and comprehensive service capabilities for retail credit products, further improving the business portfolio and customer mix. The balance of retail loans reached RMB2,047.39 billion as of December 31, 2022, up 7.2% from the beginning of 2022.

CORPORATE BUSINESS

In corporate business, Ping An Bank closely followed national strategies, and continued to increase financing support for key areas including the manufacturing sector, specialized and sophisticated enterprises that produce new and unique products, non-state-owned enterprises, MSMEs, rural revitalization, green finance, and infrastructure. Ping An Bank developed and strengthened key customer segments to serve the real economy. Focusing on the following two sectors, Ping An Bank achieved stable growth in corporate business by leveraging its competitive edge in technology and platforms.

Firstly, Ping An Bank aims to become a digital-driven new transaction bank. Leveraging the "Nebula-IoT" platform and massive multi-dimensional data, Ping An Bank advances iterative innovation in products and models, and shares "finance + technology" capabilities in a componentized, standardized manner through the open bank to provide numerous MSMEs with ecosystem-based services. Ping An Bank's supply chain financing reached RMB1,168,496 million in 2022, up 21.7% year on year. Cumulative registered business users of "Ping An Bank Digital Pocket" increased 63.4% from the beginning of 2022 to approximately 13,296,400 as of December 31, 2022. The corporate open bank served 50,968 corporate customers, up 68.2% from the beginning of 2022.

Secondly, Ping An Bank aims to provide industry-driven modern industrial financial services. Ping An Bank focuses on new energy, next-generation infrastructure, new manufacturing and other areas in line with the development trends of modern industries and capital markets. Ping An Bank serves the real economy and supports the industrial upgrade by providing one-stop integrated financial services under a "commercial banking + investment banking + investment" model. Sophisticated investment and financing reached RMB987,676 million in 2022, including RMB617,378 million in investment banking business.

INTERBANK BUSINESS

Ping An Bank continuously enhances "five golden business cards" of circular value chains under the philosophy of "serving financial markets, interbank customers, and the real economy." Ping An Bank builds a core moat with professional trading and sales capabilities, and drives business growth via value creation.

- In respect of financial trading, Ping An Bank proactively prevents financial market volatility risks, continuously strengthens multi-product and cross-market trading capabilities, and actively provides onshore and offshore institutions with trading services. Market share measured by bond trading volume improved by 0.9 pps year on year to 3.2% in 2022. Ping An Bank had 837 active institutional trading customers, with RMB2.20 trillion of cash bonds sold by the institutions in 2022.

- In respect of hedging services, the "Ping An Hedging" business leverages professional financial market trading capabilities to continuously improve services for MSMEs. The "Ping An Hedging" foreign exchange hedging volume grew 54.0% year on year to USD33,566 million in 2022.

- In respect of interbank business, Ping An Bank efficiently connects the supply and demand sides of products via the "ET-Bank+" service model. Ping An Bank's interbank institutional sales volume grew 11.9% year on year to RMB1,659.8 billion in 2022. The balance of third-party funds distributed under the "ET-Bank" increased 262.4% from the beginning of 2022 to RMB111.27 billion as of December 31, 2022.

- In respect of asset custody, Ping An Bank continuously diversifies its comprehensive services and advances integrated investment, financing and custody services by building an asset custody big data platform. Net assets under custody increased 7.9% from the beginning of 2022 to RMB8.22 trillion as of December 31, 2022.

- In respect of asset management, Ping An Wealth Management focuses on building capabilities in terms of channels, investment, products, technology and so on. Ping An Bank had RMB875,238 million worth of net asset value-type products in compliance with the new asset management regulations as of December 31, 2022, up 4.4% from the beginning of 2022.

ASSET QUALITY

The macroeconomic recovery slowed down and remained significantly imbalanced among regions and sectors, with some enterprises and individuals struggling to repay debts in 2022. As such, banks still faced challenges in managing asset quality. In line with national strategies, Ping An Bank served the real economy, supported non-state-owned enterprises and MSMEs, enhanced non-performing asset disposal, and kept overall asset quality stable.

(in RMB million)	**December 31, 2022**	December 31, 2021	Change (%)
Loan quality			
Pass	**3,233,708**	2,988,759	8.2
Special mention	**60,592**	43,414	39.6
Non-performing loans	**34,861**	31,275	11.5
Total loans and advances	**3,329,161**	3,063,448	8.7
Non-performing loan ratio (%)	**1.05**	1.02	0.03 pps
Percentage of special mention loans(1) (%)	**1.82**	1.42	0.40 pps
Provision coverage ratio (%)	**290.28**	288.42	1.86 pps
Provision to loan ratio (%)	**3.04**	2.94	0.10 pps
Percentage of loans more than 60 days overdue (%)	**0.87**	0.87	-

Note: (1) The percentage of special mention loans rose by 0.40 pps from the beginning of 2022 due to the macroeconomic environment, changes in regulatory rules for secured retail auto loans, some major corporate customers' debt restructurings and so on.

(%)	**December 31, 2022**	December 31, 2021	Change
Non-performing loan ratios			
Retail loans	**1.32**	1.21	0.11 pps
Corporate loans	**0.61**	0.71	-0.10 pps

In respect of retail asset quality, Ping An Bank's retail non-performing loan ratio rose 0.11 pps from the beginning of 2022 to 1.32% as of December 31, 2022 as retail customers' jobs and incomes were impacted by economic slowdowns in 2022. As a result, retail non-performing loan ratio rose. Ping An Bank has increased reviews of pre-lending policies, strictly controlled customer admittance, expanded collection channels, and enhanced efforts to dispose of non-performing loans since the second half of 2021. Ping An Bank optimized its retail lending business portfolio by gradually increasing the proportion of secured loans in 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 regulators' financial relief policies, Ping An Bank provided relief services including considerate collection and deferred principal/interest repayment for customers suffering temporary operating difficulties or income declines due to the macroeconomic environment, tiding over difficulties together with customers. Moreover, Ping An Bank took proactive measures such as upfront reminders, exclusive collection resources and comprehensive relief kits to mitigate the impact of deferred loan repayment on future asset quality.

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

(%)	Loan granting period 2022	2021	2020	2019
Credit card receivables[3]	**0.53**	0.38	0.19	0.36
Xinyidai unsecured loans	**0.15**	0.18	0.15	0.15
Auto loans	**0.35**	0.36	0.35	0.28

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

(2) The data of the 2022 vintage analysis only reflects the quality of loans granted from January to July in 2022. Loans granted from August to December in 2022 will be included in analysis when the vintages of these loans reach six months.

(3) Delinquency of new credit card accounts increased due to changes in the macroeconomic environment, and adjustments made to the standards for recognizing credit card delinquency in the fourth quarter of 2021 as per regulatory requirements. Ping An Bank has proactively tightened its pre-lending strategy, increased credit limits granted to premium customers, and tightened post-lending collection to continuously improve the quality of new credit card accounts.

In respect of corporate asset quality, Ping An Bank focused on key industries, regions and customers, selected industries with low cyclicality, stable growth and good asset quality, and reduced exposure to high-risk customers. As a result, corporate credit metrics remained good. Ping An Bank's corporate non-performing loan ratio was 0.61% as of December 31, 2022, down 0.10 pps from the beginning of 2022.

CAPITAL ADEQUACY

Ping An Bank continuously enhances its internal capital accumulation capacities and optimize its on- and off-balance sheet asset portfolios, proactively reducing inefficient and unnecessary capital utilization to raise capital allocation efficiency. Ping An Bank's core tier 1 capital adequacy ratio was 8.64% as of December 31, 2022, up 0.04 pps from the beginning of 2022.

	December 31, 2022	December 31, 2021	Change
Capital adequacy ratio			
Core tier 1 capital adequacy ratio (%)	**8.64**	8.60	0.04 pps
Tier 1 capital adequacy ratio (%)	**10.40**	10.56	-0.16 pps
Capital adequacy ratio (%)	**13.01**	13.34	-0.33 pps

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

(2) According to the *Additional Regulations for Systematically Important Banks (Trial)* and the 2022 List of Systematically Important Banks in China, Ping An Bank is included in the first group on the list, and shall meet conditions including a 0.25% supplementary capital ratio effective from January 1, 2023. At present, Ping An Bank meets supplementary capital requirements for all capital adequacy ratios.

Business Analysis
Asset Management Business

- Ping An Securities adheres to its strategy of building a smart securities services platform under Ping An's integrated financial services strategy, boosting net profit by 16.3% year on year in 2022.
- Ping An Trust continued to improve its business portfolio. Total assets held in trust grew 19.7% from the beginning of 2022 to RMB552,006 million, in which the investment category expanded 51.3% from the beginning of 2022 to RMB388,535 million as of December 31, 2022.
- Ping An Financial Leasing maintained robust operations as asset quality remained excellent, and actively advanced its strategic transformation and upgrades.
- Ping An Asset Management maintained steady business growth. AUM grew 7.8% from the beginning of 2022 to RMB4.37 trillion as of December 31, 2022, including RMB514,933 million in third-party AUM, up 0.6% from the beginning of 2022.

BUSINESS OVERVIEW

The Company primarily conducts its asset management business through companies including Ping An Securities, Ping An Trust, Ping An Financial Leasing, and Ping An Asset Management. The asset management business's investment income declined year on year and net profit decreased 72.7% year on year in 2022 due to volatile capital markets and valuation changes.

SECURITIES BUSINESS

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

Ping An Securities adheres to its strategy of building a smart securities services platform under Ping An's integrated financial services strategy. Ping An Securities continuously upgrades strategies for brokerage, investment banking, trading and asset management businesses, focusing on customer demands and carrying out smart operations. Ping An Securities continuously improves its platform-based integrated operations model. As a result, business growth remains steady. Net profit of Ping An Securities grew 16.3% year on year to RMB4,455 million, and core business indicators continued to improve in 2022.

- Ping An Securities furthered its strategic transformation for brokerage business. Ping An Securities built a leading smart brokerage platform to meet customer demands and provide solutions under the strategy of "brokerage, wealth management and a smart platform." Ping An Securities ranked 1st in the industry by number of retail customers (over 22 million), and top three by activeness of app users as of December 31, 2022. The market share of Ping An Securities in terms of equity and fund trading volume (excluding seat leasing)[1] reached 3.72% in 2022.

- Ping An Securities continued to develop into a boutique investment bank, driving investment banking business with "research, customers, products, and platforms." Ping An Securities expanded its customer base on the basis of cornerstone customers, and focused on key areas and industries to better serve the real economy. Ping An Securities remained among top players in the industry by bond underwriting scale, ranking 2nd in asset-backed securities[2] volume and 7th in bond[2] underwriting respectively in 2022.

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

- Ping An Securities enhanced its expertise and service quality in trading and asset management businesses. In trading business, Ping An Securities continuously consolidated bond trading advantages with expertise and technology, showing excellent timing and hedging capabilities and delivering a year-on-year increase in investment income in 2022. In asset management, Ping An Securities continuously strengthened its active management capability and improved its service quality. As a result, AUM increased from the beginning of 2022.

(in RMB million)	**2022**	2021	Change (%)
Revenue	**17,308**	20,253	(14.5)
Net profit	**4,455**	3,829	16.3

TRUST BUSINESS

Ping An Trust conducts businesses in accordance with the new asset management regulations and other regulatory requirements, ensuring effective implementation of the new asset management regulations. In direct sales, Ping An Trust prevents risks by applying AI-based face-to-face contract signing, electronic contracting, video-based verification and other technologies to accredited investor verification, audio and video recording for products, and risk disclosure. For distribution, Ping An Trust partners with licensed financial institutions only, and minimizes the risk of partners' mis-selling by tightening qualification requirements for distribution channels and strengthening post-sales supervision and inspection. Institutional customers accounted for more than 70% of assets held in trust as of December 31, 2022.

Ping An Trust focuses on its core businesses including trust services, institutional asset management, and private equity. Ping An Trust prudentially controlled risks and adjusted the portfolio in 2022. In controlling risks, Ping An Trust further optimized its comprehensive risk management system by improving risk governance structure, strictly controlling asset quality, strengthening post-investment closed-loop management, promoting risk review and mitigation, and upgrading the smart risk management platform. Ping An Trust strictly adhered to the bottom line of risk compliance, conducted accountability enhancement programs, established and improved whole-process management mechanisms covering fundraising, investment, management and exit. Moreover, Ping An Trust ensured full-lifecycle management of products to fulfill its responsibilities as a manager. In adjusting the business portfolio, Ping An Trust significantly improved its portfolio by actively promoting the standard-asset investment and service categories while significantly reducing the financing category.

Ping An Trust had RMB20,461 million in net capital as of December 31, 2022. The ratio of net capital to total risk capital was 360.3% and the ratio of net capital to net assets was 77.8%, both meeting regulatory requirements (i.e. not less than 100% and 40% respectively).

Ping An Trust focused on its core trust business, and continued to reduce assets held in trust within the financing category in 2022. As a result, fees and commission revenue declined year on year. Operating costs decreased significantly as Ping An Trust proactively cut costs and boosted efficiency. Investment income rose year on year. Moreover, net profit grew significantly year on year in 2022 due to a low base for 2021.

(in RMB million)	**2022**	2021	Change (%)
Revenue	**2,887**	3,412	(15.4)
Net profit	**1,182**	229	416.2

Business Analysis
Asset Management Business

Ping An Trust actively developed trust business within the standard-asset investment and service categories. Total assets held in trust grew 19.7% from the beginning of 2022 to RMB552,006 million as of December 31, 2022, in which the investment category expanded 51.3% from the beginning of 2022 to RMB388,535 million and the financing category decreased 37.6% from the beginning of 2022. Ping An Trust continued to de-risk through business mix optimization.

(in RMB million)	December 31, 2022	December 31, 2021	Change (%)
Investment category	**388,535**	256,750	51.3
Financing category	**67,980**	108,904	(37.6)
Administrative category[1]	**95,491**	95,658	(0.2)
Total	**552,006**	461,312	19.7

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

PING AN FINANCIAL LEASING

Ping An Financial Leasing is committed to becoming a world-leading innovative financial leasing expert focusing on industries and serving the real economy. With business presences in various industries, Ping An Financial Leasing actively advances its strategic transformation and upgrade by successfully exploring areas including auto leasing, micro-finance, and commercial factoring.

Ping An Financial Leasing continued to strengthen risk management amid domestic macroeconomic conditions, maintaining steady, healthy operations. Non-performing asset ratio declined slightly, and sufficient provisions had been set aside as of December 31, 2022, indicating an ample risk buffer.

(in RMB million)	December 31, 2022	December 31, 2021	Change (%)
Total assets	**258,385**	273,954	(5.7)
Non-performing asset ratio (%)	**1.17**	1.21	-0.04 pps

PING AN ASSET MANAGEMENT

Ping An Asset Management, entrusted with the Company's insurance funds, is responsible for the domestic investment management business of the Company. Moreover, 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. AUM amounted to RMB4.37 trillion as of December 31, 2022, including stocks, bonds, funds, debts, and equity stakes on open and non-open capital markets as well as money markets. Moreover, Ping An Asset Management possesses capabilities of cross-market asset allocation and full-spectrum asset investment.

(in RMB million)	December 31, 2022	December 31, 2021	Change (%)
AUM	**4,371,172**	4,053,143	7.8
Including: Third-party AUM	**514,933**	512,072	0.6

Business Analysis
Technology Business

- Ping An remains focused on developing core technologies to build leading technological capabilities and empower its ecosystems. Ping An ranked first globally by the number of AI, fintech and digital healthcare patent applications.
- Ping An empowers human service representatives with AI. AI service representatives accounted for 82% of Ping An's total customer service volume and 48.5% of total sales volume of all service representatives in 2022.

TECHNOLOGICAL EMPOWERMENT

Ping An continuously invests in R&D to build leading technological capabilities, which have been widely utilized to empower its core financial businesses and accelerate the development of its ecosystems. Ping An promotes technological empowerment in diverse business scenarios to increase cost-effectiveness, enhance risk management, develop excellent products, and strengthen customer acquisition. Moreover, Ping An develops industry ecosystems via technological empowerment by exporting leading innovative products and services to external entities.

Ping An remains focused on developing core technologies and securing proprietary intellectual property rights. Ping An had a first-class technology team of nearly 30,000 technology developers and nearly 3,900 scientists as of December 31, 2022. Moreover, Ping An partnered with top universities and leading research institutes to pursue technological breakthroughs. Ping An's technology patent applications led most international financial institutions, totaling 46,077 as of December 31, 2022. Of the technology patent applications, nearly 95% were for inventions, and 9,335 were made under the Patent Cooperation Treaty (PCT) and abroad. Ping An ranked first globally by the number of AI, fintech and digital healthcare patent applications(1) as of December 31, 2022.

Note: (1) The ranking by the number of AI patent applications is from the *Analysis Report of AI Technology Innovation Index in 2022* released by PatSnap Innovation Research Center. The ranking by the number of fintech patent applications is from the *Analysis Report of Financial Technology Innovation Index in 2022* released by PatSnap Innovation Research Center. The ranking by the number of digital healthcare patent applications is from the *Analysis Report of Digital Medical Technology Innovation Index in 2022* released by PatSnap Innovation Research Center.

Empowering Financial Services with Technologies

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

In digital marketing, Ping An Life launched "AI Customer Visit Assistant," the first-of-its-kind online visit tool, enabling agents to remotely interact with customers and give virtual reality-based immersive interactive explanations. These tools are completely different from the tablet tool that the agents historically used and will drive further productivity improvements. The average length of online interactions grew by over 50% year on year to more than 18 minutes in 2022. Moreover, Ping An Life launched an AI-enabled tracking shot functionality, helping agents to attract public domain traffic by creating content intellectual properties. Short videos thus produced were played 7.07 million times online within five months after the functionality was released. In addition, Ping An Life continued to improve services and promote front-end customer development by leveraging big data and other technologies. Ping An Life's "Jin Guan Jia" app had over 276 million registered users as of December 31, 2022. The app precisely matched customer demands via a service framework with direct access to customers, providing over 16.13 million customers with "worry-free, time-saving, and money-saving" benefit services over 51.60 million times in 2022.

Business Analysis
Technology Business

In efficiency improvement, Ping An leverages digital technologies to comprehensively optimize business processes, boost operational efficiency, and improve customer experience. Ping An empowers human service representatives with AI, offering services covering lending, credit cards, and insurance. The amount of services provided by AI service representatives[1] grew 26% year on year to approximately 2.60 billion times in 2022, representing 82% of Ping An's total customer service volume. Sales realized by AI service representatives increased 25% year on year to approximately RMB344.4 billion in 2022, accounting for 48.5% of the total sales volume of all service representatives, up 19.2 pps year on year. AI collected 49% of overdue loans, up 20 pps year on year, and the 30-day recovery rate of AI collection stood at 72% in 2022. Ping An P&C's optical character recognition technology for key documents was widely used in policy issuance, claims material collection and liability/loss assessment, saving 2.64 million hours of manual review in 2022, significantly reducing users' waiting time.

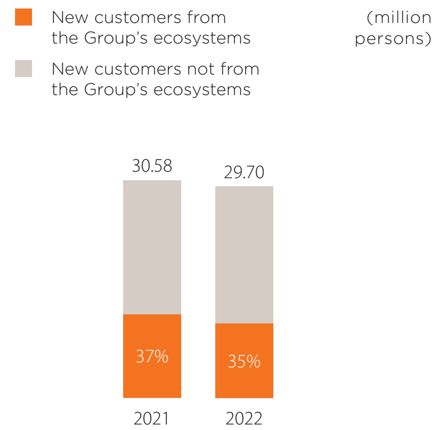
Note: (1) The amount of services provided by AI service representatives refers to the total times of inbound and outbound call services provided by speech robots and text robots for lending, credit card, and insurance business lines.

In digital risk management, Ping An Life applies technologies, including smart vision and voice recognition, to audio and video recording for smart insurance application. The function enables end-to-end smart compliance checks on audio and video recording. All the branches of Ping An Life across the country have used the function, completing the smart quality inspections of over 1.40 million cases in 2022. With the smart claim approval system, pilot branches cumulatively completed automatic claim settlement of over 100,000 complex cases. The claim settlement efficiency was over 28% higher than under the traditional approach. Ping An P&C offers diverse risk management services online and offline via Digital Risk System Version 2.0, the "Ping An Qi Ye Bao" app, and other technology platforms. Ping An P&C gave over 4.41 million tailored precise alerts to customers in 2022, providing over 38,000 corporate customers and key engineering projects with disaster and loss prevention services. Ping An P&C reshaped the operating model of risk management for farming insurance by virtue of biometric technology, providing self-service risk identification and prevention tools for teams and customers. Ping An P&C provided cover for over one million heads of livestock in 2022, with an AI identification accuracy rate of over 90%, effectively reducing fraud risk in agricultural insurance.

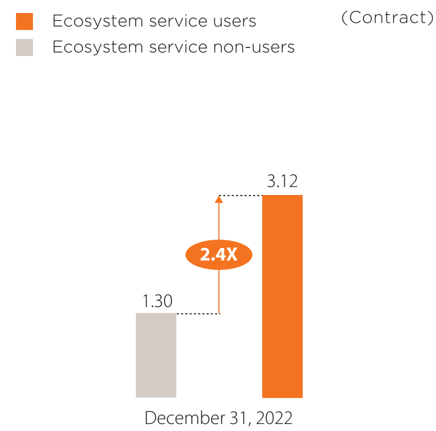
Empower Financial Services with Ecosystems

Ping An boosts customer stickiness, retention, and value through diverse products and services by broadening scenario coverage and deepening scenario mining through ecosystems. The Group had over 693 million internet users as of December 31, 2022. Nearly 35% of new retail customers were from the Group's ecosystem user base in 2022. Retail customers who used services in the Group's ecosystems held 3.12 contracts and approximately RMB44,500 in AUM per capita respectively, 2.4 times and 5.9 times those held by other customers respectively as of December 31, 2022.

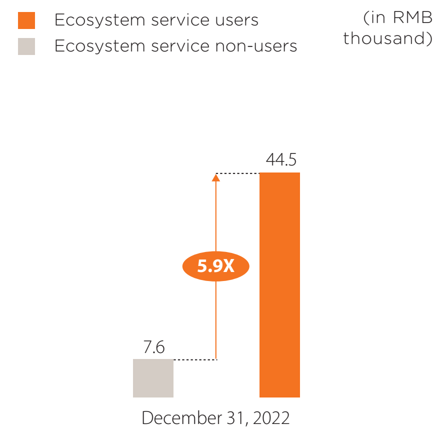
New retail customers



Contracts per retail customer



AUM per retail customer



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

TECHNOLOGY-DRIVEN DEVELOPMENT

The Company operates technology business mainly through subsidiaries, associates and joint ventures including Autohome, Lufax Holding, OneConnect, and Ping An Health.

Lufax Holding

Lufax Holding (NYSE: LU) is a leading financial services enabler for small business owners (SBOs) in China. Lufax Holding's mission is to foster small business competitiveness and sustainability by providing individual entrepreneurs with easy access to inclusive products and services and empowering institutional partners to reach and serve SBOs efficiently. Lufax Holding furthered its strategic transformation in 2022, following changes in financial regulations and the market environment. Revenue declined 6.0% year on year to RMB58,116 million. Net profit dropped 48.2% year on year to RMB8,699 million, mainly because of deteriorating asset quality and rising credit impairment costs due to Lufax Holding's increased risk sharing and the impact of the macroeconomic environment.

Lufax Holding integrates high-quality resources in the financial services ecosystem as a leading financial services enabler for SBOs in China. With 17 years of accumulated proprietary data and AI-driven dynamic risk modeling, Lufax Holding has provided financial services to 19.02 million SBOs and retail customers with its offline-to-online (O2O) loan facilitation services from offline consultation to online application. In addition, Lufax Holding has promoted the application of technologies, and enabled 81 partner financial institutions to identify borrowers' risks via its increased application of AI in areas including borrower acquisition, customer risk identification, and loan management.

Financial Data

(in RMB million)	2022	2021	Change (%)
Revenue	**58,116**	61,835	(6.0)
Net profit(1)	**8,699**	16,804	(48.2)

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

Operational Data

	December 31, 2022	December 31, 2021	Change (%)
Accumulated borrowers (in million)	**19.02**	16.84	12.9
Balance of retail credit facilitated (in RMB million)	**576,539**	661,029	(12.8)

OneConnect

OneConnect (NYSE: OCFT; SEHK: 06638.HK) is a technology-as-a-service provider for financial institutions. OneConnect provides clients with "full stack" integrated products, including Digital Banking, Digital Insurance, and Gamma Platform which offers fintech infrastructure services. OneConnect facilitates the digital transformation of the financial services ecosystem, and provides governments, regulators, and enterprises with technological services relating to trade, supply chains, data security, risk management and so on.

Focusing on products and customers, OneConnect continuously improves its operating performance. Revenue of OneConnect grew 8.0% year on year to RMB4,464 million, and net loss decreased 31.9% year on year to RMB872 million in 2022.

OneConnect continuously promotes product integration and upgrading, focusing on Digital Banking, Digital Insurance, and Gamma Platform. In Digital Banking, OneConnect strengthens comprehensive system capabilities with its "business + technology" advantages to help financial institutions improve efficiency, enhance services, cut costs and reduce risks. In Digital Insurance, OneConnect accelerates the optimization and upgrading of products focused on property and casualty insurance and life insurance to help insurers achieve digital transformation. In Gamma Platform, the strongly growing AI Customer Service in combination with AI speech underlying engine and robotic platform technologies has been used by multiple third-party clients.

Moreover, OneConnect is actively developing business across the world, committed to enhancing its global competitiveness in fintech. In Hong Kong, Ping An OneConnect Bank (Hong Kong) Limited is a pioneer in fostering inclusive finance as Hong Kong's first virtual bank specializing in SME banking. Ping An OneConnect Credit Reference Services Agency (HK) Limited obtained a personal credit reference business license, and will be rooted in Hong Kong and expand across the Guangdong-Hong Kong-Macao Greater Bay Area. Overseas, OneConnect opened a branch in the United Arab Emirates to provide financial institutions in the Middle East with digital services based on cutting-edge technologies including cloud computing and AI.

Financial Data

(in RMB million)	2022	2021	Change (%)
Revenue	**4,464**	4,132	8.0
Gross profit[1]	**1,791**	1,739	3.0
Net loss[2]	**(872)**	(1,282)	(31.9)

Notes: (1) Gross profit is non-IFRS adjusted gross profit.
(2) Net loss refers to net loss attributable to OneConnect's shareholders of the parent company.

Operational Data

	2022	2021	Change (%)
Premium plus customers[1]	**221**	212	4.2

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

Ping An Health

Ping An Health (SEHK: 01833.HK; stock short name: PA GOODDOCTOR), centering on family doctor membership and leveraging a diversified, premium online-to-offline ("O2O") service network, has developed a specialized, comprehensive, high-quality and one-stop "medical + healthcare" services platform to provide users with "worry-free, time-saving, and money-saving" healthcare services. Ping An Health achieved RMB6,160 million in revenue for 2022, and its net loss decreased 60.5% year on year to RMB608 million. The number of cumulative paying users approached 43 million for the twelve months ended December 31, 2022.

- In respect of ecosystem development, as an integral part of the Group's "managed care model" and a flagship in the healthcare ecosystem, Ping An Health offers "heartwarming financial services" by connecting payers with providers and exploiting synergies in "integrated finance + healthcare." Via the improving O2O network, Ping An Health provides large retail user and corporate customer bases with full-scenario premium healthcare services in five scenarios, namely health, sub-health, disease, chronic disease, and elderlycare management. Moreover, Ping An Health has developed healthcare service capabilities for years to offer effective solutions to the industry's pain points, namely unbalanced supply and demand, insufficient high-quality services, underutilization of resources, and fragmented market supply. Ping An Health has established a preliminary "Enterprise EZHealth" health management product suite for enterprises and their employees by innovating product and service models, integrating its business units and capabilities, and leveraging the Group's abundant payment service resources. The product suite includes two core products ("Health Checkup +" and "Health Management +") and four customized products.

- In respect of medical service capabilities, Ping An Health positions family doctors as "customer managers who understand healthcare." While helping Ping An Health integrate supply-side healthcare resources and improve O2O closed-loop services, family doctors also help users address breakpoints in online and offline services, meeting full-lifecycle, pan-healthcare demands with professional, efficient, heartwarming services. Ping An Health's in-house doctors and contracted external doctors exceeded 49,000 as of December 31, 2022, including over 2,000 contracted renowned doctors.

- In respect of customer acquisition capabilities, Ping An Health maintains in-depth collaboration with the Group's core financial businesses through "product integration, centralized procurement of benefits, and service provision." In this way, Ping An Health leverages integrated finance channels to acquire large and medium-sized corporate clients, and provides retail and corporate customers with full-lifecycle healthcare services. Ping An Health cumulatively served nearly 1,000 enterprises as of December 31, 2022.

(in RMB million)	2022	2021	Change (%)
Revenue	**6,160**	7,334	(16.0)
Gross profit	**1,685**	1,707	(1.3)
Net loss(1)	**(608)**	(1,538)	(60.5)

Note: (1) Net loss refers to net loss attributable to Ping An Health's shareholders of the parent company.

Autohome

Autohome (NYSE: ATHM; SEHK: 02518.HK), China's leading online auto services platform, is committed to developing a smart auto ecosystem centered on data and technology. Within this ecosystem, Autohome offers auto consumers diverse products and services across the full auto lifecycle. In addition, Autohome continuously upgrades its "ecosystem strategy," providing comprehensive services for consumers, automakers, and various players in the auto ecosystem. Autohome's revenue and net profit reached RMB6,941 million and RMB2,168 million respectively in 2022.

The production and sales of passenger vehicles in China fluctuated due to a complex, volatile market environment. However, pent-up demand was released and the auto market recovered gradually as China adopted pro-consumption policies, including a vehicle purchase tax cut. Moreover, automakers and auto dealers' demand for online marketing services increased, driven by evolving marketing approaches and advancing digital transformation.

As Autohome proactively responded to market changes and seized market opportunities, its traditional business has been on an upward trajectory, providing a solid foundation for development. Autohome strengthened its leading role among China's auto service apps by diversifying content sections and improving content quality. Autohome's mobile daily active users reached 54.39 million in December 2022. For data business, Autohome offers data products to empower automakers and auto dealers in R&D, marketing, conversion and aftersales via a software-as-a-service platform covering the full auto lifecycle. For the new energy vehicle (NEV) sector, Autohome provides diverse products and innovative retail business models to meet NEV makers' comprehensive demands in marketing. For auto transactions, Autohome contributed about 21.5% of China's used passenger car transaction volume(1) in 2022 through used car deal matching and auction services by acquiring and collaborating with TTP Car Inc., China's leading online used car auction platform.

(in RMB million)	2022	2021	Change (%)
Revenue	**6,941**	7,237	(4.1)
Gross profit	**5,706**	6,189	(7.8)
Net profit(2)	**2,168**	2,582	(16.0)

Notes: (1) The data on used passenger car transactions is from the China Automobile Dealers Association.
(2) Net profit refers to non-GAAP adjusted net income attributable to Autohome Inc.

Analysis of Embedded Value

- Our life and health insurance business embedded value ("EV") is RMB874,786 million as of December 31, 2022, achieving an operating ROEV of 11.0% in a challenging external environment.

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

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

We have reviewed the Analysis of Embedded Value and Operating Profit of Ping An Insurance (Group) Company of China, Ltd. (the "Company") as of December 31, 2022. The EV and Operating Profit results include embedded value, new business value after cost of capital ("NBV"), valuation methodology and assumptions, first year premium of new business, profit margin of new business, embedded value movement, sensitivity analysis, operating profit, sources of earnings and residual margin related data as at December 31, 2022.

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

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

- Review the embedded value and NBV of the Company as of December 31, 2022;
- Review the embedded value movement analysis;
- Review the sensitivity analysis of the embedded value and NBV; and
- Review the operating profit of the Company, source of earnings and residual margin related data of L&H.

Our review procedures included, but were not limited to, considering whether the methodology and assumptions of the EV results are consistent with the Standards and available market information, considering whether the methodology of the operating profit results is consistent with the disclosed methodology in the 2022 Annual Report, validating actuarial models on the basis of sample testing, and inspecting related documentation. In forming our conclusion, we have relied on the accuracy and completeness of the audited and unaudited data and information provided by the Company.

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

OPINION:

Based on our review procedures, we have concluded that:

- The methodology and assumptions used in preparing the EV results are in compliance with the Standards and consistent with available market information;

- The EV and Operating Profit results, in all material aspects, are consistent with the methodology and assumptions stated in the Analysis of Embedded Value chapter in the 2022 Annual Report.

We also confirm that the EV and Operating Profit results disclosed in the Analysis of Embedded Value chapter in the 2022 Annual Report are consistent with the results we reviewed.

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

Liang Yong Hua, Actuary

Ernst & Young (China) Advisory Limited

March 15, 2023

KEY INDICATORS

(in RMB million)	**2022/ December 31, 2022**	2021/ December 31, 2021	Change (%)
L&H EV	**874,786**	876,490	(0.2)
L&H operating ROEV (%)	**11.0**	11.1	-0.1 pps
Value of one year's new business after cost of capital (NBV)	**28,820**	37,898	(24.0)
Long-run investment return assumption (%)	**5.0**	5.0	–
Risk discount rate (%)	**11.0**	11.0	–

Notes: (1) L&H EV decreased by 0.2% year on year, which was mainly affected by the investment return variance and the impact of excluding goodwill brought by the consolidation of New Founder Group.

(2) If assumption changes are not considered, NBV of Life & Health dropped 17.5% year on year.

Analysis of Embedded Value

ANALYSIS OF EMBEDDED VALUE

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

In accordance with the related provisions of the *Rules for the Compilation of Information Disclosures by the Companies Offering Securities to the Public (No. 4) – Special Provisions on Information Disclosures by Insurance Companies*, the Company has engaged Ernst & Young (China) Advisory Limited to review the reasonableness of the methodology, the assumptions and the calculation results of the Company's analysis of embedded value as of December 31, 2022.

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

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

Components of Economic Value

(in RMB million)	**December 31, 2022**	December 31, 2021
L&H adjusted net asset value (ANA)	**374,080**	350,621
Value of in-force insurance business before cost of capital	**568,379**	579,695
Cost of capital	**(67,673)**	(53,826)
L&H EV	**874,786**	876,490
Other business ANA	**548,977**	519,018
Group EV	**1,423,763**	1,395,509

(in RMB million)	**2022**	2021
Value of one year's new business	**34,486**	45,952
Cost of capital	**(5,666)**	(8,054)
Value of one year's new business after cost of capital	**28,820**	37,898

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

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

Key Assumptions

The assumptions used in the embedded value calculation as at December 31, 2022 have been made on a "going concern" basis, assuming continuation of the economic and legal environment currently prevailing in China. The calculation is in line with the Standards and capital requirement under C-ROSS. Certain portfolio assumptions are based on the Company's own recent experience as well as considering the more general China market and other life insurance markets' experience. The principal bases and assumptions used in the calculation are described below:

1. **Risk discount rate**

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

2. **Investment return**

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

3. **Taxation**

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

4. **Mortality**

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

5. **Other incident rates**

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

6. **Discontinuance**

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

7. **Expense**

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

8. **Policyholder dividend**

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

Analysis of Embedded Value

New Business Value

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

(in RMB million)	FYP used to calculate New Business Value 2022	2021	Change (%)	New Business Value 2022	2021	Change (%)
Retail business	**88,913**	97,202	(8.5)	**28,439**	37,330	(23.8)
Agency	**63,100**	72,131	(12.5)	**22,932**	31,076	(26.2)
Long-term life & health protection	**7,212**	14,429	(50.0)	**6,235**	12,512	(50.2)
Endowment & annuity protection (long-PPP)	**13,483**	15,926	(15.3)	**6,029**	7,560	(20.2)
Endowment & annuity protection (short-PPP)	**37,733**	36,715	2.8	**7,079**	7,178	(1.4)
Short-term	**4,672**	5,062	(7.7)	**3,589**	3,827	(6.2)
Tele, internet and others	**15,116**	15,919	(5.0)	**3,457**	4,485	(22.9)
Bancassurance	**10,696**	9,152	16.9	**2,050**	1,769	15.9
Group business	**30,423**	39,088	(22.2)	**380**	568	(33.0)
Total	**119,336**	136,290	(12.4)	**28,820**	37,898	(24.0)

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

The NBV margin by segment:

	By FYP (%) 2022	2021	By ANP (%) 2022	2021
Retail business	**32.0**	38.4	**38.5**	43.7
Agency	**36.3**	43.1	**45.9**	50.6
Long-term life & health protection	**86.4**	86.7	**87.7**	87.3
Endowment & annuity protection (long-PPP)	**44.7**	47.5	**44.7**	47.4
Endowment & annuity protection (short-PPP)	**18.8**	19.5	**28.2**	27.1
Short-term	**76.8**	75.6	**79.5**	79.9
Tele, internet and others	**22.9**	28.2	**23.0**	28.3
Bancassurance	**19.2**	19.3	**22.7**	21.8
Group business	**1.2**	1.5	**1.7**	2.1
Total	**24.1**	27.8	**30.1**	33.8

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

Embedded Value Movement

The table below shows how the Company's embedded value changed from the opening balance of RMB1,395,509 million as of December 31, 2021 to the closing balance of RMB1,423,763 million as of December 31, 2022.

(in RMB million)		2022	Note
L&H Opening EV	[1]	**876,490**	
Expected return on opening EV	[2]	71,212	
Including: Unwinding of in-force value		57,888	In-force and NBV unwind at the 11% risk discount rate
ANA return		13,324	
NBV post-risk diversification benefits	[3]	33,454	
Including: NBV pre-risk diversified		28,820	Reported NBV based on a cost of capital calculated at policy level
Diversification effects within new business		2,993	Diversification within new business lowers cost of capital
Diversification effects with in-force		1,641	Diversification between new business and in-force lowers cost of capital
Operating assumptions and model changes	[4]	(6,920)	Mainly due to adjustments of lapse and expense assumptions based on experience
Operating variances and others	[5]	(1,672)	
L&H EV operating profit	[6]=[2+...+5]	**96,074**	
Economic assumptions changes	[7]	–	
Market value adjustment	[8]	1,014	Change in market value adjustment of free surplus during the Reporting Period
Investment return variance	[9]	(40,500)	Lower than assumed investment return
Goodwill exclusion of New Founder Group	[10]	(20,875)	Impact of excluding goodwill brought by the consolidation of New Founder Group
Non-operating one-off item and others	[11]	–	
L&H EV profit	[12]=[6+...+11]	**35,713**	
Shareholder dividends		(52,572)	Dividends upstreamed from Ping An Life to the Company
Employee stock ownership plan		(1,916)	L&H's Long-term Service Plan and Key Employee Share Purchase Plan, as well as the offset effect for the amortization during the Reporting Period
Capital injection		17,070	Capital injection from the Company to Ping An Annuity and Ping An Health Insurance
L&H Closing EV		**874,786**	
Other business opening ANA		**519,018**	
Operating profit of other business		37,130	
Non-operating profit of other business		(1,844)	Value revaluation loss of the convertible bonds issued by Lufax Holding to the Group
Market value adjustment and other variance		6,202	
Other business closing ANA before capital changes		**560,506**	

Analysis of Embedded Value

(in RMB million)	2022	Note
Dividends received	52,572	Dividends upstreamed from Ping An Life to the Company
Dividends paid	(43,820)	Dividends paid by the Company to shareholders
Employee stock ownership plan	(2,110)	Long-term Service Plan and Key Employee Share Purchase Plan, as well as the offset effect for the amortization during the Reporting Period
Capital injection	(17,070)	Capital injection from the Company to Ping An Annuity and Ping An Health Insurance
Shares repurchase	(1,101)	Repurchase of A Shares of Ping An Group
Other business closing ANA	**548,977**	
Closing group EV	**1,423,763**	
Closing group EV per share (in RMB)	**77.89**	

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

EV operating profit of L&H in 2022 was RMB96,074 million, mainly comprised of the NBV and expected return on opening EV.

(in RMB million)		2022	2021
L&H EV operating profit	[6]	**96,074**	91,518
L&H operating ROEV (%)	[13]=[6]/[1]	**11.0**	11.1

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

SENSITIVITY ANALYSIS

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

- Assumptions and model used in 2021
- Investment return and risk discount rate
- A 10% increase in mortality, morbidity and accident rates
- A 10% increase in policy discontinuance rates
- A 10% increase in maintenance expenses
- A 5% increase in the policyholders' dividend payout ratio; and
- A 10% decrease in the fair value of equity assets

Sensitivity to key assumptions

(in RMB million)	Group EV	L&H EV	NBV
Base case	1,423,763	874,786	28,820
Assumptions and model used in 2021	1,430,844	881,867	31,276
Investment return and risk discount rate increased by 50 bps per annum	1,488,736	939,759	31,948
Investment return and risk discount rate decreased by 50 bps per annum	1,352,862	803,885	25,389
10% increase in mortality, morbidity and accident rates	1,398,772	849,795	26,007
10% increase in policy discontinuance rates	1,417,545	868,568	27,927
10% increase in maintenance expenses	1,420,270	871,292	28,577
5% increase in the policyholders' dividend payout ratio	1,414,461	865,484	28,775
10% decrease in the fair value of equity assets	1,388,468	845,616	N/A

ANALYSIS OF OPERATING PROFIT

This section contains the Group Operating Profit and Source of Earning and Residual Margin Analysis of L&H. The Company has engaged Ernst & Young (China) Advisory Limited to review the reasonableness of the methodology and the calculation results of the Analysis of Operating Profit for 2022.

Operating profit of the Group

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

- Short-term investment variance, which is the variance between actual investment return of the life and health insurance business and the EV long-run investment return assumption, net of the associated impact on insurance and investment contract liability. The investment return of the life and health insurance business is locked at 5% after excluding the short-term investment variance;
- The impact of discount rate[(1)] change is the effect on insurance contract liability of the life and health insurance business due to changes in the discount rate; and
- The impact of one-off material non-operating items and others is the impact of material items that management considered to be non-operating incomes and expenses, which in 2022 and 2021 refer to the revaluation gain or loss on the convertible bonds issued by Lufax Holding to the Group.

Note: (1) Refer to the significant accounting policies in the notes to financial statements in the Company's 2022 Annual Report for the information about the discount rate.

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

The Group's operating profit after tax attributable to shareholders of the parent company in 2022 was RMB148,365 million, up 0.3 % year on year. L&H operating profit after tax attributable to shareholders of the parent company was RMB111,235 million, up 16.0% year on year.

Analysis of Embedded Value

Operating profit after tax attributable to shareholders of the parent company

(in RMB million)	2022	2021	Change (%)
Life and health insurance business	**111,235**	95,906	16.0
Property and casualty insurance business	**8,838**	16,117	(45.2)
Banking business	**26,380**	21,060	25.3
Asset management business	**2,292**	12,221	(81.2)
Technology business	**5,458**	7,948	(31.3)
Other businesses and elimination	**(5,838)**	(5,291)	10.3
The Group	**148,365**	147,961	0.3

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

		The Group		L&H	
(in RMB million)		2022	2021	2022	2021
Net profit	[1]	**107,432**	121,802	**49,346**	60,303
Excluding:					
Short-term investment variance of L&H(1)	[2]	**(46,791)**	(23,491)	**(46,791)**	(23,491)
Impact of discount rate change of L&H(1)	[3]	**(16,843)**	(13,281)	**(16,843)**	(13,281)
Impact of one-off material non-operating items and others(1)	[4]	**(1,844)**	(9,905)	**-**	-
Operating profit after tax	[5]=[1-2-3-4]	**172,910**	168,479	**112,980**	97,075
Attributable to:					
- Owners of the parent		**148,365**	147,961	**111,235**	95,906
- Non-controlling interests		**24,545**	20,518	**1,745**	1,169

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

Source of Earning and Residual Margin Analysis of L&H

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

(in RMB million)		2022	2021	Note
Release of residual margin	[1]	**80,517**	82,488	
Return on net worth(1)	[2]	**16,366**	14,567	
Spread income(2)	[3]	**6,252**	4,823	Largely due to the comprehensive impact of scale growth and change of the interest required on liability between years
Operating variances and others	[4]	**14,582**	7,436	Largely because of the lower actual claims payment and the improved persistency ratios, operating variances increased
L&H operating profit before tax	[5]=[1+2+3+4]	**117,718**	109,314	
Income tax	[6]	**(4,737)**	(12,239)	Largely due to the YoY increase of tax-free income from national debt, railway bond, fund dividend, etc.
L&H operating profit after tax	[7]=[5]+[6]	**112,980**	97,075	

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

Residual margin is the present value of future profits with release pattern locked in at the time of policy issuance, resulting in stable release and immunity to capital market volatility. As of December 31, 2022, the residual margin of life and health insurance business was RMB894,413 million. The movement of L&H residual margin in 2022 has been presented below:

(in RMB million)		2022	2021	Note
Opening residual margin	[1]	**940,733**	960,183	
Contribution from new business	[2]	**33,606**	55,905	
Expected interest growth	[3]	**35,679**	36,505	
Release of residual margin	[4]	**(80,517)**	(82,488)	
Lapse variances and others	[5]	**(35,088)**	(29,373)	Adverse lapse variances mainly due to the gradual lapse of customers who stopped paying premiums
Closing residual margin	[6]=[1+...+5]	**894,413**	940,733	

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

Appendix

The differences between FYP used to calculate NBV and FYP disclosed in MD&A are explained below.

For the twelve months ended December 31, 2022 (in RMB million)	FYP used to calculate NBV	FYP disclosed in MD&A	Difference	Reasons
Retail business	**88,913**	**119,558**	(30,645)	Guaranteed renewal and other short-term products' renewal premiums are included in FYP disclosed in MD&A but not included in FYP used to calculate value of new business
Group business	**30,423**	**19,436**	10,987	In compliance with current accounting standards, group investment contracts are not included in FYP disclosed in MD&A, but included in FYP used to calculate value of new business due to their contribution to value of new business
Total of L&H	**119,336**	**138,994**	(19,658)	

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

Quarterly NBV using the model and assumptions as at the end of 2022 is as follows:

(in RMB million)	NBV	FYP used to calculated NBV	NBV margin (%)
First quarter of 2022	11,319	51,203	22.1
Second quarter of 2022	6,584	24,929	26.4
Third quarter of 2022	5,920	23,869	24.8
Fourth quarter of 2022	4,996	19,335	25.8

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

Liquidity and Capital Resources

- Ping An's comprehensive solvency margin ratio and core solvency margin ratio under the C-ROSS Phase II were 217.6% and 166.4% respectively as of December 31, 2022, both well above regulatory requirements.
- Free cash of the parent company was RMB42,958 million as of December 31, 2022, remaining at a reasonable level.
- Ping An continues to increase cash dividends, and plans to pay a final dividend of RMB1.50 per share in cash for 2022. The full-year cash dividend will be RMB2.42 per share, up 1.7% year on year. The cash dividend payout ratio based on operating profit attributable to shareholders of the parent company (excluding share repurchases) is 29.5%. Ping An has grown its full-year cash dividend amount at a 9.8% compound annual growth rate (CAGR) over the past five years.

OVERVIEW

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

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

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

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

(in RMB million)	December 31, 2022	December 31, 2021	Change (%)
Total assets	**11,137,168**	10,142,026	9.8
Total liabilities	**9,961,870**	9,064,303	9.9
Total liabilities to total assets ratio (%)	**89.4**	89.4	-

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

CAPITAL STRUCTURE

The Group's long-term capital stability stems from the profits continuously generated by its various businesses. Moreover, in accordance with its capital plan, the Group ensures capital adequacy by issuing capital market instruments including equity securities, capital supplement bonds, tier 2 capital bonds, undated capital bonds, perpetual subordinated bonds, and subordinated corporate bonds to raise capital. Adjustments are made to surplus capital through dividend distribution or by other means. The Group's equity attributable to shareholders of the parent company was RMB858,675 million as of December 31, 2022, up 5.7% from the beginning of 2022. The parent company's capital mainly comprises contributions from shareholders as well as proceeds from the issuance of A and H shares.

The following table shows the balances of capital bonds issued by the Group and main subsidiaries as of December 31, 2022:

Issuer	Type	Par value (in RMB million)	Coupon rate	Issuance year	Maturity
Ping An Life	Capital supplement bonds	20,000	First 5 years: 3.58% Next 5 years: 4.58% (If not redeemed)	2020	10 years
Ping An P&C	Capital supplement bonds	10,000	First 5 years: 4.64% Next 5 years: 5.64% (If not redeemed)	2019	10 years
Ping An Bank	Tier 2 capital bonds	30,000	Fixed rate of 4.55%	2019	10 years
Ping An Bank	Undated capital bonds	20,000	First 5 years: 4.10% Adjusted every 5 years	2019	Undated
Ping An Bank	Undated capital bonds	30,000	First 5 years: 3.85% Adjusted every 5 years	2020	Undated
Ping An Bank	Tier 2 capital bonds	30,000	Fixed rate of 3.69%	2021	10 years
Ping An Securities	Perpetual subordinated bonds	5,000	First 5 years: 3.86% Adjusted every 5 years	2021	Undated
Ping An Securities	Subordinated corporate bonds	1,900	3.10%	2022	3 years
Ping An Securities	Subordinated corporate bonds	1,100	3.56%	2022	5 years

FREE CASH OF THE PARENT COMPANY

Free cash of the parent company includes bonds, equity securities, bank deposits and cash equivalents that the parent company holds. Free cash of the parent company is mainly invested in subsidiaries or used in daily operations or for dividend distribution. Free cash of the parent company was RMB42,958 million as of December 31, 2022, remaining at a reasonable level.

(in RMB million)	2022
Opening balance of free cash	**41,581**
Dividends from subsidiaries	**56,010**
Dividends paid out to shareholders	**(43,820)**
Share repurchase	**(1,101)**
Investments in subsidiaries[1]	**(10,533)**
Others	**821**
Closing balance of free cash	**42,958**

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

Liquidity and Capital Resources

The major free cash outflows were the dividends of RMB43,820 million to A and H shareholders, the repurchase of RMB1,101 million worth of the Company's A shares, and the investments of RMB10,533 million in subsidiaries.

The major free cash inflows were the dividends of RMB56,010 million from subsidiaries as detailed below:

(in RMB million)	2022
Ping An Life	**44,817**
Ping An Asset Management	**3,946**
Ping An Trust	**2,554**
Ping An Bank	**2,193**
Ping An P&C	**2,090**
Ping An Securities	**410**
Total	**56,010**

DIVIDEND DISTRIBUTION

According to Article 216 of the *Articles of Association*, the Company shall attach importance to reasonable investment returns for investors in terms of profit distribution. The profit distribution policy of the Company shall maintain its continuity and stability. The accumulated profit to be distributed in cash for the past three years shall not be less than 30% of the average yearly distributable profit realized in the past three years, provided that the annual distributable profit of the Company (namely the profit after tax of the Company after covering losses and making contributions to the revenue reserve) is positive in value and such distributions are in compliance with the prevailing laws and regulations and the requirements of regulatory authorities for solvency margin ratios. In determining the specific cash dividend payout ratio, the Company shall consider its profitability, cash flows, solvency position, and operational and business development needs. The Board of Directors of the Company is responsible for formulating and implementing a distribution plan in accordance with the *Articles of Association*. The Board of Directors will ensure the continuity and stability of the profit distribution policy so that the Group can seize opportunities for future growth while maintaining financial flexibility. Given the sustained operating profit growth and confidence in the Group's prospect, the Board of Directors proposed to pay a final dividend of RMB1.50 per share (tax inclusive) in cash for 2022. As the Group already paid an interim cash dividend of RMB0.92 per share (tax inclusive), the total cash dividend for 2022 is RMB2.42 per share (tax inclusive), up 1.7% year on year.

Dividend payouts of the parent company are decided according to the increase in the Group's operating profit attributable to shareholders of the parent company. The Company's cash dividends and cash dividend payout ratios computed on the basis of operating profit attributable to shareholders of the parent company for the past five years are shown in the table below. Ping An has grown its full-year cash dividend amount at a 9.8% CAGR over the past five years.

	Cash dividend per share (in RMB)	Growth of cash dividend per share (%)	Cash dividend amount (in RMB million)	Cash dividend payout ratio based on operating profit attributable to shareholders of the parent company (%)	Share repurchase amount (in RMB million)	Cash dividend payout ratio based on net profit attributable to shareholders of the parent company (inclusive of share repurchases, %)
2022	2.42	1.7	43,820	29.5	1,101	53.6
2021	2.38	8.2	43,136	29.2	3,900	46.3
2020	2.20	7.3	40,063	28.7	994	28.7
2019	2.05	19.2	37,340	28.1	5,001	28.3
2018	1.72	14.7	31,442	27.9	–	29.3

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

(2) Except for the 2022 final dividend pending approval at the 2022 Annual General Meeting, profit distributions for other years were completed in relevant years.

CAPITAL ALLOCATION

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

GROUP SOLVENCY MARGIN

Ping An Group has adopted the *Regulatory Rules on Solvency of Insurance Companies (II)* (the "C-ROSS Phase II") starting from 2022. The solvency data as of December 31, 2022 reflects the C-ROSS Phase II, while the solvency data as of December 31, 2021 reflects the C-ROSS Phase I. Ping An Group's solvency margin ratios were significantly above the regulatory requirements as of December 31, 2022. Stable solvency margin ratios ensure that the Company meets capital requirements specified by external institutions including regulators and rating agencies, and support the Company in developing business and continuously creating value for shareholders.

(in RMB million)	**December 31, 2022 (under C-ROSS Phase II)**	December 31, 2021 (under C-ROSS Phase I)
Core capital	**1,363,413**	1,861,487
Actual capital	**1,783,772**	1,899,989
Minimum capital	**819,568**	813,781
Core solvency margin ratio (%)	**166.4**	228.7
Comprehensive solvency margin ratio (%)	**217.6**	233.5

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

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

Liquidity and Capital Resources

Test results showing the impacts of declines in interest rates and equity assets on solvency margin ratios of Ping An Group, Ping An Life, and Ping An P&C as at December 31, 2022 are disclosed below:

December 31, 2022	Core solvency margin ratio Ping An Group	Ping An Life	Ping An P&C	Comprehensive solvency margin ratio Ping An Group	Ping An Life	Ping An P&C
Base case	166.4%	124.1%	177.6%	217.6%	219.7%	220.0%
50 bps decline in interest rate	153.7%	98.1%	178.2%	202.4%	187.2%	220.6%
10% decrease in fair value of equity assets	161.2%	114.3%	174.8%	213.5%	212.6%	217.3%

LIQUIDITY RISK MANAGEMENT

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

In accordance with international and domestic regulatory requirements, the Group has established a liquidity risk management framework and applicable policies covering risk appetites and tolerance, risk limits, risk monitoring, stress testing, and emergency management. Ping An has constantly improved its management mechanisms and processes for better identification, evaluation, and management of liquidity risk for the Group and its member companies.

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

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

CASH FLOW ANALYSIS

(in RMB million)	2022	2021	Change (%)
Net cash flows from operating activities	**485,905**	90,116	439.2
Net cash flows from investing activities	**(224,049)**	27,933	N/A
Net cash flows from financing activities	**(230,659)**	(136,412)	69.1

Net cash inflows from operating activities increased year on year mainly due to an increase in cash inflows from Ping An Bank's amounts due to banks and deposits as well as a decrease in cash outflows from Ping An Bank's loans and advances to customers.

Net cash outflows from investing activities increased year on year mainly due to a year-on-year increase in cash outflows from Ping An Life's purchases of investments.

Net cash outflows from financing activities increased year on year mainly due to a decrease in cash inflows from Ping An Bank's issuance of interbank certificates of deposit.

CASH AND CASH EQUIVALENTS

(in RMB million)	December 31, 2022	December 31, 2021	Change (%)
Cash	**353,125**	348,088	1.4
Bonds of original maturities within 3 months	**5,225**	365	1,331.5
Financial assets purchased under reverse repurchase agreements of original maturities within 3 months	**84,541**	54,672	54.6
Total	**442,891**	403,125	9.9

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

Risk Management

Ping An strives to become a "world-leading integrated finance and healthcare services provider." To achieve this goal, the Group continuously optimizes the risk management system and strengthens the management of various risks. By identifying, measuring, evaluating, monitoring, reporting, controlling and mitigating risks, Ping An achieves a balance between risks and returns, which ultimately contributes to sustainable, healthy business growth.

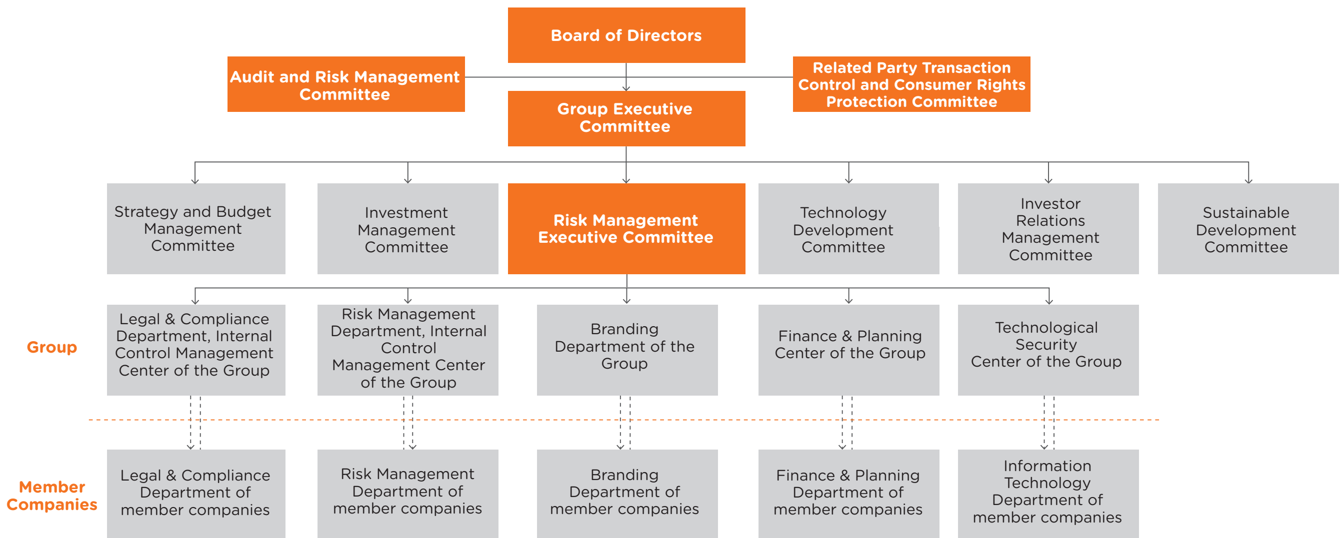
RISK MANAGEMENT OBJECTIVES

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

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

RISK MANAGEMENT ORGANIZATIONAL STRUCTURE

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



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

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

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

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

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

The Group Executive Committee leads all the aspects of the Group's risk management, comprising committees including the Risk Management Executive Committee (RMEC), the Investment Management Committee, the Strategy and Budget Management Committee, the Investor Relations Management Committee, the Technology Development Committee, and the Sustainable Development Committee. The RMEC, as a specialized committee, directly reports and is responsible to the Group Executive Committee and holds the supreme risk management power under the Group Executive Committee. The RMEC is responsible for the decision-making and execution of the Group's risk management, and performing management functions, including comprehensive risk management strategies, policies and rules, implementation and handing out awards and punishments. In addition, the RMEC develops an integrated risk management framework for the Group and its member companies to ensure full coverage of risk management. An executive at the Group level in charge of risk management acts as the RMEC's chairman. Members of the RMEC are the executives in charge of different risk categories, each of whom has clearly-defined responsibilities for managing various risks.

In 2022, the Group reshaped its enterprise risk management framework, and further consolidated the basis for enterprise risk management in line with the latest regulatory requirements and internal management needs. In respect of risk management coverage, the Company specified that its enterprise risk management framework covers all kinds of general risks and insurance group-specific risks. In respect of risk management responsibilities, the Company clarified the management responsibilities and implemented a risk management structure of "dual management" by the Group and its member companies. In respect of risk bottom line management, the Group defined bottom lines for various risks at the Group level by setting risk appetites, established an enterprise risk management indicator system, and continuously monitors its implementation. In respect of risk management standards, the Group reviews and standardizes the risk management procedures and requirements, and incorporates them into management policies. The Group continuously urges member companies to implement the management requirements at the Group level. In this way, the Group secures the bottom lines through effective risk management. Moreover, the Group further improved its risk appetite system, the enterprise risk management policies and the consolidated risk management platform, optimized the risk indicator system, and enhanced the risk monitoring, early warning and reporting mechanisms. The Group also applied artificial intelligence to risk management to ensure that all risks are effectively identified and managed on a timely basis. In addition, the Group continued to conduct risk reviews of business development and optimized capital utilization to maintain a balance between business development and risk management. The Group fully implemented regulatory requirements to support the Company's sustainable, healthy strategic and business development. The Group established and continuously enhanced risk appraisal and evaluation mechanisms to strengthen risk control and raise the awareness of risk management.

The Group fulfils domestic and international regulatory requirements related to systemic risk management with high standards, and continuously conducts assessment and analysis of systemic risk. According to a comprehensive review and assessment, Ping An's systemic impact on financial markets is limited and under control. Moreover, the Group continuously builds and improves the early warning system and the recovery and resolution management mechanism in response to external market situations and the Group's business development, develops a multi-level crisis control mechanism that covers the Group and its member companies, and organizes emergency drills, supporting steady, healthy business development of the Group.

RISK MANAGEMENT CULTURE

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

RISK APPETITE SYSTEM

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

The Group's risk appetite system consists of three parts, namely the risk appetite statement, risk tolerance, and risk limits. The risk appetite statement describes the amount of risk that the Group is willing to take to achieve its business objectives. The risk tolerance defines each risk category in the risk appetite statement in detail, covering all the major risk categories in the Group's enterprise risk management. Risk limits further quantify the risk tolerance. On the basis of the risk tolerance, the Group sets corresponding risk limits for risk categories that can be monitored with quantitative indicators, and applies the risk limits to routine risk monitoring and early warning, so as to support business decision-making and strike a balance between risk management and business development.

Amid the macroeconomic downturn and complex market environment in 2022, Ping An maintained a prudent risk appetite, operated in strict compliance with laws and regulations, took reasonable and appropriate risks, prevented operational, compliance, IT and brand reputation risk events, effectively controlled credit risk, market risk and so on, and strengthened strategic risk management. Moreover, Ping An kept its solvency position in line with regulatory requirements, and maintained a stable overall risk status.

RISK MANAGEMENT METHODOLOGY

The Group continuously strengthens its comprehensive risk management system, improves its organizational structure, formulates risk management policies and guidelines, standardizes risk management procedures, and fulfills risk management responsibilities. The Group adopts qualitative and quantitative risk management approaches to identify, measure, evaluate, monitor, report, control and mitigate risks, so as to effectively prevent systemic risks associated with integrated finance and enhance risk management under an integrated model of various businesses.

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

RISK ANALYSIS

The Group has categorized all risks to ensure they are well identified and systematically managed. Below are major risks faced by the Group and their definitions as per the C-ROSS Phase II and other regulatory requirements:

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

Risk Management

1. General Risks

Proactively complying with the requirements of internal management and external regulation, the Group has strengthened the management of insurance risk, market risk, credit risk, operational risk, strategic risk, reputation risk, and liquidity risk at the Group level. The Group instructs and coordinates risk management at member companies, and actively promotes the implementation of the Group's management requirements by member companies.

1.1 Insurance Risk

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

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

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

December 31, 2022 (in RMB million)	Change in assumptions	Impact on insurance liability reserve (after reinsurance) increase/(decrease)
Discount rate/ investment yield(1)	+10 bps	(16,643)
Discount rate/ investment yield(1)	-10 bps	17,041
Mortality, morbidity, and accident rates(2)	+10%	68,109
Surrender rate	+10%	12,097
Policy maintenance expense ratio	+5%	4,352

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

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

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

December 31, 2022 (in RMB million)	Change in average claim costs	Impact on insurance liability reserve increase
Property and casualty insurance	+5%	5,727
Short-term life insurance	+5%	534

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

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

1.2 Market Risk

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

The Group continuously improves its market risk management framework, and enhances the abilities to identify, measure, evaluate, monitor, report, control and mitigate market risks. The Group improves the risk management reporting mechanism, and consolidates risk monitoring and management. The Group optimizes stress testing to realize its decisional role in adherence to the bottom line of risk management. The Group improves its risk limit framework to monitor risks across the Group, member companies, and business lines. The Group enhances the risk warning mechanism to ensure more targeted, forward-looking and thorough risk management.

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

Market Risk – Interest Rate Risk

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

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

December 31, 2022 (in RMB million)	Change in interest rate	Decrease in profit before tax	Decrease in equity before tax
Bond investments classified as financial assets carried at fair value through profit or loss and carried at fair value through other comprehensive income	+50 bps	7,912	15,849

Market Risk – Equity Risk

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

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

The VaR for listed equity securities and securities investment funds as of December 31, 2022 is as follows:

December 31, 2022 (in RMB million)	Impact on equity
Listed equity securities and securities investment funds classified as financial assets carried at fair value through profit or loss and carried at fair value through other comprehensive income	33,881

Market Risk – Foreign Exchange Risk

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

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

Risk Management

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

December 31, 2022 (in RMB million)	Decrease in equity before tax
Net exposure to fluctuations in exchange rates assuming a simultaneous and uniform depreciation of 5% of all foreign currency denominated monetary assets and liabilities and non-monetary assets and liabilities measured at fair value against the Renminbi	4,781

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

Market Risk – Real Estate Price Risk

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

The fair value of the Group's holding of buildings under investment properties stood at RMB154,690 million as of December 31, 2022.

1.3 Credit Risk

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

The Group manages credit risk through various measures, including:

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

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

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

In addition, the Group continuously enhances credit risk management for key sectors including real estate in light of macroeconomic situations and sectoral risk trends. While meeting financing needs of enterprises in various sectors in line with national macroeconomic policies, the Group strengthens new business admittance and asset portfolio management for key areas. By doing so, the Group continuously optimizes its asset portfolio and reduces overall portfolio risks.

December 31, 2022	As a percentage of carrying value
Low-risk financial assets measured at amortized cost held by the Group	94.6%

1.4 Operational Risk

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

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

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

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

Risk Management

1.5 Strategic Risk

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

With a robust strategic risk management framework and relevant procedures, the Group studies macroeconomic conditions in China and abroad, impacts of the regulatory landscape, and market competition dynamics to conduct thorough evaluation and research of the Group's general strategies and development plans. The Group coordinates and regularly formulates its general strategies and annual business plans, sets out strategic priorities for the Group and its member companies, and ensures not only the consistency between member companies' and the Group's strategic goals, but also the coordination between member companies' strategic goals. Furthermore, the Group oversees and evaluates member companies' implementation of strategic plans and annual plans to ensure effective implementation of the Group's general strategic plans. The Group strengthened the management of its product strategy, investment strategy, brand strategy and overseas development strategy, and effectively implemented relevant plans in accordance with the strategic risk management rules in 2022.

1.6 Reputation Risk

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

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

1.7 Liquidity Risk

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

2. Group-level Risks

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

2.1 Risk Contagion

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

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

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

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

Secondly, finance firewalls. The Company has built robust finance firewalls to ensure personnel independence, policy independence, account independence, accounting independence, and system authority independence. The Group and its member companies have respective independent finance functions, financial management rules and processes, have separate accounts, perform independent financial accounting, and implement strict management segregation of data in financial systems. Moreover, the Group and its member companies are separately audited by external auditors who issue independent auditor's reports to ensure the authenticity of financial data.

Thirdly, treasury firewalls. The Company has built robust treasury firewalls, implementing relevant requirements for treasury frameworks and management policies. The Group and its member companies have respectively established independent departments, rules and processes for treasury management. The Group and its member companies have strictly followed the requirements of creating accounts based on legal entities, and built hierarchical authorization and approval processes for transactions. Ping An exercises strict control over arbitrary capital movements and fund transfers devoid of business backgrounds to ensure the security of funds and prohibit unauthorized fund borrowings and transfers.

Fourthly, information firewalls. The Group has established an information security governance structure with three lines of defense. Member companies have appointed owners of and functions for cybersecurity, data security and personal information protection, and strictly implement the Group's information security policies for effective control over information access and 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 *Cybersecurity Law of the People's Republic of China*, 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 comprehensive mechanism for ex ante control, in-the-process monitoring and ex post audits to protect the security, integrity and availability of customer information and data.

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

The Group has improved its approach to outsourcing management. The Group complies with applicable laws, regulations and regulatory documents to carry out outsourcing management, and outsources its business in accordance with its own operation and management requirements. The core business of insurance companies may not be outsourced. It is not allowed to outsource IT management responsibilities, network security responsibilities or functions related to IT core competitiveness including IT strategy management, IT risk management, and IT internal audit. Member companies follow the principles of independent transactions and fair pricing for outsourcing, and perform corresponding approval procedures and sign agreements in accordance with applicable regulations and management rules for related party transactions. The transactions are reported and disclosed in accordance with applicable regulatory requirements. Moreover, the Group improves the follow-up management of outsourcing, strengthens risk monitoring, and reviews services and duty performance on a regular basis. The Group has established communication and service evaluation mechanisms for outsourcing. Service providers solicit feedback on satisfaction from beneficiaries on a regular basis, and conduct internal appraisals on the basis of such feedback to ensure constant service improvement.

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

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

2.2 Organizational Structure Non-transparency Risk

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

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

2.3 Concentration Risk

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

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

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

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

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

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

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

2.4 Non-insurance Risk

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

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

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

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

SOLVENCY MANAGEMENT

The CBIRC released the C-ROSS Phase II at the end of December 2021, aiming to prompt insurers to focus on insurance protection and core financial businesses, better serve the real economy, prevent and mitigate risks in the insurance industry, and accelerate opening-up of the financial sector. The C-ROSS Phase II will make solvency regulation more rational, effective, and comprehensive. Insurers have implemented the C-ROSS Phase II since 2022. For insurers more exposed to the C-ROSS Phase II, the CBIRC will consider their situations and determine a transition period that will allow such insurers to implement some of the rules in stages and implement all of them by 2025.

Being risk-oriented, the C-ROSS Phase II strengthens the capital quality of insurers, and optimizes asset-liability management. Risk factors have been fully calibrated to reflect changes in risks across the insurance industry in a timely manner. Under the C-ROSS Phase II, the core and comprehensive solvency margin ratios of the Group and its insurance subsidiaries are lower than those under the C-ROSS Phase I, but still significantly above regulatory requirements. Solvency risk measurement is more prudential and rational under the C-ROSS Phase II, with a positive impact on the Group's overall solvency margin assessment and management. The C-ROSS Phase II also reinforces management requirements for insurance group-specific risks, which means higher requirements for the Group's solvency risk management.

In accordance with qualitative regulatory requirements, namely the second pillar of C-ROSS, the CBIRC conducts a Solvency Aligned Risk Management Requirements and Assessment ("SARMRA") of an insurance company's solvency risk management capability and gives a score. The SARMRA results are linked with an insurer's minimum capital for risk control, so as to adjust the minimum capital requirement based on the first pillar.

Ping An Life's SARMRA score was 85.58 for 2017 and the result still applies because Ping An Life was not required by regulators to take the SARMRA from 2018 to 2021 and its SARMRA result for 2022 has not been released yet, allowing its minimum capital requirement under C-ROSS to decrease by RMB7,572 million as of December 31, 2022.

Ping An P&C's SARMRA score was 85.06 for 2021 and the result still applies because Ping An P&C was not required by regulators to take the SARMRA in 2022, allowing its minimum capital requirement under C-ROSS to decrease by RMB1,320 million as of December 31, 2022.

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

- The impacts on solvency must be evaluated when the Group develops key initiatives including strategies, business plans, investment decisions, and dividend distribution plans;
- The solvency target is a key indicator for the Company's risk management, and an emergency reporting and response mechanism is in place for significant changes in the solvency level to ensure the solvency is maintained at an appropriate level;
- The Group enhances risk appraisal and evaluation mechanisms by including solvency indicators in performance appraisal to strengthen risk control;
- The Group adopts a prudent asset and liability management policy, constantly enhances asset quality and business operations, strengthens capital management, and focuses on capital requirements arising from rapid business growth;
- The Group conducts solvency assessments and dynamic solvency tests on a regular basis, and closely monitors changes in solvency; and
- The Group conducts sensitivity and scenario stress testing to issue warnings about potential changes in solvency.

Ping An Group has implemented the C-ROSS Phase II starting from 2022. The solvency data as of December 31, 2022 reflects the C-ROSS Phase II, while the solvency data as of December 31, 2021 reflects the C-ROSS Phase I. The Group's solvency margin ratios were significantly above the regulatory requirements as of December 31, 2022. Below are the details:

(in RMB million)	**December 31, 2022 (under C-ROSS Phase II)**	December 31, 2021 (under C-ROSS Phase I)
Core capital	**1,363,413**	1,861,487
Actual capital	**1,783,772**	1,899,989
Minimum capital	**819,568**	813,781
Core solvency margin ratio (%)	**166.4**	228.7
Comprehensive solvency margin ratio (%)	**217.6**	233.5

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

The Group has estimated the impacts of declines in interest rates and equity value on the solvency margin ratios of Ping An Group, Ping An Life, and Ping An P&C as of December 31, 2022. Below are the results:

	Core solvency margin ratio			**Comprehensive solvency margin ratio**		
December 31, 2022	**Ping An Group**	**Ping An Life**	**Ping An P&C**	**Ping An Group**	**Ping An Life**	**Ping An P&C**
Base case	166.4%	124.1%	177.6%	217.6%	219.7%	220.0%
A decline of 50 bps in interest rates	153.7%	98.1%	178.2%	202.4%	187.2%	220.6%
A decrease of 10% in fair value of equity assets	161.2%	114.3%	174.8%	213.5%	212.6%	217.3%

Sustainability

- Ping An actively contributes to China's carbon peak and neutrality goals by upgrading its green finance initiative. Ping An supports China's transformation toward a green economy and industry chain upgrade by leveraging the Group's integrated finance advantages and green finance. Ping An's green investment and financing totaled RMB282,363 million, and green banking business reached RMB182,089 million as of December 31, 2022. Green insurance premium income totaled RMB25,105 million in 2022.
- Ping An's responsible investment and financing exceeded RMB1.79 trillion as of December 31, 2022. Ping An had 3,821 sustainable insurance products as of December 31, 2022.
- Ping An promoted rural revitalization and supported industries, healthcare, and education through "Ping An Rural Communities Support." Ping An has provided RMB77,153 million for poverty alleviation and industrial revitalization since 2018. Ping An initiated a program of "bringing insurance, finance, and healthcare to rural areas" in 2022 to promote rural development.

PHILOSOPHY AND MANAGEMENT OF SUSTAINABLE DEVELOPMENT

Sustainability Philosophy

Ping An's sustainable development goals are to meet people's aspiration for a better life, support the economic and social transformation toward sustainability, and achieve the Company's long-term, balanced, high-quality sustainable development. Through full communication and cooperation with stakeholders, the Company aims to strike balances between and maximize values for all stakeholders. Specifically, the Company creates value for: (1) customers under the philosophy of "service first and integrity guaranteed"; (2) employees by providing them with career plans for prosperous and contented lives; (3) shareholders by delivering stable returns and asset appreciation; and (4) society by giving back to society and developing the country.

Ping An pays close attention to the current situation and trend of sustainable development, and maintains communication with stakeholders through multiple channels. In combination with its objectives and business, Ping An dynamically analyzes and identifies key initiatives for sustainable development, formulates action plans accordingly, and actively implements them. Ping An discloses information and communicates with stakeholders in an efficient and high-quality manner to form a closed loop of "communication, analysis, action and disclosure."

Driven by the sustainability strategy, Ping An integrates the core philosophies and standards of ESG into corporate management, and builds a rational, professional sustainability management framework based on its business practices. Under the core philosophy of "Expertise creates value," Ping An cooperates with various stakeholders to promote the sustainable development of businesses and society. Moreover, Ping An helps people realize their aspirations for better lives by implementing the sustainability philosophy of maximizing economic, environmental and social values.

In respect of management and governance, Ping An adopts the world's best corporate governance practices, aiming to set an example of corporate governance and provide stable returns to shareholders. Ping An has established and continuously improved its corporate governance structure which combines local advantages and international standards. The General Meeting of Shareholders, the Board of Directors, the Supervisory Committee, and the management of Ping An exercise their rights and perform their obligations in accordance with the *Articles of Association*.

In respect of social value, Ping An pursues high-quality development by serving the real economy, continuously improving the quality and efficiency of services for the real economy, and maintaining economic and financial security under the technology-driven "integrated finance + healthcare" strategy. Ping An secures customer interest protection, employee development, and win-win partnerships through a robust management framework. Ping An helps close the gap between urban and rural areas by upgrading its multi-dimensional rural industrial revitalization and support measures. Moreover, Ping An continuously explores innovations in financial inclusion to empower MSMEs. Using digital technology to build "ballast" for sustainable development, Ping An strives to realize high-quality development driven by comprehensive digitization in strategies, organization, management, operations, talent, and services.

In respect of environmental value, Ping An seizes opportunities from low-carbon development and transformation to contribute to China's carbon peak and neutrality goals while realizing its own green development. Ping An leverages its integrated finance advantages to develop green finance, employs leading technologies to enable environmental protection and governance, and attaches importance to biodiversity, committed to building an environment-friendly business ecosystem.

Ping An analyzed substantive sustainable development topics and identified 13 core topics in line with domestic and foreign standards, macroeconomic policies, and industry practices and in view of its diversified business portfolio, core ESG philosophies, and opinions from internal and external stakeholders. The 13 core topics are sustainable insurance, responsible banking, responsible investment, responsible products, consumer protection and experience, corporate governance, climate change and carbon neutrality, rural revitalization and community impact, the business code of conduct, the development and protection of employees and agents, information security and AI ethics, sustainable supply chains, and technology-powered sustainable development.

Sustainability

United Nations Sustainable Development Goals and Outcomes

Ping An aligns and integrates the key areas of its business development with the United Nations Sustainable Development Goals (SDGs), and actively pursues the global SDGs.

SDGs	Ping An's key contributions
No Poverty	• In active response to the national call for rural revitalization, Ping An consolidates and expands the achievements of poverty alleviation, and focuses on the development of competitive agricultural industries and the building of harmonious and beautiful rural areas by "bringing insurance, finance, and healthcare to rural areas." • Ping An develops inclusive insurance products for small and micro-enterprises, agricultural workers, and groups with special needs.
Zero Hunger	• Ping An innovates agricultural insurance products and services and provides agricultural risk protection and technological support to facilitate sustainable agricultural development.
Good Health and Well-being	• Ping An develops engineering insurance for large projects, food safety insurance, medical malpractice insurance and other insurance products to protect and improve people's livelihoods. • Ping An provides inclusive financial services for small and micro-enterprises to support their recovery and high-quality development. • Ping An provides innovative insurance products for "new citizens," promoting the equality and convenience of financial services.
Quality Education	• Through its long-term commitment to charitable education programs, Ping An strives to bridge the gap between urban and rural education resources to create a fair education environment. Ping An continuously promotes the "Juvenile Science and Technology Literacy Enhancement Program," carries out volunteer teaching activities in various forms, and donates educational supplies.
Gender Equality	• Ping An fully respects and protects employees' rights and interests. • Ping An opposes gender discrimination and builds a diverse, equal and inclusive work environment.
Clean Water and Sanitation	• Ping An integrates premium medical resources to offer mobile health checkups and complimentary medical consultations in rural areas. Ping An also donates medical supplies to facilitate the development of primary healthcare in rural areas. • Ping An empowers primary healthcare and remedies service deficiencies by "bringing digital medical services to rural areas and delivering smart door-to-door health services," helping villages digitize healthcare services.
Affordable and Clean Energy	• Ping An actively invests in energy infrastructure and clean energy technology industries to support clean energy industries. • Ping An provides preferential risk protection services for green enterprises or green projects to support their stable, healthy operations.
Decent Work and Economic Growth	• Ping An supports the real economy with financial services. Ping An has cumulatively invested over RMB7.89 trillion to support the real economy. • Ping An launched multiple products dedicated to MSMEs to help them recover and develop. • Ping An continuously develops innovative insurance products and upgraded services, including employers' liability insurance and accident insurance in line with new citizens' occupations, to protect their businesses and employment.

SDGs	Ping An's key contributions
Industry, Innovation and Infrastructure	• Ping An digitizes natural disaster risk management in combination with big data and artificial intelligence to identify risks in advance and enhance disaster prevention and loss reduction, safeguarding normal production and operations in the real economy. • Ping An supports the development of high-quality, reliable, sustainable and disaster resilient infrastructure through responsible investment. • Ping An continuously improves and diversifies its sustainable insurance product portfolio by further integrating ESG factors into product development, design and evaluation as well as promoting product innovation.
Reduced Inequalities	• Ping An actively responds to the national call for rural revitalization, consolidates and expands achievements in poverty eradication, and promotes common prosperity. • Ping An protects the legitimate rights and interests of all its employees, and opposes gender, regional and age discrimination to create an inclusive and equal workplace environment.
Sustainable Cities and Communities	• Ping An actively innovates catastrophe insurance for risk protection and financial compensation to reduce losses caused by natural disasters to cities. • Ping An supports the sustainable development of cities and communities by researching and developing a natural disaster technology platform and the Internet of Things to provide one-stop "technology + service + insurance" solutions for alerting before events, loss reduction during events, and efficiency improvement after events. • Ping An advances community volunteering for rural revitalization, emergency response, and children. • Ping An conducts the public welfare program of "Elderly-oriented Sample Home" to promote an elderly-oriented home environment.
Responsible Consumption and Production	• Ping An has established the Policy Statement on Sustainable Supply Chains, aiming to work with suppliers to promote low-carbon, environment-friendly business operations. • Ping An promotes sustainable lifestyles by launching personal carbon accounts to raise customers' awareness of low-carbon consumption.
Climate Action	• Ping An comprehensively upgrades its green finance initiative and explores innovative practices in green insurance, green investment and financing, and green credit to support green economic transformation and industry chain upgrading. • Ping An promotes green operations and develops goals for workplace operations improvement, emission reduction during business processes, and carbon removal, with a promise to achieve operational carbon neutrality by 2030.
Life below Water	• Ping An helps fishery enterprises and fishermen to better cope with natural disasters and ecological accidents by actively exploring ocean carbon sink insurance and providing ocean carbon sink resources risk protection for industries including seagrass beds and algae/shellfish farming. • Ping An intends to support mariculture carbon sink trading to increase fishermen's "blue income" and support the sustainable development of the fishing industry.
Life on Land	• Ping An develops innovative insurance products to maintain harmony with wild animals and protect their habitat. • Ping An preserves biodiversity by actively carrying out charitable activities to protect endangered animals. • Ping An channels funds into eco-friendly projects by incorporating biodiversity-related risks into investment and financing processes.
Peace, Justice and Strong Institutions	• Ping An ensures transparent and compliant business operations by improving policies and procedures. • Ping An reduces corruption by implementing robust internal controls and developing an incorruptibility culture.
Partnerships for the Goals	• Ping An actively participates in organizations related to sustainable development, green finance and carbon neutrality in China and abroad to promote global partnerships for sustainable development. • Ping An supports regional and peers' sustainable development by acting as a member of the Asian Corporate Governance Association, a director member of the Green Finance Committee of the China Society for Finance and Banking, and a director member of the ESG Committee of the China Association for Public Companies.

Sustainability

Sustainable Development Management

Sustainability Governance Structure

Having integrated sustainability into its development strategy, Ping An builds and practices a rational, professional corporate sustainability management framework and a clear, transparent ESG governance structure. In this way, Ping An continuously instructs all the functional centers and member companies of the Group to systematically enhance corporate governance and business sustainability. Ping An Group's sustainability governance structure comprises the following four levels:

Strategy: The Board of Directors and its Strategy and Investment Committee oversee all ESG issues, in charge of the Company's sustainability-related strategic planning, risk management, policy making, and performance review.

Management: The Sustainable Development Committee under the Group Executive Committee supervises the practice management of green finance, rural revitalization, and other key ESG initiatives, external communications for the Company's sustainability issues, and so on.

Execution: The Group ESG Office and the Group's various functions act as execution task forces to coordinate sustainability work inside and outside the Group.

Practice: A matrix consisting of the Group's various functions and member companies is responsible for ESG practices.

Sustainability Governance Structure

Comprehensive Risk Management for ESG

Ping An integrates the core theories and standards of ESG into the Group's comprehensive risk management system at the deepest level. In 2022, Ping An reviewed its risk management history and experience over the past 30 plus years, summarized regulatory and industry trends, fundamentally strengthened governance via top-level design, and upgraded the comprehensive risk management framework. Ping An has developed management objectives, and identified all kinds of general risks and insurance group-specific risks, supplementing the comprehensive risk management system with ESG risk management requirements. Ping An will steadily enhance risk management to ensure long-term sustainable business development. All of Ping An's risk management staffers had been properly trained as of December 31, 2022.

Moreover, Ping An regards climate change-related risks as an important factor for risk management, focusing on the impact of climate change on the Company's business. As suggested by the Task Force on Climate-related Financial Disclosure ("TCFD")(1), Ping An has developed a risk identification framework for climate change-related risks, and used risk identification results as the basis for insurance and investment screening to reduce risks associated with climate change.

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

Sustainable Development Recognition and Industry Exchange

Ping An's practices and achievements in sustainability have been widely recognized by the international community. Ping An had been selected as a constituent of the FTSE4Good Index Series, the Hang Seng ESG 50 Index and the Hang Seng China Enterprises Index ESG Index as of December 31, 2022. With outstanding ESG management performances, Ping An was awarded A in MSCI's ESG Ratings in 2022, ranking first in the multi-line insurance and brokerage industry in the Asia-Pacific region. Ping An was rated as low-risk in Sustainalytics' ESG Risk Ratings, indicating a leading position in China. Moreover, Ping An was rated A- by the Carbon Disclosure Project (CDP), the leadership level among financial services companies in the Chinese mainland in 2022. In February 2022, Ping An was included by S&P Global in *The Sustainability Yearbook* for the second time for its strong commitment to and excellent performance in sustainable development, being the only Chinese mainland-based financial company included therein.

Ping An is committed to strengthening industry exchange, actively joining domestic and international sustainable development organizations, and participating in joint efforts to build a sustainable ecosystem. Ping An adheres to the United Nations Principles for Responsible Investment (UNPRI) and relevant guidelines issued by Chinese regulators. Ping An is the first company in China to sign the UNPRI, the Climate Action 100+ and the Green Investment Principles (GIP) for the Belt and Road as an asset owner. Moreover, Ping An is the first company in the Chinese mainland to sign the Principles for Sustainable Insurance (PSI) established by the United Nations Environment Programme Finance Initiative (UNEP FI), and the only Chinese representative on the UNEP FI Leadership Council and the Global Steering Committee. Ping An is also a member of the Asian Corporate Governance Association, a director member of the Green Finance Committee of the China Society for Finance and Banking, and a director member of the ESG Committee of the China Association for Public Companies. In 2022, Ping An was ranked 21st in the Brand Finance Global 500 list and 4th among global financial services companies, and 1st in the Brand Finance Insurance 100 list for the sixth consecutive year.

KEY INITIATIVES FOR SUSTAINABLE DEVELOPMENT

Sustainable Insurance

Ping An is committed to supporting economic development, social progress and environmental improvement with comprehensive and professional risk protection. Ping An constantly amends the *Policy Statement on Sustainable Insurance System of Ping An Group* to integrate the sustainability philosophy into insurance business.

Sustainable Insurance Product Portfolio

Ping An continues to improve and diversify its sustainable insurance product portfolio including green insurance, inclusive insurance, and social insurance by integrating ESG factors into product development, design and evaluation.

In respect of green insurance, Ping An further developed related insurance products and services including the piloted forest carbon sinks index insurance and grassland insurance. Ping An launched preferential insurance policies for green enterprises or insurance customers with green projects including renewable energy, energy-saving reconstruction, and green buildings.

In respect of social insurance, Ping An closely watches health trends in China and changes in insurance demands brought about by enhanced insurance awareness, and develops society and livelihood related products, including engineering insurance for large projects, food safety insurance, and medical malpractice insurance.

In respect of inclusive insurance, Ping An constantly innovates insurance products and upgrades services to develop inclusive insurance products for small and micro-enterprises, agricultural workers, "new citizens," and groups with special needs, providing risk protection for their business development, production and operations, employment and livelihoods.

Ping An had 3,821 sustainable insurance products as of December 31, 2022. Sustainable insurance premium income reached RMB545,548 million, with a total insured amount of over RMB857.25 trillion in 2022.

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

(in RMB million)	Green Insurance(1)	Social Insurance(2)	Inclusive Insurance(3)
Premium income	25,105	490,951	29,492
Insured amount	176,931,602	535,408,482	144,911,316

Notes: (1) The definition of green insurance is consistent with the statistical and reporting standards stipulated in the *Statistical Rules on Green Insurance Business* promulgated by the CBIRC. Green insurance mainly includes insurance services that address ESG risks, protect green industries, and safeguard green living, such as climate risk insurance and new energy vehicle insurance.

(2) Social insurance includes liability insurance (including food safety insurance), medical insurance, and critical illness insurance.

(3) Inclusive insurance includes agricultural insurance, insurance for rural areas, insurance for farmers, insurance for vulnerable groups, and insurance for small and micro-enterprise operations.

Environmental Protection and Emerging Social Risks

Ping An has formulated a rational, unified insurance risk management system to manage the ESG risk exposure of its insurance products. All insurance subsidiaries have established and implemented insurance risk management rules and processes as well as ESG risk management measures covering product development, underwriting, claims, product management, reserve evaluation, and reinsurance management. Ping An continuously researches and monitors global climate change risks (global warming, extreme weather disasters and so on) and social trend risks (population aging, emerging high-incidence diseases and so on), and fully considers relevant risk factors in actuarial models and service models to ensure reasonable ESG risk pricing of insurance products and effectively manage and avoid relevant risks.

Regarding the management of climate change risks, Ping An P&C has built a disaster emergency service platform and a natural disaster risk management platform by leveraging its technological strengths and relying on AI, big data, cloud computing and other technological applications. These platforms enable Ping An P&C to digitize natural disaster risk management, identify risks in advance, and enhance disaster prevention and loss reduction, helping to ensure normal production and operations in the real economy.

Responsible Banking

Ping An promotes economic development, social progress and environmental protection in line with the Principles for Responsible Banking, and embeds the sustainability philosophy as well as the ESG risk management philosophy in banking business development and operations.

In response to China's Carbon Neutrality strategy, Ping An develops green finance, and improves systems and mechanisms to develop green credit, green bonds, green investment and so on. To boost the scale of green investment and green credit to RMB400 billion by 2025, Ping An built a product suite related to green finance and climate finance to give finance full play in responding to climate changes and contribute to the green transformation of the real economy.

Ping An Bank continuously optimizes industry-specific facility policies, and refines and specifies relevant internal management rules by following the *Guidelines for Green Finance in the Banking and Insurance Sectors* promulgated by the CBIRC and other regulatory requirements of green finance and taking account of its own business features. Ping An Bank controls loans to industries with high-energy consumption, high-pollution and overcapacity on the basis of a name list. Moreover, Ping An Bank supports the development of green industries with fast-track approvals.

In response to China's call of stepping up financial support for small and micro-enterprises during the "14th Five-Year Plan" period, Ping An has been deeply engaged in inclusive finance. Ping An implements preferential policies for inclusive finance business, with a commitment to providing more convenient financial services for small and micro-enterprises and the public. Leveraging its financial and technological advantages, Ping An continuously optimizes its inclusive finance business matrix, and provides customers, the elderly and the disabled with heartwarming financial products and services, promoting the inclusiveness and accessibility of financial services.

Ping An's responsible banking totaled RMB1,097,667 million as of December 31, 2022, including RMB182,089 million in green banking business (RMB116,420 million in the green credit balance) and RMB636,371 million in the inclusive loan balance.

Responsible Investment

Ping An supports economic development, social progress and environmental protection by providing long-term capital through insurance funds investment. Ping An integrates and develops the responsible investment philosophy and business by establishing and improving the organizational structure and policies for responsible investment as well as continuously innovating responsible investment tools and practices. The Group ESG Office, relevant functions of the Group and members companies engaged in relevant pilot programs jointly established an expert panel for responsible investment to continuously promote the application and implementation of the Group's responsible investment policies and ensure the incorporation of ESG elements into investment and operation decisions.

Ping An has formulated the *Policy Statement on Responsible Investment*, and has defined the five principles for responsible investment, namely ESG Integration, Active Ownership, Thematic Investing, Prudence, and Information Transparency. Moreover, Ping An vigorously promotes the Active Ownership at the ESG investment management level, continuously enhances the post-investment capability, implements active, diligent post-investment management, and supports the healthy development of investee companies through communication and coaching.

Ping An has established a responsible investment product framework by leveraging the AI-ESG smart management platform and integrating ESG risk management into the Group's investment risk management system. The investment products cover equity, bonds, financial products and so on.

Ping An's responsible investment and financing exceeded RMB1.79 trillion as of December 31, 2022. Details are as follows:

(in RMB million)	Equities	Bonds	Financial products
Responsible investment and financing(1)	542,799	788,309	462,140
Including:			
Green investment and financing(2)	101,506	120,228	60,628
Inclusive investment and financing(3)	763	29,462	3,220
Social investment and financing(4)	440,530	638,619	398,292

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

Responsible Products

Ping An is committed to providing customers with "worry-free, time-saving, and money-saving" healthcare and elderlycare services. Acting as a payer, Ping An partners with medical, health management and elderlycare service providers to localize "managed care." For more details, please refer to the section headed "Healthcare as a New Driver of Value Growth."

Sustainability

Consumer Protection and Experience

Ping An adheres to the philosophy of "service first and integrity guaranteed," incorporating consumer rights protection in corporate governance. Led by the Related Party Transaction Control and Consumer Rights Protection Committee under the Board of Directors, Ping An further improved consumer rights protection and internal review mechanisms, actively implemented consumer rights protection requirements, and promoted comprehensive performance assessment. Moreover, Ping An enhanced complaint management through coordination and supervision. For key companies and key issues, Ping An established a full-fledged accountability system, and strengthened consumer rights protection before, during and after the service cycle. The Company has built a regular, standardized internal audit framework for consumer rights protection, formulated audit plans for consumer rights protection, and incorporated consumer rights protection in its annual audit. Regarding complaint acceptance, Ping An diversified its customer complaint channels including its official websites, sales system and WeChat official account. Ping An also launched a dedicated customer protection helpline at 4001666333 to swiftly handle consumer consultations and complaints as well as provide consumers with 24/7 professional, reasonable services through specialized customer service staff. A total of 25.14 million inbound calls had been answered as of December 31, 2022, with an average of 68,896 calls per day and a connection rate of 99.3%.

For the elderly customer group, Ping An actively explores "elderly-oriented" service models to care for elderly customers through technological innovation and services. Ping An launched a large-font version of its app to make it easier for the elderly to use smart technologies. Customers aged over 60 can directly speak to a customer service agent at one click after dialing the Company's hotline at 95511. While retaining traditional stores as a service and protection channel, Ping An also provided door-to-door insurance services, as well as user-friendly guidance and online manual assistance in application, claims and other processes to meet the demands of elderly customers.

Ping An strengthens cultural development for consumer rights protection inside and outside the Company. Ping An adopts a daily report mechanism of the Group for consumer rights protection, holds seminars regularly among management members, and gives training on consumer rights protection to further develop a consumer rights protection culture featuring fairness and integrity within the Company. Ping An provided consumer rights protection training for new junior employees, with all of them receiving relevant training in 2022. Ping An supports the efforts of the PBC, the CBIRC, the Office of the Central Cyberspace Affairs Commission, and the Ministry of Public Security in financial consumer rights protection by spreading basic financial knowledge and strengthening consumers' awareness and capability of preventing and identifying risks via its "World Consumer Rights Day (March 15)" communication campaign.

Ping An Group attaches great importance to privacy protection. Ping An has developed rules including the *Privacy Protection Policy of Ping An Group* to ensure that personal data is captured, transmitted, stored, and used in a compliant, safe manner. Moreover, Ping An puts the collection, use, and protection of private information under strict control, and undertakes to protect the privacy of customers in all business activities.

Corporate Governance

Ping An is committed to setting a good example in corporate governance and delivering stable returns to shareholders. In line with the world's best corporate governance practices, Ping An has established and improved a corporate governance structure based on local advantages and international standards. For more details, please refer to the section headed "Corporate Governance Report."

Climate Change and Carbon Neutrality

Ping An proactively embraces challenges and opportunities from climate change by leveraging its integrated finance advantages. Ping An gives full play to green finance, advances green operations, and takes strong measures to support green development, contributing to China's carbon peak and neutrality goals.

Ping An attaches great importance to climate risk governance. Climate-related governance mechanisms, together with clear objectives and responsibilities, have been set up at all levels of the sustainability governance structure. Moreover, Ping An integrates climate change-related risks into the Group's enterprise risk management framework, and identifies the impacts of climate change at different timescales on the Company's business segments from two dimensions, namely, physical risk and transformation risk.

Ping An actively responds to China's carbon peak and neutrality goals, with a promise to achieve operational carbon neutrality by 2030. The Company has launched a greenhouse gas review to measure carbon emissions at the operations, investment and financing levels and to prepare a low-carbon action roadmap. Ping An undertakes to adopt a carbon neutrality strategy in line with international best practices. That is, Ping An prioritizes internal emission reduction measures, and then looks at external ways to further reduce emissions. After improving efficiency and reducing energy consumption in business operations via the Green Operations Innovation Competition, technological innovation, green building and so on, Ping An will achieve the carbon neutrality goal through multiple approaches, including buying carbon credits.

Rural Revitalization and Community Impact

Support for Real Economy

Ping An cumulatively invested over RMB7.89 trillion as of December 31, 2022 to support the real economy, making full use of financial resources including insurance funds, bank credit, and assets under management. The investments cover major infrastructure projects including energy, transportation, and water conservancy, supporting national strategic initiatives including the Belt and Road and the development of the Guangdong-Hong Kong-Macao Greater Bay Area. In serving national strategies, Ping An P&C provided launch insurance and third-party liability insurance for the Long March-8 Y2 Carrier Rocket as the lead underwriter. Moreover, Ping An P&C provided over RMB2.5 trillion worth of risk protection for over 1,000 key engineering projects in China, and over RMB1 trillion worth of insurance coverage for public facilities in 105 countries and regions under the Belt and Road Initiative as of December 31, 2022. Ping An Asset Management increased investments in transportation infrastructure by RMB39.4 billion in 2022 to support key transportation infrastructure projects including Amoy Transit Rail, Ningbo Rail Transit, Sichuan Road and Bridge, and Jinan-Zhengzhou High-speed Railway.

"Rural Communities Support" and "Bringing Insurance, Finance, and Healthcare to Rural Areas"

Ping An proactively supports China's rural revitalization strategy by promoting industries, healthcare, and education via "Rural Communities Support." Ping An has provided RMB77,153 million for poverty alleviation and industrial revitalization since "Ping An Rural Communities Support" was launched in 2018. Under the Village Officer Program, Ping An set up the "Rural Civilization 100" Initiative to help broaden channels for distributing local agricultural products, and upgraded the revitalization insurance policy in rural areas to promote industrial development. Under the Village Doctor Program, Ping An integrated premium medical resources to offer mobile health checkups and complimentary medical consultations in rural areas. Ping An also donated medical supplies to facilitate the development of primary healthcare in rural areas. Under the Village Teacher Program, Ping An continued to promote the "Juvenile Science and Technology Literacy Enhancement Program," offered a series of situational courses, launched multiple forms of volunteer teaching in rural areas, and donated educational materials. Volunteers recruited by Ping An cumulatively provided a total of 3,592 hours of teaching services in 2022.

On the basis of the Rural Communities Support, Ping An unveiled a project plan of "bringing insurance, finance, and healthcare to rural areas," leveraging its own advantages in "integrated finance + healthcare" to boost rural revitalization. The project was implemented in places such as Shaoguan, Guangdong Province and Baise, Guangxi Province in 2022. In delivering insurance to rural areas, Ping An established a laboratory to research risks in specialty industries and develop more specialty agricultural insurance products. Moreover, Ping An created a pool of funds to provide subsidies for specialty industries and reduce financing costs for rural entrepreneurial individuals. In delivering financial services to rural areas, Ping An continued to innovate financial products, with over 110,000 rural revitalization debit cards issued as of December 31, 2022. Moreover, Ping An provided rural residents with training and education, and offered training courses to rural entrepreneurial individuals. In delivering healthcare services to rural areas, Ping An Health leveraged its in-house doctors and hospital network to empower primary care and address health service weaknesses by "bringing digital medical services to rural areas and offering smart door-to-door health services." Ping An consolidated the "healthcare front" for rural revitalization by helping villages digitize healthcare services.

Public Welfare Activities

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

In response to the national strategy of actively coping with population aging, Ping An is committed to providing high-quality, safe and respectful elderlycare services. Against the backdrop of an aging population, Ping An held the public welfare program of "Elderly-oriented Sample Home" to call on families with elderly people to pay more attention to and carry out elderly-oriented home renovation. In addition, Ping An advocated and furthered the "Chinese Red" health protection initiative to provide complimentary support for middle-aged and elderly people with chronic diseases. Moreover, Ping An Trust launched special care insurance trust products on the basis of ordinary insurance trust products, providing special support for the distribution of trust assets for beneficiaries who suffer from autism, Down syndrome and other mental diseases.

Ping An pays close attention to biodiversity and takes public welfare actions to protect biodiversity. Ping An makes charitable donations to fund biodiversity protection for South China tigers, giant pandas, Asian giant softshell turtles, Chinese pangolins, caryopteris alternifolia and so on. Ping An transplanted 50,000 saplings in Giant Panda National Park (Ya'an) in 2022 to help restore local ecological forests.

Volunteer Services

Ping An leverages its advantages in finance, technology, and healthcare to promote volunteerism and advocate civilization in a new era. Ping An has made solid progress in volunteering for rural revitalization, emergency response, and children services. The Ping An Volunteers Association has set up 20 branches nationwide and covered 27 member companies since it was established in 2018. Ping An continued to conduct the "Ping An Guardian Initiative," under which Ping An held over 13,000 public welfare events in 2022. Moreover, Ping An launched a number of public welfare activities based on the "San Cun Hui" public welfare platform, sponsoring a total of 3,554 "Beside You" public welfare initiatives, attracting approximately 3,261,300 participants from Ping An's employees and agents in 2022. The "San Cun Hui" public welfare platform had 3.46 million registered users, including approximately 570,000 employees and agents of Ping An as of December 31, 2022.

Business Code of Conduct

Ping An cherishes moral values and adheres to the "Regulations + 1" compliance philosophy. Ping An formulated and strictly implements the *Business Code of Conduct of Ping An Group*, the *Employee Code of Conduct of Ping An Group*, and the *Policy Statement on Responsible Product Management*, made commitments to the corporate business ethics, employee code of conduct, and product responsibility, and constantly improves its management.

Corporate Business Ethics

Ping An has a highly independent, vertical internal audit and supervision framework in place to prevent and control risks related to business ethics. The Company's internal control assessments cover the following: corporate governance, sales management, fund utilization management, investment and financing management, anti-money laundering management, financial management, and asset management. In strict accordance with applicable laws and regulations, the Company has formulated procedures which apply to all of its member companies, suppliers and partners, and pledged the following:

- In respect of tax policies, Ping An always upholds the principles and philosophy of "integrity, law-abiding and Regulations + 1." The Company strictly complies with all applicable laws and regulations, proactively conforms with tax policies, discloses tax information as required by law, declares and pays taxes on time, and prevents illegal tax dodging and evasion.

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

- In respect of anti-money laundering, anti-terrorist financing, and sanctions compliance, Ping An strictly abides by laws and regulations related to anti-money laundering, anti-terrorist financing and sanctions compliance. Adhering to the management philosophy of "legal person accountability, risk-based supervision, and technological empowerment," Ping An has established a robust anti-money laundering framework. Moreover, Ping An continuously improves its internal controls and working mechanism, strengthens internal control procedures and measures, enhances its compliance culture through internal and external communication and training, and develops smart anti-money laundering platforms and tools. In this way, Ping An comprehensively improves risk prevention and control.

- In respect of fairness and the protection of employees' rights and interests, the Company protects legitimate rights and interests of all employees. The Company opposes gender, regional and age discrimination, prohibits the use of child labor and forced labor, and does not interfere with employees' right to participate in or form any legitimate association. Moreover, the Company has developed the *Centralized Procurement Supplier Management Procedure* and included relevant clauses in supplier contracts, urging suppliers to protect their employees' rights and interests.

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

- In respect of intellectual property protection, Ping An attaches great importance to the protection and management of intellectual property rights, ensuring effective commercialization of technological and innovative findings. Ping An protects its own intellectual property rights, respects the intellectual property rights of others, and strictly prohibits its employees from being involved in activities that violate intellectual property right laws. By doing so, Ping An effectively protects the Company's intangible assets and maintains orderly operations in business development.

Employee Code of Conduct

The Company attaches great importance to employee business ethics. Ping An has developed systematic management rules and procedures covering full-time and part-time employees, including the *Employee Interest Conflict Management Policy* and the *Anti-fraud Procedure*. Moreover, Ping An has laid out an employee code of conduct comprising "Five Standards" and "Prohibitive Rules," emphasizing the "bottom line of compliance" and "limitations on employee behaviors" to prevent violations of laws, regulations, and discipline, mainly covering the following aspects:

- In respect of information management and social media management, employees are required to strictly follow the requirements for customer information security management and are prohibited from leaking customer information. Employees may not divulge trade secrets or spread illegal information through official or employee accounts on social media.

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

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

Ping An continuously strengthens the management of employees' business conduct, proactively cracking down on those in violation of laws, regulations and discipline. Moreover, Ping An provides training regarding the employee code of conduct on a semi-yearly basis to maintain a culture of integrity and self-discipline. All of Ping An's employees received anti-corruption education in 2022.

Responsible Products

As a financial services conglomerate, Ping An offers a wide range of products and services covering insurance, banking, asset management, healthcare, and technology. During the lifecycles of all products and services, the Company undertakes to uphold the basic principles of compliance, fairness, inclusiveness and environmental protection. The Company will not get involved in infringement of legitimate rights and interests, violation of the freedom of speech, or political repression. The Company will not get involved in high emissions, high pollution, ecological destruction, or animal rights violations. The Company will not engage in monopoly, unfair competition, pyramid sales, or terrorism. Moreover, the Company will make every effort to put an end to violations of laws, regulations, and codes of ethics.

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

Development and Protection of Employees and Agents

Development and Protection of Employees

Ping An helps employees maximize their personal value by providing them with career plans for prosperous and contented lives. Ping An developed and strictly implemented policies including *Ping An Group's Policy Statement on Employee Rights*, and has open, safe and diverse channels in place for complaints and feedback. By doing so, Ping An substantially protects the legitimate rights and interests of all employees and maintains a fair and pleasant working environment. Moreover, Ping An provides employees with salary incentives and diverse training to motivate them to strengthen self-learning, improve skills and grow with the Company.

Ping An always upholds fair, just and transparent salary and performance principles. Ping An continues to rationally improve the performance-based salary management on the principle of fair and equitable distribution according to work, and provides competitive salaries to motivate employees. To retain key employees and strengthen internal cohesiveness, Ping An has put in place long-term incentive and restraint mechanisms, and implements the Key Employee Share Purchase Plan and the Long-term Service Plan.

Ping An continuously diversifies and optimizes its talent management standards and systems. Ping An organizes talent reviews of key positions each year on multiple dimensions including performance, skill sets, and potential to ensure fair and efficient talent selection. Ping An continuously optimizes and strengthens its training system, diversifying the high-quality curricula and lecturers. Ping An vigorously develops online and offline learning and offers highly personalized courses with accurate course recommendations including performance-based recommendations, smart recommendations, and recommendation from supervisors, using technology to disseminate knowledge and meet employees' development needs. The Group's employees received 40.80 hours of training per capita in 2022.

Ping An provides employees with a variety of benefits to protect their basic rights and interests. Ping An provides commercial insurance, high-end health insurance, regular health checkups, and employee discount products. Ping An maintains a health management platform where employees can directly consult a doctor online and make an appointment with a doctor. Moreover, Ping An launched the Ping An Employee Assistance Program (EAP) to protect the physical and mental health of employees. Ping An has developed HR-X, a smart human resources mobile app, to provide employees with a series of convenient services including location-based attendance tracking. Ping An respects and cares for female employees, and provides mother-and-baby rooms and facilities in the workplace for lactating employees. Ping An strictly abides by national laws and regulations and local government requirements, and implements policies of parental leave, breastfeeding breaks and rest breaks for pregnant employees. Ping An has open, safe and diverse channels in place for complaints and feedback such as communication with higher-ups, communication with the HR department and trade union, and emails. In addition, Ping An guarantees employees' freedom of speech and expression by keeping employees informed of relevant information through communication, training and other methods.

Development and Protection of Agents

Ping An Life advances the high-quality transformation of its agent force and improves the team structure under a sustainable development strategy, aiming to build a team of "high-competence, high-performing, and high-quality" agents. For more details, please refer to the section headed "Life and Health Insurance Business."

Information Security and AI Governance

Adhering to the principles of people-centered, secure, fair and transparent, Ping An strictly implements information security management norms in line with the highest standards to escort the Company's information business. Moreover, Ping An focuses on improving its AI ethics system, with an AI Ethics Management Committee at the Group level overseeing the development and application of AI in a comprehensive and rational manner.

Ping An constantly improves its information security management system to ensure the confidentiality, integrity, and availability of information. Ping An has formulated rules including the *Procedure for Information Security Management of Ping An Group*, and established a data security governance model centering on customer data protection to ensure end-to-end security management. Ping An regularly conducts internal and external audits of its information security management and data privacy protection. Ping An has passed the ISO27001 information security management system certification for consecutive years, ensuring the effective and stable operations of the information security system. The Group has built a continuity system based on multiple data centers since 2003, which features a remote backup for disaster recovery and an intra-city active-active data center. In addition, Ping An organizes disaster recovery drills at the Group level every year to verify the effectiveness of the organizational structure and emergency plans for disaster recovery and ensure a stable, available environment for disaster tolerance.

Sustainability

Ping An formulated the *Ping An Group's Policy Statement on AI Ethics Governance* in line with the five ethical principles of "human-oriented, human autonomous, secure and controllable, fair and just, and open and transparent." Ping An undertakes to oversee the development and application of AI in a scientific manner, and is committed to keeping technology and financial services under ethical review. Ping An has clear ethical goals for data use, algorithm development, and industry application, and constantly improves its AI governance framework. Internally, Ping An has established the AI Ethics Management Committee, which is responsible for steering the macro directions of Ping An's AI ethics policy, and ensuring fairness and justice for products under development. The AI Ethics Management Committee oversees information security and privacy protection during the provision of products and services, and optimizes management to address ethical issues involving AI during the implementation of projects. Externally, Ping An proactively engages in global AI governance and strengthens exchanges with peers and academia, contributing to the standardization of AI governance.

Technology-powered Sustainable Development

Ping An pursues high-quality development driven by comprehensive digitization, closely focusing on the transformation and upgrade of its core businesses. Ping An uses technologies to help financial businesses boost sales, improve efficiency, and control risks. Moreover, Ping An empowers financial services with technologies, empowers financial services with ecosystems, and advances development with technologies. For more details on digital technology-driven transformation, please refer to the section headed "Technology Business."

Empowering Managed Care with Technologies

Ping An continuously advances its healthtech research and development, and proactively builds a leading remote consultation and treatment platform. Ping An effectively supports the sustainable development of the healthcare ecosystem by building technological capabilities in a forward-looking manner. For more details, please refer to the section headed "Healthcare as a New Driver of Value Growth."

Empowering Low-carbon Transformation with Technologies

Ping An Bank launched a personal carbon account platform, Low Carbon Home, jointly with China UnionPay and the Shanghai Environment and Energy Exchange. The Low Carbon Home account is the first carbon account in China to cover UnionPay credit cards and debit cards. Low Carbon Home account owners can earn "green power" for 18 green behaviors including traveling by bus, subway and shared bike, online spending with credit cards, repayment, and digital debit cards. The account enables its owners to practice low-carbon lifestyle and enjoy low-carbon benefits.

Sustainable Supply Chain

As a responsible purchaser, Ping An is committed to achieving win-win cooperation and value maximization with partner suppliers. Ping An has established the *Sustainable Supply Chain Policy of Ping An Group*, integrating sustainable development requirements into supply chain management that covers sourcing and introduction, registration and verification, supplier shortlist selection, procurement process, and performance management. Moreover, Ping An conducts regular inspections or annual on-site inspections of suppliers, attaching great importance to suppliers' ESG performance. The Company has also included sustainable development requirements into existing supplier contracts, setting out articles on anti-bribery, information security and privacy protection, low-carbon and green technological transformation and development, labor rights protection, and employee development, and urging suppliers to actively undertake and fulfill corporate social responsibilities and obligations.

Ping An also provides partners with training programs on procurement system operation, procurement management policies, compliance and standards to improve suppliers' sustainability performance. Where a supplier violates the Group's business code of conduct or fails the Group's appraisal, Ping An will help it formulate a rectification plan and suspend cooperation until it passes the appraisal. Where a supplier violates the procurement rules, it will be disqualified and penalized.

Prospects of Future Development

MAJOR INDUSTRY TRENDS, MARKET LANDSCAPE, AND RISKS

Amid the turbulent international environment and arduous tasks of domestic reform, development and stabilization, China steadily improved development quality, advanced reform and opening-up, and maintained social and economic stability under the leadership of the CPC Central Committee in 2022. However, the global environment remains complex and severe, and China still faces the prominent problem of unbalanced, insufficient domestic development.

2023 is the first year to comprehensively implement the spirit of the 20th National Congress of the CPC, and a crucial year to carry out the 14th Five-Year Plan. Amid profound changes in domestic and foreign economic environments, China's economy and consumption growth will still face challenges in the short term. Moreover, as credit risk increases, asset quality will remain under pressure. However, there are new business opportunities for the Company in the long term. Consumer demands for insurance and health management will increase due to people's growing awareness of healthcare and elderlycare, creating huge potential markets for the Company's financial and insurance businesses. In addition, as demand for digital transformation grows stronger driven by policies and technological advancement, Ping An is accelerating the innovation of its financial and healthcare business models to empower business growth.

- For insurance business, the state's ongoing "Healthy China" initiative has raised people's awareness of healthcare and elderlycare, benefiting the insurance industry in the long term. There is a huge potential market for the life insurance industry due to the ongoing healthcare reform, new policies on people's livelihoods, welfare and security, and people's growing awareness of insurance. For property and casualty insurers, business operations will become more specialized, refined and intensive with significantly lower operating costs, a significantly optimized product mix and higher operational profitability of the industry, as the auto insurance pricing reform gradually deepens and new regulations on sub-types of insurance come out.

- For banking business, the banking industry will focus on serving the real economy, preventing and controlling financial risks, and supporting high-quality development. The Company will adhere to the people-centered development philosophy, and stay alert to macroeconomic developments, market changes and customer demands to improve its capability of serving the real economy. In addition, the Company will strengthen comprehensive financial risk management, promote comprehensive digital transformation, and contribute to the new development dynamic.

- For asset management business, as the regulatory system continuously improves and business models focus on serving the real economy, the asset management industry has entered a new stage of well-regulated development, which presents new development opportunities. The Company will strictly follow national policies, strengthen risk management, pursue high-quality development, and proactively help improve the real economy's quality and efficiency. Moreover, the Company will increase support for major national strategies and projects in key areas.

- For technology application, China accelerates the implementation of the innovation-driven development strategy, emphasizing independent, controllable technological development and R&D investment in the new era. Technology will continue to play a leading role in the future, and support the Company's integrated finance and healthcare strategies. The Company will fully implement the digitization strategy, focus on the R&D and innovation in key areas and of core technologies, and empower core businesses with new technologies to continuously improve its operational efficiency, management and customer services.

In response to the call of the CPC and the state, the Company will continue to support the real economy with financial services and strengthen financial risk management, contributing to the effective improvement and reasonable growth of the national economy.

Prospects of Future Development

DEVELOPMENT STRATEGY AND BUSINESS PLAN

Facing severe challenges in internal and external business environments, the Company took multiple measures to implement the philosophy of "Expertise creates value" by leveraging its resources and advantages in finance, healthcare and technology in a forward-looking manner in 2022. In addition, the Company fulfilled its insurance mission and corporate social responsibilities to fully support the real economy and China's "dual circulation" strategy. Ping An continuously delivers on its brand promise of "Expertise makes life simple." Ping An achieved business goals for 2022 by adopting various measures including strengthening risk management, advancing reforms, reshaping its new value-oriented culture, and promoting digital transformation. The Company focused on the development of its core financial businesses, advanced financial and healthtech innovations, and developed the "integrated finance + healthcare" service system. The Company maintained stable profitability as well as healthy, sustainable development of its insurance, banking, asset management and technology businesses.

In 2023, the Company will continue to transform toward smart, digital operations, sustain business growth, and strive to become a world-leading integrated finance and healthcare services provider.

- Being customer-centric, Ping An will meet customer demands with one-stop integrated financial service solutions through technological innovations. Ping An will continue to improve customer experience and offer heartwarming financial services by improving the integrated financial business model of "one customer, multiple products, and one-stop services." The Company will boost the value of retail customers through sustainable development of integrated finance. In corporate business, Ping An will focus on boosting its shared and own values under the "1 + N" services model (one customer + N products). Moreover, Ping An will use technologies to improve customer experience, reduce service costs, and support the real economy and financial inclusion under its integrated financial business model.
- For insurance business, Life & Health will pursue high-quality development by executing the "channel + product" strategy and advancing Ping An Life's reform. Through technological empowerment, Life & Health will realize long-term sustainable growth by continuously transforming channels, offering "heartwarming insurance," and improving business quality. Ping An P&C will continue to transform toward digital operations and promote insurance product innovation to provide customers with refined, premium services and build differentiation advantages.
- For banking business, the Company will closely follow national strategies, and actively implement major decisions and deployments made by the CPC Central Committee and the State Council. The Company will adhere to the people-centered philosophy of development, and continue to advance its strategic transformation. The Company will further implement the new retail transformation model for retail business, focus on two major sectors in corporate business, and continuously improve the "five golden business cards" in interbank business. The Company will continuously enhance its ability to serve the real economy with financial services, strengthen financial risk prevention and management, promote digital operations, and pursue high-quality development with all its strength.
- For asset management business, Ping An is committed to building an industry-leading investment management platform. By constantly enhancing capabilities of making asset allocation, achieving long-term stable returns and managing multi-asset portfolios, Ping An constantly promotes high-quality development of the industry, and serves capital markets and the real economy. Regarding insurance funds investment, Ping An always takes risk prevention as the first priority, improves asset-liability management capabilities, pursues prudent investment, and increases support for the real economy.

- For technology business, Ping An will continue to advance its strategies and encourage fintech and healthtech innovations. The Company will employ cutting-edge technologies to support its two core businesses. By doing so, the Company will provide customers with premium products and excellent service experience, and improve the industry ecosystem and technology. Moreover, Ping An will upgrade the healthcare ecosystem strategy by building the “managed care model” and integrating customer bases and resources to develop the healthcare ecosystem.

Amid the ever-changing economic situations and market environment, the Company will conduct in-depth research on macroeconomic conditions, and study and implement the spirit of the 20th National Congress of the CPC. The Company will strictly abide by laws and regulations, continuously strengthen risk management, and improve operations. The Company will advance the technology-driven “integrated finance + healthcare” strategy under a people-centered and customer needs-oriented approach to pursue high-quality development with Chinese characteristics. Ping An will make unremitting efforts to create long-term, steady and sustainable value for customers, employees, shareholders and society.

Implementation of New Accounting Standards for Insurance Contracts

In December 2020, the Ministry of Finance revised and issued the *Accounting Standards for Enterprises No. 25—Insurance Contracts* (the "New Accounting Standards for Insurance Contracts" or "New Standards"), which requires companies dual-listed in both the Chinese mainland and elsewhere to implement the New Standards effective from January 1, 2023. The New Accounting Standards for Insurance Contracts converges with the *International Financial Reporting Standard 17—Insurance Contracts*. In the New Accounting Standards for Insurance Contracts, major changes have been made in terms of the recognition principle for insurance revenue and the measurement of insurance contract liabilities. The Group will implement the New Accounting Standards for Insurance Contracts from the accounting year starting from January 1, 2023. Compared with IFRS 4, IFRS 17 brings about significant changes on the following aspects:

Adjusting the recognition principles for insurance revenue and insurance service expenses. In accordance with IFRS 17, insurance revenue will be recognized over the coverage period based on the provision of services, and the investment component in insurance contracts will be excluded from profit or loss. As a result, revenue from long-term life insurance contracts will decrease significantly.

Investment component is an amount that an insurance contract requires the entity to repay to a policyholder in all circumstances, regardless of whether an insured event occurs.

Several amendments to the measurement of insurance contract liabilities. Main changes are as follows:

Revising measurement models for insurance contracts. Measurement methods include the general model, the variable fee approach, and the premium allocation approach by the nature of insurance contracts. The variable fee approach applies to long-term insurance contracts with direct participation features; the general model applies to other long-term insurance contracts; and the premium allocation approach applies to short-term insurance contracts.

Revising the measurement of contractual service margin ("CSM"). The effect of changes in fulfillment cash flows that relate to future service will be added to or deducted from the remaining CSM, while under the Group's current accounting policies, the residual margin will be locked at inception and amortized over the coverage period. For insurance contracts subject to the variable fee approach, the insurer's share of the change in the fair value of the underlying items and changes in other financial risks shall be regarded as changes in future service, for which the CSM shall be adjusted. Under IFRS 17, CSM will be more volatile.

Revising the method for determining the discount rate of insurance contract liabilities. In accordance with IFRS 17, the discount rate will be based on observable current market interest rates reflecting the characteristics of the insurance contracts, and the "top-down" approach or the "bottom-up" approach may be used. The Group has chosen the "bottom-up" approach, and the discount rate assumption is determined based on the risk-free interest rate with consideration of the tax and liquidity premium. Under IFRS 4, for long-term life insurance and long-term health insurance contracts where the future insurance benefits are not impacted by investment returns on the underlying asset portfolio, and with consideration of the Cai Kuai [2017] No.637 issued by the former CIRC and other relevant regulations, the discount rate assumption is based on the "benchmark yield curve for the measurement of insurance contract liabilities" published by the China Central Depository & Clearing Co., Ltd. ("CCDC"), with consideration of the impact of the tax and liquidity premium. For insurance contracts where the future insurance benefits are impacted by investment returns on the underlying asset portfolio, the discount rates are determined based on expected future investment returns on the underlying asset portfolio backing those liabilities. Under the general model, the Group chose to recognize changes in insurance contract liabilities arising from changes in financial variables (including the discount rate) in other comprehensive income; under the variable fee approach, the Group chose to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income, so that the insurance finance income or expenses recognised in profit or loss can exactly match the income or expenses included in profit or loss for the underlying items.

Methods for measuring CSM at the transition date. Under IFRS 17, if full retrospective application is impracticable for a group of insurance contracts at the transition date, we shall apply either the modified retrospective approach or the fair value approach to estimate the CSM. The CSMs of most of the Group's contracts are measured under the modified retrospective approach, while those of the remaining contracts are measured under the fair value approach.

Redetermining the classifications of financial assets and optimizing the accounting match between assets and liabilities. Under IFRS 17, at the initial application date, the reporting entity may reassess the business models for managing financial assets and redetermine the classifications of financial assets held for activities related to insurance contracts. On the basis of the measurement of cash flows arising from performance of insurance contract liabilities linked to some debt investments measured at amortized cost, the Group reassessed the business model at the initial application date, and reclassified such debt investments measured at amortized cost as debt investments measured at fair value through other comprehensive income, to optimize the accounting match between insurance contract liabilities and related financial assets.

Optimizing the presentation of financial statements. IFRS 17 requires insurance companies to present the combination of rights and obligations arising from a group of insurance contracts or reinsurance contracts as a single insurance contract or reinsurance contract asset or liability in the statement of financial position. Accounting items such as policy loans and premium receivables shall no longer be presented separately. Moreover, IFRS 17 requires insurance companies to disaggregate the amounts recognized in profit or loss into the insurance service result and the investment service result according to profit drivers. This will make insurance companies' sources of profit clearer and more transparent.

IFRS 17 specifies principles for the recognition, measurement, presentation and disclosure of insurance contracts to fully reflect insurance companies' business results or financial position. IFRS 17 will neither change the Company's business nature or strategies nor impact the Company's product strategies, solvency, or asset-liability management. The Company will continue to disclose indicators including operating profit, EV and NBV to help investors better understand its business results and trends and make comparisons.

Product strategy will not be impacted. Ping An Life upgrades its insurance product portfolio and reforms its three core services, namely health management, home-based elderlycare and high-end elderlycare to meet customer demands for multi-level insurance protection, elderlycare and long-term stable asset appreciation. Ping An Life creates differentiation advantages under the "insurance + service" framework by leveraging the Group's healthcare ecosystem. The Company continuously discloses Life & Health and property and casualty insurance business premium income for investors to understand the scale and trend of the Company's insurance business.

The Company's solvency position will not be impacted. The Company's solvency is measured in accordance with *the Regulatory Rules on Solvency of Insurance Companies (II)* (the "C-ROSS Phase II") released by the CBIRC. Being risk-oriented, the C-ROSS Phase II strengthens the capital quality of insurers and prompts insurers to focus on insurance protection and optimize asset-liability management. The implementation of IFRS 17 will have no impact on the Company's solvency position.

There will be no material change in the management of asset-liability matching. When implementing IFRS 17, the Company will reassess and redetermine the classifications of financial assets to optimize asset-liability matching. Reclassification of financial assets will have no impact on the economic substance of the Company's assets and liabilities. The Company will retain a prudent risk appetite and continue to optimize the asset-liability matching of insurance funds.

Continuous disclosure of operating profit and operating ROE. Given the long-term nature of its major life and health insurance business, the Company will continue to disclose its operating profit and operating ROE to help investors better understand its business results and trends and make comparisons.

EV and NBV. The Company's EV and NBV are measured in accordance with the *Standards for Actuarial Practice: Valuation Standard for Embedded Value of Life Insurance* issued by the China Association of Actuaries in November 2016. The implementation of IFRS 17 will have no impact on the measurement of the Company's EV and NBV. EV and NBV will remain as the Company's key performance indicators to provide investors with an additional tool to understand its economic value and business results.

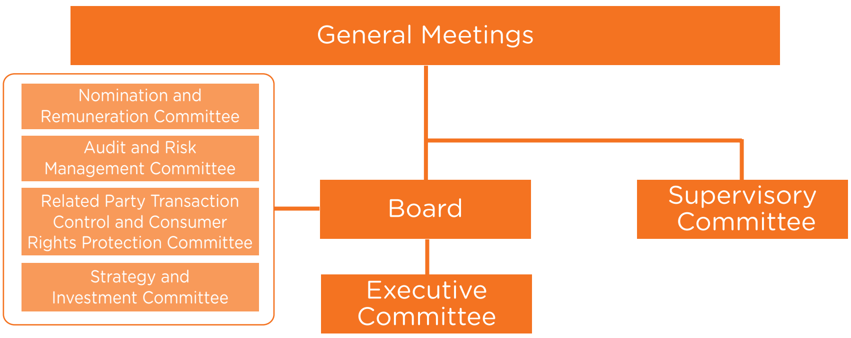
Corporate Governance Report

Ping An continues to adopt global best practices in corporate governance, and has established and kept improving its corporate governance structure which is built on both local advantages and international standards. The board of directors of the Company (the "Board" or "Board of Directors") hereby reports to the shareholders on the corporate governance of the Company for the year ended December 31, 2022 (the "Reporting Period").

GENERAL APPRAISAL OF CORPORATE GOVERNANCE

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

Corporate Governance Structure of Ping An



GENERAL MEETINGS AND SHAREHOLDERS

General Meetings

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

The Company held the Annual General Meeting for 2021 in Shenzhen on April 29, 2022, and all the 14 then Directors of the Company attended the meeting. At the meeting, the attendees deliberated and approved twelve proposals including the *Report of the Board of Directors of the Company for 2021*, the *Report of the Supervisory Committee of the Company for 2021*, the Annual Report of the Company for 2021 and Its Summary, the *Report on Final Accounts of the Company for 2021*, the *Profit Distribution Plan of the Company for 2021* and the *Appointment of Auditors of the Company for 2022*. The resolutions of the above general meeting have been published on the websites of SSE (www.sse.com.cn) and HKEX (www.hkexnews.hk).

Shareholders' Rights

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

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

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

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

Information Disclosure and Investor Relations

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

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

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

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

The Board regularly reviews the shareholder communications policy, ensures its effectiveness, and believes the shareholder communications policy is effective and adequate.

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

The shareholding structure of the Company is scattered and there is no controlling shareholder or de facto controlling party. As an integrated financial group, the Company maintains full independence in terms of assets, staff, finance, organization and business under the supervision of the CBIRC. The Company is an independent corporation responsible for its own profits and losses, runs independent and complete business and is capable of independent business operations. During the Reporting Period, no controlling shareholders or other related parties misappropriated the Company's funds, as confirmed by Ernst & Young Hua Ming LLP in its specific report in this respect.

BOARD AND DIRECTORS

Corporate Governance Functions of the Board

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

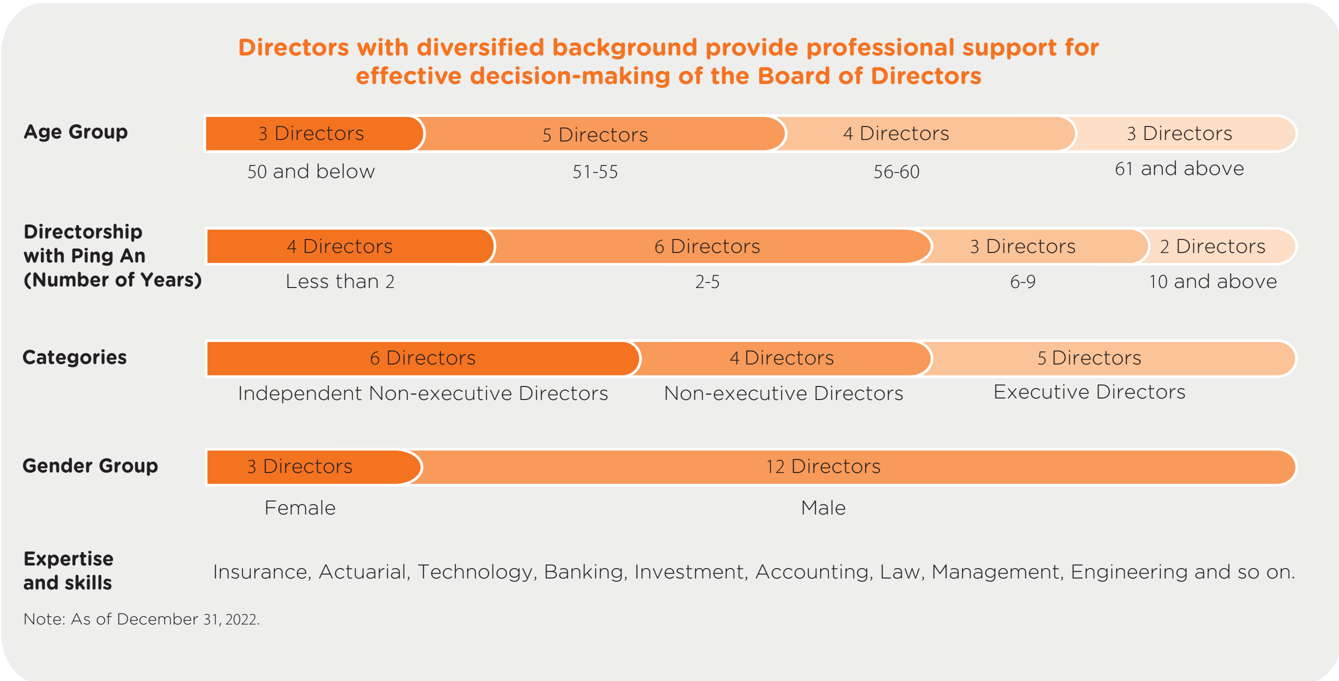
- formulating the Group's overall direction, objectives and strategies, business plans and investment proposals as well as monitoring and supervising the management's performance;
- formulating the Company's annual budgets and financial statements and monitoring the Company's performance;
- formulating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

In addition, responsibilities, functions and types of decisions delegated to the management include:

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

Board Diversity

As of December 31, 2022, the Board consisted of 15 members, namely five Executive Directors, four Non-executive Directors and six Independent Non-executive Directors, and the profile of each Director is set out in the section headed "Directors, Supervisors, Senior Management and Employees" of this Report. As far as is known to the Company, there is no relationship between the members of the Board in terms of finance, business, family members, or other major related aspects. The number of Directors and the composition of the Board follow all the applicable legal and regulatory requirements, and provisions of the *Articles of Association*. As provided in the *Articles of Association*, Directors shall be elected at the general meeting with a term of three years, and are eligible for re-election upon expiry of such term. However, Independent Non-executive Directors shall not hold office cumulatively for more than six years. The term of office of the 12th Board is from March 2021 to the date of the 2023 Annual General Meeting.



Convening of Board of Directors Meetings

Session of the Board Meeting	Date	Resolutions of the Board Meeting
The 7th meeting of the 12th session of the Board	January 20, 2022	The Board Meeting deliberated and approved proposals including the *Proposal on Outsourcing Service Matters of the Company* and the *Proposal on Appointment of the Chief Investment Officer of the Company*.
The 8th meeting of the 12th session of the Board	March 17, 2022	The Board Meeting deliberated and approved proposals including the *Proposal to Deliberate the Annual Report of the Company for 2021 and Its Summary*, the *Report on Final Accounts of the Company for 2021*, the *Profit Distribution Plan of the Company for 2021* and the *Report of the Board of Directors for 2021*.
The 9th meeting of the 12th session of the Board	March 28, 2022	The Board Meeting deliberated and approved *the Proposal on Appointment of Deng Bin as the Assistant to President of the Company*.
The 10th meeting of the 12th session of the Board	April 29, 2022	The Board Meeting deliberated and approved proposals including the *2022 First Quarter Report of the Company*, the *Unaudited Results for the Three Months Ended March 31, 2022* and the *Proposal on Audit Report on the Departure of Senior Managers*.
The 11th meeting of the 12th session of the Board	August 23, 2022	The Board Meeting deliberated and approved proposals including the *Proposal on Reviewing the 2022 Interim Results Report of the Company and Its Summary*, the *Proposal on Distributing Interim Dividend for 2022*, and the *Proposal on the Report on the Consumer Rights Protection for the First Half of 2022*.
The 12th meeting of the 12th session of the Board	October 26, 2022	The Board Meeting deliberated and approved proposals including the *2022 Third Quarter Report of the Company*, the *Unaudited Results for the Nine Months Ended September 30, 2022*, and the *Proposal on Appointment of Senior Management of the Company*.

Performance of Duties by Directors

Attendance Record of Directors

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

		Meetings attended in person[2]/Meetings required to attend					
Members	Date of Appointment as Directors	General Meetings	Board	Nomination and Remuneration Committee	Audit and Risk Management Committee	Related Party Transaction Control and Consumer Rights Protection Committee	Strategy and Investment Committee
Executive Directors							
Ma Mingzhe (Chairman)	March 21, 1988	1/1	6/6	–	–	–	1/1
Xie Yonglin	April 3, 2020	1/1	6/6	–	–	–	–
Tan Sin Yin	April 3, 2020	1/1	6/6	–	–	4/4	–
Yao Jason Bo	June 9, 2009	1/1	6/6	–	–	4/4	–
Cai Fangfang	July 2, 2014	1/1	6/6	–	–	–	–
Non-executive Directors							
Soopakij Chearavanont	June 17, 2013	1/1	5/6	–	–	–	–
Yang Xiaoping	June 17, 2013	1/1	6/6	–	4/4	–	1/1
He Jianfeng[1]	July 1, 2022	–	2/2	–	–	–	–
Cai Xun[1]	July 1, 2022	–	2/2	–	–	–	–
Huang Wei (Resigned)[1]	August 20, 2021	1/1	4/4	–	–	–	–
Independent Non-executive Directors							
Ouyang Hui	August 6, 2017	1/1	6/6	5/5	4/4	–	1/1
Ng Sing Yip	July 17, 2019	1/1	6/6	5/5	4/4	4/4	–
Chu Yiyun	July 17, 2019	1/1	6/6	5/5	4/4	–	–
Liu Hong	July 17, 2019	1/1	6/6	5/5	–	–	1/1
Ng Kong Ping Albert	August 20, 2021	1/1	6/6	–	4/4	4/4	–
Jin Li	August 20, 2021	1/1	6/6	5/5	–	4/4	–

Notes: (1) Details of new appointments and departures of Directors of the Company during the Reporting Period are set out in the section headed "Directors, Supervisors, Senior Management and Employees" of this Report.
(2) Some Directors failed to attend certain meetings in person due to business scheduling conflicts.

Objections of Directors on Relevant Matters of the Company

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

Adoption of Directors' Suggestions on the Company

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

Continuous Professional Development of the Directors

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

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

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

In 2022, all the Directors of the Company attended professional training on corporate governance, regulations, cautionary matters related to duty performance, C-ROSS Phase II and its impact, insurance reserves, and the Company's businesses, as well as training organized by the Insurance Association of China regarding the promotion of compliance in the insurance industry, insurtech innovations and so on. Mr. Ma Mingzhe and Mr. Xie Yonglin, both Executive Directors of the Company, took special training for listed companies' chairpersons and presidents organized by the China Association for Public Companies. Mr. He Jianfeng and Ms. Cai Xun, both Non-executive Directors of the Company, participated in the SSE's fifth pre-job training session for listed companies' directors, supervisors and senior management in 2022.

Performance of Duties by Independent Non-Executive Directors

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

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

SPECIALIZED COMMITTEES UNDER THE BOARD

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

Nomination and Remuneration Committee

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

Members

Independent Non-Executive Directors

Ouyang Hui (Chairman),
Ng Sing Yip,
Chu Yiyun,
Liu Hong,
Jin Li

Having regard to the Company's business activities, assets and management portfolios, the Nomination and Remuneration Committee selects qualified candidates for positions of Directors and senior management with reference to business acumen and undertakings, academic and professional achievements and qualifications, experience and independence, makes recommendations to the Board, and implements relevant decisions of the Board in relation to appointments.

The Nomination and Remuneration Committee developed and always follows the *Board Diversity Policy* to ensure a balance of Board members in terms of skills, experience and diversified perspectives, and thus to promote the effective operations of the Board and maintain a high level of corporate governance. When selecting Board members, the Company's Nomination and Remuneration Committee takes full account of the need for a diverse Board, and evaluates and selects candidates in multiple aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. Moreover, the Nomination and Remuneration Committee suggests that the Board should always include female members to maintain gender diversity, in order to continuously improve corporate governance, follow global best practices for corporate governance, and further enhance the rationality and effectiveness of the Board's decision-making. Currently, the Board's level of gender diversity is in line with this goal.

In 2022, the Nomination and Remuneration Committee held five meetings, which were convened in accordance with the *Articles of Association* and the *Charter of the Nomination and Remuneration Committee of the Board*. All of the members' opinions and suggestions were adopted by the Company. During the Reporting Period, the Nomination and Remuneration Committee executed the remuneration policies of Directors strictly. The attendance records of each member of the Nomination and Remuneration Committee are set out in the part headed "Attendance Record of Directors" of this section.

Date	Contents of the Meeting
January 20, 2022	The meeting deliberated and approved the *Proposal on Recommendation of the Chief Investment Officer of the Company*.
March 17, 2022	The meeting deliberated and approved proposals including the *Proposal on Review of the Performance Evaluation Results of the Company's Senior Management for 2021* and the *Proposal on Review of Participation in the 2022 Key Employee Share Purchase Plan*.
March 28, 2022	The meeting deliberated and approved the *Proposal on Recommending Deng Bin as the Assistant to President of the Company*.
April 29, 2022	The meeting deliberated and approved the *Proposal on Reviewing the Remuneration of Mr. Ji Guangheng*.
October 26, 2022	The meeting deliberated and approved the *Proposal on Recommending the Senior Management of the Company*.

Audit and Risk Management Committee

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

Members

Independent Non-Executive Directors
Ng Kong Ping Albert (Chairman),
Ouyang Hui,
Ng Sing Yip,
Chu Yiyun

Non-Executive Director
Yang Xiaoping

In 2022, the Audit and Risk Management Committee held four meetings, which were all convened in accordance with the *Articles of Association* and the *Charter of the Audit and Risk Management Committee of the Board*. All of the members' opinions and suggestions were adopted by the Company. Furthermore, the Audit and Risk Management Committee convened a meeting to review the unaudited financial report for 2022 and agreed to deliver it to the auditor for auditing. The Audit and Risk Management Committee also reviewed the audited financial report for the year ended December 31, 2022 at the first meeting in 2023 and was satisfied with the basis of preparation of the financial report, including the appropriateness of the assumptions and accounting policies and standards adopted, and made recommendations to the Board for their consideration. The attendance records of each member of the Audit and Risk Management Committee are set out in the part headed "Attendance Record of Directors" of this section.

Date	Contents of the Meeting
March 16, 2022	The meeting deliberated and approved proposals including the *Proposal on Reviewing the Annual Report of the Company for 2021 and Its Summary*, the *Ernst & Young's Report on Audit of the Annual Financial Report of the Company for 2021*, the *Report on Final Accounts of the Company for 2021*, the *Proposal on Reviewing the Annual Compliance Work Report of the Company for 2021*, and the *Proposal on Reviewing the Internal Control Assessment and Evaluation Report of Ping An for 2021*.
April 29, 2022	The meeting deliberated and approved proposals including the *2022 First Quarter Report of the Company,* the *Unaudited Results for the Three Months Ended March 31, 2022*, and the *Proposal on Reviewing the 2022 First Quarter Internal Audit Report of the Company*.
August 22, 2022	The meeting deliberated and approved proposals including the *Proposal on Reviewing the Interim Report of the Company for 2022 and Its Summary*, the *Brief Report on the Company's Compliance with Governance Standards*, and the *Proposal on Reviewing the Money-laundering Risk Self-assessment Report of Ping An Group for 2021 (Pilot)*.
October 26, 2022	The meeting deliberated and approved proposals including the *2022 Third Quarter Report of the Company*, the *Unaudited Results for the Nine Months Ended September 30, 2022* and the *Proposal on Reviewing the 2022 Third Quarter Internal Audit Report of the Company.*

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

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

According to the resolution of the Company's 2021 Annual General Meeting, the Company re-appointed Ernst & Young Hua Ming LLP and Ernst & Young (hereinafter refer to as "EY") as the auditors of the Company's financial statements under CAS and IFRS respectively for 2022, which was the second year for EY to act as the auditors of the Company. During the Reporting Period, the remuneration payable to EY is set out as follows:

(in RMB million)	Fees payable
Audit services for financial statements – audits, reviews and agreed-upon procedures	86
Audit services for internal controls	7
Other assurance services	13
Non-assurance services	42
Total	148

Related Party Transaction Control and Consumer Rights Protection Committee

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

In 2022, the Related Party Transaction Control and Consumer Rights Protection Committee held four meetings, which were convened in accordance with the *Articles of Association* and the *Charter of the Related Party Transaction Control and Consumer Rights Protection Committee of the Board*. All of the members' opinions and suggestions were adopted by the Company. The attendance records of each member of the Related Party Transaction Control and Consumer Rights Protection Committee are set out in the part headed "Attendance Record of Directors" of this section.

Members

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

Executive Directors
Tan Sin Yin,
Yao Jason Bo

Date	Contents of the Meeting
March 17, 2022	The meeting deliberated and approved proposals including the *Proposal on the Material Related Party Transaction of Capital Injection into Ping An Annuity.*
April 29, 2022	The meeting deliberated and approved proposals including the *Proposal on Reviewing the List of Related Parties of the Company under the Terms of the CBIRC in the First Half of 2022.*
August 22, 2022	The meeting deliberated and approved the *Proposal on Reviewing the Report on the Consumer Rights Protection for the First Half of 2022.*
October 24 to 25, 2022	The meeting deliberated and approved the *Proposal on Reviewing the Regulatory Evaluation Summary Report on the Consumer Rights Protection of Member Companies for 2021.*

Strategy and Investment Committee

The primary duties of the Strategy and Investment Committee are to conduct research and provide suggestions to the Board for their consideration in relation to the Company's general strategic plans and development directions, annual strategic development plans and business plans proposed by the Company's management, major investments, property transactions, financing, major capital operations, asset management projects, production and operation projects, ESG matters and risks and so on, closely monitor and track the investment projects approved by the General Meetings and the Board, and promptly notify all the Directors of any significant progress or changes in process.

In 2022, the Strategy and Investment Committee held one meeting, which was convened in accordance with the *Articles of Association* and the *Charter of the Strategy and Investment Committee of the Board*. All of the members' opinions and suggestions were adopted by the Company. The attendance records of each member of the Strategy and Investment Committee are set out in the part headed "Attendance Record of Directors" of this section.

Members

Executive Director
Ma Mingzhe (Chairman)

Independent Non-Executive Directors
Ouyang Hui,
Liu Hong

Non-Executive Directors
Yang Xiaoping,
He Jianfeng

Date	Contents of the Meeting
March 17, 2022	The meeting deliberated and approved proposals including the *Proposal on Reviewing the Company's 2022 Annual Work Plan.*

SUPERVISORY COMMITTEE AND SUPERVISORS

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

THE EXECUTIVE COMMITTEE

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

OTHER MATTERS REGARDING CORPORATE GOVERNANCE IN THE REPORTING PERIOD

Amendments Made to the *Articles of Association*

The Company has improved its *Articles of Association* on the basis of findings from the self-inspections of listed-company governance and relevant suggestions in accordance with applicable laws, regulations, and rules. A proposal was made and approved to amend the *Articles of Association* at the Company's 2021 Annual General Meeting. The amendments have been approved by the relevant regulatory authorities and became effective during the Reporting Period. The revised *Articles of Association* incorporating the amendments was published on the website of HKEX on August 11, 2022 and the website of SSE on August 12, 2022.

Our Compliance with the *Corporate Governance Code*

The Board is responsible for performing the corporate governance duties set out in the terms of reference in the Code Provision A.2.1 of the *Corporate Governance Code*.

During the Reporting Period, the Board held meetings to review the Company's compliance with the *Corporate Governance Code* and the contents disclosed in the Corporate Governance Report.

None of the Directors is aware of any information that would reasonably indicate that the Company did not meet the applicable Code Provisions set out in the *Corporate Governance Code* any time from January 1, 2022 to December 31, 2022 save as disclosed below.

According to Code Provision D.3.2 of the *Corporate Governance Code*, a former partner of the issuer's existing auditing firm should be prohibited from acting as a member of its audit committee for a period of two years from the date of the person ceasing to be a partner of the auditing firm.

Auditors of the Company for 2022 are Ernst & Young Hua Ming LLP and Ernst & Young. Mr. Ng Kong Ping Albert was appointed as an Independent Non-executive Director and the Chairman of the Audit and Risk Management Committee of the Company on August 20, 2021. Mr. Ng retired from Ernst & Young and resigned all his posts including China Chairman of Ernst & Young on June 30, 2020. Therefore, the effective date of Mr. Ng's appointment was more than one year but less than two years after his retirement from Ernst & Young.

However, after considering the relevant principles under Code Provision D.3.2 of the *Corporate Governance Code* and reviewing the Company's management structure, and taking into account the following, the Company believes that the past position Mr. Ng Kong Ping Albert held in Ernst & Young has no influence on his independence, he has the necessary qualifications, expertise, and experience to serve as the Chairman of the Audit and Risk Management Committee, and he can exercise professional judgment fairly and independently and use his extensive knowledge to bring benefits to the Company and shareholders (especially independent shareholders) on the following basis:

(i) Mr. Ng confirmed to the Company at the time of his appointment that he was not involved in the business and operations of the Company in the two years immediately prior to his appointment, took no part in any negotiations or interaction between the Company and EY in respect of the appointment of EY as auditors of the Company for 2022, and he did not and will not receive any benefits (whether monetary or non-monetary in nature) in relation to the appointment of EY.

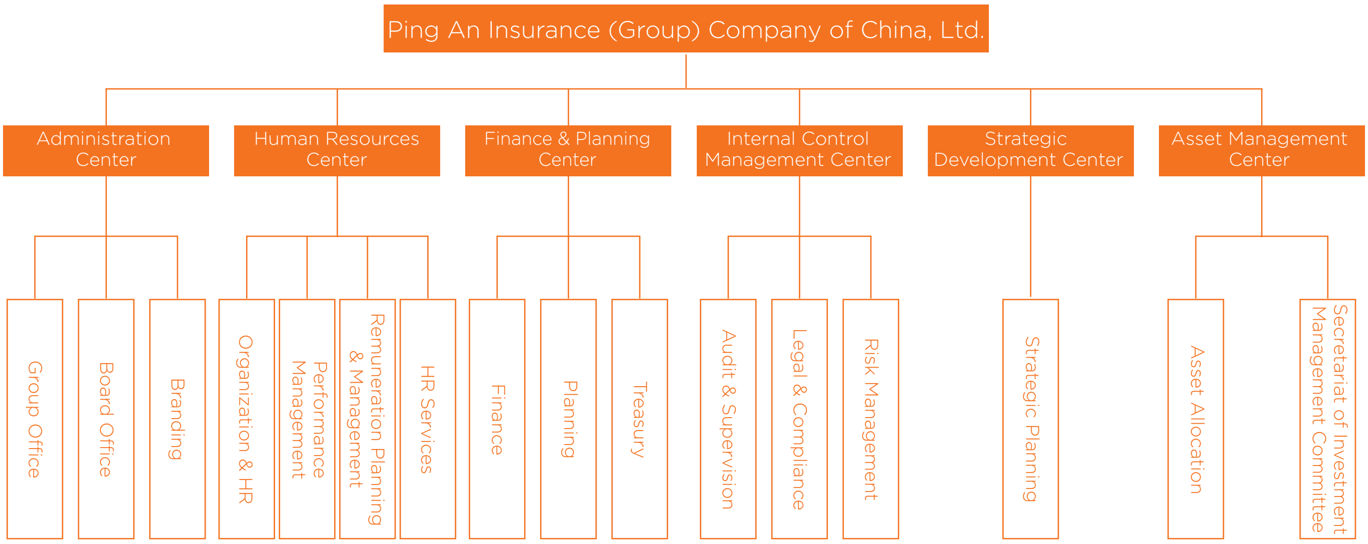
(ii) Mr. Ng has over 30 years of professional experience in the accounting industry in Hong Kong and the Chinese mainland, and is a member of Hong Kong Institute of Certified Public Accountants, Chartered Accountants Australia and New Zealand, CPA Australia, and Association of Chartered Certified Accountants.

Compliance with the *Model Code*

In August 2007, the Company adopted a code of conduct regarding securities transactions by Directors and Supervisors of the Company ("Code of Conduct"), which was amended in August 2022, on terms no less exacting than the required standards as set out in the *Model Code*. Specific enquiries have been made to all the Directors and Supervisors of the Company, who have confirmed that they complied with the required standards set out in the *Model Code* and the Code of Conduct from January 1, 2022 to December 31, 2022.

Corporate Governance Report

The organization structure of the Company



Establishment and Perfection of the Internal Control System

The Company thoroughly studies and implements the spirit of the 20th National Congress of the CPC, practices the people-centered development philosophy accordingly, pursues high-quality development, and steadily advances its reform. The Company integrates the study and implementation of the spirit of the 20th National Congress of the CPC with the promotion of its new value-oriented culture to firmly support the real economy. With its local advantages, the Company implements corporate governance in line with international standards, comprehensively improves its rule formulation and internal control framework, upholds the "Regulations + 1" compliance philosophy, and constantly enhances its risk buffer. In this way, the Company ensures the Group and its member companies abide by laws and regulations in operations, keeps single/accumulated residual risks at levels acceptable to the Company, and pursues sustainable, healthy growth.

Regarding the internal control management framework, the Company has put in place a well-structured, well-staffed internal control system with well-defined powers and responsibilities in line with applicable laws and regulations as well as business and risk management needs. The Board is responsible for the establishment, improvement and effective implementation of internal controls. The Audit and Risk Management Committee under the Board monitors and assesses the implementation of internal controls, and coordinates internal control audits and other relevant work. The Supervisory Committee supervises the establishment and implementation of internal controls by the Board. The Risk Management Executive Committee under the Group's Executive Committee (the management) sets general targets, basic policies and rules for risk management, and supervises operations of the risk management systems of subsidiaries or business lines.

Regarding the formulation and implementation of internal control rules, the Company comprehensively started the standardization, proceduralization, and systemization of rules in 2022. Firstly, the Company continuously revised and improved basic internal control rules, aiming to strengthen internal control, prevent risks and promote compliance. The Company established a "1+N" internal control system based on the basic internal control rules and supported by various management rules. Secondly, the Company implemented full-lifecycle management of rules, keeping them independent of human will by embedding them in processes and embedding processes in systems. By doing so, the Company made the internal control system more scientific, systematic, and effective. Thirdly, the Company standardized rule review, took compliance review as a necessary procedure in developing or amending important internal rules and model contracts, and tightened the supervision and inspection of rule implementation. Fourthly, the Company standardized the rule system, laying a solid foundation for high-quality development by empowering business management with technological platforms and embedding rules in entire business management processes.

Regarding internal control operations and assessment, the Company strictly complies with applicable laws and regulations. In response to the CBIRC's call for strengthening compliance management and preventing compliance risks, the Company continuously optimizes its governance structure and strengthens internal control management. Firstly, the Company strengthens rigid internal control constraints by reviewing business processes and identifying internal control requirements for key business areas and processes in accordance with regulations and company rules. The Company strengthens key controls over business processes, and takes internal control assessment as an important means to improve the effectiveness of risk management and internal controls and prevent potential risks. Secondly, the Company resolutely prevents and controls major risks by constantly carrying out internal control assessment and risk screening, taking account of its own business features, risk profiles and violation prevention. The Company focuses on solving chronic problems in key areas, detects internal control weaknesses behind problems, and clarifies risk control requirements and countermeasures, aiming to fix deficiencies in internal control and compliance mechanisms. Thirdly, the Company strengthens the Group's role in supervision and management. The Company organizes subsidiaries and relevant member companies to monitor and assess the effectiveness of the internal control system in accordance with the *Measures for the Supervision and Administration of Insurance Group Companies*, the *Basic Norms for Internal Controls of Enterprises*, and the *Basic Rules for the Internal Control of Insurance Companies* and other rules. By doing so, the Company continuously improves overall operating efficiency and risk prevention. Fourthly, the Company enhances the management of key personnel in important positions. In accordance with the CPC's and the state's guidelines on anti-corruption and integrity, the Company revised the *Guidelines for Employees' Behavioral Standards (2022)* to further strengthen the management of employees' behavioral standards, emphasizing the "bottom line of compliance" and "limitations on employee behaviors." Fifthly, the Company gives full play to monitoring and early warning. The Company has defined a set of risk indicators to monitor risks in key businesses, key positions, and key processes. Leveraging information technology, the Company makes monitoring and early warning more scientific and accurate, transforming the internal control system from "internal controls by humans" to "technology-empowered internal controls." Sixthly, the Company promotes employees' awareness of internal control through education. The Company continuously consolidates the achievements of the "Year of Improving Internal Control and Compliance Management," and organizes training on internal controls. The Company advocates an internal control culture in which everyone follows discipline, procedures and bottom lines with awe. By doing so, the Company develops an internal control environment of "respecting and supporting internal controls, and following internal control constraints."

Regarding the management of money laundering and terrorist financing risks, the Company strictly abides by applicable laws and regulations, and implements the state's decision and deployment on anti-money laundering. The Company has practiced a "risk-based" anti-money laundering principle, and established a self-driven money laundering risk management mechanism in which the Group actively plays its role in supervision and management. Moreover, the Company further promotes member companies' fulfillment of anti-money laundering responsibilities. The Company constantly improves its management of money laundering and terrorist financing risks. Firstly, the Company actively supports regulators in researches on regulation, and actively attends seminars held by international anti-money laundering organizations. Secondly, the Company innovates the money laundering risk self-assessment framework applicable to financial groups. The Company pioneers the "1+N" money laundering risk self-assessment methodology applicable to financial groups, and helps improve relevant risk prevention measures. Thirdly, the Company has established a comprehensive joint prevention and control mechanism for managing the money laundering risk. By optimizing the money laundering risk monitoring and management framework across different business lines, the Company strengthens its research, identification and reporting of money laundering crime clues. Moreover, in light of the criminalization of self-money laundering under the *Amendment (XI) to the Criminal Law of the People's Republic of China*, the Company proactively enhances the prevention and control of the money laundering risk in key areas and among key groups to curb risk contagion and escalation. By doing so, the Company actively performs its corporate social responsibility to combat illegal and criminal financial activities. Fourthly, the Company continuously deepens the supervision over member companies' fulfillment of anti-money laundering responsibilities by improving an independent testing and inspection model under the philosophy of enhancing management via inspection. Fifthly, the Company strengthens exchange and collaboration with peers. Under the guidance of regulators, Ping An helped establish the Anti-Money Laundering Committee of Shenzhen Special Economic Zone Financial

Society, developing the best anti-money laundering ecosystem in the Greater Bay Area to help the industry improve anti-money laundering. Sixthly, the Company actively explores cutting-edge anti-money laundering technologies. The Company employs technologies including unsupervised learning and graph algorithms to promote modeling across different business lines, improve big data analytics and enhance technical capabilities including gang identification.

Regarding the management framework for internal audit and supervision, the Company has established a highly independent, vertical audit and supervision framework. The Company has established the Audit and Risk Management Committee under the Board of Directors of the Group in accordance with applicable laws and regulations concerning the corporate governance structure and internal rules including the *Articles of Association*. The committee, comprising two thirds or more of the Independent Non-executive Directors, is responsible for comprehensive review and supervision of the Company's financial reporting, internal audit and control procedures. The Group's Person-in-charge of Auditing is responsible for assisting the Audit and Risk Management Committee in establishing and improving the internal audit and supervision framework. The Group Audit and Supervision Department is responsible for formulating internal audit and supervision policies and supervising the specific and effective implementation. The Group's Audit and Supervision Project Center and regional audit and supervision functions are responsible for fully implementing the audit and supervision projects. Audit and supervision departments at all levels are independent of business operations and management departments and are in the charge of the Person-in-charge of Auditing. Audit and supervision departments report to the Board of Directors through the Audit and Risk Management Committee, and are appraised and supervised by the Audit and Risk Management Committee. To ensure objectivity and fairness, auditing and supervisory activities are independent of business operations and management, and audit and supervision departments are not directly involved in or responsible for risk management and the design and implementation of internal control frameworks as well as auditees' business activities, business decision-making and execution.

In 2022, the Company's internal control assessments covered the following: corporate governance, organizational structures, development strategies, human resources, corporate culture, social responsibilities, sales management, fund utilization management, actuarial management, investment and financing management, liquidity management, anti-money laundering management, related party transaction management, legal and compliance management, risk management, operations management, financial management, tax management, asset management, document and seal management, inquiries, complaints and customer surveys, information system management, information and communications, internal supervision, and consumer rights protection. The Company paid close attention to the following high-risk areas: corporate governance, sales management, fund utilization management, actuarial management, investment and financing management, anti-money laundering, related party transaction management, risk management, operations management, financial management, and information system management. The Company maintained effective internal controls over financial reporting in all major aspects in accordance with the *Basic Norms for Internal Controls of Enterprises* and relevant rules in 2022. The Internal Control Assessment Report on Ping An for 2022 has been approved by the Board of Directors. The Company has engaged Ernst & Young to audit the effectiveness of internal controls over financial reporting, issue the *Internal Control Audit Report*, and pay attention to the effectiveness of internal controls over non-financial reporting matters.

For details of the Company's internal controls, please refer to the *Internal Control Assessment Report of Ping An for 2022* and the *Internal Control Audit Report on Ping An for 2022* released at the same date as this Report on the website of SSE (www.sse.com.cn).

RISK MANAGEMENT

The Company has always taken risk management as a core part of its operation and management as well as business activities. The Company takes steady steps to build a comprehensive risk management system that is aligned with the strategies and business characteristics of the Company. The Company continuously optimizes the risk management framework, standardizes risk management procedures, and adopts qualitative and quantitative risk management methodologies to identify, measure, evaluate, monitor, report, control and mitigate risks. Keeping risks under control, the Company promotes its sustainable, healthy business growth.

For details of the Company's risk management, please refer to the section headed "Risk Management" in this Report.

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviews their effectiveness at least annually through the Audit and Risk Management Committee. The Audit and Risk Management Committee assists the Board in fulfilling its oversight and corporate governance functions in the Group's finance, operations, compliance and risk management and internal controls, as well as its role in monitoring and governing finance and internal audits.

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, that relevant laws, regulations and rules are adhered to and complied with, that reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and that key risks that may impact on the Group's performance are appropriately identified and managed. The internal controls systems can only provide reasonable but not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Company manages the handling and dissemination of inside information as set out in various inside information disclosure procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficient and consistent.

As disclosed above, the Audit and Risk Management Committee held four meetings in the Reporting Period to review the Group's risk management and internal control systems. Through the Audit and Risk Management Committee, the Board has conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended December 31, 2022, covering all material financial, operational and compliance controls as well as environment, social and governance performance, and has considered the Group's risk management and internal control systems to be effective and adequate.

By order of the Board

Ma Mingzhe
Chairman

Shenzhen, PRC
March 15, 2023

Changes in the Share Capital and Shareholders' Profile

CHANGES IN SHARE CAPITAL

Statement of Changes in Share Capital

There was no change in the total number of shares and shareholding structure of the Company during the 12 months ended December 31, 2022 (the "Reporting Period").

	January 1, 2022		Changes during the Reporting Period					December 31, 2022	
Unit: Shares	Number of shares	Percentage (%)	Issue of new 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

Security Issuance and Listing

Security Issuance of the Company

There was no issuance of securities during the Reporting Period.

Staff Shares

As at the end of the Reporting Period, the Company had no staff shares.

SHAREHOLDERS' INFORMATION

Number of Shareholders and Their Shareholdings

Number of Shareholders

Unit: Shareholder	December 31, 2022	February 28, 2023
Total number of shareholders	1,025,763 (including 1,021,452 domestic shareholders)	992,484 (including 988,207 domestic shareholders)

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	36.85	6,736,653,069 [3]	-28,181,987	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	3.87	707,763,991	+40,770,325	A Share	-	-
China Securities Finance Corporation Limited	Others	2.99	547,459,258	-	A Share	-	-
Business Fortune Holdings Limited	Overseas legal person	2.58	471,674,832	+28,035,568	H Share	-	365,438,909 pledged shares
Central Huijin Asset Management Ltd.	State-owned legal person	2.57	470,302,252	-	A Share	-	-
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	254,463,584	+93,087,118	A Share	-	-
Plenty Ace Investments (SPV) Limited	Overseas legal person	1.20	219,127,694	-	H Share	-	-
Dacheng Fund - Agricultural Bank of China - Dacheng Zhongzheng Financial Asset Management Plan	Others	1.10	201,948,582	-	A Share	-	-

Notes: (1) Nature of the holders of A shares represents the nature of accounts held by the holders of A shares registered on the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

(2) Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees Limited") is the nominee holder of the shares held by non-registered H shareholders of the Company.

(3) Business Fortune Holdings Limited and Plenty Ace Investments (SPV) Limited are indirect wholly-owned subsidiaries of CP Group Ltd., and the shares owned by these two companies have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by the above two companies have been deducted from the shares held by HKSCC Nominees Limited.

(4) The shares held by Hong Kong Securities Clearing Company Limited refer to the shares held by non-registered shareholders of the Northbound Trading of the Shanghai-Hong Kong Stock Connect Program.

(5) Participants in the Long-term Service Plan of the Company are the employees of the Company and its subsidiaries. Over 110,000 employees have participated in the Long-term Service Plan cumulatively throughout the years. 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 1,191,512,764 H shares of the Company, representing approximately 6.52% of the total share capital of the Company as of December 31, 2022, through the above two companies and other subsidiaries.

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

Voting delegation, delegated voting right or waiver of voting right regarding the top ten shareholders:

The Company is not aware of any voting delegation, delegated voting right or waiver of voting right regarding the above-mentioned shareholders.

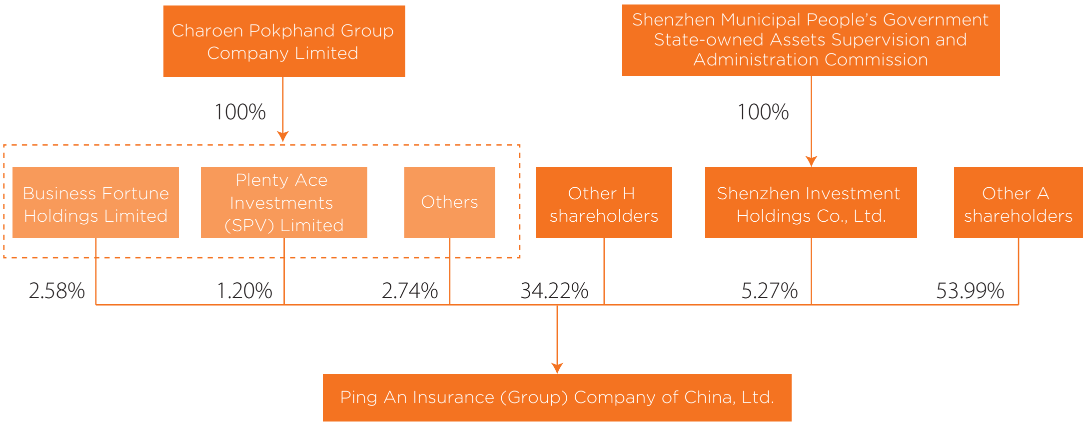
Particulars of Controlling Shareholder and De Facto Controlling Party

The shareholding structure of the Company is relatively scattered. There is neither controlling shareholder nor de facto controlling party.

Information on Shareholders Holding a 5% or Larger Equity Interest in the Company

As of December 31, 2022, CP Group Ltd. indirectly held 1,191,512,764 H shares of the Company in total, representing 6.52% of the total share capital of the Company; Shenzhen Investment Holdings Co., Ltd. held 962,719,102 A Shares of the Company, representing 5.27% of the total share capital of the Company.

The following chart shows the relationship between the Company and the ultimate controlling party of shareholders holding a 5% or larger equity interest in the Company:



Charoen Pokphand Group Co., Ltd., incorporated in Thailand on September 23, 1976, is the flagship company of C.P. Group. Mr. Dhanin Chearavanont serves as the Senior Chairman of C.P. Group. C.P. Group operates across many industries ranging from industrial to service sectors, which are categorized into 8 business lines including agro-industrial and food, retail and distribution, media and telecommunications, e-commerce and digital technology, property development, automotive and industrial products, pharmaceuticals and finance and investment covering 14 business groups.

Established in 2004, Shenzhen Investment Holdings Co., Ltd. is a solely state-owned limited liability company, and its legal representative is He Jianfeng. Shenzhen Investment Holdings Co., Ltd. mainly engages in TechFin, science parks, and the technology industry. On the basis of Shenzhen's urban development strategy, Shenzhen Investment Holdings Co., Ltd. focuses on technological innovation and industrial cultivation, and strives to create three major industrial clusters of "TechFin, science parks, and the technology industry." The company develops a full-lifecycle industry ecosystem in which TechFin is "sunshine, rain and dew," science parks are "soil," and the technology industry is "seeds, seedlings and trees." By doing so, the company helps Shenzhen improve the whole-process innovative ecochain of "basic research + technological breakthroughs + achievement industrialization + TechFin + talent support," and develop into a modern, international and innovative city at an accelerated pace.

Directors, Supervisors, Senior Management and Employees

From left to right:

Ms. Fu Xin

Ms. Cai Fangfang

Mr. Yao Jason Bo

Mr. Xie Yonglin

Mr. Ma Mingzhe

Ms. Tan Sin Yin

Mr. Huang Baoxin

Mr. Ji Guangheng

CORPORATE GOVERNANCE

Directors, Supervisors, Senior Management and Employees

MAJOR WORK EXPERIENCE AND CONCURRENT POSITIONS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND KEY PERSONNEL

Directors

Mr. Ma Mingzhe
Founder of the Company
Chairman (Executive Director)
Aged 67

Director since March 1988

Work experience

Since the establishment of the Company, Mr. Ma had been fully involved in the operations and management of the Company until June 2020 when he ceased to act as the CEO. He now plays a core leadership role, in charge of decision-making on the Company's strategies, human resources, culture and major issues. Mr. Ma successively served as the President, a Director, and the Chairman and CEO of the Company.

Prior to founding the Company, Mr. Ma was the Deputy Manager of China Merchants Shekou Industrial Zone Social Insurance Company.

Educational background and qualifications

Ph.D. in Money and Banking from Zhongnan University of Economics and Law (previously known as Zhongnan University of Economics)

Mr. Xie Yonglin
Executive Director, President and Co-CEO
Aged 54

Joined the Company in 1994
Director since April 2020

Other positions held within the Group

Mr. Xie is the Chairman of Ping An Bank.

Past offices

Mr. Xie was the Deputy Director of the Company's Strategic Development & Reform Center from June 2005 to March 2006. He held positions of the Operations Director, the Human Resources Director, and a Vice President of Ping An Bank from March 2006 to November 2013, and served as the Special Assistant to the Chairman, the President and the CEO, and the Chairman of Ping An Securities from November 2013 to November 2016 consecutively. He was a Vice President of the Company from September 2016 to December 2019. Previously, Mr. Xie served as the Deputy General Manager of Ping An P&C's sub-branches, the Deputy General Manager and then the General Manager of Ping An Life's branches, and the General Manager of Ping An Life's Marketing Department.

Educational background and qualifications

Master's degree in Science from Nanjing University
Ph.D. in Corporate Management from Nanjing University

Ms. Tan Sin Yin

Executive Director, Co-CEO, and Executive Vice President

Aged 45

Joined the Company in 2013

Director since April 2020

Other positions held within the Group

Ms. Tan is a Director of a number of controlled subsidiaries of the Company including Ping An Life, Ping An P&C, Ping An Bank and Ping An Technology.

Other major offices

Ms. Tan is a Non-executive Director of Ping An Health and OneConnect.

Past offices

Ms. Tan served as the Chief Information Officer of the Company from January 2013 to November 2019, the Chief Operating Officer of the Company from December 2013 to February 2021, a Vice President of the Company from June 2015 to December 2015, and the Deputy Chief Executive Officer of the Company from October 2017 to November 2018.

Prior to joining the Company, Ms. Tan was a Global Partner of McKinsey & Company.

Educational background and qualifications

Bachelor's degrees in Electrical Engineering and Economics from the Massachusetts Institute of Technology (MIT)

Master's degree in Electrical Engineering and Computer Science from MIT

Mr. Yao Jason Bo

Executive Director, Co-CEO, Executive Vice President

Aged 52

Joined the Company in 2001

Director since June 2009

Other positions held within the Group

Mr. Yao is a Director of a number of controlled subsidiaries of the Company including Ping An Life, Ping An P&C and Ping An Asset Management.

Past offices

Mr. Yao served as the Senior Vice President of the Company from June 2009 to January 2016, the Chief Financial Officer (Financial Director) of the Company from April 2010 to December 2022 and the Chief Actuary of the Company from October 2012 to March 2021. Prior to that, Mr. Yao successively held positions of the Deputy General Manager of the Product Center, the Deputy Chief Actuary, the General Manager of the Planning Department, the Deputy Financial Officer and the Assistant to the General Manager of the Company.

Prior to joining the Company, Mr. Yao served at Deloitte Touche Tohmatsu as a consulting actuary and a senior manager.

Educational background and qualifications

MBA degree from New York University

Fellow of the Society of Actuaries (FSA)

Directors, Supervisors, Senior Management and Employees

Ms. Cai Fangfang
Executive Director,
Senior Vice President,
Chief Human Resources Officer
Aged 49

Joined the Company in 2007
Director since July 2014

Other positions held within the Group

Ms. Cai is a Director of a number of controlled subsidiaries of the Company including Ping An Life, Ping An P&C and Ping An Bank.

Past offices

Ms. Cai successively held the positions of the Vice General Manager and the General Manager of the Remuneration Planning and Management Department of the Human Resources Center of the Company from October 2009 to February 2012, served as the Vice Chief Financial Officer and General Manager of the Planning Department of the Company from February 2012 to September 2013, and served as the Vice Chief Human Resources Officer of the Company from September 2013 to March 2015.

Prior to joining the Company, Ms. Cai served as the consulting director of Watson Wyatt Consultancy (Shanghai) Ltd. and the audit director on the financial industry of British Standards Institution Management Systems Certification Co., Ltd.

Educational background and qualifications

Master's degree in Accounting from The University of New South Wales

Mr. Soopakij Chearavanont
Non-executive Director
Aged 59

Director since June 2013

Other major offices

Mr. Chearavanont is the Chairman of CP Group, an Executive Director and the Chairman of C.P. Lotus Corporation, a Non-executive Director and the Chairman of Chia Tai Enterprises International Limited, an Executive Director and the Chairman of C.P. Pokphand Co., Ltd. and the Chairman of CT Bright Holdings Limited. Mr. Chearavanont is also the Chairman of CP ALL Public Company Limited and Charoen Pokphand Foods Public Company Limited (both listed in Thailand).

Past offices

Mr. Chearavanont served as a Director of True Corporation Public Company Limited (listed in Thailand).

Educational background and qualifications

Bachelor's degree in Science from the College of Business and Public Administration of New York University

Mr. Yang Xiaoping
Non-executive Director
Aged 59

Director since June 2013

Other major offices

Mr. Yang is the Senior Vice Chairman of CP Group, the Vice Chairman and CEO of CPG Overseas, an Executive Director and the Vice Chairman of C.P. Lotus Corporation, the CEO of CT Bright Holdings Limited, the Non-executive Director and the Vice Chairman of True Corporation Public Company Limited, the Vice Chairman of the board of directors of China Minsheng Investment Co., Ltd., and a Non-executive Director of CITIC Limited and Honma Golf Limited. Mr. Yang is an Associate Dean of the China Institute for Rural Studies of Tsinghua University, a Vice Director of the Management Committee of Institute for Global Development of Tsinghua University, the President of Beijing Association of Enterprises with Foreign Investment and an Adviser on Foreign Investment to the Beijing Municipal Government.

Past offices

Mr. Yang was a member of the Twelfth National Committee of the Chinese People's Political Consultative Conference, and served as the Manager for China Division and the Chief Representative of Beijing Office of Nichiyo Co., Ltd. Mr. Yang was a Non-executive Director of Tianjin Binhai Teda Logistics (Group) Corporation Limited and Chery Holding Group Co., Ltd.

Educational background and qualifications

Bachelor's degree from Nanchang University (previously known as Jiangxi Polytechnic College)
Experience of studying in Japan
Certificate for completing a doctoral program in Tsinghua University

Mr. He Jianfeng
Non-executive Director
Aged 51

Director since July 2022

Other major offices

Mr. He is currently the Party Committee Secretary and Chairman of Shenzhen Investment Holdings Co., Ltd., and the President of Research Institute of Tsinghua University in Shenzhen.

Past offices

Mr. He served as the Party Committee Secretary and Chairman of Shenzhen Agricultural Products Group Co., Ltd., the Party Committee Secretary and Chairman of Shenzhen Food Materials Group Co., Ltd., the Chief Economist and a Party Committee Member of the State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government, a Vice President of Shenzhen SEZ Construction and Development Group Co., Ltd., and so on.

Educational background and qualifications

Bachelor of Laws degree in International Law from Wuhan University
Senior Economist
Admitted to practice in the PRC as a qualified lawyer

Directors, Supervisors, Senior Management and Employees

Ms. Cai Xun
Non-executive Director
Aged 48

Director since July 2022

Other major offices
Ms. Cai is currently an Employee Director and the Deputy Secretary to the Party Committee of Shum Yip Group Limited, an executive director of Shenzhen Investment Limited and a Non-executive Director of Road King Infrastructure Limited.

Past offices
Ms. Cai served as the division director of the Cadre Division I, the division director of the Research and Publicity Division, the division director of the Cadre Supervision Division and the deputy division director of the Cadre Division I and II of the Organization Department of Shenzhen Municipal Party Committee.

Educational background and qualifications
Bachelor's degree in Economics from Central South University (formerly known as Central South University of Technology)

Mr. Ouyang Hui
Independent Non-executive Director
Aged 60

Director since August 2017

Other major offices
Mr. Ouyang is an Associate Dean and the Dean's Distinguished Chair Professor in Finance at Cheung Kong Graduate School of Business. Mr. Ouyang is also an Independent Non-executive Director of Peak Reinsurance Limited and AIM Vaccine Co., Ltd.

Past offices
Mr. Ouyang served as an Associate Professor of Finance at Duke University, Managing Director of UBS AG, Managing Director of Nomura Securities, Senior Vice President and Managing Director of Lehman Brothers and Independent Non-executive Director of Hytera Communications Corporation Limited, Aegon-Industrial Fund Management Co., Ltd. and Duiba Group Limited.

Educational background and qualifications
Ph.D. in Finance from the University of California, Berkeley
Ph.D. in Chemical Physics from Tulane University

Mr. Ng Sing Yip
Independent Non-executive Director
Aged 72

Director since July 2019

Other major offices

Mr. Ng currently serves as the Vice Chairman of the Legal Committee of the Hong Kong General Chamber of Commerce, a member of the Professional Advisory Board of Asian Institute of International Financial Law of University of Hong Kong, the Chairman of the Board of Supervisors of HSBC Bank Vietnam Limited, an Independent Non-executive Director of HSBC Bank Australia Limited, and an Independent Non-executive Director of Hang Seng Bank Limited.

Past offices

Mr. Ng served as a Crown Counsel in the Attorney General's Chambers in Hong Kong before going into private practice. Mr. Ng joined HSBC in June 1987 as an Assistant Group Legal Consultant, and was later appointed as a Deputy Head of the Legal and Compliance Department, and the Head of Legal and Compliance in Asia Pacific, and served as a Non-executive Director of HSBC Bank (China) Limited.

Educational background and qualifications

Bachelor's degree and Master's degree in Laws (L.L.B. and L.L.M.) from the University of London
Bachelor's degree in Laws (L.L.B.) from Peking University
Solicitor to the supreme courts of England, Hong Kong and Victoria, Australia

Mr. Chu Yiyun
Independent Non-executive Director
Aged 58

Director since July 2019

Other major offices

Mr. Chu's former name was Chu Yiyun (儲禕昀). He is a professor and doctoral supervisor of the School of Accountancy of Shanghai University of Finance and Economics, a full-time researcher of the Accounting and Finance Research Institute of Shanghai University of Finance and Economics, a Key Research Institute of Humanities and Social Sciences of the Ministry of Education, the Executive Secretary-General of the Accounting Education Branch of the Accounting Society of China, a Director of the Eighth Council of the Accounting Society of China and a member of the "Accounting Master Project of the Ministry of Finance." Mr. Chu is an Independent Non-executive Director of Bank of Hebei Co., Ltd. and Universal Scientific Industrial (Shanghai) Co., Ltd., and an Independent Supervisor of Bank of China Co., Ltd.

Past offices

Mr. Chu served as a member of the First Accounting Standards Advisory Committee of the Ministry of Finance, an Independent Supervisor of Ping An Bank, and an Independent Non-executive Director of Tellhow Sci-Tech Co., Ltd. and Bank of Jiaxing Co., Ltd.

Educational background and qualifications

Ph.D. in Management (Accounting) from Shanghai University of Finance and Economics

Directors, Supervisors, Senior Management and Employees

Mr. Liu Hong
Independent Non-executive Director
Aged 55

Director since July 2019

Other major offices

Mr. Liu is currently a professor and doctoral supervisor of Peking University as well as the Vice President of Chinese Association for Artificial Intelligence. Mr. Liu is a member of the leading expert group of "Intelligent Robots" in the National "13th Five-Year Plan" Key Research and Development Plan and one of the first group of experts under the "National High-level Talent Special Support Plan."

Past offices

Mr. Liu served as an Independent Director of Shenzhen JingQuanHua Electronics Co., Ltd.

Educational background and qualifications

Ph.D. in Engineering from Harbin Institute of Technology
Completed postdoctoral research in Peking University

Mr. Ng Kong Ping Albert
Independent Non-executive Director
Aged 65

Director since August 2021

Other major offices

Mr. Ng is currently the President of the Hong Kong China Chamber of Commerce, an Honorary Advisor of the Hong Kong Business Accountants Association, and a member of the Advisory Board of the School of Accountancy of The Chinese University of Hong Kong. Mr. Ng is a member of the Audit Committee of The Chinese University of Hong Kong, Shenzhen and a Council Member of the Education Foundation of The Chinese University of Hong Kong, Shenzhen. Mr. Ng is also an Independent Non-executive Director of China International Capital Corporation Limited, Beijing Airdoc Technology Co., Ltd. and Shui On Land Limited, and an Independent Director of Alibaba Group Holding Limited.

Past offices

Mr. Ng served as the Chairman of Ernst & Young China, Managing Partner of Ernst & Young in Greater China and a member of The EY Global Executive. He has over 30 years of professional experience in the accounting industry in Hong Kong and the Chinese mainland. Before joining Ernst & Young, Mr. Ng was the partner-in-charge of Arthur Andersen LLP in Greater China, the partner-in-charge of China business of PricewaterhouseCoopers and the Managing Director of Citigroup China Investment Banking. Mr. Ng served as a member of the First and Second Accounting Standards Advisory Committee of the Ministry of Finance of the PRC.

Educational background and qualifications

Bachelor's degree and Master's degree in Business Administration from The Chinese University of Hong Kong
Member of HKICPA, CA ANZ, CPAA and ACCA

Mr. Jin Li
Independent Non-executive Director
Aged 52

Director since August 2021

Other major offices

Mr. Jin is currently the Vice President and Chair Professor of Southern University of Science and Technology, a member of the Committee for Economic Affairs of the 14th CPPCC National Committee, a member of the Central Committee of Jiusan Society, a member of the Board of Directors and the Academic Committee of the Global Corporate Governance Forum, and the Vice Chairman of China Management Science Society. Mr. Jin is also an Independent Non-executive Director of Guosen Securities Co., Ltd.

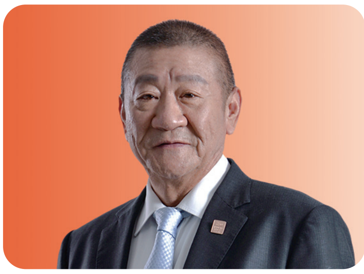
Past offices

Mr. Jin was an Associate Dean of Guanghua School of Management, Peking University, a tenured professor and a doctoral supervisor in the Department of Finance at Oxford University's Saïd Business School, and an associate professor of the Department of Finance at Harvard Business School. He was also an Independent Non-executive Director of Yingda International Trust Company Limited, Beijing Financial Holdings Group, Dacheng Fund Management Co., Ltd. and CITIC aiBank Corporation Limited, and an Independent Director of S.F. Holding Co., Ltd.

Educational background and qualifications

Ph.D. in Finance, Massachusetts Institute of Technology, USA

Supervisors



Mr. Sun Jianyi
Chairman of Supervisory Committee (Employee Representative Supervisor)
Aged 70

Joined the Company in 1990
Supervisor since August 2020

Past offices

Since joining the Company in July 1990, Mr. Sun has been the General Manager of the Management Department, Vice President, Executive Vice President, Vice Chief Executive Officer and Vice Chairman of the Company, and the Chairman of the board of directors of Ping An Bank.

Prior to joining the Company, Mr. Sun was the Head of the Wuhan Branch of the People's Bank of China, the Deputy General Manager of the Wuhan Branch of the People's Insurance Company of China and the General Manager of Wuhan Securities Company.

Mr. Sun was also a Non-executive Director of China Vanke Co., Ltd., a Non-executive Director of China Insurance Security Fund Co., Ltd. and an Independent Non-executive Director of Haichang Ocean Park Holdings Ltd.

Educational background and qualifications

Diploma in Finance from Zhongnan University of Economics and Law (previously known as Zhongnan University of Economics)

Directors, Supervisors, Senior Management and Employees

Ms. Zhu Xinrong
Independent Supervisor
Aged 66

Supervisor since July 2022

Other major offices

Ms. Zhu is currently a second-level professor and doctoral advisor of finance at Zhongnan University of Economics and Law, a director of the Hubei Provincial Collaborative Innovation Center of "Industrial Upgrade and Regional Finance" of Zhongnan University of Economics and Law and the head of the doctoral advisor group in finance. Ms. Zhu also serves as an executive council member of the China Society for Finance and Banking, and the deputy director of the Academic Committee of the Hubei Finance Society.

Past offices

Ms. Zhu was a decision support consultant of the Hubei Provincial Committee of the Communist Party of China and a member of the Advisory Committee of the Hubei Provincial People's Government. She was a member of the first and second National Supervisory Committee for Professional Degrees in Finance. Ms. Zhu served as an Independent Supervisor of Tri-Ring Group Corporation, and an Independent Non-executive Director of Guangdong Sanhe Pile Co., Ltd., Hubei Xianning Rural Commercial Bank, Changjiang Property & Casualty Insurance Co., Ltd., Dalian Friendship (Group) Co., Ltd., Hainan Haide Capital Management Limited, Zhongbai Holdings Group Co., Ltd., and Wuhan Credit Investment Group Co., Ltd.

Educational background and qualifications

Doctorate degree in Money and Banking from Zhongnan University of Economics and Law (previously known as Zhongnan University of Economics)

Mr. Liew Fui Kiang
Independent Supervisor
Aged 56

Supervisor since July 2022

Other major offices

Mr. Liew currently serves as an Independent Non-executive Director of Shandong Gold Mining Co., Ltd., China Apex Group Limited, Zhaoke Ophthalmology Limited, Zhengye International Holdings Company Limited and Zhongchang International Holdings Group Limited.

Past offices

Mr. Liew served as an Independent Non-executive Director for Baoshan Iron & Steel Company Limited and the Chairman of PacRay International Holdings Limited.

Educational background and qualifications

Master of Business Administration from the University of Hull Business School, United Kingdom
Bachelor of Laws from the University of Leeds, United Kingdom
Solicitor of Hong Kong and Solicitor of England and Wales
Fellow of the Hong Kong Institute of Directors

Mr. Hung Ka Hai Clement
Independent Supervisor
Aged 67

Supervisor since July 2022

Other major offices

Mr. Hung's former name was Hung Yu Sum Clement (洪如心). He is currently serving as an Independent Non-executive Director of Gome Finance Technology Co., Ltd. (formerly known as Sino Credit Holdings Limited), Aoyuan Healthy Life Group Company Limited, China East Education Holdings Limited, Huarong International Financial Holdings Limited, Skyworth Group Limited and Hong Kong Aerospace Technology Group Limited and a Non-executive Director of High Fashion International Limited.

Past offices

Mr. Hung has served Deloitte China for 31 years where he had assumed the Chairman role of Deloitte China and a board member of Deloitte International. Mr. Hung served as an adviser to the Guangzhou Institute of Certified Public Accountants. He also served as a member of the Political Consultative Committee of Luohu District, Shenzhen and was appointed as an expert adviser to the Ministry of Finance of the People's Republic of China.

Mr. Hung was an Independent Non-executive Director and then a Non-executive Director of SMI Holdings Group Limited, an Independent Non-executive Director, then a Non-executive Director and subsequently a re-designated Independent Non-executive Director of Lerthai Group Limited (formerly known as LT Commercial Real Estate Limited). Mr. Hung was also an Independent Non-executive Director of Zhongchang International Holdings Group Limited (formerly known as Henry Group Holdings Limited), Tibet Water Resources Ltd. and SY Holdings Group Limited (formerly known as Sheng Ye Capital Limited).

Educational background and qualifications

Bachelor of Arts in Accountancy from the University of Lincoln, United Kingdom (previously known as The Polytechnic, Huddersfield)
Life member of The Institute of Chartered Accountants in England and Wales

Mr. Wang Zhiliang
Employee Representative Supervisor
Aged 43

Joined the Company in 2002
Supervisor since August 2017

Other Positions held within the Group

Mr. Wang is the Administrative Director and the Director of General Office of the Group as well as the Chairman of Ping An Financial Leasing.

Past offices

Mr. Wang served as the Deputy General Manager of the Group's Head Office in Shanghai and the Deputy Director of the Group's General Office, and served in the Administration Department of Tianjin Branch of Ping An Life.

Educational background and qualifications

Bachelor's degree in Economic Information Management from Tianjin University of Finance and Economics (previously known as Tianjin Institute of Finance and Economics)

Directors, Supervisors, Senior Management and Employees

Senior Management and Key Personnel

For the work experience and concurrent positions of Mr. Ma Mingzhe, Mr. Xie Yonglin, Ms. Tan Sin Yin, Mr. Yao Jason Bo and Ms. Cai Fangfang, please refer to "Directors" in this section.

Mr. Huang Baoxin
Senior Vice President
Aged 58

Joined the Company in 2015
Term of office: April 2020-present

Other positions held within the Group

Mr. Huang is the General Manager of the Group's Beijing Head Office.

Past offices

Prior to joining the Company, Mr. Huang served as the Deputy Division Director of the Industrial Transportation Department of the Ministry of Finance of the PRC, the Deputy Director General of the Second Secretary Bureau of the General Office of the State Council of the PRC, the Deputy Director General and then Director General of the Supervisory Bureau of the General Office of the State Council of the PRC, and the deputy head of the discipline inspection team of the Publicity Department of the Central Committee of the CPC accredited by the Central Commission for Discipline Inspection of the CPC.

Educational background and qualifications

Bachelor's degree in Finance from Zhongnan University of Economics and Law (previously known as Zhongnan University of Economics)
Master's degree in Political Economics from Renmin University of China
Doctorate degree in Public Finance from the Chinese Academy of Fiscal Sciences (previously known as Research Institute for Fiscal Science, Ministry of Finance of the PRC)

Mr. Ji Guangheng
Senior Vice President
Aged 54

Joined the Company in 2020
Term of office: March 2022-present

Other positions held within the Group

Mr. Ji is the Party Committee Secretary and General Manager of the Group's Shanghai Head Office, and a Director of Ping An Overseas Holdings.

Past offices

Prior to joining the Company, Mr. Ji served as the Deputy Chairman and Co-President of Baoneng Group, the Party Committee Secretary and Chairman of Shanghai Rural and Commercial Bank, a member of the Party Committee and Vice President of Shanghai Pudong Development Bank, the Party Committee Secretary and President of the Beijing Branch of Shanghai Pudong Development Bank, a member of the Party Committee and Vice President of the Beijing Branch of ICBC, the Office Manager and Director of the Office of the Party Committee of the Beijing Branch of ICBC, the Party Committee Secretary and President of the Chang'an Branch of ICBC, the Secretary to the Vice President of the head office of ICBC, the Deputy Head of the Market Development Division under the Mortgage Loan Department of the head office of ICBC, the Director and Deputy General Manager of Shanghai Yingong Real Estate Development Company.

Educational background and qualifications

Bachelor's degree in Economic Geography from the Peking University
Master's degree in Human Geography from the Peking University
Doctorate degree in Regional Economics from the Peking University

Ms. Fu Xin
Chief Operating Officer
Aged 43

Joined the Company in 2017

Other positions held within the Group

Ms. Fu is the Director of the Group's Strategic Development Center.

Past offices

Ms. Fu joined the Company as the General Manager of the Group's Planning Department in October 2017, and served as the Group's Deputy Chief Financial Officer from March 2020 to March 2022.

Prior to joining the Company, Ms. Fu served as a Financial Services Partner at Roland Berger International Management Consulting and an Executive Director of PricewaterhouseCoopers.

Educational background and qualifications

MBA degree from Shanghai Jiao Tong University

Ms. Zhang Xiaolu
Compliance Officer, Chief Risk Officer
Aged 55

Joined the Company in 2019
Term of office: June 2021-present

Other positions held within the Group

Ms. Zhang is a Director of Ping An Life.

Past offices

Ms. Zhang served as the Chief Operating Officer of the Company from February 2021 to October 2021, and a Special Assistant to the President of Ping An Bank from June 2019 to August 2020.

Prior to joining the Company, Ms. Zhang served as a Managing Partner of Advisory Service (CEO of Advisory) at Ernst & Young Greater China, and the General Manager of Consulting Service in Insurance Industry at IBM.

Educational background and qualifications

MBA degree from Massey University, New Zealand

Directors, Supervisors, Senior Management and Employees

Mr. Deng Bin
Assistant President, Chief Investment Officer
Aged 53

Joined the Company in 2021
Term of office: March 2022-present

Other positions held within the Group

Mr. Deng is a Director of a number of controlled subsidiaries of the Company including Ping An Life, Ping An Annuity and Ping An Asset Management.

Past offices

Prior to joining the Company, Mr. Deng served as the Chief Investment Officer of China Pacific Insurance (Group) Co., Ltd. and China Pacific Insurance Co., (H.K.) Ltd., the Head of Investment Analytics & Derivatives of AIA Group, and the Head of Market Risk Management (Asia-Pacific ex. Japan and South Korea) of AIG.

Educational background and qualifications

MBA and master's degree in Quantitative Method and Modeling from Baruch College, City University of New York
Chartered Financial Analyst
Financial Risk Manager (FRM)

Mr. Sheng Ruisheng
Board Secretary, Company Secretary
Aged 53

Joined the Company in 1997
Term of office: April 2017-present

Other positions held within the Group

Mr. Sheng serves as the Brand Director and spokesperson of the Company.

Past offices

Mr. Sheng served as the Assistant to the General Manager, Deputy General Manager, and General Manager of the Company's Branding Department from August 2002 to January 2014.

Educational background and qualifications

Bachelor of Arts degree from Nanjing University
MBA degree from the Chinese University of Hong Kong

Ms. Zhang Zhichun
Chief Financial Officer
(Financial Director)
Aged 46

Joined the Company in 1998
Term of office: January 2023-present

Other positions held within the Group
Ms. Zhang is a Director of a number of controlled subsidiaries of the Company including Ping An Trust, Ping An Overseas Holdings and Ping An Financial Leasing.

Past offices
Ms. Zhang successively served as the Assistant President, Chief Investment Officer, Person-in-charge of Finance, and Board Secretary of Ping An P&C from December 2017 to December 2022. Before then, she served as the Deputy General Manager of Ping An P&C's Planning Department and the Deputy General Manager and then the General Manager of the Company's Planning Department.

Educational background and qualifications
Bachelor's degree in Actuarial Science from Shanghai University of Finance and Economics
Associate of China Association of Actuaries

Mr. Hu Jianfeng
Person-in-charge of Auditing
Aged 46

Joined the Company in 2000
Term of office: January 2021-present

Other positions held within the Group
Mr. Hu serves as the General Manager of the Group's Audit and Supervision Department.

Past offices
From April 2007 to March 2017, Mr. Hu successively served as the Assistant to General Manager of the Shanghai Division of the Company's Audit and Supervision Department, the Deputy General Manager and then the General Manager of the Shanghai Division of the Audit and Supervision Project Center of Ping An Processing & Technology (Shenzhen) Co., Ltd., and the Deputy General Manager of the Company's Audit and Supervision Department.

Educational background and qualifications
Bachelor's degree in International Finance from Fudan University
Certified Anti-Money Laundering Specialist (CAMS)
Certified Internal Auditor (CIA)
Certified Financial Risk Manager (CFRM)

Directors, Supervisors, Senior Management and Employees

POSITIONS HELD IN CORPORATE SHAREHOLDERS BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Name of corporate shareholder	Position	Period of engagement
Soopakij Chearavanont	CP Group	Chairman	Since January 2017
Yang Xiaoping	CP Group	Senior Vice Chairman	Since January 2017
He Jianfeng	Shenzhen Investment Holdings Co., Ltd	The Secretary of Party Committee and the Chairman	Since July 2021
Cai Xun	Shum Yip Holdings Company Limited	The Deputy Secretary of Party Committee and an Employee Director	Since July 2020

APPOINTMENT OR REMOVAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Gender	Age	Period of appointment
He Jianfeng(1)	Newly-appointed Non-executive Director	Male	51	Since July 2022
Cai Xun(1)	Newly-appointed Non-executive Director	Female	48	Since July 2022
Zhu Xinrong(2)	Newly-appointed Independent Supervisor	Female	66	Since July 2022
Liew Fui Kiang(2)	Newly-appointed Independent Supervisor	Male	56	Since July 2022
Hung Ka Hai Clement(2)	Newly-appointed Independent Supervisor	Male	67	Since July 2022
Huang Wei(3)	Resigned Non-executive Director	Male	52	August 2021 – July 2022
Gu Liji(4)	Resigned Independent Supervisor	Male	74	June 2009 – July 2022
Huang Baokui(4)	Resigned Independent Supervisor	Male	80	June 2016 – July 2022
Zhang Wangjin(4)	Resigned Shareholder Representative Supervisor	Female	43	June 2013 – July 2022
Ji Guangheng(5)	Newly-appointed Senior Management	Male	54	Since March 2022
Deng Bin(6)	Newly-appointed Senior Management	Male	53	Since March 2022
Zhang Zhichun(7)	Newly-appointed Senior Management	Female	46	Since January 2023

Notes: (1) Mr. He Jianfeng and Ms. Cai Xun took office as Non-executive Directors of the Company on July 1, 2022.
(2) Ms. Zhu Xinrong, Mr. Liew Fui Kiang and Mr. Hung Ka Hai Clement took office as Independent Supervisors of the Company on July 18, 2022.
(3) Mr. Huang Wei ceased to be a Non-executive Director of the Company on July 1, 2022 due to the change of his personal work arrangements.
(4) In accordance with the relevant requirements of the Corporate Governance Standards for Banking and Insurance Institutions of the CBIRC, Mr. Gu Liji and Mr. Huang Baokui resigned as Independent Supervisors on July 18, 2022 since their term of office exceed six years. Ms. Zhang Wangjin resigned as a Shareholder Representative Supervisor on July 18, 2022 due to personal work arrangements.
(5) Mr. Ji Guangheng took office as a Senior Vice President of the Company on March 18, 2022.
(6) Mr. Deng Bin took office as an Assistant President and the Chief Investment Officer of the Company on March 29, 2022.
(7) Ms. Zhang Zhichun took office as the Chief Financial Officer (Financial Director) of the Company on January 1, 2023.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

1. Mr. Xie Yonglin, an Executive Director of the Company, ceased to be a Non-executive Director of Ping An Financial Leasing in December 2022.

2. Mr. Yao Jason Bo, an Executive Director of the Company, ceased to be the Chief Financial Officer (Financial Director) of the Company in January 2023.

3. Mr. Ouyang Hui, an Independent Non-executive Director of the Company, ceased to be an Independent Non-executive Director of Duiba Group Limited in June 2022, and took office as an Independent Non-executive Director of AIM Vaccine Co., Ltd. in September 2022.

4. Mr. Liu Hong, an Independent Non-executive Director of the Company, ceased to be an Independent Director of Shenzhen JingQuanHua Electronics Co., Ltd. in March 2022.

5. Mr. Ng Kong Ping Albert, an Independent Non-executive Director of the Company, took office as an Independent Non-executive Director of Shui On Land Limited in November 2022.

6. Mr. Jin Li, an Independent Non-executive Director of the Company, ceased to be an Independent Director of S.F. Holding Co., Ltd. in December 2022, an Independent Non-executive Director of Dacheng Fund Management Co., Ltd. in November 2022, and an Independent Non-executive Director of CITIC aiBank Corporation Limited in January 2023.

7. Mr. Hung Ka Hai Clement, an Independent Supervisor of the Company, ceased to be an Independent Non-executive Director of Sheng Ye Capital Limited in July 2022.

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

PENALTIES IMPOSED ON THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT BY SECURITIES REGULATORY AUTHORITIES IN THE LAST THREE YEARS

The current Directors, Supervisors and senior management of the Company and those who vacated office during the Reporting Period were not subject to any punishment by securities regulatory authorities over the past three years.

Directors, Supervisors, Senior Management and Employees

SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Change in the Number of Shares Held in the Company

As of December 31, 2022, the interests of the current Directors, Supervisors and Senior Management of the Company and those who vacated office during the Reporting Period in the shares of the Company which shall be disclosed pursuant to the *Standard No. 2 Concerning the Contents and Formats of Information Disclosed by Listed Companies – The Contents and Formats of Annual Report* issued by the CSRC, were as follows:

Name	Capacity	H/A shares	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Change (shares)	Reason for the change	Nature of interest	Percentage of total issued H/A shares (%)	Percentage of total issued shares (%)
Ma Mingzhe	Beneficial owner	A	2,011,161	2,245,730	+234,569	Key Employee Share Purchase Plan	Long position	0.02073	0.01229
Sun Jianyi	Beneficial owner	A	4,991,340	5,048,596	+57,256	Key Employee Share Purchase Plan	Long position	0.04661	0.02762
Xie Yonglin	Beneficial owner	A	463,055	666,487	+203,432	Key Employee Share Purchase Plan	Long position	0.00615	0.00365
Tan Sin Yin	Beneficial owner	A	419,628	547,920	+128,292	Key Employee Share Purchase Plan	Long position	0.00506	0.00300
	Beneficial owner	H	40,000	40,000	-	-	Long position	0.00054	0.00022
Yao Jason Bo	Beneficial owner	A	573,947	686,391	+112,444	Key Employee Share Purchase Plan	Long position	0.00634	0.00375
	Beneficial owner	H	24,000	24,000	-	-	Long position	0.00032	0.00013
Cai Fangfang	Beneficial owner	A	300,395	378,064	+77,669	Key Employee Share Purchase Plan	Long position	0.00349	0.00207
Yang Xiaoping	Beneficial owner	H	-	100,000	+100,000	Purchase	Long position	0.00134	0.00055
Gu Liji	Beneficial owner	A	25,000	25,000	-	-	Long position	0.00023	0.00014
Zhang Wangjin	Beneficial owner	H	20,000	20,000	-	-	Long position	0.00027	0.00011
Huang Baoxin	Beneficial owner	A	91,186	101,319	+10,133	Key Employee Share Purchase Plan	Long position	0.00094	0.00055
Zhang Xiaolu	Beneficial owner	A	-	12,627	+12,627	Key Employee Share Purchase Plan	Long position	0.00012	0.00007
	Beneficial owner	H	10,000	10,000	-	-	Long position	0.00013	0.00005
Sheng Ruisheng	Beneficial owner	A	314,539	379,613	+65,074	Key Employee Share Purchase Plan	Long position	0.00350	0.00208
Wang Zhiliang	Beneficial owner	A	61,571	68,281	+6,710	Key Employee Share Purchase Plan	Long position	0.00063	0.00037
Hu Jianfeng	Beneficial owner	A	59,343	67,836	+8,493	Key Employee Share Purchase Plan	Long position	0.00063	0.00037

Note: During the Reporting Period, there were no share options held by or restricted shares granted to the current Directors, Supervisors and Senior Management of the Company and those who vacated office during the Reporting Period.

Save as disclosed above, as of December 31, 2022, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company which shall have been notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, Supervisors or chief executives of the Company are taken as or deemed to have under such provisions of the SFO), or are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or are otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the SEHK pursuant to the *Model Code*, were as follows:

Name	Capacity	H/A shares	Interests held at the beginning of the period (shares)	Interests held at the end of the period (shares)	Change (shares)	Reason for the change	Nature of interest	Percentage of total issued H/A shares (%)	Percentage of total issued shares (%)
Ma Mingzhe	Interest of his spouse	H	20,000	20,000	-	-	Long position	0.00027	0.00011
	Others(1)	A	776,490	1,196,936	+420,446	Others(1)	Long position	0.01105	0.00655
Sun Jianyi	Others(1)	A	126,381	126,381	-	-	Long position	0.00117	0.00069
Xie Yonglin	Others(1)	A	582,367	897,702	+315,335	Others(1)	Long position	0.00829	0.00491
Tan Sin Yin	Others(1)	A	582,367	897,702	+315,335	Others(1)	Long position	0.00829	0.00491
Yao Jason Bo	Interest of his spouse	H	64,000	64,000	-	-	Long position	0.00086	0.00035
	Others(1)	A	388,245	598,468	+210,223	Others(1)	Long position	0.00552	0.00327
Cai Fangfang	Others(1)	A	388,245	598,468	+210,223	Others(1)	Long position	0.00552	0.00327
Wang Zhiliang	Others(1)	A	45,335	68,459	+23,124	Others(1)	Long position	0.00063	0.00037

Note: (1) Conditional interests that can be vested in future under the Long-term Service Plan, subject to terms and conditions in the *Long-term Service Plan of Ping An Insurance (Group) Company of China, Ltd.*

Change in the Number of Shares Held in Associated Corporations of the Company

Name	Associated corporation	Capacity	Interests held at the beginning of the period (shares)	Interests held at the end of the period (shares)	Change (shares)	Reason for the change	Nature of interest	Percentage of total issued shares in associated corporation (%)
Xie Yonglin	Ping An Bank	Beneficial owner	26,700	26,700	–	–	Long position	0.00014
Tan Sin Yin	OneConnect	Beneficial owner	78,000	78,000	–	–	Long position	0.00667

Save as disclosed above, as of December 31, 2022, none of the Directors, Supervisors and chief executives held or was deemed to hold any interests or short positions in the shares, underlying shares or debentures of the Company's associated corporations (as defined in the SFO), which shall have been notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO, or are recorded in the register required to be kept under Section 352 of the SFO, or are otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the SEHK pursuant to the *Model Code*.

THE ASSESSMENT & EVALUATION AND REMUNERATION SYSTEMS OF THE COMPANY

The purpose of the Company's remuneration policy is to attract, retain, and motivate talented people so as to help achieve the operating objectives of the Company. The principle of the remuneration policy is to characterize a clear orientation, motivate performances, respond to the market, and keep costs reasonable. The remuneration package for the Company's employees includes base salaries, performance-based salaries, benefits, and allowances. Base salaries are determined according to the post value, market levels, and so on. Performance-based salaries are linked to the Company's overall business results, personal performance, and so on. Benefits and allowances are determined in accordance with government regulations and industry standards. The specific structure and strategic arrangement of a remuneration package is adjusted and optimized according to market situations and the Company's business development needs.

The Executive Directors' and senior management's remunerations are determined according to the Company's remuneration policy and their administrative positions within the Company. The Non-executive Directors' emoluments are determined as per the standards approved at the Company's General Meetings.

The Company's appraisal schemes for senior management are determined by the Company in line with business plans, risk management and compliance requirements, and social responsibility requirements. Appraisal results are linked to senior management's performance-based remunerations and so on. Moreover, the Company has established a performance-based remuneration clawback mechanism for senior management and key personnel to give full play to the guiding role of performance-based remunerations in the Company's operations and management, ensure that remuneration incentives match risk-adjusted performance, prevent aggressive business behaviors and violations of laws and regulations, and promote prudent operations and sustainable development.

REMUNERATIONS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND KEY PERSONNEL

Name	Total after-tax remunerations received from the Company during the Reporting Period (in RMB thousand)	Individual income tax payable on total remunerations received from the Company during the Reporting Period (in RMB thousand)	Whether received any remuneration from related parties of the Company during the Reporting Period
Ma Mingzhe	3,958.5	2,821.1	No
Sun Jianyi	4,079.7	2,930.0	No
Xie Yonglin	4,482.8	2,965.8	No
Tan Sin Yin	8,274.5	6,172.3	No
Yao Jason Bo	7,016.9	5,146.3	No
Cai Fangfang	3,913.9	2,601.6	No
Huang Baoxin	3,639.5	2,411.0	No
Ji Guangheng	5,203.0	3,282.0	Yes
Fu Xin	3,587.6	2,544.5	No
Zhang Xiaolu	6,791.0	5,076.6	No
Deng Bin	2,568.3	1,615.3	No
Sheng Ruisheng	2,611.1	1,534.1	No
Hu Jianfeng	1,550.5	579.4	No
Wang Zhiliang	1,859.4	787.4	No
Soopakij Chearavanont	520.1	109.9	Yes
Yang Xiaoping	520.1	109.9	Yes
Huang Wei	247.6	62.4	Yes
He Jianfeng	255.2	64.8	Yes
Cai Xun	255.2	64.8	Yes
Ouyang Hui	535.3	114.7	Yes
Ng Sing Yip	520.1	109.9	Yes
Chu Yiyun	510.4	129.6	Yes
Liu Hong	502.8	127.2	Yes
Ng Kong Ping Albert	520.1	109.9	Yes
Jin Li	510.4	129.6	Yes
Gu Liji	270.4	67.0	No
Huang Baokui	270.4	67.0	No
Zhang Wangjin	286.5	50.9	Yes
Zhu Xinrong	234.2	58.4	No
Hung Ka Hai Clement	236.0	56.6	No
Liew Fui Kiang	236.0	56.6	No

Notes: (1) The remunerations of Directors, Supervisors, senior management and key personnel are calculated on their respective periods in office during the Reporting Period.

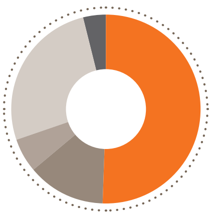
(2) Parts of the performance-based remunerations of the Company's senior management and key personnel will be deferred and paid over a period of 3 years in accordance with the *Code of Corporate Governance of Banking and Insurance Institutions* and the *Guidelines for Insurance Companies' Remuneration Management (Trial)* issued by the CBIRC. The deferred, unpaid parts are included in the total remunerations received by the Company's senior management and key personnel from the Company during the Reporting Period.

(3) The final remunerations of the Company's full-time Directors, Supervisors, senior management and key personnel are being recognized, and will be disclosed after recognition in accordance with applicable rules.

NUMBER OF EMPLOYEES BY PROFESSION AND EDUCATIONAL BACKGROUND

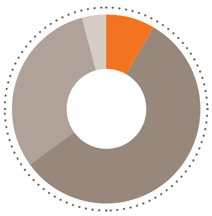
As of December 31, 2022, the Company had 344,223 current employees, of whom 248,850 were in the parent company and major subsidiaries, as well as 85 retired employees for whom the parent company and major subsidiaries needed to bear costs. By profession, 170,053 of the current employees were in the insurance business, 44,207 in the banking business, 19,651 in the asset management business, 93,680 in the technology business, and 16,632 in other businesses. By education, 29,179 of the current employees held a doctorate or master's degree, 193,042 held a bachelor's degree, 105,568 attained college education, and 16,434 had other educational backgrounds. By gender, 170,554 employees were male and 173,669 female.

By profession



- Insurance personnel 49.4%
- Banking personnel 12.8%
- Asset management personnel 5.7%
- Technology personnel 27.2%
- Others 4.8%

By education



- Doctorate or master's degree 8.5%
- Bachelor's degree 56.1%
- College education 30.7%
- Others 4.8%

STAFF TRAINING PROGRAMS

Ping An (Shenzhen) Financial Education and Training Center ("Training Center") supports the Group's strategy and provides the best training by continuously optimizing and strengthening its training system and diversifying courses and lecturers. Working closely with the Group's member companies, Training Center offers multi-dimensional training to enhance employees' expertise and help implement the Company's strategies.

In 2022, Training Center continued to provide numerous high-quality courses, developed teams of highly competent lecturers, and offered diverse training courses for employees to enhance their ability and competency in an all-round way. Training Center increased the number of its internal and external high-quality online courses to 77,000 as of December 31, 2022, which were attended by over 44.54 million trainees in 2022. A total of 127,000 trainees attended 844 face-to-face and livestreamed training sessions across the country, with a training coverage rate of 61.3% for senior management.

Under the new value-oriented culture of "Expertise Creates Value," Training Center continued to explore innovative ways of talent development to drive sustainable business growth. For senior management, Training Center launched the "Specialized Digital Empowerment Program" to strengthen the "digital leadership," "customer marketing capability" and "innovation capability" which are necessary for success in the digital age via special online training camps, helping 473 managers identify business innovation opportunities. Training Center effectively supplemented and upgraded the existing course system by organizing members to develop specialized courses for 22 key positions. Moreover, Training Center sorted out existing resources to upgrade the "Specialized Courses for Positions," and now offers nearly 1,200 such courses. Training Center integrated and developed the "Talent Development Training System," which covers all employees and their learning needs at key talent development stages such as onboarding, high potential, and promotion, and was attended by nearly 40,000 trainees in 2022. Training Center offered four special training camps to improve employees' general skills, covering over 1,400 trainees. For the Company's training managers, Training Center continued to advance the "T Plan," which supports talent development amid digital transformation. The "T Plan" empowers the organization and people by developing systematic learning maps and helping training managers learn methodologies of organization and talent development and draw upon best practices.

Report of the Board of Directors and Significant Events

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries (the "Group") comprise the provision of a wide range of financial products and services with a focus on the businesses of insurance, banking, asset management, and technology. There were no significant changes in the nature of the Group's principal activities during 2022.

MAJOR CUSTOMERS

Revenue from the Group's five largest customers accounted for less than 1% of the total revenue for 2022.

IMPLEMENTATION OF CASH DIVIDEND POLICY AND PROFIT DISTRIBUTION PLANS DURING THE REPORTING PERIOD

Cash Dividend Policy

According to Article 216 of the *Articles of Association*, the Company shall attach importance to the reasonable investment returns for investors in its profit distribution. The profit distribution policy shall maintain its continuity and stability. The accumulated profit to be distributed in cash for the recent three years shall not be less than 30% of the average annual distributable profit realized in the recent three years, provided that the annual distributable profit of the Company (namely the profit after tax of the Company after covering the losses and making contributions to the surplus reserve) is positive in value and such distribution is in compliance with the prevailing laws and regulations and the requirements of regulatory authorities for solvency margin ratios. In determining a specific cash dividend payout ratio, the Company shall consider its profit, cash flow, solvency, and operational and business development requirements. The Board of Directors is responsible for formulating and implementing a distribution plan in accordance with the provisions of the *Articles of Association*.

In preparing a profit distribution plan, the Board of Directors shall fully listen to and take into account views and advice from shareholders (in particular the minority shareholders), independent directors, and independent supervisors in various ways. Independent directors of the Company shall express their independent opinions on the profit distribution plan. When a specific cash dividend distribution plan is put forward for consideration at a general meeting, a variety of channels shall be provided for communication and opinion exchange with shareholders, in particular the minority shareholders, whose opinions and demands shall be fully heard, and prompt responses shall be given to any issues the minority shareholders are concerned about.

Where an adjustment to our profit distribution policy is required due to the applicable laws and regulations and new rules promulgated by the CSRC regarding profit distribution policies of listed companies or significant changes in the external business environment and/or operating situations of the Company, the adjustment shall be done for the purpose of safeguarding the shareholders' interests and in strict compliance with the decision-making procedures. To this end, the Board of Directors shall draft an adjustment plan based on the operating situations of the Company and the relevant regulations of the CSRC, and then submit the adjustment plan to the general meeting for deliberation. Implementation of the adjustment plan is conditional upon approval by shareholders (including their proxies) holding at least two thirds of voting rights present at the general meeting.

Implementation of Profit Distribution Plans

The 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 per share (tax inclusive), 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 2022 interim profit distribution plan of the Company was deliberated and approved at the 11th meeting of the 12th session of the Board of Directors held on August 23, 2022, pursuant to which the Company paid in cash the 2022 interim dividend of RMB0.92 per share (tax inclusive), totaling RMB16,659,030,635.40 (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 decision-making procedure and mechanism of the above profit distribution plans were complete, and the dividend payout standards and ratios were clear. The above profit distribution plans were in line with the *Articles of Association* and the relevant deliberation procedures, which fully protected the legitimate interests of the minority shareholders. All the Independent Non-executive Directors of the Company have expressed independent opinions of their agreement on the above profit distribution plans. The above profit distribution plans have been implemented.

ANNUAL RESULTS AND PROFIT DISTRIBUTION

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

As stated in the 2022 audited consolidated financial statements of the Group prepared under CAS and IFRS respectively, the net profit attributable to shareholders of the parent company was RMB83,774 million and the net profit of the parent company was RMB63,861 million. Pursuant to the *Articles of Association* and other relevant requirements, the Company shall make an appropriation to the statutory surplus reserve based on 10% of the net profit of the parent company as shown in the financial statements under CAS before determining the profit available for distribution to shareholders. Appropriation to the statutory surplus reserve may cease to apply if the balance of the statutory surplus reserve has reached 50% or more of the registered capital of the Company. After making the above profit distribution and carrying forward the retained profit from the previous year, in accordance with the *Articles of Association* and other applicable requirements, the profit available for distribution to shareholders of the Company based on undistributed profit in financial statements of the parent company under CAS or IFRS (whichever is lower) was RMB128,895 million.

The Company distributed the 2022 interim dividend of RMB0.92 per share (tax inclusive) in cash, which amounted to RMB16,659,030,635.40 (tax inclusive). The Board of Directors proposed to distribute the 2022 final dividend of RMB1.50 per share (tax inclusive) in cash to the shareholders of the Company. Pursuant to the *Shanghai Stock Exchange's Guidelines for Self-regulation of Listed Companies No.7—Repurchase of Shares* and other applicable regulations, the Company's A shares in the Company's repurchased securities account after trading hours on the record date of A shareholders for the final dividend will not be entitled to the final dividend distribution. The actual total amount of final dividend payment is subject to the total number of shares that will be entitled to the dividend distribution on the record date of A shareholders. The total amount of the final dividend payment for 2022 is RMB27,161,462,992.50 (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 December 31, 2022. The final dividend payment will have no material impact on the Group's solvency margin ratios. After the final dividend payment, the Group's solvency margin ratios will still meet the relevant regulatory requirements. The remaining undistributed profit of the Company will be carried forward to 2023. The undistributed profit of the Company is mainly for the purpose of its organic capital accumulation to maintain reasonable solvency margin ratios as well as provide funding for subsidiaries to support subsidiaries' business development for stable shareholder returns and maintain subsidiaries' solvency margin or capital adequacy ratios at reasonable levels.

The above plan will be implemented upon deliberation and approval at the 2022 Annual General Meeting. The profit distribution plan is in line with the *Articles of Association* and the relevant deliberation procedures. The Company's annual cash dividend payout ratio for 2022 based on net profit attributable to shareholders of the parent company exceeds the range (in principle, 20%-40% of net profit attributable to shareholders of the parent company for the corresponding year) specified in its profit distribution plan for 2021-2023. However, the Company maintains the continuity and stability of its profit distribution policy, and fully protects the legitimate interests of all its shareholders including minority shareholders. All the Independent Non-executive Directors of the Company have expressed independent opinions of their agreement on the profit distribution plan.

For dividend payouts of the Company over the past five years, please refer to the section headed "Liquidity and Capital Resources."

DISTRIBUTABLE RESERVES

As of December 31, 2022, the Company's distributable reserves totaled RMB128,895 million. The Company has proposed to distribute the 2022 final dividend of RMB1.50 per share (tax inclusive) in cash. After deduction of the 2022 final dividend, the remaining distributable reserves will be carried forward to 2023. Moreover, the Company's capital reserve and surplus reserve amounted to RMB140,901 million, which can be distributed in a future capital issue.

USE OF PROCEEDS

An aggregate of 594,056,000 new H shares were successfully allotted and issued by the Company under the general mandate on December 8, 2014 and the gross proceeds raised from the placing were HKD36,831,472,000. As of December 31, 2022, all the proceeds had been used, and all the specific fund-raising accounts had been closed. Details of the use of the proceeds in 2022 are as follows:

Total proceeds raised from the issue	Balance of unutilized proceeds as at January 1, 2022	Intended use of the proceeds as previously disclosed	Proceeds used during the Reporting Period	Balance in the specific fund-raising account as at December 31, 2022	Utilization plan for the balance in the specific fund-raising account
HKD36,831,472,000	HKD116,179,628.19	To develop the Company's core businesses and replenish its equity and working capital	HKD116,179,628.19	HKD0	All the proceeds have been used

SHARE CAPITAL

The change in the share capital of the Company in 2022 and the share capital structure of the Company as of December 31, 2022 are set out in the section headed "Changes in the Share Capital and Shareholders' Profile."

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of changes in the property and equipment and investment properties of the Group during 2022 are set out in Notes 34 and 33 to the financial statements respectively.

PRE-EMPTIVE RIGHTS

There are no provisions regarding pre-emptive rights under the *Company Law of the People's Republic of China* or the *Articles of Association*, which would oblige the Company to issue new shares to its existing shareholders in proportion to their existing shareholdings.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The *Resolution regarding Share Repurchase* (the "Repurchase") was deliberated and approved at the 4th meeting of the 12th session of the Board of Directors held by the Company on August 26, 2021. According to the resolution, the total amount of funds for the Repurchase is not less than RMB5 billion and not more than RMB10 billion (both figures included). Based on the maximum funds of RMB10 billion and the maximum price of RMB82.56 per share for the A share repurchase, the number of A shares to be repurchased by the Company is 121,124,031 shares, accounting for approximately 0.66% of the Company's total share capital of 18,280,241,410 shares. The term for the Repurchase is up to 12 months from the date when the repurchase plan is deliberated and approved by the Company's Board of Directors.

As of August 26, 2022, the Company had completed the repurchase and cumulatively 102,592,612 A shares of the Company were repurchased by the Company by means of centralized bidding transaction via the system of the Shanghai Stock Exchange ("SSE"), representing approximately 0.56122% of the total share capital of the Company. The total amount of funds paid was RMB5,000,001,422.40 (exclusive of transaction costs)/RMB5,000,840,424.22 (inclusive of transaction costs). The lowest transaction price was RMB43.72 per share and the highest transaction price was RMB51.96 per share. The repurchased A shares of the Company will be reserved exclusively for the employee stock ownership plans of the Company, including but not limited to the Long-term Service Plan which has been deliberated and approved at the general meeting of the Company. The monthly breakdown of A Share repurchase made by the Company during 2022 is as follows:

Month	Shares repurchased	Highest transaction price per share (RMB)	Lowest transaction price per share (RMB)	Total amount of funds paid (RMB, exclusive of transaction cost)
May 2022	24,827,522	44.99	43.72	1,100,560,287.10

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from January 1, 2022 to December 31, 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this Report, being March 15, 2023, at all times during the year ended December 31, 2022, not less than 20% of the issued share capital of the Company (being the minimum public float applicable to the shares of the Company) was held in public hands.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS AND REMUNERATIONS

The Company entered into service contracts with all the Directors and Supervisors in office. As of December 31, 2022, no Directors or Supervisors had a service contract with the Company or any of its subsidiaries which requires the Company to pay compensation (except statutory compensation) if the Company terminates the contract within one year.

Name lists of the Directors and Supervisors as well as details of their remunerations for the year ended December 31, 2022 are set out in Note 58 to the financial statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

In 2022, no Director or Supervisor of the Company or entity connected with the Directors or Supervisors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

Report of the Board of Directors and Significant Events

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

In 2022, no right to acquire benefits by means of acquisition of shares or debentures of the Company was granted to or exercised by any Directors, Supervisors or their respective spouse or minor children, and neither the Company nor any of its subsidiaries was a party to any arrangement which enables the Directors or Supervisors to acquire any such rights in any other legal entity.

DIRECTORS' AND SUPERVISORS' INTERESTS IN A COMPETING BUSINESS

As far as the Directors are aware, none of the Directors or Supervisors of the Company has any competing interest in a business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for possible legal actions against its Directors and senior management arising out of corporate activities, which was in force during the Reporting Period and up to the date of this Report.

POST BALANCE SHEET EVENTS

Details of the post balance sheet events are set out in Note 64 to the financial statements.

AUDITORS

According to the resolution passed at the Company's 2021 Annual General Meeting, the Company engaged Ernst & Young Hua Ming LLP and Ernst & Young as the auditors of the Company's financial statements under CAS and IFRS respectively for the year 2022, and engaged Ernst & Young Hua Ming LLP as the auditor of the Company's internal controls.

GENERAL ANALYSIS OF EXTERNAL INVESTMENT

The Company is an integrated financial services group, and investment is one of its core businesses. The investment of insurance funds represents a majority of the investment of the Company. The utilization of insurance funds is subject to applicable laws and regulations. For details of the asset allocation of the Company's investment portfolio of insurance funds, please refer to the section headed "Business Analysis."

Material Equity Investment

During the Reporting Period, there was no material equity investment that was required to be disclosed.

Material Non-Equity Investment

During the Reporting Period, there was no material non-equity investment that was required to be disclosed.

Financial Instruments Measured at Fair Value

Details of the Company's financial instruments measured at fair value are set out in Note 54 to the financial statements.

SALE OF MAJOR ASSETS AND EQUITIES

During the Reporting Period, there was no sale of major assets and equities that was required to be disclosed.

Material Acquisitions and Disposals of Subsidiaries, Joint Ventures or Associates

On January 29, 2021 and April 30, 2021 respectively, the Company announced that the consortium formed by Zhuhai Huafa Group Co., Ltd. ("Huafa Group", representing the state-owned enterprises of Zhuhai Municipality), the Company and Shenzhen SDG Co., Ltd. will participate in the substantive consolidated restructuring (the "Founder Group Restructuring") of Peking University Founder Group Company Limited, Peking University Founder Information Industry Group Co., Ltd., PKU Healthcare Industry Group Co., Ltd., Peking University Resources Group Limited and Founder Industry Holdings Co., Ltd. (the "Restructuring Entities"). Authorized by the Company, Ping An Life participated in the substantive consolidated restructuring and entered into the restructuring investment agreement of the Founder Group Restructuring ("the Restructuring Investment Agreement").

On July 5, 2021, the Company announced that, the *Restructuring Plan (Draft) of Five Companies Including Peking University Founder Group Company Limited*, which was formulated on the basis of the Restructuring Investment Agreement, was resolved and approved at the creditors' meeting held by the Restructuring Entities, and was approved by the civil order of the First Intermediate People's Court of Beijing Municipality and came into effect on June 28, 2021.

On January 31, 2022, the Company announced that, Ping An Life received the *Approval of Ping An Life Insurance Company of China, Ltd.'s Equity Investment in New Founder Group from the CBIRC* (Yin Bao Jian Fu 〔2022〕 No.81) on January 30, 2022, and the CBIRC approved Ping An Life's investment in New Founder Group. Ping An Life has fulfilled the fundamental condition for participating in the Founder Group Restructuring, and will promptly carry forward the relevant subsequent work as agreed under the Restructuring Investment Agreement and the restructuring plan of the Founder Group Restructuring with the relevant parties.

On June 24, 2022, the Company announced that, affected by multiple factors, the restructuring plan of the Founder Group Restructuring cannot be completed within 12 months as originally scheduled. According to the application of the Restructuring Entities, the First Intermediate People's Court of Beijing Municipality has approved to extend the execution period of the restructuring plan of the Founder Group Restructuring to December 28, 2022 in accordance with the laws. Ping An Life will promptly carry forward the relevant subsequent work as agreed under the Restructuring Investment Agreement and the restructuring plan of the Founder Group Restructuring with the relevant parties.

On December 20, 2022, the Company announced that, New Founder Group has completed the corresponding change of business registration procedures. Accordingly, the shareholding structure of New Founder Group has been changed that New Founder Group is held as to 66.51% and 28.50% by Ping An Life and Huafa Group (representing the state-owned enterprises of Zhuhai Municipality) through their shareholding platforms, respectively, and a 4.99% equity interest in New Founder Group is held by the equity interest platform of Founder Group's creditors.

For more information, please refer to the announcements published by the Company on the websites of SSE (www.sse.com.cn) and HKEX (www.hkexnews.hk).

MAJOR SUBSIDIARIES AND ASSOCIATES OF THE COMPANY

Details of major subsidiaries and associates of the Company are set out in Note 4.(1) and Note 31 to the financial statements respectively.

STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

Details of structured entities controlled by the Company are set out in Note 4.(2) to the financial statements.

CONNECTED TRANSACTIONS

In respect of connected transactions and continuing connected transactions, the Company has complied with requirements under the *SEHK Listing Rules* as amended from time to time. During the Reporting Period, the Company had no material connected transaction that was required to be disclosed under the *SEHK Listing Rules*. The Company's related party transactions stated in accordance with the accounting standards used in the preparation of financial statements for the year ended December 31, 2022 are presented in Note 60 to the financial statements.

IMPLEMENTATION OF SHARE PURCHASE PLANS OF THE COMPANY

To align the interests of shareholders, the Company and employees, improve corporate governance, and establish and improve long-term incentive and restraint mechanisms, the Company has adopted the Key Employee Share Purchase Plan and the Long-term Service Plan. Total shares cumulatively held by the Key Employee Share Purchase Plan and the Long-term Service Plan do not exceed 10% of the Company's total share capital. Total shares corresponding to the equity interest cumulatively vested in a single employee of the Company through the Key Employee Share Purchase Plan and the Long-term Service Plan do not exceed 1% of the Company's total share capital.

Report of the Board of Directors and Significant Events

Key Employee Share Purchase Plan

The Company has implemented the Key Employee Share Purchase Plan, which has a duration of six years, since 2015 as deliberated at the 16th meeting of the ninth Board of Directors held on October 28, 2014 and approved at the first extraordinary general meeting for 2015 held on February 5, 2015. The duration of the Key Employee Share Purchase Plan has been extended by six years to February 4, 2027 as deliberated at the 12th meeting of the 11th Board of Directors held on April 28, 2020. For the Key Employee Share Purchase Plan of the Company, the participants are key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding are legitimate incomes and performance bonuses of the employees. The amount that must be paid for each share by the participants of the Key Employee Share Purchase Plan is the market price of such share at the time of purchase by the Company.

Eight phases of the Key Employee Share Purchase Plan were implemented as of the end of the Reporting Period. Shares under each phase are subject to a one year lock-up period after the purchase. After the lock-up period expires, one third of the shares for each phase are unlocked each year and vested in phases in accordance with the Key Employee Share Purchase Plan. All the shares under the four phases for 2015-2018 were unlocked, and the four phases for 2019-2022 were implemented as follows:

There were 1,267 participants in the Key Employee Share Purchase Plan for 2019. A total of 8,078,395 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB588,197,823.00 (expenses inclusive), accounting for approximately 0.044% of the total share capital of the Company at that time. During the Reporting Period, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 980 employees qualified and 97 employees did not qualify for vesting under this phase. For the duration, 581,105 shares were forfeited.

There were 1,522 participants in the Key Employee Share Purchase Plan for 2020. A total of 7,955,730 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB638,032,305.75 (expenses inclusive), accounting for approximately 0.044% of the Company's total share capital at that time. During the Reporting Period, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 1,170 employees qualified and 128 employees did not qualify for vesting under this phase. For the duration, 1,176,910 shares were forfeited.

There were 1,754 participants in the Key Employee Share Purchase Plan for 2021. A total of 9,162,837 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB670,258,495.86 (expenses inclusive), accounting for approximately 0.050% of the Company's total share capital at that time. During the Reporting Period, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 1,556 employees qualified and 198 employees did not qualify for vesting under this phase. For the duration, 1,468,954 shares were forfeited.

There were 1,703 participants in the Key Employee Share Purchase Plan for 2022. A total of 12,518,547 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB595,602,067.09 (expenses inclusive), accounting for approximately 0.068% of the Company's total share capital at that time. For details of the share purchase, please refer to the *Announcement Regarding the Completion of Share Purchase under the 2022 Key Employee Share Purchase Scheme* published by the Company on the websites of the Hong Kong Exchanges and Clearing Limited (the "HKEX") and the Shanghai Stock Exchange (the "SSE") on March 27, 2022 and March 28, 2022 respectively. During the Reporting Period, no change was made in equity under the Key Employee Share Purchase Plan for 2022.

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

The key employees held 19,609,457 A shares of the Company in total through the Key Employee Share Purchase Plan as at the end of the Reporting Period, accounting for approximately 0.107% of the Company's total share capital.

The Long-term Service Plan

The Company has implemented the Long-term Service Plan, which has a duration of ten years, since 2019 as deliberated at the third meeting of the 11th Board of Directors held on October 29, 2018 and approved at the second extraordinary general meeting for 2018 held on December 14, 2018. For the Long-term Service Plan of the Company, the participants are the employees of the Company and its subsidiaries including directors, employee representative supervisors, and senior management. The source of funding is the remunerations payable to employees. The amount that must be paid for each share by the participants of the Long-term Service Plan is the market price of such share at the time of purchase by the Company. Participants in the Long-term Service Plan may apply for vesting only when they are retiring from the Company, and will be awarded the shares after their applications have been approved and relevant taxes have been paid.

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

There were 31,026 participants in the Long-term Service Plan for 2019. A total of 54,294,720 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB4,296,112,202.60 (expenses inclusive), accounting for approximately 0.297% of the total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 17 employees qualified and applied for vesting, and their shares were vested; 1,952 employees were disqualified due to reasons including their resignation; and 4,123,472 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 32,022 participants in the Long-term Service Plan for 2020. A total of 49,759,305 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB3,988,648,517.41 (expenses inclusive), accounting for approximately 0.272% of the total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 12 employees qualified and applied for vesting, and their shares were vested; 2,248 employees were disqualified due to reasons including their resignation; and 4,084,684 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 90,960 participants in the Long-term Service Plan for 2021. A total of 57,368,981 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB4,184,093,674.69 (expenses inclusive), accounting for approximately 0.314% of the total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 13 employees qualified and applied for vesting, and their shares were vested; 9,704 employees were disqualified due to reasons including their resignation; and 7,109,096 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 90,960 participants in the Long-term Service Plan for 2022. A total of 93,314,482 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB4,438,825,366.37 (expenses inclusive), accounting for approximately 0.510% of the total share capital of the Company at that time. For details of the share purchase, please refer to the *Announcement Regarding the Completion of Share Purchase under the 2022 Long-term Service Plan* published by the Company on the websites of the HKEX and the SSE on March 27, 2022 and March 28, 2022 respectively. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, one employee qualified and applied for vesting, and the corresponding shares were vested; 9,868 employees were disqualified due to reasons including their resignation, and 8,521,133 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

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

The Long-term Service Plan held a total of 254,463,584 A shares of the Company as at the end of the Reporting Period, accounting for approximately 1.392% of the total share capital of the Company.

Report of the Board of Directors and Significant Events

The Company has operated stably and healthily since the implementation of the Key Employee Share Purchase Plan and the Long-term Service Plan. The shareholders, the Company and the employees have shared benefits and risks, providing a strong foundation for further improving the Company's governance structure, establishing and strengthening long-term incentive and restraint mechanisms, and facilitating the long-term, sustainable and healthy development of the Company.

IMPLEMENTATION OF SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS EFFECTS

During the Reporting Period, the Company did not implement any share incentive scheme based on the Company's shares.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

Guarantee

(in RMB million)	External guarantee of the Company and its subsidiaries (excluding the guarantee in favor of its subsidiaries)
Total external guarantee incurred during the Reporting Period	–
Total external guarantee balance as at the end of the Reporting Period	–

	Guarantee of the Company and its subsidiaries in favor of its subsidiaries
Total guarantee in favor of its subsidiaries incurred during the Reporting Period	(22,416)
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	14,236

	Total guarantee of the Company (including the guarantee in favor of its subsidiaries)
Total guarantee	14,236
Total guarantee as a percentage of the Company's net assets (%)	1.7
Including: Direct or indirect guarantee for the companies with a total liabilities to total assets ratio over 70% (as of December 31, 2022)	13,517
The amount by which the total guarantee balance of the Company and its subsidiaries exceeded 50% of the Company's net assets	–

Notes: (1) The data set out in the table above does not include those arising from financial guarantee businesses conducted by the Company's controlled subsidiaries including Ping An Bank in strict compliance with the scope of business approved by regulatory authorities.

(2) During the Reporting Period, the total guarantee incurred was the guarantee withdrawal of RMB4,128 million less the guarantee repayment of RMB26,544 million.

Independent Opinions Of Independent Non-Executive Directors On External Guarantee Of The Company

According to the *Guidelines for Supervision of Listed Companies No.8-Regulatory Requirements for Fund Transactions and External Guarantees of Listed Companies* issued by the CSRC, the Independent Non-executive Directors of the Company conducted a prudent review of the Company's external guarantees in 2022. Their specific statements and independent opinions are set out as follows:

1. During the Reporting Period, the Company did not provide any guarantee to its controlling shareholder or other related parties in which the Company holds less than 50% shares, or any non-legal-person entities or individuals;

2. During the Reporting Period, the total guarantee withdrawal provided by the Company and its subsidiaries amounted to RMB4,128 million. The total guarantee balance of the Company and its subsidiaries was RMB14,236 million as of December 31, 2022, representing 1.7% of the Company's net assets. The balance did not exceed 50% of the net assets as stated in the financial statements of the latest fiscal year of the Company;

3. During the Reporting Period, the Company has strictly observed the approval procedures and internal control policies regarding external guarantee as set out in the *Articles of Association*, and there was no non-compliant external guarantee;

4. During the Reporting Period, the Company has fulfilled its obligation to disclose information on external guarantee and honestly provided chartered accountants with all the details about the Company's external guarantee, in strict compliance with the relevant requirements under the *SSE Listing Rules* and the *Articles of Association*.

Entrustment, Underwriting, Lease, Entrusted Asset Management, Entrusted Lending And Other Material Contracts

No matter relating to entrustment, underwriting, lease or other material contracts of the Company was required to be disclosed during the Reporting Period.

During the Reporting Period, the Company did not engage in any entrusted asset management or entrusted lending outside its ordinary business scope. For details of the Company's entrusted asset management and entrusted lending, refer to the "Notes to Consolidated Financial Statements."

INFORMATION OF TAX DEDUCTION FOR HOLDERS OF LISTED SECURITIES

Enterprise Income Tax of Overseas Non-Resident Enterprises

Pursuant to the tax laws and regulations of the Chinese mainland, the Company is required to withhold 10% enterprise income tax when it distributes dividend to non-resident enterprise holders of H shares as listed on the Company's register of members on the record date, including Hong Kong Securities Clearing Company Nominees Limited.

If any resident enterprise (as defined in the *Enterprise Income Tax Law of the People's Republic of China*) listed on the Company's register of members of H shares on the record date which is duly incorporated in the Chinese mainland or under the laws of an overseas country (or region) but with a Chinese mainland-based de facto management body does not want the Company to withhold the said enterprise income tax, it shall submit to Computershare Hong Kong Investor Services Limited a legal opinion, at or before 4:30 p.m. one business day before closure of register of the H shareholders for the dividend, issued by a lawyer qualified to practice law in the Chinese mainland and inscribed with the seal of the applicable law firm, that verifies its resident enterprise status. The legal opinion shall be submitted by the Company to the applicable tax authorities for approval, and then excess portions of the tax amounts withheld can be refunded.

Individual Income Tax of Overseas Individual Shareholders

Pursuant to the applicable tax laws and regulations of the Chinese mainland, the individual resident shareholders outside the Chinese mainland shall pay individual income tax upon their receipt of the distributed dividends in respect of the shares issued by domestic non-foreign investment enterprises in Hong Kong, which shall be withheld by the Company on behalf of such individual shareholders at the tax rate of 10% in general. However, if the tax laws and regulations and relevant tax agreements state otherwise, the Company will withhold and pay the individual income tax based on the amount of the dividend at the relevant tax rate and in accordance with the procedures as stipulated.

Those individual resident shareholders outside the Chinese mainland who hold the shares issued by domestic non-foreign investment enterprises in Hong Kong may enjoy preferential treatments (if any) in accordance with the provisions of applicable tax agreements signed between the countries or regions where they belong by virtue of residential identification and the People's Republic of China as well as the tax arrangements made between the Chinese mainland and Hong Kong (Macau). Qualified shareholders are required to submit to Computershare Hong Kong Investor Services Limited a written authorization and relevant evidencing documents, at or before 4:30 p.m. one business day before closure of register of the H shareholders for the dividend, which shall be submitted by the Company to the applicable tax authorities for approval, and then excess portions of the tax amounts withheld can be refunded.

The Company will withhold the enterprise income tax as well as the individual income tax for shareholders as required by law on the basis of the Company's register of members of H shares on the record date. The Company assumes no liability and will not deal with any dispute over income tax withholding triggered by failure to submit proof materials within the stipulated time frame, and holders of H shares of the Company shall either personally or appoint a representative to attend to the procedures in accordance with the applicable tax laws and regulations of the Chinese mainland.

Income Tax of H Shareholders via the Hong Kong Stock Connect Program

For the Chinese mainland investors (including enterprises and individuals) investing in the Company's H shares via the Hong Kong Stock Connect Program, China Securities Depository and Clearing Corporation Limited, as the nominee holding H shares for investors via the Hong Kong Stock Connect Program, will receive the dividend distributed by the Company and distribute such dividend to the relevant investors through its depositary and clearing system. The dividend to be distributed to the investors via the Hong Kong Stock Connect Program will be paid in RMB. Pursuant to the applicable tax laws and regulations of the Chinese mainland:

- For the Chinese mainland individual investors who invest in the H shares of the Company via the Hong Kong Stock Connect Program, the Company will withhold individual income tax at the rate of 20% in the distribution of the dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Corporation Limited for tax refund relating to the withholding tax already paid abroad.

- For the Chinese mainland securities investment funds that invest in the H shares of the Company via the Hong Kong Stock Connect Program, the Company will withhold individual income tax in the distribution of the dividend pursuant to the above provisions.

- For the Chinese mainland enterprise investors that invest in the H shares of the Company via the Hong Kong Stock Connect Program, the Company will not withhold income tax in the distribution of the dividend, and such investors shall declare and pay the tax on their own.

Income Tax of A Shareholders via the Shanghai Stock Connect Program

For Hong Kong investors (including enterprises and individuals) investing in the Company's A shares via the Shanghai Stock Connect Program, pursuant to the applicable tax laws and regulations of the Chinese mainland, the dividend will be paid in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to Hong Kong Securities Clearing Company Limited, and the Company will withhold income tax at the rate of 10%.

For investors via the Shanghai Stock Connect Program who are tax residents of other countries or regions (excluding Hong Kong) which have entered into a tax treaty with the Chinese mainland stipulating a dividend tax rate of less than 10%, those enterprises or individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate under such tax treaty will be refunded.

All investors are requested to read this part carefully. Shareholders are recommended to consult their tax advisors for tax effects regarding their holding and disposing of the shares of the Company, involving the Chinese mainland, Hong Kong and other countries and regions.

ENVIRONMENTAL PROTECTION

The Company is not a key pollutant discharging unit announced by the environmental protection department. For more information on environmental protection, please refer to the Company's *2022 Sustainability Report*.

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

CHARITABLE AND OTHER DONATIONS

Charitable donations made by the Group in 2022 totaled RMB224 million.

SEIZURE, DISTRAINMENT OR FREEZE OF MAJOR ASSETS

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

INTEGRITY CONDITIONS OF THE COMPANY

During the Reporting Period, the Company had neither failure to abide by any effective judicial ruling, nor default on any substantial debt due.

RELATIONSHIPS WITH CUSTOMERS

The Group aims to provide customers with "worry-free, time-saving, and money-saving" premium financial services. Adhering to a "customer-centric" business philosophy, the Group has embedded consumer rights protection in its corporate governance, corporate culture, and development strategy.

As required by the CBIRC, the Group has set up the Related Party Transaction Control and Consumer Rights Protection Committee under the Board of Directors. The Committee oversees the protection of consumer rights, optimizes the consumer rights protection structure, determines the responsibilities for consumer rights protection, improves the consumer rights protection framework, strengthens the implementation and oversight of decisions on consumer rights protection, promotes consumer protection reviews and evaluations, enhances the consumer rights protection culture, ensures the effective execution of policies and the achievement of goals for consumer rights protection, and constantly enhances consumer rights protection capabilities.

There was no material and serious dispute between the Group and its customers in 2022.

MANAGEMENT AND CONTROL OVER SUBSIDIARIES

The Company implemented the *Measures for the Supervision and Administration of Insurance Group Companies* and managed the Group's human resources, finance and accounting, data governance, information systems, fund utilization, branding, and corporate culture. The Company instructed its subsidiaries to establish standard corporate governance structures, and continued to improve the group-wide risk management, internal control, compliance and internal audit frameworks. Moreover, the Company organized its subsidiaries to monitor and assess the effectiveness of internal controls system in accordance with the *Basic Norms for Internal Controls of Enterprises* and the *Basic Principles for Internal Controls of Insurers*, continuously improving the Group's operational efficiency and risk prevention capability. For the matters covered, high-risk areas and conclusions of the internal control assessments over subsidiaries, please refer to the section headed "Establishment and Perfection of the Internal Control System" in this Report.

Report of the Board of Directors and Significant Events

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Group maintained compliance with relevant laws and regulations that have significant impacts on operations of the Group.

MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company had no material litigations or arbitrations that were required to be disclosed.

PENALTIES AND RECTIFICATION

During the Reporting Period, neither the Company nor the Directors, the Supervisors, or the senior management of the Company were investigated or subjected to coercive measures by competent authorities, detained by disciplinary inspection and supervisory authorities, transferred to judicial authorities or held accountable for criminal liabilities, investigated or subjected to administrative punishment by the CSRC, subjected to major administrative punishment by other competent authorities, or subjected to disciplinary action by any securities exchanges.

FULFILLMENT OF UNDERTAKINGS

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

(1) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, and in respect of the businesses or commercial opportunities similar to those of Shenzhen Development Bank that the Company and the enterprises under its control intend to carry out or have substantially obtained whereby the assets and businesses arising from such businesses or commercial opportunities may possibly form potential competition with those of Shenzhen Development Bank, the Company and the enterprises under its control shall not engage in the businesses identical or similar to those carried out by Shenzhen Development Bank, so as to avoid direct or indirect competition with the operations of Shenzhen Development Bank.

(2) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and in respect of the transactions between the Company and the enterprises under its control and Shenzhen Development Bank which constitute related party transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into such transactions with Shenzhen Development Bank by following the principle of "openness, fairness and justness" at fair and reasonable market prices, and shall go through the decision-making process according to the requirements of the relevant laws and regulations and regulatory documents, and shall perform their obligations of information disclosure as required by law. The Company undertakes that the Company and the enterprises under its control shall not procure any illegal interests or make Shenzhen Development Bank undertake any illicit obligations through the transactions with Shenzhen Development Bank.

(3) The Company undertakes that, after the completion of the major asset restructuring and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, the Company shall maintain its independence from Shenzhen Development Bank and ensure that Shenzhen Development Bank is independent from the Company and the enterprises under its control in respect of personnel, assets, finance, organization and business.

As of December 31, 2022, the above undertakings were still being performed and there was no breach of the above undertakings.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As far as is known to any Directors or Supervisors of the Company, as of December 31, 2022, the following persons (other than the Directors, Supervisors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under Section 336 of the SFO:

Name of substantial shareholder	H/A shares	Capacity	Notes	Number of H/A shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
CP Group Ltd.	H	Interest of controlled corporations	(1)	1,191,512,764	Long position	15.99	6.51
UBS Group AG	H	Interest of controlled corporations	(2)	584,612,596	Long position	7.84	3.19
		Interest of controlled corporations	(2)	335,593,905	Short position	4.50	1.83
JPMorgan Chase & Co.	H	Interest of controlled corporations	(3)	342,745,366	Long position	4.60	1.87
		Investment manager		102,692,709	Long position	1.37	0.56
		Person having a security interest in shares		1,135,299	Long position	0.01	0.00
		Trustee		9,654	Long position	0.00	0.00
		Approved lending agent	(3)	226,623,261	Lending pool	3.04	1.23
		Total:	(3)	673,206,289		9.03	3.68
		Interest of controlled corporations	(3)	339,071,315	Short position	4.55	1.85
Citigroup Inc.	H	Interest of controlled corporations	(4)	42,175,475	Long position	0.56	0.23
		Approved lending agent	(4)	424,215,178	Lending pool	5.69	2.32
		Total:	(4)	466,390,653		6.26	2.55
		Interest of controlled corporations	(4)	22,758,360	Short position	0.30	0.12
BlackRock, Inc.	H	Interest of controlled corporations	(5)	381,425,554	Long position	5.12	2.08
		Interest of controlled corporations	(5)	563,000	Short position	0.00	0.00
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		962,719,102	Long position	8.89	5.27

Notes:

(1) According to the disclosure form filed by CP Group Ltd. on November 3, 2022, CP Group Ltd. was deemed to be interested in a total of 1,191,512,764 H shares (long position) of the Company by virtue of its control over several wholly-owned corporations.

(2) According to the disclosure form filed by UBS Group AG on January 4, 2023, UBS Group AG was deemed to be interested in a total of 584,612,596 H shares (long position) and 335,593,905 H shares (short position) of the Company by virtue of its controlled corporations.
The entire interests and short positions of UBS Group AG in the Company included 286,045,340 H shares (long position) and 272,512,561 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives – Physically settled	Long position Short position	7,627,117 6,169,330
Listed derivatives – Cash settled	Long position Short position	6,861,850 1,962,100
Unlisted derivatives – Physically settled	Long position Short position	186,363,772 164,331,015
Unlisted derivatives – Cash settled	Long position Short position	85,192,601 100,050,116

(3) According to the disclosure form filed by JPMorgan Chase & Co. on December 28, 2022, JPMorgan Chase & Co. was deemed to be interested in a total of 673,206,289 H shares (long position) and 339,071,315 H shares (short position) of the Company by virtue of its controlled corporations.
The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 226,623,261 H shares (long position). In addition, 310,673,472 H shares (long position) and 138,547,463 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives – Physically settled	Long position Short position	34,420,000 61,336,500
Listed derivatives – Cash settled	Long position Short position	3,514,600 5,077,650
Unlisted derivatives – Physically settled	Long position Short position	225,100,762 33,957,787
Unlisted derivatives – Cash settled	Long position Short position	46,856,137 20,874,512
Listed derivatives – Convertible instruments	Long position Short position	781,973 17,301,014

(4) According to the disclosure form filed by Citigroup Inc. on December 30, 2022, Citigroup Inc. was deemed to be interested in a total of 466,390,653 H shares (long position) and 22,758,360 H shares (short position) of the Company by virtue of its controlled corporations.
The entire interests and short positions of Citigroup Inc. in the Company included a lending pool of 424,215,178 H shares (long position). In addition, 29,886,973 H shares (long position) and 21,689,320 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives – Physically settled	Long position Short position	4,535,206 3,778,040
Unlisted derivatives – Physically settled	Long position Short position	6,993,019 15,859,181
Unlisted derivatives – Cash settled	Long position Short position	18,358,748 2,052,099

(5) According to the disclosure form filed by BlackRock, Inc. on January 4, 2023, BlackRock, Inc. was deemed to be interested in a total of 381,425,554 H shares (long position) and 563,000 H shares (short position) of the Company by virtue of its controlled corporations. The entire interests and short positions of BlackRock, Inc. in the Company included 4,008,465 H shares (long position) and 546,500 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Unlisted derivatives – Cash settled	Long position Short position	3,066,000 546,500
Listed derivatives – Convertible instruments	Long position	942,465

(6) Figures for the percentage of H shares held have been rounded down to the nearest second decimal place, so they may not add up to the totals due to rounding. The percentage figures are based on the number of shares of the Company as of December 31, 2022.

Save as disclosed above, to the best knowledge of the Directors and Supervisors, as of December 31, 2022, no person (other than the Directors, Supervisors and chief executives of the Company) had any interest or short position in the shares and underlying shares of the Company which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under Section 336 of the SFO.

By order of the Board of Directors

Ma Mingzhe
Chairman

Shenzhen, PRC
March 15, 2023

Report of the Supervisory Committee

During the Reporting Period, all the members of the Supervisory Committee duly carried out their supervisory duties in a stringent manner and adhered to the principles of fairness and honesty to effectively protect the rights and interests of the shareholders, the Company and its employees in accordance with the *Company Law of the People's Republic of China* and the *Articles of Association*.

ATTENDANCE RECORD OF SUPERVISORS

During the Reporting Period, the Supervisors endeavored to personally attend one General Meeting and four Supervisory Committee meetings, and sat in on board meetings held by the Company. The Supervisors devoted sufficient time and energy to the supervision work, and attached importance to professional learning and experience summarization to further improve their ability to perform duties. The Supervisors had no objection to the matters under supervision.

The attendance records of each Supervisor at the meetings are as follows:

Members	Date of Appointment as Supervisors	Meetings attended in person/ Meetings required to attend	
		General Meetings	Supervisory Committee Meetings
Employee Representative Supervisors			
Sun Jianyi (Chairman)	August 28, 2020	1/1	4/4
Wang Zhiliang	August 6, 2017	1/1	4/4
Independent Supervisors			
Zhu Xinrong(1)	July 18, 2022	–	2/2
Liew Fui Kiang(1)	July 18, 2022	–	2/2
Hung Ka Hai Clement(1)	July 18, 2022	–	2/2
Gu Liji (Retired)(1)	June 3, 2009	1/1	2/2
Huang Baokui (Retired)(1)	June 28, 2016	1/1	2/2
Shareholder Representative Supervisor			
Zhang Wangjin (Retired)(1)	June 17, 2013	1/1	2/2

Note: (1) Details regarding appointment and resignation of the Supervisors of the Company during the Reporting Period are set out in the section headed "Directors, Supervisors, Senior Management and Employees" of this Annual Report.

INDEPENDENT OPINIONS ON RELEVANT ISSUES FROM THE SUPERVISORY COMMITTEE

The Supervisory Committee held four meetings in 2022 to deliberate 25 proposals including the Work Report of the Supervisory Committee for 2021, the Report on Consumer Rights Protection of Ping An Group for 2021 and the First Half of 2022, and the Proposal to Recommend Candidates for Non-employee Representative Supervisors, hear 13 reports on business operations, anti-money laundering, internal control assessment and evaluation, and the implementation of the *Regulatory Opinions on Assessment of Ping An Group's Consolidated Statements* and the related rectification plan, review 11 filed documents including the feedback on issues and recommendations related to the Supervisory Committee's inspection report, a brief report on the Company's compliance with governance guidelines, internal audit reports, and the meeting minutes of the Audit and Risk Management Committee. Supervisors exercised voting rights appropriately at the meetings, and expressed the following opinions objectively and fairly:

Lawful Operations

During the Reporting Period, the Company operated and managed its businesses in accordance with the laws and regulations, and its operational results were objective and true. There was substantial development and improvement in the depth and breadth of internal control management, and the internal control system was complete, reasonable and effective. The Company's operational decision-making processes were legitimate. The Directors and senior management were cautious, conscientious and diligent in the business operations and management processes, and they were not found to have breached any laws, regulations, or the *Articles of Association* or harmed the interests of the shareholders.

Authenticity of the Financial Statements

Ernst & Young Hua Ming LLP and Ernst & Young have issued the standard unqualified auditor's reports in accordance with the PRC and international auditing standards respectively, on the Company's financial statements for 2022. The financial statements truly, objectively and accurately reflect the financial status and operating results of the Company.

Use of Proceeds

During the Reporting Period, the Supervisory Committee reviewed special reports on the depositing and actual use of the Company's proceeds raised, and was of the opinion that the Company's disclosures about the use of the proceeds were timely, true, accurate and complete, and that there was no violation of rules in the use and management of the proceeds.

Related Party Transactions

The Supervisory Committee considered the related party transactions of the Company to be fair and reasonable during the Reporting Period, and did not find any harm against the interests of the shareholders and the Company.

Internal Control System

During the Reporting Period, the Supervisory Committee reviewed the *Assessment and Evaluation Report on Internal Control of the Company* and the *Work Report on the Internal Control of the Company*, and was of the opinion that the Company had set up a complete, reasonable and effective internal control system.

Performance of the Board of Directors and Senior Management in Reputation Risk Management

Members of the Supervisory Committee, by attending the Board meetings and reviewing reports, heard the reports made by the senior management on the Company's reputation risk management, and supervised the performance of the Board in reputation risk management.

Report of the Supervisory Committee

Implementation of the Resolutions Approved by the General Meetings

Members of the Supervisory Committee attended the Board meetings and the general meetings as non-voting participants, and did not have any objection to the reports and proposals submitted to the General Meetings by the Board of Directors. The Supervisory Committee monitored the implementation of the resolutions approved by the General Meetings, and was of the opinion that the Board of Directors could duly implement the resolutions approved by the General Meetings.

Implementation of the Cash Dividend Policy

The Supervisory Committee acknowledges that the Board of Directors strictly carried out the cash dividend policy, performed relevant decision-making procedures for cash dividends in strict compliance, and disclosed the cash dividend policy and its implementation truly, accurately and completely. The Company's annual cash dividend payout ratio for 2022 based on net profit attributable to shareholders of the parent company exceeds the range (in principle, 20%-40% of net profit attributable to shareholders of the parent company for the corresponding year) specified in its profit distribution plan for 2021-2023. However, the Company maintains the continuity and stability of its profit distribution policy, and delivers sustained, stable and rational returns to all its shareholders.

Appraisal of Directors' Performance of Duties

All Supervisors evaluated the composition of the Board of Directors, Directors' meeting attendance records, participation in training sessions, and provision of opinions and concluded unanimously that all the Directors of the Company performed their duties and responsibilities as stipulated under relevant laws, regulations and the *Articles of Association* in a sincere, loyal, diligent and conscientious manner in 2022. Specialized committees of the Board of Directors fully performed their duties and provided professional opinions and advice for the Board of Directors' decision-making processes. All Supervisors agree that the performance appraisal results of all the Company's Directors for 2022 are "competent."

Appraisal of Senior Management's Performance of Duties

During the Reporting Period, the Company's management strictly abided by the *Articles of Association* and carried out business management in a lawful and compliant manner; all the senior management of the Company duly performed their duties and responsibilities in accordance with relevant requirements including loyalty and diligence obligations.

Implementation of the Management of the Company's Information Disclosure

During the Reporting Period, the Supervisory Committee supervised the Company's information disclosure, reviewed the Company's regular reports and put forward written review opinions. No violation of laws and regulations was found in the Company's information disclosure throughout the year.

SUMMARY AND OUTLOOK

In accordance with the *Rules for Appraisal of Supervisors' Performance of Duties*, the Supervisory Committee organized and conducted the appraisal of Supervisors' performance of duties for 2022. After comprehensive evaluation, in 2022 all the Supervisors of the Company performed their duties and responsibilities as stipulated under relevant laws, regulations and the *Articles of Association* in a sincere, loyal, diligent and conscientious manner, obtaining "competent" in their performance appraisal.

In the coming year, the Supervisory Committee will further expand its approach to work, and will continue to carry out its duties in accordance with the *Company Law of the People's Republic of China*, the *Articles of Association*, and the listing rules. The Supervisory Committee will adhere to the principle of honesty, maximize its supervisory efforts with the aim of protecting the interests of the Company and its shareholders, and perform supervisory duties honestly and diligently to achieve the best results in all respects.

By order of the Supervisory Committee

Sun Jianyi
Chairman of the Supervisory Committee

Shenzhen, PRC
March 15, 2023

Independent Auditor's Report

To the shareholders of Ping An Insurance (Group) Company of China, Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Ping An Insurance (Group) Company of China, Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 176 to 334, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Classification of financial assets at amortized cost	
As at 31 December 2022, the Group's "financial assets at amortized cost" amounted to RMB3,004,502 million, representing 27% of total assets. We identified the classification of these debt instruments as a key audit matter as it requires complex management judgement in: – Business model assessment: determining the Group's business model for managing these debt instruments. – Solely payments of principal and interest ("SPPI") testing. Relevant disclosures are included in Note 2.(12), Note 3.(2) and Note 28 to the consolidated financial statements.	We reviewed the Group's accounting policies in relation to the classification of financial assets at amortized cost, and understood the Group's methodologies and processes of business model assessment and SPPI testing. We evaluated and tested the design and operating effectiveness of key controls over SPPI testing. We evaluated the appropriateness of business model assessment for managing these debt instruments, and tested the supporting evidence. We evaluated the design of SPPI testing logic and re-performed SPPI testing on a sampling basis by examining the contracts of these debt instruments.

To the shareholders of Ping An Insurance (Group) Company of China, Ltd.
(Incorporated in the People's Republic of China with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of loans and advances to customers and financial assets at amortized cost	
As at 31 December 2022, the Group's "loans and advances to customers" and "financial assets at amortized cost" represented 29% and 27% of total assets and the amounts of expected credit loss provision for "loans and advances to customers" and "financial assets at amortized cost" were RMB101,196 million and RMB44,827 million, respectively. We identified the impairment assessment of "loans and advances to customers" and "financial assets at amortized cost" as a key audit matter, as it involves significant management judgements and assumptions. The Group uses a number of models and assumptions in the measurement of expected credit losses, for example: – Significant increase in credit risk – The selection of criteria for identifying significant increase in credit risk is highly dependent on judgement and may have a significant impact on the expected credit losses for "loans and advances to customers" and "financial assets at amortized cost" with longer remaining periods to maturity. – Models and parameters – Inherently complex models are used to measure expected credit losses. Modelled parameters have numerous inputs and the parameter estimation involves many judgements and assumptions.	We evaluated and tested the design and operating effectiveness of key controls over the approval process, post approval credit management, credit rating system, collateral monitoring, deferred principal and interest payments as well as impairment assessment of "loans and advances to customers" and "financial assets at amortized cost", including relevant data quality and information systems. We adopted a risk-based sampling approach in our credit review procedures on "loans and advances to customers" and "financial assets at amortized cost". We assessed the debtors' repayment capacity and evaluated the Group's credit rating, taking into consideration post lending or investing investigation reports, debtors' financial information, collateral valuation reports and other available information. With the support of our internal experts, we evaluated and tested the important parameters of the expected credit loss model, management's significant judgements and related assumptions, mainly focusing on the following aspects. 1) Expected credit loss model: – In response to the macroeconomic changes, we assessed the reasonableness of the expected credit loss model methodology and related parameters, including probability of default, loss given default, exposure at default, and significant increase in credit risk. – Assessed the forward-looking information management used to determine expected credit losses, including the forecasts of macroeconomic variables and the assumptions and weightings of multiple macroeconomic scenarios. – Evaluated the models and the related assumptions used in individual impairment assessment and analysed the amount, timing and likelihood of management's estimated future cash flows, especially cash flows from collateral.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

Impairment assessment of loans and advances to customers and financial assets at amortized cost (continued)

- Forward-looking information – Expert judgement is used to create macroeconomic forecasts and to consider the impact on expected credit losses under multiple economic scenarios given different weights.

- Individual impairment assessment – Identifying credit impaired "loans and advances to customers" and "financial assets at amortized cost" requires consideration of a range of factors, and individual impairment assessments are dependent upon estimates of future cash flows.

Relevant disclosures are included in Note 2.(12), Note 3.(3), Note 26, Note 28 and Note 53.(3) to the consolidated financial statements.

How our audit addressed the key audit matter

2) Design and operating effectiveness of key controls:

- Evaluated and tested the data and processes used to determine expected credit losses, including business data, internal credit rating data, macroeconomic data, as well as impairment system computational logic, inputs and interfaces among relevant systems.

- Evaluated and tested key controls over expected credit loss models, including approval of model changes, ongoing monitoring of model performance, model validation and parameter calibration.

We evaluated and tested the design and operating effectiveness of internal controls related to disclosures of credit risk and impairment allowance.

FINANCIAL STATEMENTS

To the shareholders of Ping An Insurance (Group) Company of China, Ltd.
(Incorporated in the People's Republic of China with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities	
As at 31 December 2022, the Group's significant life insurance contract liabilities (long-term life insurance policyholders' reserves) and non-life insurance contract liabilities (unearned premium reserves and claim reserves) amounted to RMB2,742,989 million, representing 28% of total liabilities. We identified the valuation of insurance contract liabilities as a key audit matter, as it requires significant estimates and judgements, and could be significantly impacted by the changes in actuarial assumptions. The valuation of insurance contract liabilities involves significant judgement over uncertain future cash flows. Complex actuarial models and actuarial assumptions with highly judgemental nature are used to support the valuation of insurance contract liabilities. Key assumptions include mortality, morbidity, lapse rates, discount rates, expenses and loss ratios, etc. Relevant disclosures are included in Note 2.(2), Note 2.(30), Note 3.(4), Note 48 and Note 53.(1) to the consolidated financial statements.	With the support of our internal experts, we performed the following audit procedures: – Evaluated and tested the design and operating effectiveness of key controls over the valuation of insurance contract liabilities. – Assessed key actuarial assumptions by comparing them to historical experience of the Group and industry data. – Assessed the appropriateness of the actuarial valuation methodologies adopted by the Group. Independently built models to perform recalculation on insurance contract liabilities of selected typical life insurance products; and performed independent recalculation on non-life insurance contract liabilities, and compared our results to the management record. – Tested the completeness and accuracy of the underlying data used in the valuation of insurance contract liabilities. – Evaluated the overall reasonableness of the insurance contract liabilities by performing movement analysis and assessing the impact of changes in assumptions.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit and Risk Management Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

To the shareholders of Ping An Insurance (Group) Company of China, Ltd.
(Incorporated in the People's Republic of China with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Management Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is *Benny Bing Yin Cheung.*

Ernst & Young
Certified Public Accountants

Hong Kong
15 March 2023

FINANCIAL STATEMENTS

Consolidated Income Statement

For the year ended 31 December 2022

(in RMB million)	Notes	2022	2021
Gross written premiums	6	**769,633**	760,843
Less: Premiums ceded to reinsurers		**(21,967)**	(30,208)
Net written premiums	6	**747,666**	730,635
Change in unearned premium reserves		**(5,248)**	9,298
Net earned premiums		**742,418**	739,933
Reinsurance commission revenue		**6,150**	5,908
Interest revenue from banking operations	7	**228,784**	213,439
Interest revenue from non-banking operations	8	**124,276**	125,474
Fees and commission revenue from non-insurance operations	9	**45,982**	51,524
Investment income	10	**2,781**	78,039
Share of profits and losses of associates and joint ventures		**10,165**	7,346
Other revenues and other gains/(losses)	11	**60,795**	66,012
Total revenue		**1,221,351**	1,287,675
Gross claims and policyholders' benefits	12	**(645,263)**	(638,866)
Less: Reinsurers' share of claims and policyholders' benefits	12	**14,125**	20,204
Claims and policyholders' benefits		**(631,138)**	(618,662)
Commission expenses on insurance operations		**(70,380)**	(80,711)
Interest expenses on banking operations	7	**(97,688)**	(92,071)
Fees and commission expenses on non-insurance operations	9	**(9,928)**	(9,940)
Net impairment losses on financial assets	13	**(80,553)**	(90,494)
Net impairment losses on other assets	14	**(3,096)**	(14,548)
Foreign exchange gains/(losses)		**3,342**	1,267
General and administrative expenses		**(169,840)**	(177,061)
Interest expenses on non-banking operations		**(22,888)**	(28,082)
Other expenses		**(33,367)**	(37,793)
Total expenses		**(1,115,536)**	(1,148,095)
Profit before tax	15	**105,815**	139,580
Income tax	16	**1,617**	(17,778)
Profit for the year		**107,432**	121,802
Attributable to:			
– Owners of the parent		**83,774**	101,618
– Non-controlling interests		**23,658**	20,184
		107,432	121,802
Earnings per share attributable to ordinary equity holders of the parent:		RMB	RMB
– Basic	18	**4.80**	5.77
– Diluted	18	**4.73**	5.72

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

(in RMB million)	2022	2021
Profit for the year	**107,432**	121,802
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Changes in the fair value of debt instruments at fair value through other comprehensive income	**(1,741)**	2,094
Credit risks provision of debt instruments at fair value through other comprehensive income	**1,483**	2,076
Shadow accounting adjustments	**310**	(1,432)
Reserve from cash flow hedging instruments	**(350)**	(341)
Exchange differences on translation of foreign operations	**3,914**	(1,275)
Share of other comprehensive income of associates and joint ventures	**35**	117
Others	**–**	(171)
Items that will not be reclassified to profit or loss:		
Changes in the fair value of equity instruments at fair value through other comprehensive income	**6,255**	(6,257)
Shadow accounting adjustments	**(4,886)**	4,256
Share of other comprehensive income of associates and joint ventures	**59**	(1,143)
Other comprehensive income for the year, net of tax	**5,079**	(2,076)
Total comprehensive income for the year	**112,511**	119,726
Attributable to:		
– Owners of the parent	**88,097**	99,281
– Non-controlling interests	**24,414**	20,445
	112,511	119,726

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As at 31 December 2022

(in RMB million)	Notes	31 December 2022	31 December 2021
Assets			
Cash and amounts due from banks and other financial institutions	19	**770,751**	584,995
Balances with the Central Bank	20	**281,115**	308,348
Financial assets purchased under reverse repurchase agreements	21	**91,315**	61,429
Premium receivables	22	**72,280**	79,834
Accounts receivable		**36,118**	26,628
Derivative financial assets	23	**29,278**	30,957
Reinsurers' share of insurance liabilities	24	**24,969**	26,852
Policy loans		**188,765**	178,298
Finance lease receivable	25	**186,858**	200,701
Loans and advances to customers	26	**3,238,054**	2,980,975
Financial assets at fair value through profit or loss	27	**1,631,416**	1,426,677
Financial assets at amortized cost	28	**3,004,502**	2,768,995
Debt financial assets at fair value through other comprehensive income	29	**467,031**	428,530
Equity financial assets at fair value through other comprehensive income	30	**255,103**	268,215
Investments in associates and joint ventures	31	**280,793**	284,061
Statutory deposits for insurance operations	32	**14,444**	12,606
Investment properties	33	**114,763**	86,041
Property and equipment	34	**53,657**	49,758
Intangible assets	35	**99,411**	68,462
Right-of-use assets	36	**12,580**	14,185
Deferred tax assets	50	**92,846**	65,360
Other assets	37	**168,026**	154,117
Policyholder account assets in respect of insurance contracts	38	**19,467**	31,847
Policyholder account assets in respect of investment contracts	38	**3,626**	4,155
Total assets		**11,137,168**	10,142,026
Equity and liabilities			
Equity			
Share capital	39	**18,280**	18,280
Reserves	40	**255,730**	234,186
Treasury shares	43	**(10,996)**	(9,895)
Retained profits	40	**595,661**	569,834
Equity attributable to owners of the parent		**858,675**	812,405
Non-controlling interests	40	**316,623**	265,318
Total equity		**1,175,298**	1,077,723

(in RMB million)	Notes	31 December 2022	31 December 2021
Liabilities			
Due to banks and other financial institutions	44	**918,977**	797,646
Financial liabilities at fair value through profit or loss		**88,770**	57,376
Derivative financial liabilities	23	**39,738**	35,049
Assets sold under agreements to repurchase	45	**271,737**	127,477
Accounts payable		**10,349**	6,663
Income tax payable		**16,076**	16,247
Insurance payables		**153,508**	150,767
Policyholder dividend payable		**71,445**	67,276
Customer deposits and payables to brokerage customers	46	**3,431,999**	3,002,049
Bonds payable	47	**931,098**	1,097,523
Insurance contract liabilities	48	**3,567,749**	3,261,354
Investment contract liabilities for policyholders	49	**73,862**	72,839
Lease liabilities	36	**13,013**	14,208
Deferred tax liabilities	50	**14,217**	13,605
Other liabilities	51	**359,332**	344,224
Total liabilities		**9,961,870**	9,064,303
Total equity and liabilities		**11,137,168**	10,142,026

The financial statements on pages 176 to 334 were approved and authorized for issue by the Board of Directors on 15 March 2023 and were signed on its behalf.

MA Mingzhe	**XIE Yonglin**	**YAO Jason Bo**
Director	*Director*	*Director*

FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

(in RMB million)	Share capital	Share premium	Financial assets at FVOCI reserves	Shadow accounting adjustments	Others	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Treasury shares	Retained profits	Non-controlling interests	Total equity
	For the year ended 31 December 2022											
		Reserves										
As at 1 January	**18,280**	**111,598**	**(36,413)**	**25,957**	**21,345**	**12,164**	**101,108**	**(1,573)**	**(9,895)**	**569,834**	**265,318**	**1,077,723**
Profit for the year	-	-	-	-	-	-	-	-	-	**83,774**	**23,658**	**107,432**
Other comprehensive income for the year	-	-	**5,504**	**(4,548)**	**(252)**	-	-	**3,619**	-	-	**756**	**5,079**
Total comprehensive income for the year	-	-	**5,504**	**(4,548)**	**(252)**	-	-	**3,619**	-	**83,774**	**24,414**	**112,511**
Dividends declared (Note 17)	-	-	-	-	-	-	-	-	-	**(43,820)**	-	**(43,820)**
Appropriations to general reserves	-	-	-	-	-	-	**13,996**	-	-	**(13,996)**	-	-
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained profits	-	-	**131**	-	-	-	-	-	-	**(131)**	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	**(6,585)**	**(6,585)**
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	**42,437**	**42,437**
Equity transactions with non-controlling interests	-	-	-	-	**96**	-	-	-	-	-	**(2,959)**	**(2,863)**
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	**916**	**916**
Key Employee Share Purchase Plan (Note 41)	-	-	-	-	**85**	-	-	-	-	-	-	**85**
Long-term Service Plan (Note 42)	-	-	-	-	**(4,113)**	-	-	-	-	-	-	**(4,113)**
Acquisition of shares (Note 43)	-	-	-	-	-	-	-	-	**(1,101)**	-	-	**(1,101)**
Other equity instruments issued/redeemed by subsidiaries	-	-	-	-	-	-	-	-	-	-	**(7,164)**	**(7,164)**
Others	-	**6,497**	-	-	**529**	-	-	-	-	-	**246**	**7,272**
As at 31 December	**18,280**	**118,095**	**(30,778)**	**21,409**	**17,690**	**12,164**	**115,104**	**2,046**	**(10,996)**	**595,661**	**316,623**	**1,175,298**

(in RMB million)	Share capital	Share premium	Financial assets at FVOCI reserves	Shadow accounting adjustments	Others	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Treasury shares	Retained profits	Non-controlling interests	Total equity
	For the year ended 31 December 2021											
		Reserves										
As at 1 January	18,280	111,598	(33,923)	23,147	26,858	12,164	88,789	(362)	(5,995)	522,004	225,345	987,905
Profit for the year	-	-	-	-	-	-	-	-	-	101,618	20,184	121,802
Other comprehensive income for the year	-	-	(2,490)	2,810	(1,446)	-	-	(1,211)	-	-	261	(2,076)
Total comprehensive income for the year	-	-	(2,490)	2,810	(1,446)	-	-	(1,211)	-	101,618	20,445	119,726
Dividends declared (Note 17)	-	-	-	-	-	-	-	-	-	(41,469)	-	(41,469)
Appropriations to general reserves	-	-	-	-	-	-	12,319	-	-	(12,319)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5,452)	(5,452)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	13,621	13,621
Equity transactions with non-controlling interests	-	-	-	-	(1,029)	-	-	-	-	-	3,085	2,056
Contributions from non-controlling interests	-	-	-	-	739	-	-	-	-	-	2,844	3,583
Key Employee Share Purchase Plan (Note 41)	-	-	-	-	(170)	-	-	-	-	-	-	(170)
Long-term Service Plan (Note 42)	-	-	-	-	(3,890)	-	-	-	-	-	-	(3,890)
Acquisition of shares	-	-	-	-	-	-	-	-	(3,900)	-	-	(3,900)
Other equity instruments issued/redeemed by subsidiaries	-	-	-	-	-	-	-	-	-	-	7,068	7,068
Others	-	-	-	-	283	-	-	-	-	-	(1,638)	(1,355)
As at 31 December	18,280	111,598	(36,413)	25,957	21,345	12,164	101,108	(1,573)	(9,895)	569,834	265,318	1,077,723

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

(in RMB million)	Notes	2022	2021
Net cash flows from operating activities	57	**485,905**	90,116
Cash flows from investing activities			
Purchases of property and equipment, intangibles and other long-term assets		**(8,871)**	(12,186)
Proceeds from disposal of property and equipment, intangibles and other long-term assets, net		**568**	679
Proceeds from disposal of investments		**1,967,313**	2,016,480
Purchases of investments		**(2,367,474)**	(2,198,579)
Acquisition of subsidiaries, net		**(37,620)**	(366)
Disposal of subsidiaries, net		**507**	5,234
Interest received		**148,496**	168,173
Dividends received		**76,974**	60,234
Rentals received		**6,178**	4,620
Increase in policy loans, net		**(10,120)**	(16,356)
Net cash flows (used in)/from investing activities		**(224,049)**	27,933
Cash flows from financing activities			
Capital injected into subsidiaries by non-controlling interests		**3,104**	14,383
Proceeds from bonds issued		**773,258**	1,252,176
Increase/(decrease) in assets sold under agreements to repurchase of insurance operations, net		**118,446**	(169,860)
Proceeds from borrowings		**186,022**	197,965
Repayment of borrowings		**(1,206,226)**	(1,335,187)
Interest paid		**(28,209)**	(45,887)
Dividends paid		**(49,582)**	(46,942)
Increase in insurance placements from banks and other financial institutions, net		**2,266**	4,300
Payment of acquisition of shares		**(1,101)**	(3,900)
Payment of shares purchased for Long-term Service Plan		**(4,439)**	(4,184)
Repayment of lease liabilities		**(6,533)**	(7,634)
Payment of redemption for other equity instruments by subsidiaries		**(10,100)**	(3,051)
Others		**(7,565)**	11,409
Net cash flows used in financing activities		**(230,659)**	(136,412)
Net increase/(decrease) in cash and cash equivalents		**31,197**	(18,363)
Net foreign exchange differences		**8,569**	(3,260)
Cash and cash equivalents at the beginning of the year		**403,125**	424,748
Cash and cash equivalents at the end of the year	56	**442,891**	403,125

1. CORPORATE INFORMATION

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

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

These consolidated financial statements are presented in millions of Renminbi ("RMB") unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), amendments to IFRSs and interpretations issued by the International Accounting Standards Board ("IASB"), also comply with the applicable disclosure provisions of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and the applicable disclosure requirements of the *Hong Kong Companies Ordinance*. They have been prepared under the historical cost convention, except for some financial instruments and insurance contract liabilities.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

To the extent that a topic is not covered explicitly by IFRSs, the IFRSs framework permits reference to another comprehensive body of accounting principles, and therefore the Group has chosen to refer to the accounting practices currently adopted by insurance companies reporting under Accounting Standards for Business Enterprises.

(2) CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Changes in accounting estimates

Significant judgement is required in determining the economic assumptions, e.g., discount rates/ investment return, and non-economic assumptions, e.g., mortality, morbidity, lapse rates, policy dividend, and expenses, used in the measurement of insurance contract liabilities for the long-term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group has changed the above assumptions based on current information available as at 31 December 2022 (mainly due to change of the benchmark yield curve for the measurement of insurance contract liabilities), and updated the estimate of future cash flows, with the result of changes in the long-term life insurance contract liabilities being recognized in profit or loss. Consequently, the long-term life insurance policyholders' reserves were increased by RMB26,813 million as at 31 December 2022 and the profit before tax for the year ended 31 December 2022 was decreased by RMB26,813 million (the long-term life insurance policyholders' reserves were increased by RMB22,566 million as at 31 December 2021 and the profit before tax for the year ended 31 December 2021 was decreased by RMB22,566 million).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(3) ISSUED BUT NOT YET EFFECTIVE STANDARDS, AMENDMENTS AND INTERPRETATIONS

The Group has not applied the following new standards, which have been issued but are not yet effective.

IFRS 17, *Insurance Contracts*, was published on 18 May 2017. IFRS 17 established principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin representing the unearned profit of the contract. In June 2020, the IASB published the revised version of IFRS 17, stating that IFRS 17 is effective for financial years beginning on or after 1 January 2023. On 9 December 2021, the IASB amended IFRS 17 to add a transition option for a “classification overlay” to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17. The Group will adopt IFRS 17 on 1 January 2023. Compared with IFRS 4, IFRS 17 brings about significant changes on the following aspects:

Adjusting the recognition principles for insurance revenue and insurance service expenses. In accordance with IFRS 17, insurance revenue will be recognized over the coverage period based on the provision of services, and the investment component in insurance contracts will be excluded from profit or loss. As a result, revenue from long-term life insurance contracts will decrease significantly.

Investment component is an amount that an insurance contract requires the entity to repay to a policyholder in all circumstances, regardless of whether an insured event occurs.

Several amendments to the measurement of insurance contract liabilities. Main changes are as follows:

Revising measurement models for insurance contracts. Measurement methods include the general model, the variable fee approach, and the premium allocation approach by the nature of insurance contracts. The variable fee approach applies to long-term insurance contracts with direct participation features; the general model applies to other long-term insurance contracts; and the premium allocation approach applies to short-term insurance contracts.

Revising the measurement of contractual service margin (“CSM”). The effect of changes in fulfillment cash flows that relate to future service will be added to or deducted from the remaining CSM, while under the Group’s current accounting policies, the residual margin will be locked at inception and amortized over the coverage period. For insurance contracts subject to the variable fee approach, the insurer’s share of the change in the fair value of the underlying items and changes in other financial risks shall be regarded as changes in future service, for which the CSM shall be adjusted. Under IFRS 17, CSM will be more volatile.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(3) ISSUED BUT NOT YET EFFECTIVE STANDARDS, AMENDMENTS AND INTERPRETATIONS (CONTINUED)

Revising the method for determining the discount rate of insurance contract liabilities. In accordance with IFRS 17, the discount rate will be based on observable current market interest rates reflecting the characteristics of the insurance contracts, and the "top-down" approach or the "bottom-up" approach may be used. The Group has chosen the "bottom-up" approach, and the discount rate assumption is determined based on the risk-free interest rate with consideration of the tax and liquidity premium. Under IFRS 4, for long-term life insurance and long-term health insurance contracts where the future insurance benefits are not impacted by investment returns on the underlying asset portfolio, and with consideration of the Cai Kuai [2017] No.637 issued by the former CIRC and other relevant regulations, the discount rate assumption is based on the "benchmark yield curve for the measurement of insurance contract liabilities" published by the China Central Depository & Clearing Co., Ltd. ("CCDC"), with consideration of the impact of the tax and liquidity premium. For insurance contracts where the future insurance benefits are impacted by investment returns on the underlying asset portfolio, the discount rates are determined based on expected future investment returns on the underlying asset portfolio backing those liabilities. Under the general model, the Group chose to recognize changes in insurance contract liabilities arising from changes in financial variables (including the discount rate) in other comprehensive income; Under the variable fee approach, the Group chose to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income, so that the insurance finance income or expenses recognised in profit or loss can exactly match the income or expenses included in profit or loss for the underlying items.

Methods for measuring CSM at the transition date. Under IFRS 17, if full retrospective application is impracticable for a group of insurance contracts at the transition date, we shall apply either the modified retrospective approach or the fair value approach to estimate the CSM. The CSMs of most of the Group's contracts are measured under the modified retrospective approach, while those of the remaining contracts are measured under the fair value approach.

Redetermining the classifications of financial assets and optimizing the accounting match between assets and liabilities. Under IFRS 17, at the initial application date, the reporting entity may reassess the business models for managing financial assets and redetermine the classifications of financial assets held for activities related to insurance contracts. On the basis of the measurement of cash flows arising from performance of insurance contract liabilities linked to some debt investments measured at amortized cost, the Group reassessed the business model at the initial application date, and reclassified such debt investments measured at amortized cost as debt investments measured at fair value through other comprehensive income, to optimize the accounting match between insurance contract liabilities and related financial assets.

Optimizing the presentation of financial statements. IFRS 17 requires insurance companies to present the combination of rights and obligations arising from a group of insurance contracts or reinsurance contracts as a single insurance contract or reinsurance contract asset or liability in the statement of financial position. Accounting items such as policy loans and premium receivables shall no longer be presented separately. Moreover, IFRS 17 requires insurance companies to disaggregate the amounts recognized in profit or loss into the insurance service result and the investment service result according to profit drivers. This will make insurance companies' sources of profit clearer and more transparent.

Except for IFRS 17, there are no amendments to IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(4) BUSINESS COMBINATIONS AND GOODWILL

Business combinations that are not under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or a liability that is a financial instrument and within the scope of IFRS 9 is measured at fair value with changes in fair value either recognized in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRSs. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(5) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends, are eliminated on consolidation in full, unless the transaction provides evidence of an impairment of the transferred asset.

Total comprehensive income within a subsidiary is still attributed to the non-controlling interest even if it results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(6) SUBSIDIARIES

A subsidiary is an entity (including structured entities) over which the Company has control. The Company controls an entity when the Company has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

(7) STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual or related arrangements.

The Group determines whether it is an agent or a principal in relation to those structured entities in which the Group acts as an asset manager on management's judgement. If an asset manager is agent, it acts primarily on behalf of others and so does not control the structured entity. It may be principal if it acts primarily for itself, and therefore controls the structured entity.

The Group has determined that all of its trust products, debt investment plans, equity investment plans and asset funding plans, which are not controlled by the Group, are unconsolidated structured entities. Trust products, equity investment plans and asset funding plans are managed by affiliated or unaffiliated trust companies or asset managers and invest the funds raised in loans or equities of other companies. Debt investment plans are managed by affiliated or unaffiliated asset managers and its major investment objectives are infrastructure funding projects. Trust products, debt investment plans, equity investment plans and asset funding plans finance their operations by issuing beneficiary certificates which entitle the holders to agreed stake according to contractual terms in the respective trust products', debt investment plans', equity investment plans' and asset funding plans' income.

The Group holds beneficiary certificates in its trust products, debt investment plans, equity investment plans and asset funding plans.

(8) ASSOCIATES

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(8) ASSOCIATES (CONTINUED)

The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize impairment losses on the Group's investments in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment, as well as the gain on disposal of the associates, are recognized in profit or loss.

The results of associates are included in the Group's income statement to the extent of dividends received and receivable. The Group's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

(9) JOINT VENTURES

The Group has assessed the nature of its joint ventures and determined them to be joint ventures. The Group has rights to the net assets of these joint ventures. The Group's investments in its joint ventures are accounted for using the equity method of accounting, less any impairment losses. Refer to Note 2.(8) for details of the equity method of accounting.

(10) FOREIGN CURRENCIES

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss on change arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in profit or loss and other comprehensive income, respectively).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(10) FOREIGN CURRENCIES (CONTINUED)

The functional currency of most of overseas subsidiaries is the Hong Kong dollar. At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their income statements are translated into RMB at the average exchange rate for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange differences on translation of foreign operations reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates for their functional and currencies ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rate for the year.

(11) CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits, current accounts with the Central Bank and short term highly liquid investments including assets purchased under reverse repurchase agreements and others which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(12) FINANCIAL ASSETS

Recognition

The Group shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Classification and measurement

The Group classifies its financial assets in the following measurement categories, which depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows:

- those to be measured at amortized cost ("AC");
- those to be measured at fair value through other comprehensive income ("FVOCI"); or
- those to be measured at fair value through profit or loss ("FVPL").

The Group determines the classification of debt investments according to its business model and the contractual cash flow characteristics of the financial assets. The debt investments shall be classified as FVPL if the cash flows characteristics cannot pass the test on solely payments of principal and interest on the principal amount. Otherwise, the classification of debt investments will depend on the business model provided the fair value option is not elected. Investments in equity instruments are classified as FVPL in general, except those designated as at FVOCI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(12) FINANCIAL ASSETS (CONTINUED)

Classification and measurement (Continued)

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds, etc. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL are measured at amortized cost. Interest income from these financial assets is included in the interest revenue using the effective interest rate method. Any gain or loss arising from derecognition or impairment is recognized directly in profit or loss. Such assets held by the Group mainly include cash and amounts due from banks and other financial institution, balances with the Central Bank, accounts receivable, finance lease receivable, financial assets at AC, loans and advances to customers measured at AC, etc.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in the interest revenue using the effective interest rate method. Such assets held by the Group mainly include debt financial assets at FVOCI and loans and advances to customers measured at FVOCI, etc.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. The gains or losses from fair value changes on the debt investments measured at FVPL are recognized in profit or loss. The Group also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends, representing a return on such investments, continue to be recognized in profit or loss when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(12) FINANCIAL ASSETS (CONTINUED)

Impairment

Expected credit loss refers to the weighted average amount of credit loss of financial instruments based on the probability of default. Credit loss refers to the difference between all contractual cash flows that are due to the entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI, and with the exposure arising from loan commitments and financial guarantee contracts that are not accounted for as "insurance contracts". A number of significant judgements are required in measuring the expected credit loss("ECL"), such as:

i) Choosing appropriate models and assumptions for the measurement of ECL including exposure at default (EAD), probability of default (PD), loss given default (LGD), etc.;

ii) Determining criteria for significant changes in credit risk;

iii) Forward-looking information.

For the financial instruments subject to ECL measurement, the Group assesses the significant increase in credit risk since initial recognition or whether an instrument is considered to be credit impaired, outlines a "three-stage" model expected credit loss models are established and staging definition are set for each of these financial assets class. Incorporating forward-looking information, expected credit losses for financial assets are recognized into the different stages and measured the impairment provisions respectively.

Stage 1: A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group. The impairment provisions are measured at an amount equal to the 12-month expected credit losses for the financial assets which are not considered to have significantly increased in credit risk since initial recognition;

Stage 2: If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The impairment provisions are measured based on expected credit losses on a lifetime basis;

Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3". The impairment provisions are measured based on expected credit losses on lifetime basis.

For the financial instruments at Stage 1 and Stage 2, the interest income is calculated based on its gross carrying amount (i.e., amortized cost) before adjusting for impairment provision using the effective interest method. For the financial instruments at Stage 3, the interest income is calculated based on the carrying amount of the asset, net of the impairment provision, using the effective interest method. Financial assets that are originated or purchased credit impaired are financial assets that are impaired at the time of initial recognition, and the impairment provision for these assets is the expected credit loss for the entire lifetime since initial recognition as purchased or originated credit-impaired financial assets.

The Group recognizes or reverses the impairment provision through profit or loss. For debt instruments measured at FVOCI, impairment gains or losses are included in the net impairment losses on financial instruments and correspondingly reduce the accumulated changes in fair value included in the other comprehensive income reserves of equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(12) FINANCIAL ASSETS (CONTINUED)

Impairment (Continued)

For account receivables, the Group refers to historical experience of credit loss, combines with current situation and forward-looking information, formulate the lifetime expected credit loss of the financial assets.

For loan commitments' the loss allowance is recognized as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognized as a provision.

Derecognition

Financial assets are derecognized when:

(a) the contractual rights to receive the cash flows from the financial assets have expired;

(b) they have been transferred and the Group transfers substantially all the risks and rewards of ownership;

(c) they have been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

When the equity financial assets measured at FVOCI are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to retained profits. When the other financial assets are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

(13) FINANCIAL LIABILITIES

At initial recognition, the Group classifies a financial liability at fair value through profit or loss or other financial liabilities. The Group measures a financial liability at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial liability. Transaction costs of financial liabilities carried at FVPL are expensed in profit or loss.

When a financial liability (or part of it) is extinguished, the Group derecognizes the financial liability (or part of it). The difference between the carrying amount of the derecognized liability and the consideration is recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(13) FINANCIAL LIABILITIES (CONTINUED)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Financial liabilities held for trading are the financial liabilities that:

(a) are incurred principally for the purpose of repurchasing in the near term;

(b) on initial recognition are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;

(c) are derivatives (except for a derivative that is a designated and effective hedging instrument or a financial guarantee contract).

The above financial liabilities are subsequently measured at fair value. All the realized and unrealized gains/(losses) are recognized in profit or loss.

The Group may, at initial recognition, designate a financial liability as at fair value through profit or loss when one of the following criteria is met:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases;

(b) a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel;

(c) a contract contains one or more embedded derivatives, with the host being not an asset within the scope of IFRS 9, and the embedded derivative(s) do(es) significantly modify the cash flows.

Once designated as financial liabilities at fair value through profit or loss at initial recognition, the financial liabilities shall not be reclassified to other financial liabilities in subsequent periods. Financial liabilities designated at FVPL are subsequently measured at fair value. Any changes in fair value are recognized in profit or loss, except for changes in fair value arising from changes in the Group's own credit risk which are recognized in other comprehensive income. Changes in fair value due to changes in the Group's own credit risk are not subsequently reclassified to profit or loss upon derecognition of the liabilities.

Other financial liabilities

The Group measures other financial liabilities subsequently at amortized cost, using the effective interest method. Other financial liabilities of the Group mainly include customer deposits and payables to brokerage customers, short-term borrowings, long-term borrowings and bonds payable, etc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(13) FINANCIAL LIABILITIES (CONTINUED)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss, which incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. The Group initially measures such contracts at fair value. The fair value at inception is likely to equal the premium received. This amount is recognized rateably over the period of the contract in fees and commission income. Subsequently, the liabilities arising from the financial guarantee contracts are measured at the higher of premium received on the initial recognition less income recognized in accordance with the principles of IFRS 15, and the amount of impairment provision calculated as described in Note 2.(12) -impairment.

Apart from the above financial guarantee contracts issued by the Group's banking operations which are accounted for under IFRS 9, the Group has also regarded certain financial guarantee contracts as insurance contracts and has elected to apply IFRS 4 to such financial guarantee contracts.

(14) DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments mainly include interest rate swaps, forward currency contracts and swap transaction, credit swap and stock index futures, etc. Such derivative financial instruments are initially recognized at fair value on the date of which the related derivative contracts are entered into and are subsequently measured at fair value. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Except for those related to hedge accounting, the gains or losses from fair value changes of derivatives are recognized in profit or loss.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host-with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If a hybrid contract contains a host that is not an asset within the scope of IFRS 9, an embedded derivative shall be separated from the host and accounted for as a derivative if, and only if:

(a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss (i.e., a derivative that is embedded in the hybrid contract at fair value through profit or loss is not separated).

For the above assets, the Group may bifurcate the embedded derivative and measured it at fair value through profit or loss, or designate the entire hybrid instrument to be measured at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(15) FAIR VALUE OF FINANCIAL INSTRUMENTS

For financial instruments where there is active market, the fair value is determined by quoted prices in active markets. For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques should be appropriate in the circumstances for which sufficient data is available, and the inputs should be consistent with the objective of estimating the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions, and maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Such techniques include using recent prices in arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate for similar instruments. Certain financial instruments, including derivative financial instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

Determining whether to classify financial instruments into level 3 of the fair value hierarchy is generally based on the significance of the unobservable factors involved in valuation methodologies.

(16) OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(17) ASSETS PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS AND ASSETS SOLD UNDER REPURCHASE AGREEMENTS

Assets sold under repurchase agreements continue to be recognized but a liability is recognized and presented as "assets sold under agreements to repurchase" for the proceeds from selling such assets. The Group may be required to provide additional collateral based on the fair value of the underlying assets and such non-cash collateral assets continue to be recognized on the balance sheet. The difference between the selling price and repurchasing price is recognized as interest expense over the term of the agreement using the effective interest method.

The amounts advanced under these agreements are recognized and presented as "financial assets purchased under reverse repurchase agreements". The Group may not take physical possession of assets purchased under such agreements. In the event of default by the counterparty to repurchase the assets, the Group has the right to the underlying assets. The difference between the purchasing price and reselling price is recognized as interest income over the term of the agreement using the effective interest method.

Sale of assets under repurchase agreements and purchase of assets under reverse repurchase agreements conducted in the bank and securities businesses are included in the operating activities of consolidated statement of cash flows and sale of assets under repurchase agreements and purchase of assets under reverse repurchase agreements conducted in the insurance business are included in the financing and investing activities of consolidated statement of cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(18) FINANCE LEASE RECEIVABLE AND UNEARNED FINANCE INCOME

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. At the commencement of the lease term, the Group recognizes the minimum lease payments receivable by the Group, the initial direct costs and the unguaranteed residual value in the finance lease receivable. The difference between (a) the aggregate of the minimum lease payments, the unguaranteed residual value and the initial direct costs and (b) the aggregate of their present values is recognized as unearned finance lease income. Finance lease receivable net of unearned finance lease income which represents the Group's net investment in the finance lease is presented as finance lease receivable in the consolidated statement of financial position. Unearned finance lease income is allocated over the lease term based on a pattern reflecting a constant periodic return on the Group's net investment in the finance lease, and is recognized as "other revenues and other gains/(losses)".

The impairment provision measurement and derecognition of finance lease receivable are complied with the basic accounting policy of the financial assets (Note 2.(12)).The Group incorporates forward looking information in estimating the expected credit loss for finance lease receivable. The Group derecognizes finance lease receivables when the rights to receive cash flows from the finance lease have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Refer to Note 13 and Note 25 for details.

(19) PRECIOUS METALS

The Group's precious metals represent gold and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net recoverable amount. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in income statement.

(20) INVESTMENT PROPERTIES

Investment properties are interests in land and buildings that are held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, which is the fair value of the consideration given to acquire them, including transaction costs. Subsequently, all investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis, after taking into account the estimated residual value (1% to 10% of original cost), over the estimated useful lives. The estimated useful lives of investment properties vary from 15 to 40 years.

The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the individual investment properties.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Transfers to, or from, investment properties are made when, and only when, there is evidence of a change in use or the investment property is sold.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(21) PROPERTY AND EQUIPMENT

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the income statement in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal assumptions used for this purpose are as follows:

	Estimated residual values	Estimated useful lives
Leasehold improvements	–	Over the shorter of economic useful lives and terms of the leases
Buildings	0% – 10%	15 – 40 years
Equipment, furniture and fixtures	0% – 10%	3 – 15 years
Motor vehicles	0% – 15%	3 – 25 years

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(22) CONSTRUCTION IN PROGRESS

Construction in progress mainly represents costs incurred in the construction of building premises, as well as the cost of equipment pending installation, less any impairment losses.

No provision for depreciation is made on construction in progress until such time the relevant assets are completed and ready for use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(23) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized on the straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Core deposits

Core deposits are accounts that a financial institution expects to maintain for an extended period of time due to ongoing business relationships. The intangible asset value associated with core deposits reflects the present value of additional cash flow resulted from the use of the deposits at a lower cost alternative source of funding in the future periods.

Expressway operating rights

Expenditures on acquiring the expressway operating rights are capitalized as intangible assets and subsequently amortized on the straight-line basis over the contract terms.

Prepaid land premiums

Prepaid land premiums are prepayments for land under PRC law for fixed periods. Prepaid land premiums are initially stated at cost and subsequently amortized on the straight-line basis over the lease terms. All lands related to the Group’s prepaid land premiums are located in Mainland China.

Trademarks

Trademarks are initially stated at cost and subsequently amortized on the straight-line basis over the estimated useful lives.

The estimated useful lives of intangible assets are set as below:

	Estimated useful lives
Expressway operating rights	20 – 30 years
Prepaid land premiums	30 – 50 years, indefinite
Core deposits	20 years
Trademarks	10 – 40 years, indefinite
Software and others (including patents and know-how, customer relationships and contract rights, etc.)	2 – 25 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(24) FORECLOSED ASSETS

Foreclosed assets are initially recognized at fair value. The difference between the initial fair value and the sum of the related loan principal, interest receivable and impairment provision is taken into the income statement. At the end of the reporting period, the foreclosed assets are measured at the lower of their carrying value and net recoverable amount. When the carrying value of the foreclosed assets is higher than the net recoverable amount, a provision for the decline in value of foreclosed assets is recognized as impairment losses in the income statement.

(25) INVENTORIES

The Group's inventories comprise raw materials, product in progress, finished goods, other supplemental materials, etc. and lands purchased for property development by real estate subsidiaries. Inventory is initially measured at cost which includes purchasing cost, processing cost and other costs which made the inventory to the present place and condition.

The actual cost of inventory is priced based on moving weighted average method.

At the end of the reporting period, inventory is measured at the lower of its cost and net realizable value. If the net realizable value is lower than cost, inventory impairment provisions are allotted.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and related taxes. Estimates of net recoverable amount are based on the most reliable evidence available at the time the estimates are made, also taking into consideration the purpose for which the inventory is held and the influence of events after the end of the reporting period.

Inventory impairment provisions should be accrued when the cost of individual inventory item is higher than its net realizable value.

After allotting inventory impairment provisions, if the influencing factors of previous inventory impairment provisions have disappeared, and hence the net realizable value of the inventories are higher than their cost, the previous written down amount should be recovered and the reversed amount which is within the amount of original allotted inventory impairment provisions should be included in current profit and loss.

(26) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that a non-financial asset other than deferred tax assets may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. A non-financial asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of a non-financial asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(26) IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

For non-financial assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the income statement.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. The recoverable amount is the higher of its fair value less costs to disposal and its value-in-use, determined on an individual asset (or cash-generating unit) basis, unless the individual asset (or cash-generating unit) does not generate cash flows that are largely independent from those of other assets or groups of assets (or groups of cash-generating units). Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Intangible assets with indefinite useful lives are tested for impairment annually at each year end either individually or at the cash-generating unit level, as appropriate.

(27) INSURANCE GUARANTEE FUND

The Group calculates the insurance guarantee fund as follows:

- 0.8% of the premium income for non-investment type property insurance, 0.08% of the consideration received for investment type property insurance with guaranteed return, and 0.05% of the consideration received for investment type property insurance without guaranteed return;

- 0.15% of the consideration received for life insurance with guaranteed return, and 0.05% of the consideration received for life insurance without guaranteed return;

- 0.8% of the premium income for short-term health insurance, and 0.15% of the premium income for long-term health insurance; and

- 0.8% of the premium income for non-investment type accident insurance; 0.08% of the consideration received for investment type accident insurance with guaranteed return, and 0.05% of the consideration received for investment type accident insurance without guaranteed return.

No additional provision is required when the accumulated insurance guarantee fund balances of Ping An Life Insurance Company of China, Ltd. ("Ping An Life"), Ping An Annuity Insurance Company of China, Ltd. ("Ping An Annuity") and Ping An Health Insurance Company of China, Ltd. ("Ping An Health Insurance") reach 1% of their respective total assets. For Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty"), no additional provision is required when the accumulated balance reaches 6% of its total assets. Insurance guarantee fund levy is charged to expenses as incurred.

The consideration received and premium income used in the calculation of the insurance guarantee fund is the amount agreed in the insurance policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(28) INSURANCE CONTRACTS

Insurance contracts are those contracts under which the Group has accepted insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance contracts are classified as direct insurance contracts and reinsurance contracts. The significance of insurance risk as determined by the Group is mainly dependent on the magnitude of its potential effect.

Some insurance contracts contain both an insurance component and a deposit component. The Group chooses to unbundle those components, if the insurance component and the deposit component are distinct and separately measurable. The unbundled insurance component is accounted for according to IFRS 4 and the unbundled deposit component is accounted for according to relevant accounting policies. If the insurance component and the deposit component are not distinct and separately measurable, the whole contract is accounted for as an insurance contract.

(29) SIGNIFICANT INSURANCE RISK TESTING

For other insurance contracts issued by the Group, tests are performed to determine if the contracts contain significant insurance risk, and contracts of similar nature are grouped together for this purpose. When performing the significant insurance risk test, the Group makes judgements in sequence as to whether the contract transfers insurance risk, whether the contract has commercial substance, and whether the transferred insurance risk is significant.

(30) INSURANCE CONTRACT LIABILITIES

The insurance contract liabilities of the Group include long-term life insurance policyholders' reserves, unearned premium reserves and claim reserves.

When measuring insurance contract liabilities, the Group classifies insurance contracts whose insurance risks are of similar nature as a measurement unit. Property and casualty and short-term life insurance policies are grouped into certain measurement units by lines of business. For long-term life insurance policies, the Group mainly considers the characteristics of the policies, including product type, gender, age, and durations of policies, when determining the measurement units.

Insurance contract liabilities are measured based on a reasonable estimate of amount of payments when the Group fulfills the relevant obligations under the insurance contracts, which represents the difference between expected future cash outflows and inflows under such contracts, i.e., the expected future net cash outflows.

- Expected future cash outflows represent reasonable cash outflows which are necessary for the Group to fulfill the obligations under the insurance contracts (including benefits attributable to the policyholders), and mainly include:

  - Guaranteed benefits under the insurance contracts, including claims, mortality benefits, disability benefits, morbidity benefits, survival benefits and maturity benefits;

  - Non-guaranteed benefits under the insurance contracts arising from constructive obligations, including policyholder dividends, etc.;

  - Reasonable expenses necessary for policy administration and claims handling, including policy maintenance expenses, claim expenses, etc.

- Expected future cash inflows represent cash inflows arising from assuming liabilities under the insurance contracts, including premium income and other charges.

A reasonable estimate of expected future net cash flows is determined based on information currently available as at the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(30) INSURANCE CONTRACT LIABILITIES (CONTINUED)

Margins are considered and separately measured in determining insurance contract liabilities. Margins are released in the income statement over the insurance coverage period using systematic and reasonable methods. Margins include risk margin and residual margin.

- Risk margin represents provision for the uncertainty and the degree of impact associated with the future net cash flows. The Group determines risk margins of the long-term life insurance policyholders' reserves using the scenario comparison method. The unfavourable scenarios are determined according to the uncertainty and impact of expected net cash outflows.

- At inception of an insurance contract, any "day-one" gain is not recognized in the income statement, but included in the insurance contract liabilities as a residual margin. The residual margin is calculated net of certain acquisition costs, mainly consisting of commission expenses on insurance operations. At inception of an insurance contract, any "day-one" loss is recognized in the income statement. Any residual margin is subsequently measured based on the assumptions of the years when the policies become effective, and will not be adjusted for future change in assumptions. For non-life insurance contracts, the Group amortizes the residual margin which is embedded in the unearned premium reserves on a time basis during the whole insurance coverage period and records it in profit or loss. For life insurance contracts, the Group amortizes the residual margin on the basis of the sums insured or the number of policies during the whole insurance coverage period.

When measuring insurance contract liabilities, the time value of money is considered. The related future cash flows are discounted when the impact of time value of money is significant. For short duration contracts whose duration is within one year, the cash flows are not discounted. The discount rates used in the measurement of time value of money is determined with reference to information currently available as at the end of the reporting period and is not locked.

When measuring insurance contract liabilities, the expected period of future net cash outflows is the entire insurance period. For insurance policies with a guaranteed renewal option, the expected period is extended to the date when the option to renew policy ceases if the probability that the policyholders may execute the option is high and the Group does not have the right to reprice the premium.

Unearned premium reserves

The unearned premium reserves are provided for unexpired insurance obligations of property and casualty and short-term life insurance contracts.

Unearned premium reserves are measured using the unearned premium approach. At inception of the insurance contracts, unearned premium reserves are measured based on written premiums, with deductions made for commissions, insurance guarantee fund, regulatory charges and other incremental costs. Subsequent to initial recognition, unearned premium reserves are measured on a 1/365 basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(30) INSURANCE CONTRACT LIABILITIES (CONTINUED)

Claim reserves

Claim reserves are insurance contract liabilities provided for insurance claims of the property and casualty and short-term life insurance contracts. Claim reserves include incurred and reported reserves, incurred but not reported ("IBNR") reserves and claim expense reserves.

Incurred and reported reserves are measured at amounts not higher than the sum insured of the insurance contracts, using the case-by-case estimate method and average claim per case method, based on a reasonable estimate of ultimate claim amounts as well as margins.

IBNR are measured according to the nature and distribution of insurance risks, claims development, experience data, etc., using the chain ladder method, the Bornhuetter-Ferguson method, the loss ratio method and the average claim per case method, based on a reasonable estimate of ultimate claim amounts as well as margins.

Claim expense reserves are measured based on a reasonable estimate of ultimate necessary claim expenses in the future by using the case-by-case estimate method and ratio allocation method as well as margins.

Long-term life insurance policyholders' reserves

Long-term life insurance policyholders' reserves are insurance contract liabilities provided for long-term life and health insurance contracts.

The Group determines risk margins of the long-term life insurance policyholders' reserves using the scenario comparison method. The unfavourable scenarios are determined according to the uncertainty and impact of expected net cash outflows.

The key assumptions used in the measurement of long-term life insurance policyholders' reserves include insurance accident occurrence rates, lapse and surrender rates, expense assumptions, policy dividend assumptions, discount rate, etc. In deriving these assumptions, the Group uses information currently available as at the end of the reporting period. Changes in assumptions are recognized immediately in the income statement.

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed on the unearned premium reserves, claim reserves and long-term life insurance policyholders' reserves. If the insurance contract liabilities re-calculated with the insurance actuarial methods exceeds their carrying amounts on date of the liability adequacy test, an additional provision is made for the respective insurance contract liabilities based on the difference and is charged in the income statement. Otherwise, no adjustment is made for the respective insurance contract liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(31) DISCRETIONARY PARTICIPATION FEATURES IN LONG-TERM LIFE INSURANCE CONTRACTS AND INVESTMENT CONTRACTS

Some of the Group's long-term life insurance contracts and investment contracts contain a discretionary participating feature, which is a contractual right to receive additional benefits as a supplement to guaranteed benefits. These contracts are collectively called participating contracts. Under the current PRC insurance regulations, the Group is obligated to pay to the policyholders of participating contracts at least 70% of the distributable surplus in each period, which includes net investment spread arising from the assets supporting these contracts and mortality gains or losses on the pool of contracts to which the participating contract belongs. The amounts to be collectively allocated to the policyholders are referred to as the eligible surplus. The amount and timing of the subsequent distribution of the eligible surplus to individual policyholders of participating contracts is subject to future declarations by the Group. As long as the eligible surplus has not been declared and paid, it is included in the long-term life insurance policyholders' reserves and investment contract reserves. To the extent that there is a subsequent change in the expected future eligible surplus due to realized and unrealized gains, which may be paid to policyholders of participating insurance contracts in the future under the policy terms, such a change in surplus is included in long-term life insurance policyholders' reserves and investment contract reserves.

A shadow accounting adjustment is applied to recognize the change in surplus in other comprehensive income to the extent that such change is derived from unrealized gains or losses on supporting assets recognized directly in other comprehensive income.

(32) INVESTMENT CONTRACTS

Insurance policies that are not considered insurance contracts under IFRS 4 are classified as investment contracts. These policies do not contain significant insurance risk.

- Premium receipts are recognized not as premium income, but rather as liabilities, presented as investment contract liabilities. For those non-life investment type policies without guaranteed benefits, the related contract liabilities are measured at fair value and the related transaction costs are recognized in the income statement. For other investment contracts, the related liabilities are initially measured at fair value and subsequently measured at amortized cost. Commissions, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the initial amount of the liabilities.

- Charges including policy administration fees are recognized as other income during the period of service provided.

(33) INVESTMENT-LINKED BUSINESS

The individual investment-linked contracts of the Group contain significant insurance risks and are classified as insurance contracts. These policies also contain both insurance components and deposit components. The deposit components are unbundled from these hybrid insurance contracts. The rest of the contracts are accounted for as insurance contracts. The Group investment-linked contracts of the Group that do not contain significant insurance risks are classified as investment contracts.

The assets and liabilities related to investment-linked contracts which are regarded as insurance contracts are presented as policyholder account assets and liabilities in respect of insurance contracts. The assets and liabilities related to investment-linked contracts which are regarded as investment contracts are presented as policyholder account assets and liabilities in respect of investment contracts. The assets and liabilities of each investment-linked fund are segregated from each other and from the rest of the Group's invested assets for record keeping purposes. As the investment risks of investment-linked contracts were fully borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of risk management in Note 53.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(33) INVESTMENT-LINKED BUSINESS (CONTINUED)

The Group investment-linked contracts and the deposit component unbundled from the above individual investment-linked insurance contracts are accounted for as follows:

- ► Premium receipts are recognized not as premium income, but rather as liabilities, presented in policyholder account liabilities. These liabilities are initially measured and subsequently carried at fair value. Commissions, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the income statement.

- ► Charges including account management fees and surrender charges are calculated at a fixed amount or certain percentage of policy account liabilities. Account management fees are recognized as other income during the period of service provided and surrender charges are recognized as other income as incurred.

- ► Assets of investment-linked contracts are initially measured and subsequently carried at fair value, presented as policyholder account assets.

(34) UNIVERSAL LIFE BUSINESS

The universal life contracts of the Group contain significant insurance risks are classified as insurance contracts. These policies also contain both insurance components and deposit components. The deposit components are separated from these hybrid insurance contracts. The rest of the contracts are accounted for as insurance contracts as described in Note 2.(30).

The deposit components separated from the above universal life insurance contracts are accounted for as follows:

- ► Premium receipts are recognized not as premium income, but rather as liabilities, presented in policyholder contract deposits. These liabilities are initially measured at fair value and subsequently measured using a discounted cash flow model. Commissions, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the initial amount of the liabilities.

- ► Fair value changes on financial assets at FVOCI related to the universal life insurance portfolio are recognized in other comprehensive income. Changes in the insurance liabilities for the universal life insurance portfolio is also recognized in other comprehensive income to the extent that such change is derived from fair value changes on financial assets at FVOCI related to the universal life insurance portfolio attributable to policyholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(35) PROVISIONS

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognized is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

Except for contingent considerations deriving from or contingent liabilities assumed in business combinations and the provision recognized for the loss allowance of off-balance sheet credit exposure, contingent liabilities are recognized as provisions if the following conditions are met:

- ► An entity has a present obligation as a result of a past event;
- ► It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- ► A reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period with the consideration of risks, uncertainties and the present value. Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

The Group incorporates forward looking information in estimating the expected credit loss for loan commitments and financial guarantee contracts. Refer to Note 13 and Note 51 for details.

(36) REVENUE RECOGNITION

The Group's main revenue is recognized on the following bases:

Gross premium

Premium income and reinsurance premium income is recognized when the insurance contracts are issued, related insurance risk is undertaken by the Group, it is probable that related economic benefits will flow to the Group and related income can be reliably measured.

Premiums from long-term life insurance contracts with instalment or single payments are recognized as revenue when due. Premiums from property and casualty and short-term life insurance contracts are recognized as revenue based on the amount of total premium stated in the contracts.

Reinsurance premiums are recognized as revenue in accordance with the terms stated in the reinsurance contracts. Accounting policies for reinsurance contracts are described in Note 2.(37).

Income from investment contracts

Revenues from investment contracts issued by the Group are fees charged for policy administration, investment management, surrenders or other contract services. The fees may be for fixed amounts or vary with the amounts being managed, and will generally be charged as an adjustment to the policyholders' balance. The fees are recognized when, or as, the control of services is transferred to customers unless the related services still need to be provided in the future periods, in which fees should be recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Initiation and other front-end fees are charged for certain investment contracts recorded at amortized cost and are recognized through an adjustment to the effective yield.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(36) REVENUE RECOGNITION (CONTINUED)

Interest income

Interest income for interest bearing financial instruments, is recognized in the income statement using the effective interest rate method. When a financial asset is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Fees and commission income of non-insurance operations

The fees and commission income of non-insurance operations from a diverse range of services it provides to its customers are recognized when the control of services is transferred to customers. Fee income can be divided into the following main categories:

Fee income earned from services that are provided over a certain period of time

Fees earned from the provision of services over a period of time are accrued over that period. These fees include investment fund administration fees, custodian fees, fiduciary fees, credit related fees, asset management fees, portfolio and other management fees, advisory fees, etc. However, loan commitment fees for loans that are likely to be drawn down are deferred (together with any incremental costs) and recognized as an adjustment to the effective interest rate on the loan.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on the completion of the underlying transaction and the control of services is transferred to customers. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria. These fees may include underwriting fees, corporate finance fees and brokerage fees. Loan syndication fees are recognized in the income statement when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same effective interest rate as for the other participants.

Dividend income

Dividend income is recognized when the right to receive dividend payment is established.

Expressway toll fee income

Expressway toll fee income is recognized upon the completion of the performance obligation of services.

Sale of goods

Revenue from the sale of goods is recognized when control of the goods has been transferred. Control of goods or services refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods or services.

The amount of revenue from the sale of goods shall be measured by the transaction price, which is allocated to each performance obligation. The transaction price is the amount of consideration to be entitled in exchange for transferring promised goods to a customer. The Group considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Group considers the effects of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer.

The part with unconditional rights is recognized as a receivable by the Group, while the rest is recognized as contracts assets. And the impairment provisions of receivables and contracts assets are recognized based on ECL. If the consideration received or receivable from the contract exceeds the performance completed, the excess part would be recognized as contracts liabilities. The Group presents the net amount by the offsetting between contracts assets and contracts liabilities under one contact.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(37) REINSURANCE

The Group undertakes inward and outward reinsurance in the normal course of operations. All of the reinsurance business of the Group has significant insurance risk transfer.

Outward reinsurance business

Outward reinsurance arrangements do not relieve the Group from its obligations to policyholders. When recognizing premium income from insurance contracts, the Group determines the amount of premium ceded and reinsurers' share of expenses and recognize them through profit or loss according to reinsurance contracts. As for profit commission, the Group recognizes it as a reinsurance expense through profit or loss according to the reinsurance contracts when it is feasible to determine the amount of profit commission to be received from the reinsurers. When calculating unearned premium reserves, claim reserves and long-term life insurance policyholders' reserves of insurance contracts, the Group estimates the reinsurance related cash flows according to the reinsurance contracts, considers the risk margin when determining the amount of insurance contract reserves to be recovered from reinsurers, and recognizes reinsurers' share of insurance contract liabilities. When insurance contract liabilities are reduced for actual payment of claims and claim expenses, reinsurers' share of insurance contract liabilities are reduced accordingly. In the meantime, the Group determines the amount of claim expenses to be recovered from the reinsurers according to the reinsurance contracts and recognizes the amount through profit or loss. When there is an early termination of an insurance contract, the Group determines the adjustment amount of premium ceded and reinsurers' share of expenses according to the reinsurance contracts and recognizes the amount through profit or loss, and the balance of reinsurers' share of insurance contract liabilities is reversed accordingly.

As a cedent, the Group presents in the statement of financial position the assets arising from reinsurance contracts and the liabilities arising from insurance contracts separately instead of offsetting the assets and liabilities. The Group also presents in the income statement the income derived from reinsurance contracts and the expenses incurred for insurance contracts separately instead of offsetting the income and expenses.

Inward reinsurance business

During the period of recognizing reinsurance premium income, the Group determines reinsurance expenses according to the reinsurance contracts and recognizes the expenses through profit or loss. As for profit commission, the Group recognizes it as a reinsurance expense through profit or loss according to the reinsurance contracts when it is feasible to determine the amount of profit commission to be paid to the reinsurers.

Upon receipt of the statement of the reinsurance business, the Group adjusts the reinsurance premium income and reinsurance expenses, and then recognizes the adjusted amounts through profit or loss according to the ceding company statements.

(38) POLICYHOLDER DIVIDENDS

Policyholder dividends represent dividends payable by the Group to policyholders in accordance with the terms of direct insurance contracts. The dividends are calculated and provided based on the dividend allocation method and the results of actuarial valuation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(39) LEASES

Leases refer to a contract in which the lessor transfers the right to use the assets to the lessee for a certain period of time to obtain the consideration. Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases.

As lessor of operating leases

Where the Group is the lessor, assets leased by the Group under operating leases are included in investment properties and rentals receivable under such operating leases are credited to the income statement on the straight-line basis over the lease terms. Contingent rents are recognized as profit or loss in the period in which they are earned.

Group as a lessee

The Group mainly leases buildings as right-of-use assets. The Group applies the lease recognition exemption to short-term leases and leases of low-value assets, and does not recognize the right-of-use assets and lease liabilities. Lease payments on short-term leases and leases of low-value assets are recognized as costs of asset or expenses on a straight-line basis over the lease term. Except for lease applying lease recognition exemption, leases are recognized as a right-of-use asset at the date at which the lease begins, lease liabilities are initial measured at the present value of the lease payments that have not been paid. Lease payments include fixed payments, variable lease payment based on an index or a rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, etc. The variable lease payments determined on a certain percentage of sales are not included in the lease payments and are recognized in profit or loss when incurred.

Right-of-use assets are initial measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and deduct any lease incentives receivable. The right-of-use asset is depreciated over the asset's useful life on a straight-line basis if the Group can reasonably determine the ownership of the assets at the end of the lease term; The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term if the ownership of the assets is uncertain at the end of the lease term. When the recoverable amount is lower than the carrying amount of the right-of-use asset, the Group reduces its carrying amount to the recoverable amount.

(40) EMPLOYEE BENEFITS

Pension obligations

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by the related government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

Housing benefits

The employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

Medical benefits

The Group makes monthly contributions for medical benefits to the local authorities in accordance with the relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(41) SHARE-BASED PAYMENT

Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments.

The total amount to be expensed is determined by reference to the fair value of the shares granted, which includes the impact of market performance conditions (for example, an entity's share price) but excludes the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period) and includes the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time). The Group estimates the number of total shares expected to vest taking into consideration of service and non-market performance conditions. Based on number of shares expected to vest, related cost or expense is recognized over the vesting period according to fair value of the shares granted on granted date.

At the end of each reporting period, the Group revises its estimates of the number of options and awarded shares that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The Company settles with the awardees under the share purchase scheme upon vesting.

(42) SHARES HELD BY CONSOLIDATED STRUCTURED ENTITIES

The Group's subsidiaries consolidated certain asset management schemes that were managed by third parties. These asset management schemes invested in the insurance index shares which included the Company's shares. As such the Group indirectly hold the Company's shares. The employee share purchase scheme consolidated by the Group also hold the Company's shares. The consideration paid by the consolidated structured entities in purchasing the Company's shares from the market, including any directly attributable incremental cost, is debited to "Share premium" under "Reserves". No gain or loss shall be recognized in profit or loss on the sale of those shares, the consideration received is credited to "Share premium" under "Reserves".

(43) TAX

Income tax comprises current and deferred tax. Income tax is recognized in the income statement, or in other comprehensive income or in equity if it relates to items that are recognized in the same or a different period directly in other comprehensive income or in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(43) TAX (CONTINUED)

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed by the end of each reporting period and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(44) DIVIDENDS

When the final dividends proposed by the directors have been approved by the shareholders and declared, they are recognized as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(45) RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

Or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same Group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(46) SEGMENT REPORTING

For management purposes, the Group is organized into operating segments based on the internal organization structure, management requirements and internal reporting. The reportable segments are determined and disclosed based on operating segments and the presentation is consistent with the information reported to the Board of Directors.

Operating segments refer to the Group's component that satisfies the following conditions:

(a) The component produces income and expenses in its daily operation;

(b) The management of the Company regularly assesses the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment;

(c) The Group is able to obtain the accounting information such as the financial position, operating results and cash flows of the component.

Two or more operating segments can be merged as one if they have similar characteristics and satisfy certain conditions.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities in these financial statements. Estimates and judgements are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgements and accounting estimation, which have the significant effect on the amounts recognized in the financial statements.

(1) FAIR VALUE OF FINANCIAL INSTRUMENTS DETERMINED USING VALUATION TECHNIQUES

Fair value, in the absence of an active market, is estimated by using valuation techniques, applying currently applicable and sufficiently available data, and the valuation techniques supported by other information, mainly include market approach and income approach, reference to the recent arm's length transactions, current market value of another instrument which is substantially the same, and by using the discounted cash flow analysis and option pricing models.

When using valuation techniques to determine the fair value of financial instruments, the Group would choose the input value in consistent with market participants, considering the transactions of related assets and liabilities. All related observable market parameters are considered in priority, including interest rate, foreign exchange rate, commodity prices and share prices or index. When related observable parameters are unavailable or inaccessible, the Group uses unobservable parameters and makes estimates for credit risk, market volatility and liquidity adjustments.

Using different valuation techniques and parameter assumptions may lead to significant difference of fair value estimation.

(2) CLASSIFICATION OF FINANCIAL ASSETS

The judgements in determining the classification of financial assets include the analysis of business models and the contractual cash flows characteristics.

An entity's business model refers to how an entity manages its financial assets in order to generate cash flows. That is, the entity's business model determines whether cash flows are arising from collecting contractual cash flows, selling financial assets or both. The business model of managing financial assets is not determined by a single factor or activity. Instead, the entity should consider all relevant evidence available when making the assessment. Relevant evidence mainly includes, but not limited to, how the cash flow of the group of assets is collected, how the performance of the group of assets is reported to key management personnel, and how the risk of group of assets is being assessed and managed.

The contractual cash flows characteristics of financial assets refer to the cash flow attributes of the financial assets reflecting the economic characteristics of the relevant financial assets (i.e., whether the contractual cash flows generated by the relevant financial assets on a specified date solely represents the payments of principal and interest). The principal amount refers to the fair value of the financial asset at initial recognition. The principal amount may change throughout the lifetime of the financial assets due to prepayment or other reasons. The interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, other basic lending credit risks, and the consideration of costs and profits.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(3) MEASUREMENT OF THE EXPECTED CREDIT LOSSES

The measurement of the expected credit losses for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 53.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(4) MEASUREMENT UNIT AND VALUATION OF INSURANCE CONTRACT LIABILITIES

The Group makes significant judgements on whether a group of insurance contracts' insurance risks are of the same nature. Different measurement units would affect the measurement of insurance contract liabilities.

At the end of the reporting period, when measuring the insurance contract liabilities, the Group needs to make a reasonable estimate of amounts of the payments which the Group is required to make in fulfilling the obligations under the insurance contracts, based on information currently available at the end of the reporting period.

At the end of the reporting period, the Group shall make an estimate of the assumptions used in the measurement of insurance contract liabilities. Such assumptions shall be determined based on information currently available at the end of the reporting period. To determine these assumptions, the Group selects proper risk margins according to both uncertainties and degree of impact of expected future cash outflows. Refer to Note 2.(2) for the changes in accounting policies and estimates.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(4) MEASUREMENT UNIT AND VALUATION OF INSURANCE CONTRACT LIABILITIES (CONTINUED)

The main assumptions used in the measurement of insurance contract liabilities are as follows:

- For long-term life insurance contracts where the future insurance benefits are not affected by investment return of the underlying asset portfolio, with consideration of the Cai Kuai [2017] No.637 issued by the former CIRC and other relevant regulations, the discount rate assumption is based on the benchmark yield curve for the measurement of insurance contract liabilities published by the China Central Depository & Clearing Co., Ltd. ("CCDC"), with consideration of the impact of the tax and liquidity premium. The current discount rate assumption for the measurement as at 31 December 2022 ranged from 2.66% to 4.60% (31 December 2021: 2.83%-4.60%).

  For long-term non-life insurance contracts where the future insurance benefits are not affected by investment return of the underlying asset portfolio, as the risk margin has no material impact on the reserve measurement, the discount rate assumption used is the benchmark yield curve for the measurement of insurance contract liabilities published by the CCDC.

  For long-term life insurance contracts where the future insurance benefits are affected by investment return of the underlying asset portfolio, the discount rates are determined based on expected future investment returns of the asset portfolio backing those liabilities. The future investment returns assumption for the measurement as at 31 December 2022 ranged from 4.75% to 5.00% (31 December 2021: 4.75%–5.00%).

  For short-term insurance contracts liabilities whose duration is within one year, the future cash flows are not discounted.

  The discount rate and investment return assumptions are affected by the future macro-economy, capital market, investment channels of insurance funds, investment strategy, etc., and therefore subject to uncertainty.

- The Group uses reasonable estimates, based on market and actual experience and expected future development trends, in deriving assumptions of mortality rates, morbidity rates, disability rates, etc.

  The assumption of mortality rates is based on the Group's prior experience data on mortality rates, estimates of current and future expectations, the industrial benchmark, the understanding of the China insurance market as well as the risk margin. The assumption of mortality rates is presented as a percentage of "China Life Insurance Mortality Table (2010-2013)", which is the industry standard for life insurance in China.

  The assumption of morbidity rates is determined based on the industrial benchmark, the Group's assumptions used in product pricing, experience data of morbidity rates, and estimates of current and future expectation as well as the risk margin.

  The assumptions of mortality and morbidity rates are affected by factors such as changes in lifestyles of national citizens, social development, and improvement of medical treatment, and hence subject to uncertainty.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(4) MEASUREMENT UNIT AND VALUATION OF INSURANCE CONTRACT LIABILITIES (CONTINUED)

- The Group uses reasonable estimates, based on actual experience and future development trends, in deriving lapse rate assumptions.

  The assumptions of lapse rates are determined by reference to different pricing interest rates, product categories and sales channels.

- The Group uses reasonable estimates, based on an expense study and future development trends, in deriving expense assumptions. If the future expense level becomes sensitive to inflation, the Group will consider the inflation factor as well in determining expense assumptions.

  The expense assumptions include assumptions of acquisition costs and maintenance costs. The assumption of maintenance costs also has a risk margin.

- The Group uses reasonable estimates, based on expected investment returns of participating insurance accounts, participating dividend policy, policyholders' reasonable expectations, etc. in deriving policy dividend assumptions.

  The assumption of participating insurance accounts is affected by the above factors, and hence bears uncertainty. As at 31 December 2022, policyholder dividend assumption with a risk margin was determined based on 80% (31 December 2021:85%) of the interest and mortality surplus for individual participating business.

- In the measurement of unearned premium reserves for the property and casualty insurance and short-term life insurance business, the Group applies the cost of capital approach and considers the insurance industry guideline ranged from 3% to 6% to determine risk margins.

The major assumptions needed in measuring claim reserves include the claim development factor and expected claim ratio, which can be used to forecast trends of future claims so as to estimate the ultimate claim expenses. The claim development factors and expected claim ratio of each measurement unit are based on the Group's historical claim development experience and claims paid, with consideration of adjustments to company policies like underwriting policies, level of premium rates, claim management and the changing trends of external environment such as macroeconomic, regulations, and legislation. In the measurement of claim reserves, the Group applies the cost of capital approach and considers insurance industry guideline ranged from 2.5% to 5.5% to determine risk margins.

(5) CLASSIFICATION AND UNBUNDLING/SEPARATION OF INSURANCE CONTRACTS AND SIGNIFICANT INSURANCE RISK TESTS

The Group makes significant judgements on whether a written policy undertake both insurance risks and other risks, whether contains both an insurance component and a deposit component and whether the insurance component and deposit component are distinct and separately measurable. Such judgement affects the unbundling/separation of insurance contracts.

The Group makes significant judgements on whether the contract transfers insurance risk, whether transfer of insurance risk has commercial substance, and whether the transferred insurance risk is significant when performing significant insurance risk tests. Such judgement affects the classification of insurance contracts.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(5) CLASSIFICATION AND UNBUNDLING/SEPARATION OF INSURANCE CONTRACTS AND SIGNIFICANT INSURANCE RISK TESTS (CONTINUED)

When determining whether the policies transfer a significant insurance risk, the Group makes the following judgements for different policies:

- If the insurance risk ratio of a non-annuity policy is equal or greater than 5% at one or more points in time during the policy coverage period, the Group classifies it as an insurance contract. The insurance risk ratio of a direct insurance policy is the percentage of the benefits to be paid when the insured event occurs divided by the amounts to be paid when the insured event does not occur minus 100%;

- Annuity policies where the longevity risk is transferred are classified as insurance contracts;

- If a property and casualty insurance or a short-term life insurance policy obviously meets the criteria for significant insurance risk transfer, the Group directly classifies it as an insurance contract.

When determining whether a reinsurance policy transfers significant insurance risks, judgement is made on a comprehensive understanding of the commercial substance of the reinsurance policy and other relevant contracts and agreements. If the reinsurance risk ratio of the reinsurance policy is greater than 1%, the Group classifies it as a reinsurance contract. The reinsurance risk ratio of a reinsurance policy is derived from the present value of probability-weighted average net losses where the reinsurer incurs a net loss divided by expected premium income of the reinsurer. If a reinsurance policy obviously transfers a significant insurance risk, the Group directly classifies it as a reinsurance contract without calculating the reinsurance risk ratio.

When performing significant insurance risk testing, the Group would group all policies of the same product with similar risk characteristics into the same portfolio. The Group would then select sufficient and representative policy samples from each policy portfolio to perform individual testing.

The unbundling/separation and classification of insurance contracts would affect the Group's revenue recognition, liability measurement and financial statement presentation.

(6) DETERMINATION OF CONTROL OVER THE STRUCTURED ENTITIES

To determine whether the Group controls the structured entities of which the Group acts as an asset manager, management applies judgement based on all relevant fact and circumstance to determine whether the Group is acting as the principal or agent for the structured entities. If the Group is acting as the principal, it has control over the structured entities. In assessing whether the Group is acting as the principal, the Group considers factors such as scope of the asset manager's decision-making authority, rights held by other parties, remuneration to which it is entitled, and exposure to variable returns results from its additional involvement with structured entities. The Group will perform reassessment once the fact and circumstance changes leading to changes in above factors.

For further disclosure in respect of the maximum risk exposure of unconsolidated structured entities of the Group, see Note 53.(8).

4. SCOPE OF CONSOLIDATION

(1) Particulars of the Company's principal subsidiaries as at 31 December 2022 are set out below:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Ping An Life	Shenzhen, Corporation	Life insurance, Shenzhen	99.51%	-	99.51%	33,800,000,000
Ping An Property & Casualty	Shenzhen, Corporation	Property and casualty insurance, Shenzhen	99.55%	-	99.55%	21,000,000,000
Ping An Bank Co., Ltd. (ii) ("Ping An Bank")	Shenzhen, Corporation	Banking, Shenzhen	49.56%	8.40%	58.00%	19,405,918,198
Ping An Trust Co., Ltd.	Shenzhen, Corporation	Investment and trust, Shenzhen	99.88%	-	99.88%	13,000,000,000
Ping An Securities Co., Ltd. ("Ping An Securities")	Shenzhen, Corporation	Securities investment and brokerage, Shenzhen	40.96%	55.59%	96.62%	13,800,000,000
Ping An Annuity (iii)	Shanghai, Corporation	Annuity insurance, Shanghai	94.18%	5.79%	100.00%	11,603,419,173
Ping An Asset Management Co., Ltd.	Shanghai, Corporation	Asset management, Shanghai	98.67%	1.33%	100.00%	1,500,000,000
Ping An Health Insurance (iii)	Shanghai, Corporation	Health insurance, Shanghai	74.33%	0.68%	75.01%	4,616,577,790
China Ping An Insurance Overseas (Holdings) Limited	Hong Kong, Corporation	Investment holding, Hong Kong	100.00%	-	100.00%	HKD7,085,000,000
China Ping An Insurance (Hong Kong) Company Limited	Hong Kong, Corporation	Property and casualty insurance, Hong Kong	-	100.00%	100.00%	HKD490,000,000
Ping An International Financial Leasing Co., Ltd. ("Ping An Financial Leasing")	Shanghai, Corporation	Financial leasing, Shanghai	69.44%	30.56%	100.00%	14,500,000,000
Ping An of China Asset Management (Hong Kong) Company Limited (iii)	Hong Kong, Corporation	Asset management, Hong Kong	-	100.00%	100.00%	HKD395,000,000
Shenzhen Ping An Innovation Capital Investment Co., Ltd.	Shenzhen, Corporation	Investment holding, Shenzhen	-	99.88%	100.00%	4,000,000,000
Ping An Trendwin Capital Management Co., Ltd.	Shanghai, Corporation	Investment consulting, Shanghai	-	99.75%	100.00%	100,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2022 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Ping An Real Estate Co., Ltd. (iii) ("Ping An Real Estate")	Shenzhen, Corporation	Property management and investment management, Shenzhen	-	99.62%	100.00%	21,160,523,628
Ping An Technology (Shenzhen) Co., Ltd.	Shenzhen, Corporation	IT services, Shenzhen	37.66%	62.34%	100.00%	5,310,315,757
Shenzhen Ping An Finserve Co., Ltd.	Shenzhen, Corporation	IT and business process outsourcing services, Shenzhen	-	100.00%	100.00%	598,583,070
Ping An E-wallet Electronic Commerce Company Limited ("Ping An E-wallet")	Shenzhen, Corporation	Internet service, Shenzhen	-	77.14%	78.63%	1,000,000,000
eLink Commerce Company Limited	Hong Kong, Corporation	E-commerce trade, Hong Kong	-	99.89%	100.00%	HKD25,124,600
Shenzhen Wanlitong Network Information Technology Co., Ltd.	Shenzhen, Corporation	Custom loyalty service, Shenzhen	-	77.14%	100.00%	200,000,000
Shenzhen Ping An Commercial Property Investment Co., Ltd. ("Ping An Commercial Property Investment")	Shenzhen, Corporation	Property leasing and property management, Shenzhen	-	99.50%	99.99%	1,567,000,000
Ping An Futures Co., Ltd.	Shenzhen, Corporation	Futures brokerage, Shenzhen	-	96.66%	100.00%	721,716,042
Shenzhen Ping An Real Estate Investment Co., Ltd.	Shenzhen, Corporation	Real estate investment and management, Shenzhen	-	100.00%	100.00%	1,310,000,000
Shanghai Pingpu Investment Co., Ltd.	Shanghai, Corporation	Investment management, Shanghai	-	99.51%	100.00%	9,130,500,000
Ansheng Investment Company Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	99.51%	100.00%	USD50,000
Shenzhen Ping An Financial Technology Consulting Co., Ltd. ("Ping An Financial Technology")	Shenzhen, Corporation	Corporation management advisory services, Shenzhen	100.00%	-	100.00%	30,406,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2022 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Ping An Tradition International Money Broking Company Ltd.	Shenzhen, Corporation	Currency brokerage, Shenzhen	-	66.92%	67.00%	50,000,000
Pingan Haofang (Shanghai) E-commerce Co., Ltd.	Shanghai, Corporation	Property agency, Shanghai	-	100.00%	100.00%	1,930,000,000
Ping An Wealthtone Investment Management Co., Ltd.	Shenzhen, Corporation	Asset management, Shenzhen	-	68.11%	100.00%	800,000,000
Ping An Fund Management Company Limited	Shenzhen, Corporation	Fund raising and distribution, Shenzhen	-	68.11%	68.19%	1,300,000,000
Shenzhen Ping An Financial Center Development Company Ltd.	Shenzhen, Corporation	Property leasing and property management, Shenzhen	-	99.51%	100.00%	6,688,870,000
Ping An Insurance Sales Services Co., Ltd.	Shenzhen, Corporation	Sales agency of insurance, Shenzhen	-	75.10%	75.10%	515,000,000
Ping An Chuang Zhan Insurance Sales & Service Co., Ltd.	Guangzhou, Corporation	Insurance agent, Shenzhen	-	99.55%	100.00%	50,000,000
Reach Success International Company Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	99.51%	100.00%	USD50,000
Jade Reach Investment Company Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	99.51%	100.00%	USD50,000
Shenyang Shengping Investment Management Co., Ltd.	Shenyang, Corporation	Property management and investment management, Shenyang	-	99.51%	100.00%	419,000,000
Tongxiang Ping An Investment Co., Ltd.	Jiaxing, Corporation	Investment management, Jiaxing	-	99.62%	100.00%	500,000,000
Ping An Commercial Factoring Co., Ltd. (iii)	Shanghai, Corporation	Commercial factoring, Shanghai	-	100.00%	100.00%	2,700,000,000
Shanxi Changjin Expressway Co., Ltd.	Taiyuan, Corporation	Expressway operation, Jincheng	-	59.71%	60.00%	750,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2022 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Shanxi Jinjiao Expressway Co., Ltd.	Taiyuan, Corporation	Expressway operation, Jincheng	-	59.71%	60.00%	504,000,000
Ping An Caizhi Investment Management Company Limited	Shenzhen, Corporation	Equity investment, Shenzhen	-	96.55%	100.00%	600,000,000
Ping An of China Securities (Hong Kong) Company Limited	Hong Kong, Corporation	Investment holding, Hong Kong	-	96.55%	100.00%	HKD663,514,734
Ping An of China Futures (Hong Kong) Company Limited	Hong Kong, Corporation	Futures brokerage, Hong Kong	-	96.55%	100.00%	HKD20,000,000
Ping An of China Capital (Hong Kong) Company Limited	Hong Kong, Corporation	Investment management, Hong Kong	-	96.55%	100.00%	HKD20,000,000
China PA Securities (Hong Kong) Company Limited	Hong Kong, Corporation	Securities investment and brokerage, Hong Kong	-	96.55%	100.00%	HKD440,000,000
Shanghai Lufax Fund Sales Co., Ltd.	Shanghai, Corporation	Fund sales, Shanghai	-	100.00%	100.00%	20,000,000
Fuer Insurance Broker Co., Ltd.	Shanghai, Corporation	Insurance brokerage service, Shanghai	-	100.00%	100.00%	50,000,000
Beijing Shuangronghui Investment Co., Ltd.	Beijing, Corporation	Property leasing, Beijing	-	99.51%	100.00%	256,323,143
Chengdu Ping An Property Investment Co., Ltd.	Chengdu, Corporation	Real estate investment and management, Chengdu	-	99.51%	100.00%	840,000,000
Hangzhou Pingjiang Investment Co., Ltd.	Hangzhou, Corporation	Real estate development and management, Hangzhou	-	99.51%	100.00%	1,430,000,000
Beijing Jingxinlize Investment Co., Ltd.	Beijing, Corporation	Investment management, Beijing	-	99.51%	100.00%	1,160,000,000
Anbon Allied Investment Company Limited	Hong Kong, Corporation	Real estate investment and management, United Kingdom	-	99.51%	100.00%	GBP90,000,160

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4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2022 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Talent Bronze Limited	Hong Kong, Corporation	Real estate investment and management, United Kingdom	-	99.51%	100.00%	GBP133,000,000
Ping An Pioneer Capital Co., Ltd.	Shenzhen, Corporation	Financial products and equity investment, Shenzhen	-	96.55%	100.00%	1,000,000,000
Shenzhen Pingke Information Consulting Co., Ltd.	Shenzhen, Corporation	Management consulting, Shenzhen	-	100.00%	100.00%	5,092,341,943
Beijing Jingping Shangdi Investment Co., Ltd.	Beijing, Corporation	Property leasing, Beijing	-	99.51%	100.00%	45,000,000
Guangzhou Xinping Property Investment Co., Ltd.	Guangzhou, Corporation	Property leasing, Guangzhou	-	99.51%	100.00%	50,000,000
Shanghai Jahwa (Group) Company Ltd. ("Shanghai Jahwa")	Shanghai, Corporation	Production and sale of consumer chemicals, Shanghai	-	99.51%	100.00%	5,268,261,234
Shanghai Jahwa United Co., Ltd.	Shanghai, Corporation	Industry, Shanghai	-	51.36%	51.68%	679,634,461
Falcon Vision Global Limited	British Virgin Islands, Corporation	Investment management, Shanghai	-	99.51%	100.00%	USD50,000
Shanghai Zean Investment Management Company Limited	Shanghai, Corporation	Property leasing, Shanghai	-	99.51%	100.00%	4,810,000,000
PA Dragon LLC	USA, Corporation	Logistics and real estate, USA	-	99.52%	100.00%	USD143,954,940
Shanghai Pingan Automobile E-commerce Co., Ltd.	Shanghai, Corporation	E-commerce, Shanghai	-	94.74%	94.74%	63,330,000
Shanghai Gezhouba Yangming Property Co., Ltd.	Shanghai, Corporation	Real estate development and management, Shanghai	-	99.51%	100.00%	20,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2022 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Shanghai Jinyao Investment Management Co., Ltd.	Shanghai, Corporation	Investment management, Shanghai	-	99.05%	100.00%	1,290,000,000
Shanghai Pingxin Asset Management Co., Ltd.	Shanghai, Corporation	Asset management, Shanghai	-	100.00%	100.00%	1,010,000,000
Shenzhen Qianhai Credit Service Centre Co., Ltd.	Shenzhen, Corporation	Credit information services, Shenzhen	-	100.00%	100.00%	345,075,000
Pingan Real Estate Capital Limited	Hong Kong, Corporation	Investment platform, Hong Kong	-	99.62%	100.00%	2,536,129,600
Shenzhen Qianhai Inclusive Crowdfunding & Trading Co., Ltd.	Shenzhen, Corporation	Investment consulting, Shenzhen	-	100.00%	100.00%	100,000,000
Guangzhou Ping An Good Loan Microfinance Co., Ltd.	Guangzhou, Corporation	Micro loan, Guangzhou	-	100.00%	100.00%	600,000,000
Ping An International Financial Leasing (Shenzhen) Co., Ltd.	Shenzhen, Corporation	Financial leasing, Shenzhen	-	100.00%	100.00%	1,800,000,000
An Ke Technology Company Limited	Hong Kong, Corporation	Investment management and investment consulting, Hong Kong	-	100.00%	100.00%	USD582,996,000
Ping An Pay Technology Service Co., Ltd.	Shenzhen, Corporation	Internet service, Shenzhen	-	77.14%	100.00%	680,000,000
Ping An Pay Electronic Payment Co., Ltd.	Shanghai, Corporation	Internet service, Shanghai	-	77.14%	100.00%	489,580,000
Tongxiang Anhao Investment Management Co., Ltd.	Jiaxing, Corporation	Investment management, Jiaxing	-	99.81%	100.00%	300,000,000
Ping An Infrastructure Investment Fund Management Co., Ltd.	Shenzhen, Corporation	Investment management, Shenzhen	-	98.01%	99.00%	1,000,000,000
Ping An Fortune Management Co., Ltd.	Shanghai, Corporation	Consulting services, Shanghai	-	100.00%	100.00%	100,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2022 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Shenzhen Dingshuntong Investment Co., Ltd. ("Dingshuntong Investment")	Shenzhen, Corporation	Investment consulting, Shenzhen	-	100.00%	100.00%	100,000,000
Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd. ("Evergreen Investment Development")	Shenzhen, Corporation	Investment consulting, Shenzhen	-	100.00%	100.00%	1,500,100,000
Ping An International Financial Leasing (Tianjin) Co., Ltd.	Tianjin, Corporation	Financial leasing, Tianjin	-	100.00%	100.00%	10,400,000,000
Shenzhen Anpu Development Co., Ltd.	Shenzhen, Corporation	Logistics and warehousing, Shenzhen	-	79.61%	80.00%	5,625,000,000
China PA Asset Management (Hong Kong) Company Limited	Hong Kong, Corporation	Asset management, Hong Kong	-	96.55%	100.00%	HKD10,000,000
Shanghai Tianhe Insurance Brokerage Co., Ltd.	Shanghai, Corporation	Insurance brokerage, Shanghai	-	41.71%	100.00%	50,000,000
Helios P.A. Company Limited	Hong Kong, Corporation	Project investment, Hong Kong	-	99.51%	100.00%	USD677,161,910
Value Success International Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	100.00%	100.00%	USD50,000
Ping An Urban-Tech (Shenzhen) Co., Ltd.	Shenzhen, Corporation	IT services, Shenzhen	-	79.21%	100.00%	50,000,000
Shenzhen Ping An Chuangke Investment Management Co., Ltd.	Shenzhen, Corporation	Investment management, Shenzhen	-	99.81%	100.00%	100,000,000
Shenzhen Anchuang Investment Management Co., Ltd.	Shenzhen, Corporation	Investment management, Shenzhen	-	99.72%	100.00%	100,000,000
Lianxin (Shenzhen) Investment Management Co., Ltd. ("Lianxin Investment")	Shenzhen, Corporation	Investment management, Shenzhen	-	99.72%	100.00%	5,100,000,000
Autohome Inc.	Cayman Islands, Corporation	Automotive internet platform, Beijing	-	41.71%	41.91%	USD1,273,469
Mayborn Group Limited	United Kingdom, Corporation	Infant products, United Kingdom	-	51.36%	100.00%	GBP1,154,873
Jiaxing Ping An Cornerstone I Equity Investment Management Co., Ltd.	Jiaxing, Corporation	Investment management, Shanghai	-	99.51%	100.00%	1,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2022 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Shenzhen Qianhai Jinxuan Investment Co., Ltd.	Shenzhen, Corporation	Investment management and investment consulting, Shenzhen	-	99.91%	100.00%	2,270,000,000
Ping An Wealth Management Co., Ltd.	Shenzhen, Corporation	Asset management, Shenzhen	-	57.96%	100.00%	5,000,000,000
TTP Car Inc.	Cayman Islands, Corporation	Second-hand car platform, Shanghai	-	21.27%	51.00%	USD15,753
Shenzhen Shengjun Investment Management Co., Ltd.	Shenzhen, Corporation	Investment management, Shenzhen	-	99.72%	100.00%	5,000,000
Overseas W.H. Investment Company Limited (iii)	Cayman Islands, Corporation	Investment holding, Cayman Islands	-	100.00%	100.00%	USD5,038,967,126
Shenzhen Pingjia Investment Management Co., Ltd.	Shenzhen, Corporation	Investment platform, Shenzhen	-	99.81%	100.00%	5,000,000
Chongqing Youshengda Real Estate Consulting Co., Ltd.	Chongqing, Corporation	Real estate consulting, Chongqing	-	99.51%	100.00%	12,537,286,000
Hangzhou Xiaoshan Ping An Cornerstone II Equity Investment Co., Ltd.	Hangzhou, Corporation	Investment management, Shanghai	-	99.51%	100.00%	10,000,000
Shenzhen Hengchuang Investment Management Co., Ltd.	Shenzhen, Corporation	Investment platform, Shenzhen	-	99.62%	100.00%	5,000,000
Global Voyager Fund (HK) Company Limited	Hong Kong, Corporation	Asset management, Hong Kong	-	100.00%	100.00%	USD14,794,701
China PA Wealth Management (Hong Kong) Company Limited	Hong Kong, Corporation	Insurance brokerage, Hong Kong	-	96.55%	100.00%	HKD1,000,000
Ping An Commodities Trading Co., Ltd.	Shenzhen, Corporation	Commodity trade, Shenzhen	-	96.66%	100.00%	1,000,000,000
Shanghai Orient Overseas Kaixuan Real Estate Co., Ltd.	Shanghai, Corporation	Property leasing and property management, Shanghai	-	69.66%	70.00%	2,208,601,418
Shanghai Huaqing Real Estate Management Co., Ltd.	Shanghai, Corporation	Property leasing and property management, Shanghai	-	59.71%	60.00%	USD30,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2022 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Beijing Xinjie Real Estate Development Co., Ltd.	Beijing, Corporation	Property leasing and property management, Beijing	-	69.66%	70.00%	USD24,500,000
Chengdu Raffles City Industry Co., Ltd.	Chengdu, Corporation	Property leasing and property management, Chengdu	-	69.66%	70.00%	USD217,700,000
Raffles City (Hangzhou) Real Estate Development Co., Ltd.	Hangzhou, Corporation	Property leasing and property management, Hangzhou	-	69.66%	70.00%	USD299,740,000
Ningbo Xinyin Business Management Service Co., Ltd.	Ningbo, Corporation	Property leasing and property management, Ningbo	-	69.66%	70.00%	800,000,000
Beijing Jinkunlize Property Co., Ltd. (iv)	Beijing, Corporation	Property leasing and property management, Beijing	-	99.51%	100.00%	3,380,000,000
New Founder (Beijing) Enterprise Management Development Co., Ltd. (iv)	Beijing, Corporation	Corporation management, Beijing	-	99.51%	100.00%	50,000,000
New Founder Holding Development Company Limited (iv)	Zhuhai, Corporation	Investment and technical services, Beijing	-	66.18%	66.51%	7,250,000,000
Founder Securities Co., Ltd. (iv) ("Founder Securities")	Changsha, Corporation	Securities brokerage, Changsha	-	19.00%	28.71%	8,232,101,395
Founder Cifco Futures Co., Ltd. (iv)	Beijing, Corporation	Futures brokerage, Beijing	-	17.56%	92.44%	1,005,000,000
Founder Financing Securities Co.,Ltd. (iv)	Beijing, Corporation	Securities underwriting and sponsorship, Beijing	-	19.00%	100.00%	1,400,000,000
Shanghai Jifeng Investment Management Co., Ltd. (iv)	Shanghai, Corporation	Investment management, Shanghai	-	17.56%	100.00%	350,000,000
Beijing Founder Fubon Crown Asset Management Co., Ltd. (iv)	Beijing, Corporation	Customer-specific asset management, Beijing	-	12.67%	100.00%	130,000,000
Founder Securities (Hong Kong) Limited (iv)	Hong Kong, Corporation	Securities trading and consulting, Hong Kong	-	19.00%	100.00%	HKD410,000,000
Founder Asset Management (Hong Kong) Limited (iv)	Hong Kong, Corporation	Asset management, Hong Kong	-	19.00%	100.00%	HKD22,000,000
Founder Fubon Fund Management Co.,Ltd. (iv)	Beijing, Corporation	Fund raising and distribution, Beijing	-	12.67%	66.70%	660,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2022 are set out below: (continued)

Notes:

(i) The proportion of ordinary shares, as shown in the above table, is the sum product of direct holding by the Company and indirect holding by a multiplication of the proportion of shares held in each holding layer. The proportion of votes is the sum product of the proportion of votes held directly by the Company and indirectly via subsidiaries controlled by the Company.

(ii) For the year ended 31 December 2022, Ping An Bank's profit attributable to its non-controlling interest was RMB19,136 million (2021: RMB15,276 million), the dividend paid to its non-controlling interest was RMB4,200 million (2021: RMB3,809 million). As at 31 December 2022, Ping An Bank's equity attributable to its non-controlling interest was RMB211,724 million (31 December 2021: RMB195,231 million). Ping An Bank's summarized financial information is disclosed in "segment reporting" under the "Banking" segment.

(iii) The registered capitals of these subsidiaries were changed in 2022.

(iv) The subsidiaries were incorporated into the scope of consolidation in 2022.

The Company and its subsidiaries are subject to the Company Law as well as various listing requirements, where applicable. Capital or asset transactions between the Company and its subsidiaries might be subject to regulatory requirements. Certain of the Company's subsidiaries are subject to regulatory capital requirements. As such, there are restrictions on the Group's ability to access or use the assets of these subsidiaries or use them to settle the liabilities of these subsidiaries. Please refer to Note 53.(7) for detailed disclosure on the relevant regulatory capital requirements.

(2) As at 31 December 2022, the Group consolidated the following principal structured entities:

Name	Attributable equity interest	Paid-in capital (RMB)	Principal activities
Ping An Asset Xinxiang No.28 Assets Management	99.51%	21,549,224,952	Investment in wealth management products
Huabao East Aggregated Fund Trust Scheme	98.87%	12,000,000,000	Investment in debt schemes
Shanghai Trust Huarong Aggregated Fund Trust Scheme	99.52%	9,500,000,000	Investment in debt schemes
Ping An Asset Xinxiang No.19 Assets Management	99.51%	7,391,669,880	Investment in wealth management products
Ping An Asset Xinxiang No.5 Assets Management	99.55%	824,556,614	Investment in wealth management products
Ping An Asset Xinxiang No.20 Assets Management	99.51%	6,442,075,486	Investment in wealth management products
Ping An Asset Xinxiang No.18 Assets Management	99.51%	6,594,574,439	Investment in wealth management products
Ping An Asset Xinxiang No.10 Assets Management	99.51%	7,138,468,987	Investment in wealth management products
Ping An Asset Xinxiang No.14 Assets Management	99.51%	4,550,171,317	Investment in wealth management products
Ping An Asset Xinxiang No.11 Assets Management	99.51%	1,666,857	Investment in wealth management products

4. SCOPE OF CONSOLIDATION (CONTINUED)

(3) The acquisition of subsidiaries not under common control

In 2021, the consortium formed by the Company, Zhuhai Huafa Group Co., Ltd. (representing the state-owned enterprises of Zhuhai Municipality) and Shenzhen SDG Co., Ltd. participated in the restructuring of Peking University Founder Group Company Limited, Peking University Founder Information Industry Group Co., Ltd., PKU Healthcare Industry Group Co., Ltd., Peking University Resources Group Limited, and Founder Industry Holdings Co., Ltd. ("Restructuring Entities"). Authorized by the Company, Ping An Life, participated in the substantive consolidated restructuring and entered into the restructuring investment agreement of the Founder Group Restructuring ("Restructuring Investment Agreement"). *The Restructuring Plan of Five Companies including Peking University Founder Group Company Limited* ("Restructuring Plan"), which was formulated on the basis of the Restructuring Investment Agreement, was resolved and approved at the creditors' meeting held by the Restructuring Entities on 28 May 2021, and was approved by the civil order of the Court and has come into effect on 28 June 2021. In accordance with the terms of the Restructuring Investment Agreement and the selection of the debt repayment plan of the creditors of the Restructuring Entities, Ping An Life shall pay a consideration of approximately RMB48,217 million to acquire approximately 66.51% equity interest in New Founder Holding Development Company Limited ("New Founder Group"), which has been approved by the China Banking and Insurance Regulatory Commission (Yin Bao Jian Fu [2022] No.81). As of 28 December 2022, Ping An Life has paid off all the consideration, and as of that date, a 66.51% equity interest of New Founder Group has been transferred to Ping An Life's wholly-owned subsidiary New Founder (Beijing) Enterprise Management Development Co., Ltd.. New Founder Group has completed the business registration. The Group is deemed to have gained control of New Founder Group on 28 December 2022, which was regarded as the acquisition date.

The fair value and carrying amount of consolidated identifiable assets and liabilities of New Founder Group as at the date of acquisition are as follows:

(in RMB million)	Fair value	Carrying amount
Cash and amounts due from banks and other financial institutions	65,500	65,500
Including: Cash held on behalf of customers	45,543	45,543
Financial assets purchased under reverse repurchase agreements	606	606
Account receivable	5,938	5,938
Derivative financial assets	171	171
Financial assets at fair value through profit or loss	38,384	38,384
Financial assets at amortized cost	27,410	27,410
Debt financial assets at fair value through other comprehensive income	43,213	43,213
Equity financial assets at fair value through other comprehensive income	859	859
Investments in associates and joint ventures	7,773	7,773
Investment properties	12,851	12,851
Property and equipment	10,717	10,717
Intangible assets	4,672	4,672
Right-of-use assets	708	708
Deferred tax assets	626	626
Other assets	24,085	24,085
Total identifiable assets	243,513	243,513

4. SCOPE OF CONSOLIDATION (CONTINUED)

(3) The acquisition of subsidiaries not under common control (continued)

The fair value and carrying amount of consolidated identifiable assets and liabilities of Founder Group as at the date of acquisition are as follows (continued):

(in RMB million)	Fair value	Carrying amount
Due to banks and other financial institutions	11,976	11,976
Financial liabilities at fair value through profit or loss	2,083	2,083
Derivative financial liabilities	63	63
Assets sold under agreements to repurchase	48,674	48,674
Customer deposits and payables to brokerage customers	52,465	52,465
Accounts payable	4,012	4,012
Tax payable	295	295
Bonds payable	21,150	21,150
Lease liabilities	724	724
Deferred tax liabilities	2,295	2,295
Other liabilities	30,099	30,099
Total identifiable liabilities	173,836	173,836
	69,677	69,677
Less: Non-controlling interests (i)	(42,437)	
Fair value of net assets acquired attributable to the Group	27,240	
Goodwill arising on acquisition	20,977	
Acquisition cost	48,217	

(i) Non-controlling interests presented above include equity in New Founder Group's subsidiaries not attributable to New Founder Group, and equity in New Founder Group not attributable to the Group.

(ii) The Group engaged an independent valuer to evaluate the fair values of the consolidated identifiable assets and liabilities of New Founder Group as at the date of acquisition. As of the date of approval and authorization for issue the financial statements, the valuation has not been completed. According to IFRS 3, the Group recognized the net assets required based upon the provisional amounts.

Cash flows from the acquisition of New Founder Group's shares are as follows:

(in RMB million)	
Total cash consideration	48,217
Less: Cash consideration paid in 2021	(1,400)
Cash consideration paid in 2022	46,817
Cash and cash equivalents held by New Founder Group as at the acquisition date	(9,197)
Net cash outflow from the acquisition of New Founder Group in 2022	37,620

5. SEGMENT REPORTING

The segment businesses are separately presented as the insurance segment, the banking segment, the trust segment, the securities segment, the other asset management segment, the technology business segment and the other businesses, based on the products and service offerings. The insurance segment is divided into the life and health insurance and the property and casualty insurance segment which are in line with the nature of products, risk and asset portfolios. The types of products and services from which reportable segments derive revenue are listed below:

- The life and health insurance segment offers a comprehensive range of life insurance products to individual and corporate customers, including term, whole-life, endowment, annuity, investment-linked, universal life and health care and medical insurance, reflecting performance summary of life insurance, annuity insurance and health insurance subsidiaries;

- The property and casualty insurance segment offers a wide variety of insurance products to individual and corporate customers, including auto insurance, non-auto insurance, accident and health insurance, reflecting performance of property and casualty insurance subsidiary;

- The banking segment undertakes loan and intermediary business with corporate customers and retail business customers as well as wealth management and credit card services with individual customers, reflecting performance of banking subsidiary;

- The trust segment provides trust products services and undertakes investing activities;

- The securities segment undertakes brokerage, trading, investment banking and asset management services;

- The other asset management segment provides investment management services, finance lease business and other asset management services, reflecting performance summary of asset management and finance lease and the other asset management subsidiaries;

- The technology business segment provides various financial and daily-life services through internet platforms such as financial transaction information service platform, health care service platform, reflecting performance summary of the technology business subsidiaries, associates and joint ventures.

Except for the above business segments, the other segments did not have a material impact on the Group's operating outcome, and as such are not separately presented.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions with regard to resource allocation and performance assessment. Segment performance is assessed based on key performance indicators.

Transfer prices between operating segments are based on the amount stated in the contracts agreed by the both sides.

During 2022 and 2021, revenue from the Group's top five customers accounted for less than 1% of the total revenue for the year.

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2022 and for the year then ended is as follows:

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Gross written premiums	473,565	298,074	-	-	-	-	-	(2,006)	769,633
Less: Premiums ceded to reinsurers	(6,495)	(17,725)	-	-	-	-	-	2,253	(21,967)
Change in unearned premium reserves	(2,515)	(2,729)	-	-	-	-	-	(4)	(5,248)
Net earned premiums	464,555	277,620	-	-	-	-	-	243	742,418
Reinsurance commission revenue	2,689	4,484	-	-	-	-	-	(1,023)	6,150
Interest revenue from banking operations	-	-	228,878	-	-	-	-	(94)	228,784
Fees and commission revenue from non-insurance operations	-	-	37,754	2,014	7,952	1,330	-	(3,068)	45,982
Including: Inter-segment fees and commission revenue from non-insurance operations	-	-	2,768	134	67	86	-	(3,055)	-
Interest revenue from non-banking operations	101,711	7,961	-	339	5,915	9,506	595	(1,751)	124,276
Including: Inter-segment interest revenue from non-banking operations	203	71	-	23	390	1,726	87	(2,500)	-
Investment income	(9,855)	1,849	14,529	243	2,602	(1,447)	(2,112)	(3,028)	2,781
Including: Inter-segment investment income	2,255	197	(8)	-	30	122	59	(2,655)	-
Including: Operating lease income from investment properties	7,321	393	46	-	3	47	-	(1,632)	6,178
Share of profits and losses of associates and joint ventures	4,344	620	-	-	(21)	5,440	4,196	(4,414)	10,165
Other revenues and other gains/(losses)	24,540	984	544	384	3,169	30,369	19,864	(19,059)	60,795
Including: Inter-segment other revenues	10,045	27	18	27	-	3,190	5,666	(18,973)	-
Including: Non-operating gains	159	103	64	-	1	9	8	15	359
Total revenue	587,984	293,518	281,705	2,980	19,617	45,198	22,543	(32,194)	1,221,351

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5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2022 and for the year then ended is as follows (continued):

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Claims and policyholders' benefits	(437,413)	(193,898)	-	-	-	-	-	173	(631,138)
Commission expenses on insurance operations	(39,873)	(34,277)	-	-	-	-	-	3,770	(70,380)
Interest expenses on banking operations	-	-	(98,748)	-	-	-	-	1,060	(97,688)
Fees and commission expenses on non-insurance operations	-	-	(7,546)	(97)	(2,314)	(21)	-	50	(9,928)
Net impairment losses on financial assets and other assets	(629)	(1,760)	(71,306)	(333)	(231)	(8,788)	(600)	(2)	(83,649)
Including: Loan impairment losses, net	-	-	(64,168)	-	-	-	-	-	(64,168)
Including: Impairment losses on investment assets	(571)	19	(6,766)	(397)	419	(6,043)	38	-	(13,301)
Including: Impairment losses on receivables and others	(58)	(1,779)	(372)	64	(650)	(2,745)	(638)	(2)	(6,180)
Foreign exchange gains/(losses)	(394)	(107)	4,548	4	6	(624)	34	(125)	3,342
Investment expenses	(3,092)	(359)	-	-	-	-	-	3,336	(115)
Including: Taxes and surcharges on investment operations	(75)	(40)	-	-	-	-	-	-	(115)
Administrative expenses	(43,646)	(53,038)	(51,114)	(830)	(4,833)	(8,092)	(13,543)	5,371	(169,725)
Including: Taxes and surcharges on insurance operations	(1,377)	(1,259)	-	-	-	-	-	-	(2,636)
Interest expenses on non-banking operations	(4,638)	(1,305)	-	(93)	(3,899)	(15,025)	(321)	2,393	(22,888)
Including: Financial costs	(2,207)	(870)	-	(59)	(3,104)	(15,013)	(321)	2,489	(19,085)
Including: Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	(2,431)	(435)	-	(34)	(795)	(12)	-	(96)	(3,803)
Other expenses	(25,427)	(540)	(286)	(4)	(3,011)	(11,363)	(3,896)	11,160	(33,367)
Total expenses	(555,112)	(285,284)	(224,452)	(1,353)	(14,282)	(43,913)	(18,326)	27,186	(1,115,536)
Profit before tax	32,872	8,234	57,253	1,627	5,335	1,285	4,217	(5,008)	105,815
Income tax	16,474	645	(11,737)	(445)	(880)	(3,119)	636	43	1,617
Profit for the year	49,346	8,879	45,516	1,182	4,455	(1,834)	4,853	(4,965)	107,432
– Attributable to owners of the parent	48,488	8,838	26,380	1,181	4,294	(3,183)	3,614	(5,838)	83,774

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2022 and for the year then ended is as follows (continued):

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Cash and amounts due from banks and other financial institutions	332,122	59,688	236,412	5,055	87,360	38,500	24,076	(12,462)	770,751
Balances with the Central Bank and statutory deposits for insurance operations	10,171	4,263	281,115	-	-	-	5	5	295,559
Accounts receivable	8,239	117	-	-	-	25,975	2,344	(557)	36,118
Finance lease receivable	-	-	-	-	-	186,858	-	-	186,858
Loans and advances to customers	-	-	3,242,258	-	-	-	-	(4,204)	3,238,054
Financial assets at fair value through profit or loss	861,272	119,936	446,133	21,897	63,142	95,011	10,752	13,273	1,631,416
Financial assets at amortized cost	2,008,091	150,655	731,850	2,718	38	166,489	811	(56,150)	3,004,502
Financial assets at fair value through other comprehensive income	433,866	31,359	178,613	14	88,048	6,613	49	(16,428)	722,134
Investments in associates and joint ventures	138,842	26,000	-	285	137	81,681	78,487	(44,639)	280,793
Others	534,824	121,329	205,133	2,701	23,278	71,147	25,268	(12,697)	970,983
Segment assets	4,327,427	513,347	5,321,514	32,670	262,003	672,274	141,792	(133,859)	11,137,168
Due to banks and other financial institutions	39,386	4,366	652,475	-	3,057	290,496	3,428	(74,231)	918,977
Assets sold under agreements to repurchase	178,291	24,593	13,303	-	50,243	4,896	-	411	271,737
Accounts payable	6,985	185	-	-	-	2,653	1,025	(499)	10,349
Insurance payables	123,854	32,372	-	-	-	-	-	(2,718)	153,508
Customer deposits and payables to brokerage customers	52,465	-	3,352,266	-	73,363	-	-	(46,095)	3,431,999
Bonds payable	41,916	10,487	692,075	-	61,360	117,863	-	7,397	931,098
Insurance contract liabilities	3,278,813	289,674	-	-	-	-	-	(738)	3,567,749
Investment contract liabilities for policyholders	73,843	19	-	-	-	-	-	-	73,862
Policyholder dividend payable	71,445	-	-	-	-	-	-	-	71,445
Others	89,185	31,639	176,715	8,518	28,407	187,221	23,591	(14,130)	531,146
Segment liabilities	3,956,183	393,335	4,886,834	8,518	216,430	603,129	28,044	(130,603)	9,961,870
Segment equity	371,244	120,012	434,680	24,152	45,573	69,145	113,748	(3,256)	1,175,298
- Attributable to owners of the parent	305,537	119,265	222,956	24,123	39,030	53,990	94,937	(1,163)	858,675
Other segment information:									
Capital expenditures	7,077	1,204	6,170	70	616	2,306	1,681	(1,694)	17,430
Depreciation and amortization	9,650	1,624	6,535	74	418	781	1,950	(730)	20,302
Total other non-cash expenses charged to consolidated results	629	1,760	71,306	333	231	8,788	600	2	83,649

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2021 and for the year then ended is as follows:

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Gross written premiums	494,011	270,113	–	–	–	–	–	(3,281)	760,843
Less: Premiums ceded to reinsurers	(16,406)	(17,324)	–	–	–	–	–	3,522	(30,208)
Change in unearned premium reserves	1,590	7,701	–	–	–	–	–	7	9,298
Net earned premiums	479,195	260,490	–	–	–	–	–	248	739,933
Reinsurance commission revenue	2,749	4,527	–	–	–	–	–	(1,368)	5,908
Interest revenue from banking operations	–	–	213,536	–	–	–	–	(97)	213,439
Fees and commission revenue from non-insurance operations	–	–	40,190	3,611	9,309	1,726	–	(3,312)	51,524
Including: Inter-segment fees and commission revenue from non-insurance operations	–	–	2,776	312	57	122	–	(3,267)	–
Interest revenue from non-banking operations	98,317	7,372	–	614	5,857	15,621	439	(2,746)	125,474
Including: Inter-segment interest revenue from non-banking operations	176	76	–	18	369	2,761	67	(3,467)	–
Investment income	57,835	5,896	14,380	(998)	1,978	12,320	(9,866)	(3,506)	78,039
Including: Inter-segment investment income	2,339	135	17	–	4	237	34	(2,766)	–
Including: Operating lease income from investment properties	5,744	205	57	–	3	140	–	(1,529)	4,620
Share of profits and losses of associates and joint ventures	2,034	1,696	–	72	(22)	(117)	7,351	(3,668)	7,346
Other revenues and other gains/(losses)	24,804	1,225	443	480	5,704	33,103	22,564	(22,311)	66,012
Including: Inter-segment other revenues	10,334	31	22	–	–	5,076	6,801	(22,264)	–
Including: Non-operating gains	218	165	158	–	–	10	25	3	579
Total revenue	664,934	281,206	268,549	3,779	22,826	62,653	20,488	(36,760)	1,287,675

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2021 and for the year then ended is as follows (continued):

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Claims and policyholders' benefits	(444,096)	(174,769)	–	–	–	–	–	203	(618,662)
Commission expenses on insurance operations	(52,277)	(32,039)	–	–	–	–	–	3,605	(80,711)
Interest expenses on banking operations	–	–	(93,200)	–	–	–	–	1,129	(92,071)
Fees and commission expenses on non-insurance operations	–	–	(7,128)	(366)	(2,570)	(100)	–	224	(9,940)
Net impairment losses on financial assets and other assets	(24,492)	(1,496)	(73,817)	(1,146)	(574)	(2,428)	(1,033)	(56)	(105,042)
Including: Loan impairment losses, net	–	–	(59,407)	–	–	–	–	–	(59,407)
Including: Impairment losses on investment assets	(24,447)	(441)	(13,248)	(1,120)	(570)	(882)	(859)	–	(41,567)
Including: Impairment losses on receivables and others	(45)	(1,055)	(1,162)	(26)	(4)	(1,546)	(174)	(56)	(4,068)
Foreign exchange gains/(losses)	7	(52)	1,320	(1)	(3)	(61)	7	50	1,267
Investment expenses	(4,281)	(345)	–	–	–	–	–	4,490	(136)
Including: Taxes and surcharges on investment operations	(120)	(16)	–	–	–	–	–	–	(136)
Administrative expenses	(48,177)	(52,018)	(49,581)	(1,443)	(5,819)	(12,439)	(14,449)	7,001	(176,925)
Including: Taxes and surcharges on insurance operations	(1,051)	(1,091)	–	–	–	–	–	–	(2,142)
Interest expenses on non-banking operations	(4,519)	(1,326)	–	(148)	(3,803)	(21,364)	(530)	3,608	(28,082)
Including: Financial costs	(2,066)	(926)	–	(74)	(2,871)	(21,358)	(530)	3,643	(24,182)
Including: Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	(2,453)	(400)	–	(74)	(932)	(6)	–	(35)	(3,900)
Other expenses	(26,814)	(465)	(264)	288	(5,454)	(11,665)	(5,428)	12,009	(37,793)
Total expenses	(604,649)	(262,510)	(222,670)	(2,816)	(18,223)	(48,057)	(21,433)	32,263	(1,148,095)
Profit before tax	60,285	18,696	45,879	963	4,603	14,596	(945)	(4,497)	139,580
Income tax	18	(2,504)	(9,543)	(734)	(774)	(4,702)	488	(27)	(17,778)
Profit for the year	60,303	16,192	36,336	229	3,829	9,894	(457)	(4,524)	121,802
– Attributable to owners of the parent	59,468	16,117	21,060	229	3,614	8,378	(1,957)	(5,291)	101,618

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2021 and for the year then ended is as follows (continued):

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Cash and amounts due from banks and other financial institutions	207,013	59,110	176,373	6,439	89,483	59,855	23,067	(36,345)	584,995
Balances with the Central Bank and statutory deposits for insurance operations	8,293	4,300	308,348	–	–	–	5	8	320,954
Accounts receivable	2,019	7	–	–	–	22,971	2,571	(940)	26,628
Finance lease receivable	–	–	–	–	–	200,701	–	–	200,701
Loans and advances to customers	–	–	2,984,753	–	–	–	–	(3,778)	2,980,975
Financial assets at fair value through profit or loss	709,874	119,501	389,703	14,639	50,824	108,277	18,245	15,614	1,426,677
Financial assets at amortized cost	1,771,695	113,333	738,166	6,625	60	179,522	777	(41,183)	2,768,995
Financial assets at fair value through other comprehensive income	447,189	25,502	155,020	14	87,752	11,791	210	(30,733)	696,745
Investments in associates and joint ventures	134,856	25,789	–	1,046	158	86,150	77,387	(41,325)	284,061
Others	435,565	122,865	169,017	2,962	25,091	76,706	27,523	(8,434)	851,295
Segment assets	3,716,504	470,407	4,921,380	31,725	253,368	745,973	149,785	(147,116)	10,142,026
Due to banks and other financial institutions	32,020	3,978	525,687	–	4,895	277,712	5,149	(51,795)	797,646
Assets sold under agreements to repurchase	27,300	9,484	47,703	–	37,556	4,921	–	513	127,477
Accounts payable	2,632	288	–	–	–	3,578	1,055	(890)	6,663
Insurance payables	122,163	32,247	–	–	–	–	–	(3,643)	150,767
Customer deposits and payables to brokerage customers	–	–	2,990,518	–	73,134	–	–	(61,603)	3,002,049
Bonds payable	20,665	13,996	823,934	–	68,818	161,124	–	8,986	1,097,523
Insurance contract liabilities	2,995,147	267,128	–	–	–	–	–	(921)	3,261,354
Investment contract liabilities for policyholders	72,820	19	–	–	–	–	–	–	72,839
Policyholder dividend payable	67,276	–	–	–	–	–	–	–	67,276
Others	57,161	28,638	138,090	6,778	26,388	219,693	24,694	(20,733)	480,709
Segment liabilities	3,397,184	355,778	4,525,932	6,778	210,791	667,028	30,898	(130,086)	9,064,303
Segment equity	319,320	114,629	395,448	24,947	42,577	78,945	118,887	(17,030)	1,077,723
– Attributable to owners of the parent	296,877	113,898	200,217	24,918	36,003	54,922	100,697	(15,127)	812,405
Other segment information:									
Capital expenditures	6,198	1,382	8,583	18	782	2,081	1,334	(491)	19,887
Depreciation and amortization	7,053	1,612	6,416	74	415	835	2,158	(684)	17,879
Total other non-cash expenses charged to consolidated results	24,492	1,496	73,817	1,146	574	2,428	1,033	56	105,042

6. GROSS AND NET WRITTEN PREMIUMS

(in RMB million)	2022	2021
Gross written premiums and premium deposits	**841,545**	837,834
Less: Premium deposits of policies without significant insurance risk transfer	**(2,670)**	(3,060)
Premium deposits separated out from universal life and investment-linked products	**(69,242)**	(73,931)
Gross written premiums	**769,633**	760,843
Long-term life business gross written premiums	**438,081**	454,051
Short-term life business gross written premiums	**33,021**	36,239
Property and casualty business gross written premiums	**298,531**	270,553
Gross written premiums	**769,633**	760,843
Gross written premiums		
Life insurance		
Individual business	**453,549**	470,214
Group business	**17,553**	20,076
	471,102	490,290
Property and casualty insurance		
Automobile insurance	**201,436**	188,990
Non-automobile insurance	**73,406**	58,943
Accident and health insurance	**23,689**	22,620
	298,531	270,553
Gross written premiums	**769,633**	760,843
Net of reinsurance premiums ceded		
Life insurance		
Individual business	**449,570**	464,345
Group business	**17,499**	13,260
	467,069	477,605
Property and casualty insurance		
Automobile insurance	**195,575**	182,567
Non-automobile insurance	**61,460**	48,297
Accident and health insurance	**23,562**	22,166
	280,597	253,030
Net written premiums	**747,666**	730,635

7. NET INTEREST INCOME FROM BANKING OPERATIONS

(in RMB million)	2022	2021
Interest revenue from banking operations		
Due from the Central Bank	**3,715**	3,595
Due from and placements with banks and other financial institutions and financial assets purchased under reverse repurchase agreements	**4,795**	4,814
Loans and advances to customers (including discounted bills)	**188,282**	173,670
Financial investments	**31,992**	31,360
Subtotal	**228,784**	213,439
Interest expenses on banking operations		
Due to the Central Bank	**3,860**	3,664
Due to and placements from banks and other financial institutions and assets sold under agreements to repurchase	**8,054**	9,535
Customer deposits	**66,304**	56,967
Bonds payable	**19,470**	21,905
Subtotal	**97,688**	92,071
Net interest income from banking operations	**131,096**	121,368

8. INTEREST REVENUE FROM NON-BANKING OPERATIONS

(in RMB million)	2022	2021
Financial assets at amortized cost	**114,132**	113,708
Debt financial assets at fair value through other comprehensive income	**10,144**	11,766
	124,276	125,474

9. NET FEES AND COMMISSION INCOME FROM NON-INSURANCE OPERATIONS

(in RMB million)	2022	2021
Fees and commission revenue from non-insurance operations		
Brokerage commission	**6,541**	7,440
Underwriting commission	**618**	914
Trust service fees	**1,544**	2,930
Fees and commission from the banking business	**34,986**	37,414
Others	**2,293**	2,826
Subtotal	**45,982**	51,524
Fees and commission expenses on non-insurance operations		
Brokerage commission	**2,238**	2,466
Fees and commission on the banking business	**7,546**	7,128
Others	**144**	346
Subtotal	**9,928**	9,940
Net fees and commission income from non-insurance operations	**36,054**	41,584

10. INVESTMENT INCOME

(in RMB million)	2022	2021
Net investment income	**90,257**	74,985
Realized gains/(losses)	**(54,534)**	25,667
Unrealized gains/(losses)	**(32,942)**	(22,613)
Total investment income	**2,781**	78,039

(1) NET INVESTMENT INCOME

(in RMB million)	2022	2021
Financial assets at fair value through profit or loss	**68,710**	55,742
Equity financial assets at fair value through other comprehensive income	**15,369**	14,623
Operating lease income from investment properties	**6,178**	4,620
	90,257	74,985

(2) REALIZED GAINS/(LOSSES)

(in RMB million)	2022	2021
Financial assets at fair value through profit or loss	**(56,782)**	18,495
Debt financial assets at fair value through other comprehensive income	**(243)**	(159)
Financial assets at amortized cost	**(273)**	(363)
Derivative financial instruments	**1,471**	(356)
Gains on disposals of loans and advances at fair value through other comprehensive income	**3,255**	1,884
Precious metal transactions investment gains	**15**	121
Investment in subsidiaries, associates and joint ventures	**(1,977)**	6,045
	(54,534)	25,667

(3) UNREALIZED GAINS/(LOSSES)

(in RMB million)	2022	2021
Financial assets at fair value through profit or loss		
Bonds	**(4,067)**	3,220
Funds	**(16,873)**	(2,354)
Stocks	**8,795**	(15,052)
Wealth management investments, debt schemes and other investments	**(22,586)**	(6,964)
Financial liabilities at fair value through profit or loss	**418**	(1,571)
Derivative financial instruments	**1,371**	108
	(32,942)	(22,613)

11. OTHER REVENUES AND OTHER GAINS/(LOSSES)

(in RMB million)	2022	2021
Sales revenue	**20,316**	24,776
Expressway toll fee	**844**	889
Annuity management fee	**1,535**	1,844
Management fee and consulting fee income	**9,729**	11,098
Finance lease income	**16,650**	17,192
Others	**11,721**	10,213
	60,795	66,012

12. CLAIMS AND POLICYHOLDERS' BENEFITS

	2022		
(in RMB million)	**Gross**	**Reinsurers' share**	**Net**
Claims and claim adjustment expenses	**259,464**	**(13,780)**	**245,684**
Surrenders	**54,102**	**–**	**54,102**
Annuities	**9,122**	**–**	**9,122**
Maturities and survival benefits	**33,003**	**–**	**33,003**
Policyholder dividends	**19,599**	**–**	**19,599**
Increase in long-term life insurance policyholders' reserves	**242,834**	**(345)**	**242,489**
Interest credited to policyholder contract deposits	**27,139**	**–**	**27,139**
	645,263	**(14,125)**	**631,138**

	2021		
(in RMB million)	Gross	Reinsurers' share	Net
Claims and claim adjustment expenses	243,970	(19,862)	224,108
Surrenders	52,931	–	52,931
Annuities	7,887	–	7,887
Maturities and survival benefits	25,980	–	25,980
Policyholder dividends	19,405	–	19,405
Increase in long-term life insurance policyholders' reserves	257,832	(342)	257,490
Interest credited to policyholder contract deposits	30,861	–	30,861
	638,866	(20,204)	618,662

12. CLAIMS AND POLICYHOLDERS' BENEFITS (CONTINUED)

(in RMB million)	2022 Gross	2022 Reinsurers' share	2022 Net
Long-term life insurance contract benefits	**421,929**	**(3,067)**	**418,862**
Short-term life insurance claims	**19,485**	**(1,357)**	**18,128**
Property and casualty insurance claims	**203,849**	**(9,701)**	**194,148**
	645,263	**(14,125)**	**631,138**

(in RMB million)	2021 Gross	2021 Reinsurers' share	2021 Net
Long-term life insurance contract benefits	431,385	(3,327)	428,058
Short-term life insurance claims	21,886	(6,227)	15,659
Property and casualty insurance claims	185,595	(10,650)	174,945
	638,866	(20,204)	618,662

13. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

(in RMB million)	2022	2021
Accounts receivable	**(23)**	242
Loans and advances to customers	**64,168**	59,407
Debt financial assets at fair value through other comprehensive income	**105**	2,399
Financial assets at amortized cost	**3,535**	23,144
Finance lease receivable	**1,763**	1,013
Placements with banks and other financial institutions	**2,175**	(54)
Credit commitments	**5,758**	3,027
Due from banks and other financial institutions	**1,502**	(63)
Others	**1,570**	1,379
	80,553	90,494

14. NET IMPAIRMENT LOSSES ON OTHER ASSETS

(in RMB million)	2022	2021
Investments in associates and joint ventures	**928**	12,260
Others	**2,168**	2,288
	3,096	14,548

15. PROFIT BEFORE TAX

(1) PROFIT BEFORE TAX IS ARRIVED AT AFTER CHARGING THE FOLLOWING ITEMS:

(in RMB million)	2022	2021
Employee costs (Note 15.(2))	**75,798**	78,859
Interest expenses on policyholder contract deposits and investment contract reserves	**27,139**	30,861
Depreciation of investment properties	**3,645**	1,620
Depreciation of property and equipment	**6,932**	6,895
Amortization of intangible assets	**2,610**	2,564
Depreciation of right-of-use assets	**5,839**	6,364
Net impairment losses on financial assets	**80,553**	90,494
Net impairment losses on other assets	**3,096**	14,548
Cost of sales	**9,284**	12,763
Auditors' remuneration	**95**	88

(2) EMPLOYEE COSTS

(in RMB million)	2022	2021
Wages, salaries and bonuses	**57,802**	61,209
Retirement benefits, social security contributions and welfare benefits	**16,169**	15,561
Others	**1,827**	2,089
	75,798	78,859

16. INCOME TAX

(in RMB million)	2022	2021
Current income tax		
Charge for the year	**26,481**	26,588
Adjustments in respect of current income tax of previous years	**1,162**	228
Deferred income tax	**(29,260)**	(9,038)
	(1,617)	17,778

Certain subsidiaries enjoy tax preferential treatments. These subsidiaries are not material to the Group. Except for those subsidiaries enjoying tax preferential treatments, the applicable corporate income tax rate of the Group for 2022 was 25%.

16. INCOME TAX (CONTINUED)

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate of 25% (2021: 25%) is as follows:

(in RMB million)	2022	2021
Profit before tax	**105,815**	139,580
Tax at the applicable tax rate of 25% (2021: 25%)	**26,454**	34,895
Expenses not deductible for tax	**3,989**	4,073
Income not subject to tax	**(31,232)**	(25,500)
Adjustments in respect of current income tax of previous years	**1,162**	228
Others	**(1,990)**	4,082
Income tax per consolidated income statement	**(1,617)**	17,778

Taxes for taxable income attained from outside of the PRC are measured at the tax rates under local and PRC law, regulations and conventions. The income tax credited by the Group is verified by official tax bureau.

17. DIVIDENDS

(in RMB million)	2022	2021
2021 final dividend declared in 2022 – RMB1.50 (2020 final dividend declared in 2021 – RMB1.40) per ordinary share (i)	**27,161**	25,494
2022 interim dividend – RMB0.92 (2021 interim dividend - RMB0.88) per ordinary share (ii)	**16,659**	15,975

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

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

(ii) On 23 August 2022, the Board of Directors of the Company approved the Proposal on Distributing Interim Dividend for 2022, and declared an interim cash dividend of RMB0.92 (tax inclusive) per share. The total amount of the cash dividend was RMB16,659 million (tax inclusive).

(iii) On 15 March 2023, the Board of Directors of the Company approved the Profit Distribution Plan of the Company for 2022, and declared a final cash dividend of 2022 in the amount of RMB1.50 (tax inclusive) per share. Pursuant to the *Shanghai Stock Exchange's Guidelines for Self-regulation of Listed Companies No.7 – Repurchase of Shares* and other applicable regulations, the Company's A shares in the Company's repurchased securities account after trading hours on the record date of A shareholders for the final dividend will not be entitled to the final dividend distribution. The actual total amount of final dividend payment is subject to the total number of shares that will be entitled to the dividend distribution on the record date of A shareholders. The total amount of the final dividend payment for 2022 is RMB27,161,462,992.50 (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 at 31 December 2022, which was not recognized as a liability as at 31 December 2022.

18. EARNINGS PER SHARE

(1) BASIC

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Group.

	2022	2021
Profit attributable to owners of the parent (in RMB million)	**83,774**	101,618
Weighted average number of ordinary shares in issue (million shares)	**17,454**	17,607
Basic earnings per share (in RMB)	**4.80**	5.77

Weighted average number of ordinary shares in issue (million shares)	2022	2021
Issued ordinary shares as at 1 January	**18,280**	18,280
Weighted average number of shares held by the Key Employee Share Purchase Plan	**(22)**	(21)
Weighted average number of shares held by the Long-term Service Plan	**(234)**	(143)
Weighted average number of shares held by the consolidated assets management schemes (i)	**(406)**	(417)
Weighted average number of shares held by the treasury share	**(164)**	(92)
Weighted average number of ordinary shares in issue	**17,454**	17,607

(i) As at 31 December 2022, 261 million (31 December 2021: 417 million) shares were held by the consolidated assets management schemes.

(2) DILUTED

Diluted earnings per share was computed by dividing the adjusted profit attributable to owners of the parent based on assuming conversion of all dilutive potential shares for the year by the adjusted weighted average number of ordinary shares in issue. The shares granted by the Company under the Key Employee Share Purchase Plan (Note 41) and Long-term Service Plan (Note 42) have a potential dilutive effect on the earnings per share.

	2022	2021
Earnings (in RMB million)		
Profit attributable to owners of the parent	**83,774**	101,618
Weighted average number of ordinary shares (million shares)		
Weighted average number of ordinary shares in issue	**17,454**	17,607
Adjustments for:		
– Assumed vesting of Key Employee Share Purchase Plan	**22**	21
– Assumed vesting of Long-term Service Plan	**234**	143
Weighted average number of ordinary shares for diluted earnings per share in issue (million shares)	**17,710**	17,771
Diluted earnings per share (in RMB)	**4.73**	5.72

19. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	31 December 2022	31 December 2021
Cash on hand	**4,165**	3,686
Term deposits	**281,697**	258,176
Due from banks and other financial institutions	**350,968**	227,690
Placements with banks and other financial institutions	**133,921**	95,443
	770,751	584,995

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

(in RMB million)	31 December 2022	31 December 2021
Measured at amortized cost		
Placements with banks	**64,520**	59,142
Placements with other financial institutions	**68,952**	25,145
Gross	**133,472**	84,287
Less: Provision for impairment losses	**(2,328)**	(72)
Net	**131,144**	84,215
Measured at fair value through other comprehensive income		
Placements with other financial institutions	**2,777**	11,228
Total	**133,921**	95,443

As at 31 December 2022, the provision for impairment losses of placements with banks and other financial institutions measured at fair value through other comprehensive income is RMB91 million (31 December 2021: RMB170 million).

As at 31 December 2022, cash and amounts due from banks and other financial institutions of RMB10,919 million (31 December 2021: RMB11,579 million) were restricted from use.

As at 31 December 2022, cash and amounts due from overseas amounted to RMB60,616 million (31 December 2021: RMB29,474 million).

20. BALANCES WITH THE CENTRAL BANK

(in RMB million)	31 December 2022	31 December 2021
Statutory reserve deposits with the Central Bank for banking operations	**240,380**	221,619
Statutory reserve deposits with the Central Bank for banking operations – RMB	**234,851**	211,488
Statutory reserve deposits with the Central Bank for banking operations – foreign currencies	**5,529**	10,131
Surplus reserve deposits with the Central Bank	**40,467**	84,057
Fiscal deposits with the Central Bank	**268**	2,672
	281,115	308,348

In accordance with relevant regulations, subsidiaries of the Group engaged in bank operations are required to place mandatory reserve deposits with the People's Bank of China (the "PBC") for customer deposits in both local currency and foreign currencies. As at 31 December 2022, the mandatory deposits are calculated at 7.5% (31 December 2021: 8.0%) of customer deposits denominated in RMB and 6.0% (31 December 2021: 9.0%) of customer deposits denominated in foreign currencies. Mandatory reserve deposits are not available for use by the Group in its day-to-day operations.

21. FINANCIAL ASSETS PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS

Classified by collateral:

(in RMB million)	31 December 2022	31 December 2021
Bonds	**84,721**	55,662
Bills	**2,676**	–
Stocks and others	**4,059**	6,091
Gross	**91,456**	61,753
Less: Provision for impairment losses	**(141)**	(324)
Net	**91,315**	61,429

22. PREMIUM RECEIVABLES

(in RMB million)	31 December 2022	31 December 2021
Premium receivables	**76,610**	84,742
Less: Provision for doubtful receivables	**(4,330)**	(4,908)
Premium receivables, net	**72,280**	79,834
Life insurance	**17,188**	17,482
Property and casualty insurance	**55,092**	62,352
Premium receivables, net	**72,280**	79,834

The credit terms of premium receivables granted are generally from one to six months, and non-interest bearing.

An aging analysis of premium receivables is as follows:

(in RMB million)	31 December 2022	31 December 2021
Within 3 months	**69,045**	76,279
Over 3 months but within 1 year	**3,766**	3,509
Over 1 year	**3,799**	4,954
	76,610	84,742

23. DERIVATIVE FINANCIAL INSTRUMENTS

(in RMB million)	31 December 2022			
	Assets		Liabilities	
	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	**3,819,447**	**11,893**	**2,102,061**	**10,062**
Currency forwards and swaps	**992,397**	**15,602**	**1,146,546**	**23,498**
Gold derivative instruments	**36,240**	**1,049**	**43,741**	**3,172**
Stock index options	**17,143**	**146**	**2,233**	**88**
Stock index swaps	**3,718**	**160**	**7,669**	**776**
Others	**48,074**	**428**	**20,277**	**2,142**
	4,917,019	**29,278**	**3,322,527**	**39,738**

(in RMB million)	31 December 2021			
	Assets		Liabilities	
	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	3,538,229	14,164	2,773,780	13,237
Currency forwards and swaps	1,047,646	15,687	1,023,471	15,855
Gold derivative instruments	33,424	567	26,865	2,779
Stock index options	79	3	5,782	19
Stock index swaps	2,249	75	–	–
Others	1,923	461	23,254	3,159
	4,623,550	30,957	3,853,152	35,049

24. REINSURERS' SHARE OF INSURANCE LIABILITIES

(in RMB million)	31 December 2022	31 December 2021
Reinsurers' share of unearned premium reserves	**9,158**	11,084
Reinsurers' share of claim reserves	**13,175**	13,477
Reinsurers' share of long-term life insurance policyholders' reserves	**2,636**	2,291
	24,969	26,852

25. FINANCE LEASE RECEIVABLE

(in RMB million)	31 December 2022	31 December 2021
Finance lease receivables, net of unrealized financial gains	**192,444**	205,907
Less: Provision for impairment losses	**(5,586)**	(5,206)
	186,858	200,701

The Group's finance lease receivables are the net amount offsetting the unrealized financial gains.

As at 31 December 2022, finance lease receivables with an amount of RMB24,052 million (31 December 2021: RMB45,170 million) were pledged as collateral for long-term and short-term borrowings.

26. LOANS AND ADVANCES TO CUSTOMERS

(1) ANALYSED BY CORPORATE AND INDIVIDUAL

(in RMB million)	31 December 2022	31 December 2021
Measured at amortized cost		
Corporate customers		
Loans	**945,687**	901,295
Individual customers		
Xinyidai	**160,056**	158,981
Credit card receivables	**578,691**	621,448
Mortgage loans and licensed mortgage loans	**783,393**	654,870
Auto loans	**321,034**	301,229
Others	**204,216**	173,793
Gross	**2,993,077**	2,811,616
Add: Interest receivable	**11,016**	10,561
Less: Provision for impairment losses	**(97,919)**	(89,256)
Net	**2,906,174**	2,732,921
Measured at fair value through other comprehensive income		
Corporate customers		
Loans	**134,333**	93,401
Discounted bills	**197,547**	154,653
Subtotal	**331,880**	248,054
Carrying amount	**3,238,054**	2,980,975

As at 31 December 2022, discounted bills with a carrying amount of RMB211 million (31 December 2021: RMB2,841 million) were pledged for amounts due to the Central Bank.

As at 31 December 2022, the provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income was RMB3,277 million (31 December 2021: RMB946 million), refer to Note 26.(6).

26. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(2) ANALYSED BY INDUSTRY

(in RMB million)	31 December 2022	31 December 2021
Loans and advances to customers		
Agriculture, husbandry and fishery	**3,124**	4,416
Mining	**18,899**	22,099
Manufacturing	**183,192**	157,027
Energy	**33,091**	26,037
Transportation and communication	**51,441**	49,031
Wholesaling and retailing	**124,729**	103,784
Real estate	**283,484**	288,923
Social service, technology, culture and sanitary industries	**219,219**	212,943
Construction	**45,868**	48,073
Individual customers	**2,047,390**	1,910,321
Others	**314,520**	237,016
Gross	**3,324,957**	3,059,670
Add: Interest receivable	**11,016**	10,561
Less: Provision for impairment losses	**(97,919)**	(89,256)
Carrying amount	**3,238,054**	2,980,975

(3) ANALYSED BY TYPE OF COLLATERAL HELD

(in RMB million)	31 December 2022	31 December 2021
Unsecured	**1,283,638**	1,258,615
Guaranteed	**221,241**	203,818
Secured by collateral		
Secured by mortgages	**1,316,244**	1,154,938
Secured by monetary assets	**306,287**	287,646
Subtotal	**3,127,410**	2,905,017
Discounted bills	**197,547**	154,653
Gross	**3,324,957**	3,059,670
Add: Interest receivable	**11,016**	10,561
Less: Provision for impairment losses	**(97,919)**	(89,256)
Carrying amount	**3,238,054**	2,980,975

(4) AGING ANALYSIS OF PAST DUE LOANS BY PASS DUE DAYS

	31 December 2022				
(in RMB million)	Within 3 months	3 months to 1 year	1 to 3 years	More than 3 years	Total
Unsecured	**25,934**	**14,983**	**343**	**78**	**41,338**
Guaranteed	**91**	**87**	**595**	**262**	**1,035**
Secured by collateral					
Secured by mortgages	**12,318**	**5,639**	**827**	**–**	**18,784**
Secured by monetary assets	**623**	**708**	**607**	**3**	**1,941**
	38,966	**21,417**	**2,372**	**343**	**63,098**

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26. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(4) AGING ANALYSIS OF PAST DUE LOANS BY PASS DUE DAYS (CONTINUED)

	31 December 2021				
(in RMB million)	Within 3 months	3 months to 1 year	1 to 3 years	More than 3 years	Total
Unsecured	22,410	11,123	1,224	438	35,195
Guaranteed	1,920	853	196	266	3,235
Secured by collateral					
Secured by mortgages	9,657	8,282	251	10	18,200
Secured by monetary assets	828	35	10	–	873
	34,815	20,293	1,681	714	57,503

Past due loans refer to the loans with either principal or interest being past due by one day or more.

(5) ANALYSED BY REGION

	31 December 2022		31 December 2021	
(in RMB million)	**Amount**	**%**	Amount	%
Eastern	**708,410**	**21.31%**	597,650	19.53%
Southern	**649,810**	**19.54%**	599,433	19.59%
Western	**310,665**	**9.34%**	280,397	9.16%
Northern	**489,810**	**14.73%**	451,643	14.76%
Head office	**1,136,487**	**34.18%**	1,115,419	36.46%
Overseas	**29,775**	**0.90%**	15,128	0.50%
Gross	**3,324,957**	**100.00%**	3,059,670	100.00%
Add: Interest receivable	**11,016**		10,561	
Less: Loan allowance	**(97,919)**		(89,256)	
Carrying amount	**3,238,054**		2,980,975	

(6) LOAN IMPAIRMENT PROVISION

(in RMB million)	**2022**	2021
Measured at amortized cost		
As at 1 January	**89,256**	62,821
Charge for the year	**61,837**	58,859
Write-off and transfer during the year	**(65,136)**	(48,084)
Recovery of loans written off previously	**11,942**	15,888
Unwinding of discount of impairment provisions recognized as interest income	**(45)**	(109)
Others	**65**	(119)
As at 31 December	**97,919**	89,256
Measured at fair value through other comprehensive income		
As at 1 January	**946**	398
Charge for the year	**2,331**	548
As at 31 December	**3,277**	946
As at 31 December	**101,196**	90,202

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in RMB million)	31 December 2022	31 December 2021
Bonds		
Government bonds	**134,744**	167,688
Finance bonds	**290,675**	171,644
Corporate bonds	**80,129**	80,011
Funds	**504,195**	351,183
Stocks	**80,738**	100,485
Preferred shares	**32,832**	32,958
Unlisted equity investments	**133,295**	125,363
Debt schemes	**60,698**	62,164
Wealth management investments	**237,866**	245,208
Other investments	**76,244**	89,973
Total	**1,631,416**	1,426,677
Listed	**203,705**	185,601
Unlisted	**1,427,711**	1,241,076
	1,631,416	1,426,677

28. FINANCIAL ASSETS AT AMORTIZED COST

(in RMB million)	31 December 2022	31 December 2021
Bonds		
Government bonds	**2,184,921**	1,804,351
Finance bonds	**267,163**	306,714
Corporate bonds	**79,545**	77,606
Debt schemes	**129,431**	136,654
Wealth management investments	**239,896**	327,717
Other investments	**148,373**	149,595
Gross	**3,049,329**	2,802,637
Less: Provisions for impairment losses	**(44,827)**	(33,642)
Net	**3,004,502**	2,768,995
Listed	**326,107**	326,326
Unlisted	**2,678,395**	2,442,669
	3,004,502	2,768,995

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29. DEBT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(in RMB million)	31 December 2022	31 December 2021
Bonds		
Government bonds	**200,977**	188,185
Finance bonds	**113,944**	96,784
Corporate bonds	**50,940**	43,347
Margin accounts receivable	**49,126**	54,253
Wealth management investments	**52,044**	45,961
Total	**467,031**	428,530
Listed	**89,849**	37,830
Unlisted	**377,182**	390,700
	467,031	428,530

As at 31 December 2022, the total provision for impairment losses recognized in debt financial assets at fair value through other comprehensive income is RMB4,533 million (31 December 2021: RMB4,821 million).

30. EQUITY FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity financial assets at fair value through other comprehensive income comprise the following individual investments:

(in RMB million)	31 December 2022	31 December 2021
Stocks	**174,047**	189,541
Preferred shares	**76,116**	76,115
Other equity investments	**4,940**	2,559
Total	**255,103**	268,215
Listed	**250,163**	265,656
Unlisted	**4,940**	2,559
	255,103	268,215

For the equity investments which are not held for trading but for long-term investments, the Group has irrevocably elected to recognize them in this category at initial recognition.

In 2022, for the consideration of optimizing asset allocation and asset-liability management, the Group disposed of equity financial assets at fair value through other comprehensive income amounted to RMB27,224 million, and the net cumulative losses of RMB131 million on disposal was transferred from other comprehensive income to retained profits.

The dividends income of equity financial assets at fair value through other comprehensive income recognized during the year are disclosed in Note 10.

31. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in the principal associates and joint ventures as at 31 December 2022 are as follows:

	2022							
(in RMB million)	As at 1 January	Additional investment	Increase /(Decrease) in current year	As at 31 December	Provision balance as at 31 December	Change of provision in current year	Cash dividends in current year	Proportion of ordinary shares held by the Group (%)(1)
Associates								
Veolia Water (Kunming) Investment Co., Ltd. ("Veolia Kunming")	272	-	37	309	(37)	-	-	23.88%
Veolia Water (Yellow River) Investment Co., Ltd. ("Veolia Yellow River")	158	-	(18)	140	(402)	-	-	48.76%
Veolia Water (Liuzhou) Investment Co., Ltd. ("Veolia Liuzhou")	93	-	54	147	(23)	-	-	44.78%
Shanxi Taichang Expressway Co., Ltd. ("Shanxi Taichang")	873	-	159	1,032	-	-	-	29.85%
Beijing-Shanghai High-Speed Railway Equity Investment Scheme ("Beijing-Shanghai Railway")	9,318	-	171	9,489	-	-	89	39.18%
Massive Idea Investments Limited	1,074	-	57	1,131	-	-	-	36.66%
Guangzhou Jinglun Property Development Co., Ltd.	701	-	(64)	637	-	-	64	39.92%
Xuhui Holdings Co., Ltd.	4,336	-	(4,336)	-	-	(777)	31	-
Lufax Holding Ltd. ("Lufax Holding")	51,564	-	1,281	52,845	-	-	3,250	41.44%
Ping An Healthcare and Technology Co., Ltd. ("Ping An Health")	18,922	-	(183)	18,739	-	-	-	39.41%
HealthKonnect Medical and Health Technology Management Company Limited ("Ping An HealthKonnect")	2,903	-	85	2,988	-	-	-	29.55%
OneConnect Financial Technology Co., Ltd. ("OneConnect")	2,259	52	(232)	2,079	-	-	-	32.12%
Shenzhen China Merchants-Ping An Asset Management Co., Ltd.	1,570	-	(472)	1,098	-	-	102	38.81%
ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online")	1,735	-	(236)	1,499	-	-	-	10.21%
Beijing Beiqi Penglong Automobile Service Co., Ltd.	1,830	-	(23)	1,807	-	-	-	39.18%
China Yangtze Power Co., Ltd.	15,684	-	198	15,882	-	-	807	4.34%
China Traditional Chinese Medicine Holdings Co., Ltd.	2,797	-	(7)	2,790	-	-	38	11.94%
China Fortune Land Development Co., Ltd. ("China Fortune")	3,621	-	(1,099)	2,522	(9,822)	-	-	25.02%
China Jinmao Holding Group Co., Ltd.	7,137	-	2	7,139	(1,558)	-	146	13.36%
Ping An Consumer Finance Co., Ltd. ("Ping An Consumer Finance")	1,330	-	56	1,386	-	-	-	30.00%
Vivid Synergy Limited	9,217	-	853	10,070	-	-	-	29.85%
Shanghai Yibin Property Co., Ltd.	13,345	-	(7)	13,338	-	-	-	41.80%
Guangzhou Futures Exchange Co., Ltd.	450	-	15	465	-	-	-	15.00%
Others	35,633	5,988	(3,574)	38,047	(1,156)	(151)	1,729	
Subtotal	186,822	6,040	(7,283)	185,579	(12,998)	(928)	6,256	
Joint ventures								
Yunnan Kunyu Highway Development Co., Ltd. ("Kunyu Highway")	762	-	(762)	-	-	-	-	-
Beijing Zhaotai Property Development Co., Ltd.	1,632	-	(13)	1,619	-	-	-	24.95%
Wuhan DAJT Property Development Co., Ltd.	482	-	(14)	468	-	-	-	49.81%
Founder Meiji Yasuda Life Insurance Co., Ltd.	-	2,795	-	2,795	-	-	-	33.75%
Others	94,363	5,674	(9,705)	90,332	-	-	3,924	
Subtotal	97,239	8,469	(10,494)	95,214	-	-	3,924	
Total	284,061	14,509	(17,777)	280,793	(12,998)	(928)	10,180	

31. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The Group's investments in the principal associates and joint ventures as at 31 December 2021 are as follows:

	2021							
(in RMB million)	As at 1 January	Additional investment	Increase/ (Decrease) in current year	As at 31 December	Provision balance as at 31 December	Change of provision in current year	Cash dividends in current year	Proportion of ordinary shares held by the Group (%)(i)
Associates								
Veolia Kunming	280	-	(8)	272	(34)	-	-	23.88%
Veolia Yellow River	179	-	(21)	158	(368)	-	-	48.76%
Veolia Liuzhou	143	-	(50)	93	(21)	-	5	44.78%
Shanxi Taichang	861	-	12	873	-	-	85	29.85%
Beijing-Shanghai Railway	10,842	-	(1,524)	9,318	-	-	57	39.19%
Massive Idea Investments Limited	1,082	-	(8)	1,074	-	-	-	36.65%
Guangzhou Jinglun Property Development Co., Ltd.	661	-	40	701	-	-	-	39.92%
Xuhui Holdings Co., Ltd.	4,237	-	99	4,336	-	-	253	7.91%
Lufax Holding	43,310	-	8,254	51,564	-	-	-	41.50%
Ping An Health	19,481	-	(559)	18,922	-	-	-	38.43%
Ping An HealthKonnect	3,033	-	(130)	2,903	-	-	-	29.55%
OneConnect	3,236	-	(977)	2,259	-	-	-	30.43%
Shenzhen China Merchants-Ping An Asset Management Co., Ltd.	1,452	-	118	1,570	-	-	104	38.81%
ZhongAn Online	1,609	-	126	1,735	-	-	-	10.21%
Beijing Beiqi Penglong Automobile Service Co., Ltd.	1,725	-	105	1,830	-	-	128	39.18%
China Yangtze Power Co., Ltd.	15,269	-	415	15,684	-	-	693	4.32%
China Traditional Chinese Medicine Holdings Co., Ltd.	2,583	-	214	2,797	-	-	33	11.94%
China Fortune	19,331	-	(15,710)	3,621	(9,822)	(9,822)	-	25.02%
China Jinmao Holding Group Co., Ltd.	7,880	-	(743)	7,137	(1,558)	(1,558)	384	14.02%
Ping An Consumer Finance	1,431	-	(101)	1,330	-	-	-	30.00%
Vivid Synergy Limited	9,488	-	(271)	9,217	-	-	-	29.85%
Shanghai Yibin Property Co., Ltd.	13,278	74	(7)	13,345	-	-	-	41.80%
Guangzhou Futures Exchange Co., Ltd.	-	450	-	450	-	-	-	15.00%
Others	44,118	6,923	(15,408)	35,633	(1,520)	(880)	1,788	
Subtotal	205,509	7,447	(26,134)	186,822	(13,323)	(12,260)	3,530	
Joint ventures								
Kunyu Highway	841	-	(79)	762	-	-	151	49.94%
Nanjing Mingwan Property Development Co., Ltd.	2,186	-	(2,186)	-	-	-	381	-
Beijing Zhaotai Property Development Co., Ltd.	1,694	-	(62)	1,632	-	-	26	24.95%
Wuhan DAJT Property Development Co., Ltd.	487	-	(5)	482	-	-	-	49.80%
Others	57,102	36,068	1,193	94,363	-	-	3,144	
Subtotal	62,310	36,068	(1,139)	97,239	-	-	3,702	
Total	267,819	43,515	(27,273)	284,061	(13,323)	(12,260)	7,232	

31. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The financial information summary of the Group's principal associates and joint ventures as at year end of 2022 are as follows:

(in RMB million)	Place of business	Place of incorporation	Principal activities	Significant to the Group's operation	Total assets as at 31 December	Total liabilities as at 31 December	Total revenue in current year	Net profit/ (loss) in current year[ii]
Associates								
Ping An Health	China	Cayman	Online health care	Yes	**17,142**	**3,684**	**6,160**	**(608)**
OneConnect	China	Cayman	Technology-as-a-service cloud platform for financial institutions	Yes	**8,882**	**5,604**	**4,464**	**(872)**
Lufax Holding	China	Cayman	Financial technology	Yes	**349,263**	**254,476**	**58,116**	**8,699**

The financial information summary of the Group's principal associates and joint ventures as at year end of 2021 are as follows:

(in RMB million)	Place of business	Place of incorporation	Principal activities	Significant to the Group's operation	Total assets as at 31 December	Total liabilities as at 31 December	Total revenue in current year	Net profit/ (loss) in current year[ii]
Associates								
Ping An Health	China	Cayman	Online health care	Yes	17,881	3,795	7,334	(1,538)
OneConnect	China	Cayman	Technology-as-a-service cloud platform for financial institutions	Yes	9,341	5,506	4,132	(1,282)
Lufax Holding	China	Cayman	Financial technology	Yes	360,433	265,874	61,835	16,804

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

Note i: The proportion of ordinary shares, as shown in the above table, is the multiplication of the proportion of shares held in each holding layer.

Note ii: Net profit/(loss) refers to the net profit/(loss) attributable to shareholders of the parent company of Ping An Health, OneConnect and Lufax Holding respectively.

32. STATUTORY DEPOSITS FOR INSURANCE OPERATIONS

(in RMB million)	31 December 2022	31 December 2021
Ping An Life	**6,760**	6,760
Ping An Property & Casualty	**4,200**	4,200
Ping An Annuity	**2,322**	972
Ping An Health Insurance	**940**	420
Others	**18**	20
Subtotal	**14,240**	12,372
Less: Provision for impairment losses	**(4)**	(4)
Add: Interest receivable	**208**	238
Total	**14,444**	12,606

Statutory deposits for insurance operations are placed with PRC national commercial banks in accordance with the relevant regulations issued by the China Banking and Insurance Regulatory Commission (the "CBIRC") based on 20% of the registered capital for the insurance company subsidiaries and 5% of the registered capital for insurance sales agency subsidiaries within the Group, respectively. Statutory deposits for insurance operations can only be utilized to settle liabilities during liquidation of insurance companies, insurance sales agency companies and insurance brokerage companies.

33. INVESTMENT PROPERTIES

(in RMB million)	2022	2021
Cost		
As at 1 January	**102,166**	53,739
Acquisition of subsidiaries	**25,799**	47,614
Additions	**3,536**	2,755
Transfer from/(to) property and equipment, net	**4,740**	(1,511)
Disposals of subsidiaries	**–**	(9)
Disposals	**(150)**	(422)
As at 31 December	**136,091**	102,166
Accumulated depreciation		
As at 1 January	**16,121**	10,350
Acquisition of subsidiaries	**507**	4,266
Charge for the year	**3,645**	1,620
Transfer from/(to) property and equipment, net	**1,058**	(110)
Disposals	**(4)**	(5)
As at 31 December	**21,327**	16,121
Impairment losses		
As at 1 January	**4**	4
Disposals	**(3)**	–
As at 31 December	**1**	4
Net carrying amount		
As at 31 December	**114,763**	86,041
As at 1 January	**86,041**	43,385
Fair value		
As at 31 December	**154,690**	121,526
As at 1 January	**121,526**	79,678

The fair value of the investment properties as at 31 December 2022 were estimated by the Group, based on valuation performed by independent valuers. It falls under level 3 in the fair value hierarchy.

The rental income arising from investment properties for the year 2022 amounted to RMB6,178 million (2021: RMB4,620 million), which is included in net investment income.

As at 31 December 2022, investment properties with a carrying amount of RMB19,411 million (31 December 2021: RMB23,229 million) were pledged as collateral for long-term borrowings with a carrying amount of RMB7,270 million (31 December 2021: RMB10,729 million).

The Group was still in the process of applying for title certificates for certain investment properties with a carrying amount of RMB3,465 million as at 31 December 2022 (31 December 2021: RMB991 million).

34. PROPERTY AND EQUIPMENT

(in RMB million)	Leasehold improvements	Buildings	Equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
	2022					
Cost						
As at 1 January	12,485	43,510	24,202	2,657	3,169	86,023
Acquisitions of subsidiaries	167	8,823	1,780	33	83	10,886
Additions	198	469	1,945	3	1,343	3,958
Transfer from/(to) construction in progress	655	450	120	1	(1,226)	-
Transfer to investment properties, net	-	(4,100)	-	-	(640)	(4,740)
Disposals of subsidiaries	-	-	(1)	-	-	(1)
Disposals	(535)	(199)	(1,502)	(458)	(11)	(2,705)
As at 31 December	12,970	48,953	26,544	2,236	2,718	93,421
Accumulated depreciation						
As at 1 January	8,550	12,150	13,832	1,549	-	36,081
Acquisitions of subsidiaries	-	-	1	-	-	1
Charge for the year	1,954	1,573	3,859	122	-	7,508
Transfer to investment properties, net	-	(1,058)	-	-	-	(1,058)
Disposals	(1,250)	(66)	(1,324)	(326)	-	(2,966)
As at 31 December	9,254	12,599	16,368	1,345	-	39,566
Impairment losses						
As at 1 January	-	81	66	37	-	184
Additions	-	2	6	6	-	14
As at 31 December	-	83	72	43	-	198
Net carrying amount						
As at 31 December	3,716	36,271	10,104	848	2,718	53,657
As at 1 January	3,935	31,279	10,304	1,071	3,169	49,758

34. PROPERTY AND EQUIPMENT (CONTINUED)

	2021					
(in RMB million)	Leasehold improvements	Buildings	Equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
Cost						
As at 1 January	11,653	37,726	23,256	1,811	3,118	77,564
Acquisitions of subsidiaries	–	3,299	2	557	34	3,892
Additions	443	558	3,326	510	2,184	7,021
Transfer from/(to) construction in progress	674	1,343	131	–	(2,148)	–
Transfer from investment properties, net	–	1,511	–	–	–	1,511
Disposals of subsidiaries	–	–	(4)	–	–	(4)
Disposals	(285)	(927)	(2,509)	(221)	(19)	(3,961)
As at 31 December	12,485	43,510	24,202	2,657	3,169	86,023
Accumulated depreciation						
As at 1 January	7,216	10,812	11,953	1,179	–	31,160
Acquisitions of subsidiaries	–	561	2	337	–	900
Charge for the year	1,369	1,462	3,709	178	–	6,718
Transfer from investment properties, net	–	110	–	–	–	110
Disposals of subsidiaries	–	–	(3)	–	–	(3)
Disposals	(35)	(795)	(1,829)	(145)	–	(2,804)
As at 31 December	8,550	12,150	13,832	1,549	–	36,081
Impairment losses						
As at 1 January	–	83	–	35	–	118
Additions	–	–	66	4	–	70
Disposals	–	(2)	–	(2)	–	(4)
As at 31 December	–	81	66	37	–	184
Net carrying amount						
As at 31 December	3,935	31,279	10,304	1,071	3,169	49,758
As at 1 January	4,437	26,831	11,303	597	3,118	46,286

The Group was still in the process of applying for title certificates for its buildings with a carrying amount of RMB22 million as at 31 December 2022 (31 December 2021: RMB21 million).

35. INTANGIBLE ASSETS

(in RMB million)	Goodwill (i)	Expressway operating rights	Prepaid land premiums	Core deposits	Trademarks	Software and others	Total
	2022						
Cost							
As at 1 January	**23,233**	**5,129**	**26,268**	**15,082**	**9,987**	**13,571**	**93,270**
Acquisitions of subsidiaries	**-**	**-**	**8,857**	**-**	**-**	**1,045**	**9,902**
Additions	**21,105**	**-**	**2,358**	**-**	**69**	**1,786**	**25,318**
Disposals	**-**	**-**	**(353)**	**-**	**-**	**(437)**	**(790)**
As at 31 December	**44,338**	**5,129**	**37,130**	**15,082**	**10,056**	**15,965**	**127,700**
Accumulated amortization							
As at 1 January	**-**	**3,146**	**2,885**	**7,886**	**783**	**10,039**	**24,739**
Acquisitions of subsidiaries	**-**	**-**	**134**	**-**	**-**	**-**	**134**
Charge for the year	**-**	**189**	**761**	**754**	**110**	**1,357**	**3,171**
Disposals	**-**	**-**	**(36)**	**-**	**-**	**(9)**	**(45)**
As at 31 December	**-**	**3,335**	**3,744**	**8,640**	**893**	**11,387**	**27,999**
Impairment losses							
As at 1 January	**58**	**-**	**-**	**-**	**-**	**11**	**69**
Additions	**220**	**-**	**-**	**-**	**-**	**1**	**221**
As at 31 December	**278**	**-**	**-**	**-**	**-**	**12**	**290**
Net carrying amount							
As at 31 December	**44,060**	**1,794**	**33,386**	**6,442**	**9,163**	**4,566**	**99,411**
As at 1 January	**23,175**	**1,983**	**23,383**	**7,196**	**9,204**	**3,521**	**68,462**

35. INTANGIBLE ASSETS (CONTINUED)

	2021						
(in RMB million)	Goodwill (i)	Expressway operating rights	Prepaid land premiums	Core deposits	Trademarks	Software and others	Total
Cost							
As at 1 January	23,058	5,129	19,336	15,082	10,008	12,700	85,313
Acquisitions of subsidiaries	–	–	4,501	–	–	–	4,501
Additions	267	–	3,200	–	–	1,187	4,654
Disposals	(92)	–	(769)	–	(21)	(316)	(1,198)
As at 31 December	23,233	5,129	26,268	15,082	9,987	13,571	93,270
Accumulated amortization							
As at 1 January	–	2,962	1,628	7,132	680	8,594	20,996
Acquisitions of subsidiaries	–	–	913	–	–	–	913
Charge for the year	–	184	514	754	103	1,469	3,024
Disposals	–	–	(170)	–	–	(24)	(194)
As at 31 December	–	3,146	2,885	7,886	783	10,039	24,739
Impairment losses							
As at 1 January	27	–	–	–	–	–	27
Additions	31	–	–	–	–	11	42
As at 31 December	58	–	–	–	–	11	69
Net carrying amount							
As at 31 December	23,175	1,983	23,383	7,196	9,204	3,521	68,462
As at 1 January	23,031	2,167	17,708	7,950	9,328	4,106	64,290

As at 31 December 2022, expressway operating rights with a carrying amount of RMB1,604 million (31 December 2021: RMB1,715 million) were pledged as collateral for long-term borrowings amounting to RMB260 million (31 December 2021: RMB368 million).

As at 31 December 2022, prepaid land premiums with a carrying amount of RMB1,485 million (31 December 2021: RMB1,547 million) were pledged as collateral for long-term borrowings amounting to RMB579 million (31 December 2021: RMB896 million).

The Group was still in the process of applying for its prepaid land premiums with a carrying amount of RMB1,936 million as at 31 December 2022 (31 December 2021: RMB1,992 million).

35. INTANGIBLE ASSETS (CONTINUED)

(I) GOODWILL

(in RMB million)	2022			
	As at 1 January	Increase	Decrease	As at 31 December
Ping An Bank	**8,761**	**-**	**-**	**8,761**
Shanghai Jahwa	**2,502**	**-**	**-**	**2,502**
Mayborn Group Limited	**1,749**	**17**	**-**	**1,766**
Ping An Securities	**328**	**-**	**-**	**328**
Ping An Commercial Property Investment	**66**	**-**	**-**	**66**
Beijing Shuangronghui Investment Co., Ltd.	**134**	**-**	**-**	**134**
Shanghai Gezhouba Yangming Property Co., Ltd.	**241**	**-**	**-**	**241**
Ping An E-wallet	**1,073**	**-**	**-**	**1,073**
Autohome Inc.	**5,265**	**-**	**-**	**5,265**
TTP Car Inc.	**2,438**	**-**	**-**	**2,438**
New Founder Group	**-**	**20,977**	**-**	**20,977**
Other	**676**	**111**	**-**	**787**
Total	**23,233**	**21,105**	**-**	**44,338**
Less: Impairment losses	**(58)**	**(220)**	**-**	**(278)**
Net carrying amount	**23,175**	**20,885**	**-**	**44,060**

(in RMB million)	2021			
	As at 1 January	Increase	Decrease	As at 31 December
Ping An Bank	8,761	-	-	8,761
Shanghai Jahwa	2,502	-	-	2,502
Mayborn Group Limited	1,838	-	(89)	1,749
Ping An Securities	328	-	-	328
Ping An Commercial Property Investment	66	-	-	66
Beijing Shuangronghui Investment Co., Ltd.	134	-	-	134
Shanghai Gezhouba Yangming Property Co., Ltd.	241	-	-	241
Ping An E-wallet	1,073	-	-	1,073
Autohome Inc.	5,265	-	-	5,265
TTP Car Inc.	2,171	267	-	2,438
Other	679	-	(3)	676
Total	23,058	267	(92)	23,233
Less: Impairment losses	(27)	(31)	-	(58)
Net carrying amount	23,031	236	(92)	23,175

When assessing the impairment of goodwill, the main valuation technique used to determine the recoverable amount of the groups of assets (or groups of cash-generating units) are Fair Value Less Cost to Sell and Present Value of Future Cash Flows.

Fair value is based on the fair value of stocks issued in the public market or applicable valuation techniques. The present value of future cash flows is based on business plans approved by management covering a three- to six-year period and a risk adjusted discount rate. Cash flows beyond that period have been extrapolated using a steady growth rate and terminal value. Discount rates used by the Group range from 10% to 17% (2021: from 10% to 17%) and growth rates, where applicable, range from 2% to 35% (2021: from 2% to 31%) for 2022.

The Group's right-of-use assets include the above prepaid land premiums and right-of-use assets disclosed in Note 36.

36. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

(in RMB million)	2022 Buildings	2022 Others	2022 Total
Cost			
As at 1 January	**24,752**	**4**	**24,756**
Additions	**6,428**	**6**	**6,434**
Disposals	**(11,459)**	**(1)**	**(11,460)**
As at 31 December	**19,721**	**9**	**19,730**
Accumulated depreciation			
As at 1 January	**10,568**	**3**	**10,571**
Charge for the year	**5,980**	**2**	**5,982**
Disposals	**(9,402)**	**(1)**	**(9,403)**
As at 31 December	**7,146**	**4**	**7,150**
Impairment provision			
As at 1 January	**–**	**–**	**–**
As at 31 December	**–**	**–**	**–**
Net carrying amount			
As at 31 December	**12,575**	**5**	**12,580**
As at 1 January	**14,184**	**1**	**14,185**

(in RMB million)	2021 Buildings	2021 Others	2021 Total
Cost			
As at 1 January	25,814	26	25,840
Additions	5,725	2	5,727
Disposals	(6,787)	(24)	(6,811)
As at 31 December	24,752	4	24,756
Accumulated depreciation			
As at 1 January	9,643	25	9,668
Charge for the year	6,518	2	6,520
Disposals	(5,593)	(24)	(5,617)
As at 31 December	10,568	3	10,571
Impairment provision			
As at 1 January	–	–	–
As at 31 December	–	–	–
Net carrying amount			
As at 31 December	14,184	1	14,185
As at 1 January	16,171	1	16,172

36. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

RIGHT-OF-USE ASSETS (CONTINUED)

The Group's right-of-use assets include the above assets and prepaid land premiums disclosed in Note 35.

The amount recognized in the Consolidated Income Statement and the Consolidated Statement of Cash Flows for the year relating to the lease contracts are as follows:

(in RMB million)	2022	2021
Interest expense on lease liabilities	**555**	602
Expense relating to leases of low-value assets and short-term leases applied the simplified approach	**584**	760
Total cash outflows for lease	**7,044**	8,265

37. OTHER ASSETS

(in RMB million)	31 December 2022	31 December 2021
Other receivables	**91,835**	74,645
Due from reinsurers	**12,311**	16,300
Foreclosed assets	**2,070**	2,345
Prepayments	**3,964**	4,114
Precious metals held for trading	**16,834**	18,071
Dividends receivable	**1,060**	469
Amounts in the processing clearance and settlement	**29,680**	30,107
Others	**20,501**	16,310
Gross	**178,255**	162,361
Less: Impairment provisions	**(10,229)**	(8,244)
Including:		
Other receivables	**(6,829)**	(4,531)
Due from reinsurers	**(33)**	(24)
Foreclosed assets	**(1,699)**	(1,895)
Precious metals held for trading	**(279)**	(251)
Others	**(1,389)**	(1,543)
Net	**168,026**	154,117

38. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE/ INVESTMENT CONTRACTS

(1) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE CONTRACTS

(in RMB million)	31 December 2022	31 December 2021
Cash and amounts due from banks and other financial institutions	**2,987**	6,284
Financial assets at fair value through profit or loss		
Bonds	**257**	759
Funds	**12,777**	20,322
Stocks	**3,257**	4,211
Other investments	**108**	183
Financial assets purchased under reverse repurchase agreements	**59**	49
Other assets	**22**	39
	19,467	31,847

(2) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INVESTMENT CONTRACTS

(in RMB million)	31 December 2022	31 December 2021
Cash and amounts due from banks and other financial institutions	**1,104**	870
Financial assets at fair value through profit or loss		
Bonds	**1,275**	1,167
Funds	**978**	1,343
Other investments	**118**	647
Financial assets purchased under reverse repurchase agreements	**140**	105
Other assets	**11**	23
	3,626	4,155

39. SHARE CAPITAL

(million shares)	Domestic listed A shares, par value RMB1.00 per share	Overseas listed H shares, par value RMB1.00 per share	Total
31 December 2021	**10,832**	**7,448**	**18,280**
31 December 2022	**10,832**	**7,448**	**18,280**

40. RESERVES, RETAINED PROFITS AND NON-CONTROLLING INTERESTS

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance, banking, trust, securities, futures and fund businesses. The Group's respective entities engaged in such businesses would need to make appropriations for such reserves based on their respective year-end profit or risk assets, the companies operating in insurance should make appropriations for general reserves based on 10% of net profit, the company operating in banking should make appropriations based on 1.5% of risk assets, the company operating in securities should make appropriations based on 10% of net profit, the companies operating in trust should make appropriations based on 5% of trust claim reserves, the companies operating in futures should make appropriations based on 10% of net profit, and the companies operating in fund should make appropriations based on 10% of fund management fees as determined in accordance with PRC Accounting Standards, and based on the applicable PRC financial regulations, in their annual financial statements. Such reserves are not available for dividend distribution or transfer to share capital.

In accordance with the relevant regulations, the net profit after tax of the Company for profit distribution is deemed to be the lower of (i) the retained profits determined in accordance with PRC Accounting Standards and (ii) the retained profits determined in accordance with IFRSs.

41. KEY EMPLOYEE SHARE PURCHASE PLAN

The Company has adopted a Key Employee Share Purchase Plan for the key employees (including executive directors and senior management) of the Company and its subsidiaries. Shares shall be vested and awarded to the key employees approved for participation in the plan, subject to the achievement of certain performance targets.

Movement of reserves relating to the Key Employee Share Purchase Plan is as follows:

(in RMB million)	**Cost of shares held for Key Employee Share Purchase Plan**	**Value of employee services**	**Total**
As at 1 January 2022	**(1,439)**	**984**	**(455)**
Purchased (i)	**(596)**	**–**	**(596)**
Share-based compensation expenses (ii)	**–**	**573**	**573**
Exercised	**790**	**(790)**	**–**
Expired	**108**	**–**	**108**
As at 31 December 2022	**(1,137)**	**767**	**(370)**

(in RMB million)	Cost of shares held for Key Employee Share Purchase Plan	Value of employee services	Total
As at 1 January 2021	(1,595)	1,310	(285)
Purchased (i)	(670)	–	(670)
Share-based compensation expenses (ii)	–	378	378
Exercised	704	(704)	–
Expired	122	–	122
As at 31 December 2021	(1,439)	984	(455)

(i) During the period from 18 March 2022 to 25 March 2022, 12,518,547 ordinary A shares were purchased from the market. The average price of shares purchased was RMB47.56 per share. The total purchasing cost was RMB596 million (transaction expenses included).

During the period from 26 April 2021 to 29 April 2021, 9,162,837 ordinary A shares were purchased from the market. The average price of shares purchased was RMB73.13 per share. The total purchasing cost was RMB670 million (transaction expenses included).

(ii) The share-based compensation expenses of the Key Employee Share Purchase Plan and the total value of employee services were RMB573 million during 2022 (2021: RMB378 million).

41. KEY EMPLOYEE SHARE PURCHASE PLAN (CONTINUED)

(iii) Movement of shares relating to the Key Employee Share Purchase Plan is as follows (refer to Note 58. (3) for details about directors):

Period of purchase	Average price of shares purchased	Type	Unvested as at 1 January 2022	Addition during the year[1]	Vested during the year[2]	Unvested as at 31 December 2022
From 25 March 2019 to 27 March 2019	RMB72.79 per share	Directors	404,413	–	404,413	–
		The five highest paid individuals	–	–	–	–
		Other employees	1,717,131	–	1,585,467	–
From 24 February 2020 to 27 February 2020	RMB80.17 per share	Directors	788,544	–	394,269	394,275
		The five highest paid individuals	–	–	–	–
		Other employees	3,551,755	–	1,545,831	1,546,892
From 26 April 2021 to 29 April 2021	RMB73.13 per share	Directors	1,617,652	–	539,215	1,078,437
		The five highest paid individuals	–	–	–	–
		Other employees	6,922,016	–	2,024,874	4,051,091
From 18 March 2022 to 25 March 2022	RMB47.56 per share	Directors	–	2,685,633	–	2,685,633
		The five highest paid individuals	–	–	–	–
		Other employees	–	9,832,121	–	9,832,121

[1] The closing price of the domestic listed A shares on the trading day before the period of purchase was RMB45.50 per share. The lock-up period of the relevant shares is from 28 March 2022 to 27 March 2023. One third of the shares under the Key Employee Share Purchase Plan will be unlocked each year and vested in batches to employees after the lock-up period according to rules of the Key Employee Share Purchase Plan, if employees achieve the requirements of the Company's performance indicators (including compliant operation indicators, risk management indicators, economic efficiency indicators, and social responsibility indicators).

[2] The weighted average price of the domestic listed A shares on the trading day before the grant date was RMB44.06 per share.

[3] From 1 January 2022 to 31 December 2022, the number of shares lapsed under the Key Employee Share Purchase Plan (excluding directors and the five highest paid individuals) reached 1,436,747; there was no share cancellation under the Key Employee Share Purchase Plan.

[4] The relevant shares are locked for one year from the purchasing date; one third of the shares will be unlocked each year and vested in batches to employees after the lock-up period according to rules of the Key Employee Share Purchase Plan.

42. LONG-TERM SERVICE PLAN

The Company has adopted a Long-term Service Plan for the employees of the Company and its subsidiaries. Shares shall be vested and awarded to the employees participated in the Long-term Service Plan, subject to the confirmation of their applications made when they retire from the Company.

Movement of reserves relating to the Long-term Service Plan is as follows:

(in RMB million)	Cost of shares held for Long-term Service Plan	Value of employee services	Total
As at 1 January 2022	**(12,465)**	**662**	**(11,803)**
Purchased (i)	**(4,439)**	**-**	**(4,439)**
Share-based compensation expenses (ii)	**-**	**326**	**326**
Exercised	**18**	**(18)**	**-**
As at 31 December 2022	**(16,886)**	**970**	**(15,916)**

(in RMB million)	Cost of shares held for Long-term Service Plan	Value of employee services	Total
As at 1 January 2021	(8,284)	371	(7,913)
Purchased (i)	(4,184)	–	(4,184)
Share-based compensation expenses (ii)	–	294	294
Exercised	3	(3)	–
As at 31 December 2021	(12,465)	662	(11,803)

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

From 26 April 2021 to 29 April 2021, 57,368,981 ordinary A shares were purchased from the market. The average price of shares purchased was RMB72.92 per share. The total purchasing cost was RMB4,184 million (transaction expenses included).

(ii) The share-based compensation expenses and the total value of employee services of the Long-term Service Plan were RMB326 million during 2022 (2021: RMB294 million).

42. LONG-TERM SERVICE PLAN (CONTINUED)

(iii) Movement of shares relating to the Long-term Service Plan is as follows (refer to Note 58. (3) for details about directors):

Period of purchase	Average price of shares purchased	Type	Unvested as at 1 January 2022	Addition during the year[1]	Vested during the year[2]	Unvested as at 31 December 2022
From 7 May 2019 to 14 May 2019	RMB79.10 per share	Directors	884,666	–	–	884,666
		The five highest paid individuals	63,190	–	–	63,190
		Other employees	53,309,345	–	133,634	53,169,611
From 24 February 2020 to 28 February 2020	RMB80.15 per share	Directors	873,264	–	–	873,264
		The five highest paid individuals	62,374	–	–	62,374
		Other employees	48,815,358	–	84,817	48,730,541
From 26 April 2021 to 29 April 2021	RMB72.92 per share	Directors	959,784	–	–	959,784
		The five highest paid individuals	41,955	–	–	41,955
		Other employees	56,366,530	–	2,007	56,364,523
From 18 March 2022 to 25 March 2022	RMB47.56 per share	Directors	–	1,471,562	–	1,471,562
		The five highest paid individuals	–	34,686	–	34,686
		Other employees	–	91,808,234	806	91,807,428

[1] The closing price of the domestic listed A shares on the trading day before the period of purchase was RMB45.50 per share. Shares shall be vested and awarded to the employees when they retire from the Company, and the number of shares eligible for vesting is determined according to their performance.

[2] The weighted average price of the domestic listed A shares on the trading day before the grant date was RMB43.31 per share.

[3] From 1 January 2022 to 31 December 2022, the number of shares lapsed under the Long-term Service Plan (excluding directors and the five highest paid individuals) reached 6,100; there was no share cancellation under the Long-term Service Plan.

[4] Shares shall be vested and awarded to the employees participating in the Long-term Service Plan, subject to the confirmation of their applications made and the payment of relevant taxes when they retire from the Company.

43. TREASURY SHARES

(in RMB million)	31 December 2021	Additions	Disposals	31 December 2022
Treasury shares	**9,895**	**1,101**	**–**	**10,996**

As at 31 December 2022, 172,599,415 A shares had been purchased from the Shanghai Stock Exchange by centralized bidding. The total repurchasing cost was RMB10,996 million (transaction expenses included).

44. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	31 December 2022	31 December 2021
Deposits from other banks and financial institutions	**453,577**	361,700
Due to the Central Bank	**191,916**	148,162
Short-term borrowings	**121,945**	116,102
Long-term borrowings	**151,539**	171,682
	918,977	797,646

45. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(in RMB million)	31 December 2022	31 December 2021
Bonds	**262,798**	127,477
Others	**8,939**	–
	271,737	127,477

As at 31 December 2022, bonds with a carrying amount of RMB168,705 million (31 December 2021: RMB95,158 million) were pledged as collateral for financial assets sold under agreements to repurchase resulted from repurchase transactions entered into by the Group in the inter-bank market. The collaterals are restricted from trading during the period of the repurchase transactions.

As at 31 December 2022, the carrying amount of bonds deposited in the collateral pool was RMB321,696 million (31 December 2021: RMB284,423 million). The collaterals are restricted from trading during the period of the repurchase transactions. The Group can withdraw the exchange-traded bonds from the collateral pool in short time provided that the value of the bonds is no less than the balance of related repurchase transactions.

For bonds repurchase transactions through stock exchange, the Group is required to deposit certain exchange traded bonds and/or bonds transferred under new pledged repurchase transactions with fair value converted at a standard rate pursuant to stock exchange's regulation no less than the balance of related repurchase transactions into a collateral pool.

46. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

(in RMB million)	31 December 2022	31 December 2021
Current and savings accounts		
Corporate customers	**842,380**	828,389
Individual customers	**297,141**	242,554
Term deposits		
Corporate customers	**1,415,106**	1,319,315
Individual customers	**751,544**	538,863
Subtotal	**3,306,171**	2,929,121
Payables to brokerage customers		
Individual customers	**96,810**	54,285
Corporate customers	**29,018**	18,643
Subtotal	**125,828**	72,928
Total	**3,431,999**	3,002,049

As at 31 December 2022, bonds classified as financial assets carried at amortized costs with a carrying amount of RMB22,945 million (31 December 2021: RMB20,245 million) were pledged as main collaterals for term deposit with the Central Bank.

47. BONDS PAYABLE

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

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	**31 December 2022**	31 December 2021
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	2,474	2019	Fixed	3.00%-3.45%	**2,518**	3,659
Ping An Financial Leasing	Corporate bonds	None	4 years	End of the second year	1,018	2020	Fixed	3.10%-3.85%	**731**	2,541
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	2,750	2020	Fixed	3.88%-4.02%	**2,799**	2,795
Ping An Financial Leasing	Private corporate bonds	None	5 years	End of the third year	2,710	2018	Fixed	4.20%-4.30%	**2,758**	2,755
Ping An Financial Leasing	Private corporate bonds	None	3 years	End of the second year	600	2019	Fixed	3.95%	**-**	610
Ping An Financial Leasing	Private corporate bonds	None	4 years	End of the second year	2,700	2019	Fixed	4.10%-4.18%	**2,748**	2,745
Ping An Financial Leasing	Private corporate bonds	None	5 years	End of the third year	629	2019	Fixed	3.70%	**640**	2,541
Ping An Financial Leasing	Corporate bonds	None	2-4 years	End of the second year	3,100	2021	Fixed	3.60%-4.05%	**3,155**	3,151
Ping An Financial Leasing	Corporate bonds	None	3-5 years	End of the third year	1,700	2021	Fixed	3.89%-4.08%	**1,730**	1,728
Ping An Financial Leasing	Corporate bonds	None	3-4 years	End of the second year	8,800	2022	Fixed	3.09%-3.65%	**8,957**	-
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	1,500	2022	Fixed	3.33%-3.80%	**1,527**	-
Ping An Financial Leasing	Corporate bonds	None	2 years	End of the first year	3,200	2022	Fixed	2.60%-3.60%	**3,257**	-
Ping An Bank	Tier-2 Capital bonds	None	10 years	End of the fifth year	30,000	2019	Fixed	4.55%	**30,908**	30,910
Ping An Bank	Financial bonds	None	3 years	None	30,000	2020	Fixed	2.30%	**30,414**	30,416
Ping An Bank	Financial bonds	None	3 years	None	20,000	2021	Fixed	3.45%	**20,629**	20,631
Ping An Bank	Tier-2 Capital bonds	None	10 years	End of the fifth year	30,000	2021	Fixed	3.69%	**30,151**	30,149
Ping An Bank	Financial bonds	None	3 years	None	20,000	2022	Fixed	2.45%	**20,099**	-
Ping An Bank	Financial bonds	None	3 years	None	5,000	2022	Fixed	2.45%	**5,020**	-
Ping An Bank	Financial bonds	None	3 years	None	5,000	2022	Fixed	2.45%	**5,020**	-
Ping An Bank	Financial bonds	None	3 years	None	20,000	2022	Fixed	2.45%	**20,070**	-
Ping An Life	Capital supplement bonds	None	10 years	End of the fifth year	20,000	2020	Fixed	First 5 years: 3.58% Next 5 years: 4.58% (if not redeemed)	**20,767**	20,665
Ping An Property & Casualty	Capital supplement bonds	None	10 years	End of the fifth year	3,500	2017	Fixed	First 5 years: 5.10% Next 5 years: 6.10% (if not redeemed)	**-**	3,562
Ping An Property & Casualty	Capital supplement bonds	None	10 years	End of the fifth year	10,000	2019	Fixed	First 5 years: 4.64% Next 5 years: 5.64% (if not redeemed)	**10,487**	10,434
Ping An Securities	Corporate bonds	None	5 years	End of the third year	100	2018	Fixed	3.00%	**100**	100
Ping An Securities	Corporate bonds	None	5 years	End of the third year	2,000	2019	Fixed	3.70%	**-**	2,062

47. BONDS PAYABLE (CONTINUED)

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

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	31 December 2022	31 December 2021
Ping An Securities	Corporate bonds	None	5 years	End of the third year	2,700	2019	Fixed	3.75%	-	2,774
Ping An Securities	Corporate bonds	None	5 years	End of the third year	2,300	2019	Fixed	3.73%	-	2,350
Ping An Securities	Private corporate bonds	None	3 years	None	3,500	2019	Fixed	4.05%	-	3,612
Ping An Securities	Private corporate bonds	None	3 years	None	2,000	2019	Fixed	4.20%	-	2,058
Ping An Securities	Corporate bonds	None	5 years	End of the third year	1,500	2020	Fixed	3.40%	**1,548**	1,547
Ping An Securities	Private corporate bonds	None	3 years	None	3,000	2020	Fixed	3.19%	**3,077**	3,077
Ping An Securities	Corporate bonds	None	3 years	None	4,000	2020	Fixed	3.58%	**4,062**	4,061
Ping An Securities	Corporate bonds	None	3 years	None	2,550	2020	Fixed	3.70%	**2,566**	2,565
Ping An Securities	Corporate bonds	None	547 days	None	2,450	2020	Fixed	3.44%	-	2,536
Ping An Securities	Private corporate bonds	None	18 months	None	1,500	2021	Fixed	3.70%	-	1,547
Ping An Securities	Private corporate bonds	None	18 months	None	1,500	2021	Fixed	3.50%	-	1,541
Ping An Securities	Corporate bonds	None	3 years	None	3,000	2021	Fixed	3.40%	**3,059**	3,059
Ping An Securities	Corporate bonds	None	549 days	None	2,000	2021	Fixed	3.05%	-	2,035
Ping An Securities	Corporate bonds	None	3 years	None	2,400	2021	Fixed	3.48%	**2,445**	2,444
Ping An Securities	Corporate bonds	None	3 years	None	1,200	2021	Fixed	3.50%	**1,221**	1,221
Ping An Securities	Corporate bonds	None	2 years	None	2,000	2021	Fixed	3.35%	**2,034**	2,034
Ping An Securities	Corporate bonds	None	3 years	None	1,800	2021	Fixed	3.25%	**1,825**	1,825
Ping An Securities	Corporate bonds	None	1 year	None	2,000	2021	Fixed	2.77%	-	2,024
Ping An Securities	Corporate bonds	None	1 year	None	2,000	2021	Fixed	2.67%	-	2,018
Ping An Securities	Corporate bonds	None	3 years	None	3,000	2021	Fixed	3.05%	**3,034**	3,033
Ping An Securities	Corporate bonds	None	5 years	None	2,000	2021	Fixed	3.47%	**2,024**	2,024
Ping An Securities	Corporate bonds	None	3 years	None	2,600	2021	Fixed	3.37%	**2,616**	2,615
Ping An Securities	Corporate bonds	None	1 year	None	2,000	2021	Fixed	2.75%	-	2,015
Ping An Securities	Private corporate bonds	None	2 years	None	2,000	2021	Fixed	3.25%	**2,009**	2,009
Ping An Securities	Private corporate bonds	None	2 years	None	1,500	2021	Fixed	3.20%	**1,501**	1,500
Ping An Securities	Private corporate bonds	None	2 years	None	1,500	2022	Fixed	3.07%	**1,544**	-
Ping An Securities	Corporate bonds	None	3 years	None	2,300	2022	Fixed	3.00%	**2,348**	-
Ping An Securities	Corporate bonds	None	5 years	None	500	2022	Fixed	3.42%	**512**	-
Ping An Securities	Subordinated corporate bonds	None	3 years	None	1,900	2022	Fixed	3.10%	**1,936**	-
Ping An Securities	Subordinated corporate bonds	None	5 years	None	1,100	2022	Fixed	3.56%	**1,124**	-

47. BONDS PAYABLE (CONTINUED)

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

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	**31 December 2022**	31 December 2021
Ping An Securities	Corporate bonds	None	3 years	None	3,000	2022	Fixed	2.80%	**3,034**	-
Ping An Securities	Corporate bonds	None	9 months	None	2,000	2022	Fixed	1.95%	**2,015**	-
Ping An Securities	Corporate bonds	None	3 years	None	500	2022	Fixed	2.75%	**505**	-
Ping An Securities	Corporate bonds	None	5 years	None	1,000	2022	Fixed	3.22%	**1,011**	-
Ping An Securities	Corporate bonds	None	3 years	None	2,500	2022	Fixed	2.65%	**2,518**	-
Ping An Securities	Corporate bonds	None	6 months	None	500	2022	Fixed	2.80%	**501**	-
Ping An Real Estate	Corporate bonds	None	5 years	End of the third year	21	2019	Fixed	3.70%	**-**	720
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	750	2019	Fixed	4.40%	**765**	764
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	940	2019	Fixed	4.30%	**957**	955
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	244	2016	Fixed	3.28%	**245**	265
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	120	2019	Fixed	3.85%	**121**	3,017
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	2,000	2020	Fixed	3.40%	**2,046**	2,045
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	3,000	2020	Fixed	3.80%	**3,063**	3,062
Ping An Financial Technology	Private corporate bonds	None	3 years	End of the second year	950	2020	Fixed	3.60%	**956**	2,014
Dingshuntong Investment	Private corporate bonds	None	2 years	Yes	272	2020	Fixed	6.74%	**-**	278
Dingshuntong Investment	Private corporate bonds	None	2 years	Yes	240	2020	Fixed	6.74%	**-**	245
Evergreen Investment Development	Private corporate bonds	Yes	2 years	Yes	3,000	2020	Fixed	4.30%	**-**	3,029
Shenzhen Ping An Real Estate Investment Co., Ltd.	Convertible bonds	None	3 years	Yes	273	2019	Fixed	6.74%	**-**	280
Shenzhen Ping An Real Estate Investment Co., Ltd.	Convertible bonds	None	2 years	Yes	289	2020	Fixed	6.69%	**-**	302
Lianxin Investment	Private corporate bonds	None	5 years	End of the third year	2,000	2020	Fixed	5.40%	**2,003**	2,004
Lianxin Investment	Private corporate bonds	None	3 years	End of the second year	1,000	2021	Fixed	4.50%	**1,031**	1,031
Founder Securities	Corporate bonds	None	2 years	None	1,000	2022	Fixed	3.49%	**1,025**	-
Founder Securities	Corporate bonds	None	366 days	None	800	2022	Fixed	3.18%	**817**	-
Founder Securities	Corporate bonds	None	2 years	None	700	2022	Fixed	3.40%	**716**	-
Founder Securities	Corporate bonds	None	2 years	None	600	2022	Fixed	3.18%	**611**	-
Founder Securities	Corporate bonds	None	3 years	None	1,000	2022	Fixed	2.95%	**1,007**	-
Founder Securities	Corporate bonds	None	2 years	None	700	2022	Fixed	2.75%	**702**	-
Founder Securities	Corporate bonds	None	3 years	None	1,300	2022	Fixed	2.94%	**1,304**	-
Founder Securities	Corporate bonds	None	2 years	None	400	2022	Fixed	4.30%	**400**	-

47. BONDS PAYABLE (CONTINUED)

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

As at 31 December 2022, the original terms of interbank certificates of deposit issued by Ping An Bank, but unmatured were from 1 month to 1 year, and the annual interest rates were from 1.65% to 3.01% (31 December 2021: the original terms were from 3 months to 1 year, and the annual interest rates were from 0.27% to 3.18%). The carrying amount was RMB529,764 million (31 December 2021: RMB711,828 million).

As at 31 December 2022, the original terms of short-term financial bonds issued by Ping An Securities, but unmatured were from 92 days to 365 days, and the annual interest rates were from 1.84% to 2.66% (31 December 2021: the original terms were from 92 days to 365 days, and the annual interest rates were from 2.70% to 2.79%). The carrying amount was RMB11,109 million (31 December 2021: RMB6,929 million).

As at 31 December 2022, the original terms of short-term financial bonds issued by Ping An Financial Leasing, but unmatured were from 63 days to 365 days, and the annual interest rates were from 2.64% to 4.10% (31 December 2021: the original terms were from 150 days to 365 days, and the annual interest rates were from 2.78% to 4.00%). The carrying amount was RMB3,970 million (31 December 2021: RMB12,097 million).

As at 31 December 2022, the original term of short-term financial bonds issued by Ping An Real Estate, but unmatured was 210 days, and the annual interest rate was 3.38% (31 December 2021: the original terms were from 268 days to 270 days, and the annual interest rates were from 3.08% to 3.20%). The carrying amount was RMB1,520 million (31 December 2021: RMB2,532 million).

As at 31 December 2022, the original terms of short-term financial bonds issued by Founder Securities, but unmatured were from 175 days to 365 days, and the annual interest rates were from 3.05% to 4.20%. The carrying amount was RMB8,999 million.

As at 31 December 2022, the original term of income certificates issued by Ping An Securities, but unmatured was 14 days, and the annual interest rates were from 4.48% to 5.11% (31 December 2021: the original terms were from 14 days to 240 days, and the annual interest rates were from 3.65% to 5.20%). The carrying amount was RMB81 million (31 December 2021: RMB2,201 million).

As at 31 December 2022, the original terms of income certificates issued by Founder Securities, but unmatured were from 366 days to 733 days, and the annual interest rates were from 3.20% to 4.45%. The carrying amount was RMB5,569 million.

48. INSURANCE CONTRACT LIABILITIES

(in RMB million)	**31 December 2022**	31 December 2021
Long-term life insurance policyholders' reserves	**2,430,854**	2,183,788
Policyholder contract deposits	**805,293**	756,373
Policyholder account liabilities in respect of insurance contracts	**19,467**	31,847
Unearned premium reserves	**173,742**	170,420
Claim reserves	**138,393**	118,926
Total	**3,567,749**	3,261,354

48. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(in RMB million)	31 December 2022 Insurance contract liabilities	Reinsurers' share	Net
Long-term life insurance contracts	**3,255,614**	**(2,636)**	**3,252,978**
Short-term life insurance contracts	**21,586**	**(246)**	**21,340**
Property and casualty insurance contracts	**290,549**	**(22,087)**	**268,462**
	3,567,749	**(24,969)**	**3,542,780**

(in RMB million)	31 December 2021 Insurance contract liabilities	Reinsurers' share	Net
Long-term life insurance contracts	2,972,008	(2,291)	2,969,717
Short-term life insurance contracts	21,401	(4,725)	16,676
Property and casualty insurance contracts	267,945	(19,836)	248,109
	3,261,354	(26,852)	3,234,502

(in RMB million)	31 December 2022	31 December 2021
Current portion*		
Long-term life	**(35,543)**	(67,907)
Short-term life	**20,335**	19,851
Property and casualty	**178,293**	166,017
Non-current portion		
Long-term life	**3,291,157**	3,039,915
Short-term life	**1,251**	1,550
Property and casualty	**112,256**	101,928
Total	**3,567,749**	3,261,354

* Estimated net cash flows within 12 months from the end of the reporting period.

(1) LONG-TERM LIFE INSURANCE CONTRACTS

(in RMB million)	31 December 2022	31 December 2021
Long-term life insurance policyholders' reserves	**2,430,854**	2,183,788
Policyholder contract deposits	**805,293**	756,373
Policyholder account liabilities in respect of insurance contracts	**19,467**	31,847
	3,255,614	2,972,008

The long-term life insurance policyholders' reserves are analysed as follows:

(in RMB million)	2022	2021
As at 1 January	**2,183,788**	1,931,023
Increase during the year	**414,471**	403,536
Decrease during the year		
Claims and benefits paid	**(106,363)**	(96,804)
Surrender	**(62,106)**	(54,823)
Others	**1,064**	856
As at 31 December	**2,430,854**	2,183,788

48. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) LONG-TERM LIFE INSURANCE CONTRACTS (CONTINUED)

The policyholder contract deposits are analysed as follows:

(in RMB million)	2022	2021
As at 1 January	**756,373**	705,657
Policyholder principal increased	**81,967**	86,519
Accretion of investment income	**29,609**	33,327
Liabilities released for benefits paid	**(49,854)**	(55,763)
Policy administration fees and risk premiums deducted	**(12,802)**	(13,367)
As at 31 December	**805,293**	756,373

(2) SHORT-TERM LIFE INSURANCE CONTRACTS

(in RMB million)	31 December 2022	31 December 2021
Unearned premium reserves	**10,533**	10,613
Claim reserves	**11,053**	10,788
	21,586	21,401

The unearned premium reserves of short-term life insurance are analysed as follows:

	2022			2021		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**10,613**	**(2,473)**	**8,140**	10,479	(747)	9,732
Increase	**31,841**	**(4,394)**	**27,447**	35,423	(13,619)	21,804
Decrease	**(31,921)**	**6,990**	**(24,931)**	(35,289)	11,893	(23,396)
As at 31 December	**10,533**	**123**	**10,656**	10,613	(2,473)	8,140

The claim reserves of short-term life insurance are analysed as follows:

	2022			2021		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**10,788**	**(2,252)**	**8,536**	12,689	(1,239)	11,450
Increase	**19,346**	**(3,875)**	**15,471**	21,586	(9,029)	12,557
Decrease	**(19,081)**	**5,758**	**(13,323)**	(23,487)	8,016	(15,471)
As at 31 December	**11,053**	**(369)**	**10,684**	10,788	(2,252)	8,536

48. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(3) PROPERTY AND CASUALTY INSURANCE CONTRACTS

(in RMB million)	31 December 2022	31 December 2021
Unearned premium reserves	**163,209**	159,807
Claim reserves	**127,340**	108,138
	290,549	267,945

The unearned premium reserves of property and casualty insurance are analysed as follows:

	2022			2021		
(in RMB million)	**Gross**	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
As at 1 January	**159,807**	**(8,611)**	**151,196**	166,562	(7,661)	158,901
Increase	**261,372**	**(17,944)**	**243,428**	231,665	(12,854)	218,811
Decrease	**(257,970)**	**17,274**	**(240,696)**	(238,420)	11,904	(226,516)
As at 31 December	**163,209**	**(9,281)**	**153,928**	159,807	(8,611)	151,196

The claim reserves of property and casualty insurance are analysed as follows:

	2022			2021		
(in RMB million)	**Gross**	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
As at 1 January	**108,138**	**(11,225)**	**96,913**	97,254	(8,624)	88,630
Increase	**203,776**	**(9,698)**	**194,078**	185,664	(10,725)	174,939
Decrease	**(184,574)**	**8,117**	**(176,457)**	(174,780)	8,124	(166,656)
As at 31 December	**127,340**	**(12,806)**	**114,534**	108,138	(11,225)	96,913

49. INVESTMENT CONTRACT LIABILITIES FOR POLICYHOLDERS

(in RMB million)	31 December 2022	31 December 2021
Policyholder account liabilities in respect of investment contracts	**3,626**	4,155
Investment contract reserves	**70,236**	68,684
	73,862	72,839

The investment contract liabilities are analysed as follows:

(in RMB million)	2022	2021
As at 1 January	**72,839**	67,581
Policyholder principal increased	**9,599**	14,209
Accretion of investment income	**1,548**	2,412
Liabilities released for benefits paid	**(9,934)**	(11,270)
Policy administration fees and risk premiums deducted	**(65)**	(68)
Others	**(125)**	(25)
As at 31 December	**73,862**	72,839

As at 31 December 2022 and 2021, all reinsurance contracts of the Group transferred significant insurance risks.

50. DEFERRED TAX ASSETS AND LIABILITIES

(in RMB million)	31 December 2022	31 December 2021
Deferred tax assets	**92,846**	65,360
Deferred tax liabilities	**(14,217)**	(13,605)
Net	**78,629**	51,755

The deferred tax assets are analysed as follows:

	2022					
(in RMB million)	**As at 1 January**	**Charged to profit or loss**	**Charged to equity**	**Other changes**	**As at 31 December**	**Temporary difference as at 31 December**
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	**1,018**	**4,255**	**–**	**–**	**5,273**	**(21,092)**
Fair value adjustments on financial assets at fair value through other comprehensive income	**13,590**	**–**	**(1,880)**	**4**	**11,714**	**(46,856)**
Insurance contract liabilities	**6,408**	**(1,594)**	**1,859**	**–**	**6,673**	**(26,692)**
Impairment provisions	**49,410**	**5,956**	**(481)**	**–**	**54,885**	**(219,540)**
Others	**8,011**	**11,483**	**120**	**500**	**20,114**	**(80,456)**
	78,437	**20,100**	**(382)**	**504**	**98,659**	**(394,636)**

	2021					
(in RMB million)	As at 1 January	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	163	849	–	6	1,018	(4,072)
Fair value adjustments on financial assets at fair value through other comprehensive income	12,251	–	1,339	–	13,590	(54,360)
Insurance contract liabilities	8,745	(1,395)	(942)	–	6,408	(25,632)
Impairment provisions	41,808	8,349	(702)	(45)	49,410	(197,640)
Others	7,172	414	57	368	8,011	(32,044)
	70,139	8,217	(248)	329	78,437	(313,748)

50. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The deferred tax liabilities are analysed as follows:

	2022					
(in RMB million)	As at 1 January	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	**(10,143)**	**7,717**	**–**	**(6)**	**(2,432)**	**9,728**
Fair value adjustments on financial assets at fair value through other comprehensive income	**(673)**	**–**	**31**	**–**	**(642)**	**2,568**
Intangible assets-core deposits	**(1,799)**	**189**	**–**	**–**	**(1,610)**	**6,442**
Intangible assets valuation premium from acquisition of Autohome Inc.	**(1,923)**	**39**	**–**	**–**	**(1,884)**	**7,536**
Assets valuation premium from disposal of subsidiaries	**(3,615)**	**–**	**–**	**–**	**(3,615)**	**14,460**
Others	**(8,529)**	**1,215**	**73**	**(2,606)**	**(9,847)**	**39,388**
	(26,682)	**9,160**	**104**	**(2,612)**	**(20,030)**	**80,122**

	2021					
(in RMB million)	As at 1 January	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	(12,994)	2,833	–	18	(10,143)	40,572
Fair value adjustments on financial assets at fair value through other comprehensive income	(763)	–	94	(4)	(673)	2,692
Intangible assets-core deposits	(1,987)	188	–	–	(1,799)	7,196
Intangible assets valuation premium from acquisition of Autohome Inc.	(1,966)	43	–	–	(1,923)	7,692
Assets valuation premium from disposal of subsidiaries	(3,615)	–	–	–	(3,615)	14,460
Others	(6,180)	(2,243)	153	(259)	(8,529)	34,116
	(27,505)	821	247	(245)	(26,682)	106,728

50. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2022, unrecognized tax losses of the Group were RMB38,697 million (31 December 2021: RMB24,847 million).

The following table shows unrecognized tax losses based on its expected expiry date:

(in RMB million)	**31 December 2022**	31 December 2021
2022	**–**	1,054
2023	**2,992**	2,032
2024	**5,864**	5,585
2025	**7,077**	7,689
2026	**6,041**	8,487
2027	**16,723**	–
	38,697	24,847

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2022		31 December 2021	
(in RMB million)	**Offsetting**	**Net**	Offsetting	Net
Deferred tax assets	**(5,813)**	**92,846**	(13,077)	65,360
Deferred tax liabilities	**5,813**	**(14,217)**	13,077	(13,605)

51. OTHER LIABILITIES

(in RMB million)	**31 December 2022**	31 December 2021
Other payables	**195,322**	191,577
Payables to non-controlling interests of consolidated structured entities	**22,260**	31,815
Salaries and welfare payable	**47,723**	45,759
Other tax payable	**9,795**	9,668
Contingency provision	**10,033**	4,026
Insurance guarantee fund	**1,161**	804
Provision payables	**5,781**	6,569
Accruals	**11,538**	9,599
Deferred income	**1,909**	1,661
Contract liabilities	**6,382**	5,179
Finance lease deposits	**15,232**	19,297
Others	**32,196**	18,270
	359,332	344,224

52. FIDUCIARY ACTIVITIES

(in RMB million)	31 December 2022	31 December 2021
Assets under trust schemes	**537,178**	444,454
Assets under annuity investments and annuity schemes	**669,251**	712,159
Assets under asset management schemes	**1,790,619**	1,719,031
Entrusted loans of banking operations	**178,386**	190,853
Entrusted investments of banking operations	**886,840**	872,066
	4,062,274	3,938,563

53. RISK AND CAPITAL MANAGEMENT

(1) INSURANCE RISK

Type of insurance risk

Insurance risk refers to the risk that actual indemnity might exceed expected indemnity due to the frequency and severity of insurance accidents, as well as the possibility that insurance surrender rates are being underestimated. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This could occur due to any of the following factors:

- Occurrence risk – the possibility that the number of insured events will differ from those expected.
- Severity risk – the possibility that the cost of the events will differ from those expected.
- Development risk – the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategies and guidelines.

The insurance business of the Group mainly comprises long-term life insurance contracts, property and casualty and short-term life insurance contracts. For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyles and natural disasters, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continuing improvement in medical science and social conditions that would increase longevity. For property and casualty insurance contracts, claims are often affected by natural disasters, calamities, terrorist attacks, etc.

These risks currently do not vary significantly in relation to the location of the risk insured by the Group whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Type of insurance risk (Continued)

There would be no significant mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed and guaranteed benefits and fixed future premiums. However, for contracts with discretionary participation features, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

Insurance risk is also affected by the policyholders' rights to terminate the contract, pay reduced premiums, refuse to pay premiums or exercise annuity conversion option, etc. Thus, the resultant insurance risk is subject to policyholders' behaviour and decisions.

Concentration of insurance risks

The Group runs its insurance business primarily within the PRC. Hence the geographical insurance risk is concentrated primarily within the PRC.

The Group's concentration of insurance risk is reflected by its major lines of business as analysed by insurance contract liabilities in Note 48.

Assumptions and sensitivities

(a) Long-term life insurance contracts

Assumptions

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

Sensitivities

The Group has measured the impact on long-term life insurance contract liabilities using sensitivity analysis, of varying independently certain assumptions under reasonable and possible circumstances. The following changes in assumptions have been considered:

- discount rate/investment return assumption increased by 10 basis points;
- discount rate/investment return assumption decreased by 10 basis points;
- a 10% increase in mortality, morbidity, accident rates and etc. (a 10% increase in mortality rates of annuity policies before the payment period, a 10% decrease in the payment period);
- a 10% increase in policy lapse rates; and
- a 5% increase in maintenance expense rates.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (Continued)

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

		31 December 2022			
		Impact on gross long-term life insurance policyholders' reserves	Impact on net long-term life insurance policyholders' reserves	Impact on profit before tax	Impact on equity before tax
(in RMB million)	Change in assumptions	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
Discount rate/investment return	**+10bps**	**(16,642)**	**(16,643)**	**16,643**	**16,643**
Discount rate/investment return	**-10bps**	**17,040**	**17,041**	**(17,041)**	**(17,041)**
Mortality, morbidity, accident rates and etc.	**+10%**	**68,178**	**68,109**	**(68,109)**	**(68,109)**
Policy lapse rates	**+10%**	**12,096**	**12,097**	**(12,097)**	**(12,097)**
Maintenance expense rates	**+5%**	**4,352**	**4,352**	**(4,352)**	**(4,352)**

		31 December 2021			
		Impact on gross long-term life insurance policyholders' reserves	Impact on net long-term life insurance policyholders' reserves	Impact on profit before tax	Impact on equity before tax
(in RMB million)	Change in assumptions	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
Discount rate/investment return	+10bps	(13,141)	(13,142)	13,142	13,142
Discount rate/investment return	-10bps	13,460	13,461	(13,461)	(13,461)
Mortality, morbidity, accident rates and etc.	+10%	66,256	66,207	(66,207)	(66,207)
Policy lapse rates	+10%	16,694	16,693	(16,693)	(16,693)
Maintenance expense rates	+5%	4,122	4,122	(4,122)	(4,122)

Note: For long-term life and health insurance contracts where the future insurance benefits are not affected by investment return of the underlying asset portfolio, the amounts above represent the results of sensitivity analysis calculated by the discount rates when the benchmark yield curve for the measurement of insurance contract liabilities increases or decreases 10bps, with consideration of the Cai Kuai [2017] No.637 issued by the former CIRC and other relevant regulations.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (Continued)

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

Assumptions

The principal assumptions underlying the estimates includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year which are determined based on the Group's past claim experiences. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include delays in settlement, etc.

Sensitivities

The property and casualty and short-term life insurance claim reserves are sensitive to the above key assumptions. The sensitivity of certain variables including legislative change, uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim reserves are not known with certainty at the end of the reporting period.

Reproduced below is an exhibit that shows the development of gross claim reserves of property and casualty insurance by the accident year:

(in RMB million)	2018	2019	2020	2021	**2022**	Total
Estimated cumulative claims paid:						
As at the end of current year	134,483	150,592	166,997	194,826	**200,136**	
One year later	129,907	146,275	161,174	189,188		
Two years later	124,672	142,235	159,929			
Three years later	120,933	140,683				
Four years later	121,682					
Estimated cumulative claims	121,682	140,683	159,929	189,188	**200,136**	811,618
Cumulative claims paid	(119,780)	(136,603)	(148,774)	(163,073)	**(128,055)**	(696,285)
Subtotal						115,333
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						12,007
Outstanding claim reserves						127,340

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (Continued)

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

Sensitivities (continued)

Reproduced below is an exhibit that shows the development of net claim reserves of property and casualty insurance by the accident year:

(in RMB million)	2018	2019	2020	2021	**2022**	Total
Estimated cumulative claims paid:						
As at the end of current year	125,966	141,982	158,308	183,409	**189,335**	
One year later	121,579	138,059	152,791	178,028		
Two years later	116,721	134,343	151,705			
Three years later	113,193	133,028				
Four years later	113,991					
Estimated cumulative claims	113,991	133,028	151,705	178,028	**189,335**	766,087
Cumulative claims paid	(112,479)	(129,621)	(141,806)	(155,886)	**(122,919)**	(662,711)
Subtotal						103,376
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						11,158
Outstanding claim reserves						114,534

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (Continued)

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

Sensitivities (continued)

Reproduced below is an exhibit that shows the development of gross claim reserves of short-term life insurance by the accident year:

(in RMB million)	2018	2019	2020	2021	**2022**	Total
Estimated cumulative claims paid:						
As at the end of current year	16,879	21,107	26,858	25,963	**22,167**	
One year later	15,917	21,157	24,707	24,926		
Two years later	15,986	20,478	23,435			
Three years later	15,802	20,423				
Four years later	15,836					
Estimated cumulative claims	15,836	20,423	23,435	24,926	**22,167**	106,787
Cumulative claims paid	(15,832)	(20,419)	(23,417)	(23,325)	**(13,388)**	(96,381)
Subtotal						10,406
Prior year adjustments, unallocated loss adjustment expenses and risk margin						647
Outstanding claim reserves						11,053

Reproduced below is an exhibit that shows the development of net claim reserves of short-term life insurance by the accident year:

(in RMB million)	2018	2019	2020	2021	**2022**	Total
Estimated cumulative claims paid:						
As at the end of current year	15,809	19,146	24,258	18,842	**18,486**	
One year later	14,760	18,997	21,819	19,044		
Two years later	14,849	18,202	20,860			
Three years later	14,663	18,147				
Four years later	14,697					
Estimated cumulative claims	14,697	18,147	20,860	19,044	**18,486**	91,234
Cumulative claims paid	(14,693)	(18,143)	(20,847)	(17,580)	**(9,806)**	(81,069)
Subtotal						10,165
Prior year adjustments, unallocated loss adjustment expenses and risk margin						519
Outstanding claim reserves						10,684

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53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (Continued)

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

Sensitivities (continued)

To illustrate the sensitivities of ultimate claims costs, for example, a respective percentage change in the average claim costs alone results in a similar percentage change in claim reserves:

		31 December 2022			
(in RMB million)	**Change in assumptions**	**Impact on gross claim reserves increase**	**Impact on net claim reserves increase**	**Impact on profit before tax decrease**	**Impact on equity before tax decrease**
Average claim costs					
Property and casualty insurance	**+5%**	**6,367**	**5,727**	**(5,727)**	**(5,727)**
Short-term life insurance	**+5%**	**579**	**534**	**(534)**	**(534)**

		31 December 2021			
(in RMB million)	Change in assumptions	Impact on gross claim reserves increase	Impact on net claim reserves increase	Impact on profit before tax decrease	Impact on equity before tax decrease
Average claim costs					
Property and casualty insurance	+5%	5,407	4,846	(4,846)	(4,846)
Short-term life insurance	+5%	561	427	(427)	(427)

(c) Reinsurance

The Group limits its exposure to losses from insurance operations mainly through participation in reinsurance arrangements. The majority of the business ceded is placed on the quota share basis and the surplus basis with retention limits varying by product lines. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statement of financial position as reinsurers' share of insurance liabilities and due from reinsurers.

Even though the Group may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK

Market risk is the risk of changes in fair value of financial instruments and future cash flows from fluctuation of market prices, which includes three types of risks from volatility of foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk).

(a) Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk facing the Group mainly comes from movements in the USD/RMB and HKD/RMB exchange rates. The Group sets limitation to its position of foreign currency, monitors the size of foreign currency position, and limits the foreign currency position within the threshold set by utilizing hedging strategy.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the pre-tax impact on profit and equity (due to changes in fair value of foreign currency denominated non-monetary assets and liabilities measured at fair value, as well as monetary assets and liabilities). The correlation of variables will have a significant effect on determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

		31 December 2022		31 December 2021	
(in RMB million)	Change in variables	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity before tax**	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax
USD	+5%	**1,381**	**2,834**	823	2,559
HKD	+5%	**482**	**1,183**	898	1,448
Other currencies	+5%	**387**	**764**	591	924
		2,250	**4,781**	2,312	4,931
USD	-5%	**(1,381)**	**(2,834)**	(823)	(2,559)
HKD	-5%	**(482)**	**(1,183)**	(898)	(1,448)
Other currencies	-5%	**(387)**	**(764)**	(591)	(924)
		(2,250)	**(4,781)**	(2,312)	(4,931)

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53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(a) Foreign currency risk (Continued)

The main monetary assets and liabilities of the Group (excluding balances of investment-linked contracts) and non-monetary assets and liabilities measured at fair value are analysed as follows by currency:

	31 December 2022				
(in RMB million)	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	RMB equivalent total
Assets					
Cash and amounts due from banks and other financial institutions	643,483	112,157	8,758	6,353	770,751
Balances with the Central Bank and statutory deposits for insurance operations	289,046	6,116	397	-	295,559
Financial assets purchased under reverse repurchase agreements	91,315	-	-	-	91,315
Premium receivables	69,955	2,230	95	-	72,280
Accounts receivable	36,016	1	-	101	36,118
Reinsurers' share of insurance liabilities	21,136	3,330	503	-	24,969
Policy loans	188,765	-	-	-	188,765
Finance lease receivable	186,858	-	-	-	186,858
Loans and advances to customers	3,048,119	124,470	37,780	27,685	3,238,054
Financial assets at fair value through profit or loss	1,507,624	96,929	9,131	17,732	1,631,416
Financial assets at amortized cost	2,952,906	46,441	2,356	2,799	3,004,502
Debt financial assets at fair value through other comprehensive income	438,987	26,773	1,271	-	467,031
Equity financial assets at fair value through other comprehensive income	248,571	688	5,844	-	255,103
Other assets	123,370	4,862	1,685	71	129,988
	9,846,151	423,997	67,820	54,741	10,392,709
Liabilities					
Due to banks and other financial institutions	799,285	92,228	12,567	14,897	918,977
Financial liabilities at fair value through profit or loss	85,895	2,787	-	88	88,770
Assets sold under agreements to repurchase	266,869	4,868	-	-	271,737
Accounts payable	10,349	-	-	-	10,349
Insurance payables	152,472	951	81	4	153,508
Policyholder dividend payable	71,414	29	-	2	71,445
Customer deposits and payables to brokerage customers	3,169,278	242,914	13,817	5,990	3,431,999
Bonds payable	901,191	29,907	-	-	931,098
Insurance contract liabilities	3,561,267	5,455	1,012	15	3,567,749
Investment contract liabilities for policyholders	73,856	6	-	-	73,862
Other liabilities	234,443	3,052	525	619	238,639
	9,326,319	382,197	28,002	21,615	9,758,133
Net position of foreign currency		41,800	39,818	33,126	114,744
Notional amount of foreign exchange derivative financial instruments		14,888	(16,161)	(17,841)	(19,114)
		56,688	23,657	15,285	95,630
Off-balance sheet credit commitments	1,790,679	25,879	1,003	9,399	1,826,960

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(a) Foreign currency risk (Continued)

	31 December 2021				
(in RMB million)	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	RMB equivalent total
Assets					
Cash and amounts due from banks and other financial institutions	481,286	82,019	15,764	5,926	584,995
Balances with the Central Bank and statutory deposits for insurance operations	310,223	10,171	560	–	320,954
Financial assets purchased under reverse repurchase agreements	61,429	–	–	–	61,429
Premium receivables	77,922	1,861	51	–	79,834
Accounts receivable	26,541	1	–	86	26,628
Reinsurers' share of insurance liabilities	24,205	2,219	428	–	26,852
Policy loans	178,298	–	–	–	178,298
Finance lease receivable	200,701	–	–	–	200,701
Loans and advances to customers	2,799,799	142,393	16,221	22,562	2,980,975
Financial assets at fair value through profit or loss	1,287,033	101,821	17,460	20,363	1,426,677
Financial assets at amortized cost	2,727,348	38,392	2,123	1,132	2,768,995
Debt financial assets at fair value through other comprehensive income	398,471	28,977	1,082	–	428,530
Equity financial assets at fair value through other comprehensive income	262,383	620	5,212	–	268,215
Other assets	111,060	6,008	962	135	118,165
	8,946,699	414,482	59,863	50,204	9,471,248
Liabilities					
Due to banks and other financial institutions	700,202	89,335	1,625	6,484	797,646
Financial liabilities at fair value through profit or loss	54,738	2,548	–	90	57,376
Assets sold under agreements to repurchase	122,577	4,900	–	–	127,477
Accounts payable	6,663	–	–	–	6,663
Insurance payables	149,750	947	67	3	150,767
Policyholder dividend payable	67,249	25	–	2	67,276
Customer deposits and payables to brokerage customers	2,724,575	253,388	17,133	6,953	3,002,049
Bonds payable	1,064,171	32,625	–	727	1,097,523
Insurance contract liabilities	3,256,611	3,837	890	16	3,261,354
Investment contract liabilities for policyholders	72,833	6	–	–	72,839
Other liabilities	223,043	3,469	1,074	23	227,609
	8,442,412	391,080	20,789	14,298	8,868,579
Net position of foreign currency		23,402	39,074	35,906	98,382
Notional amount of foreign exchange derivative financial instruments		27,780	(10,112)	(17,433)	235
		51,182	28,962	18,473	98,617
Off-balance sheet credit commitments	1,522,035	30,485	1,126	7,561	1,561,207

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(b) Price risk

The Group's price risk exposure relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), which mainly include listed equity securities and security investment funds classified as equity financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The above investments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market.

The Group manages price risks by diversification of investments, setting limits for investments in different securities, etc.

The Group uses a 10-day market price value-at-risk ("VaR") technique to estimate its risk exposure for listed equity securities and equity investments funds. The Group adopts 10-day as the holding period on the assumption that not all the investments can be sold on the same day. Moreover, the VaR calculation is made based on normal market conditions and a 99% confidence interval.

The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the normal distribution assumption. The VaR may also be under or over estimated due to the assumption placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence interval.

In practice, the actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions.

The analysis below is the estimated impact for listed stocks and security investment funds with 10-day reasonable market fluctuation in using the VaR model in the normal market.

(in RMB million)	**31 December 2022**	31 December 2021
Listed stocks and security investment funds	**33,881**	21,492

The Group expects that current listed stocks and equity investments funds will not lose more than RMB33,881 million due to market price movements in a 10-trading-day holding period on 99% of occasions.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. Interest on floating rate instruments is repriced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity.

The analysis below is performed for reasonably possible movements in interest rate with all other variables held constant, for the following financial instruments, showing the pre-tax impact on the Group's profit (fair value change on bonds carried at fair value through profit or loss) and equity (fair value change on bonds carried at fair value through profit or loss and bonds carried at fair value through other comprehensive income).

		31 December 2022		31 December 2021	
(in RMB million)	Change in interest rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity before tax**	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax
Bonds carried at fair value through profit or loss and through other comprehensive income	-50 bps	**7,912**	**15,849**	6,138	13,700
Bonds carried at fair value through profit or loss and through other comprehensive income	+50 bps	**(7,912)**	**(15,849)**	(6,138)	(13,700)

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53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (Continued)

The following sensitivity analysis is based on the assumption that the floating rate bonds, floating rate term deposits and loans and advances have a static structure of interest rate risk. The analysis only measured interest rate changes within one year, reflecting the impact on interest income and interest expenses from the re-pricing of financial assets and liabilities within a year with the following assumptions: firstly, the interest rate of the floating rate bonds, floating rate term deposits/loans and advances is re-priced after the end of the reporting period; secondly, the yield curve moved in parallel with the changes in the interest rate; and thirdly, there are no other changes in the portfolio of financial assets and liabilities. Regarding the above assumptions, the pre-tax impact on the Group's profit and equity as a result of actual increases or decreases in interest rates may differ from that of the following sensitivity analysis.

		31 December 2022		31 December 2021	
(in RMB million)	Change in interest rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity before tax**	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax
Floating interest rate bonds	+50 bps	**87**	**87**	79	79
Loans and advances to customers	+50 bps	**8,395**	**8,395**	7,873	7,873
Floating interest rate bonds	–50 bps	**(87)**	**(87)**	(79)	(79)
Loans and advances to customers	–50 bps	**(8,395)**	**(8,395)**	(7,873)	(7,873)

The following table sets out the Group's term deposits (excluding balances of investment-linked contracts) exposed to interest rate risk by maturity or repricing date (whichever is the earlier):

(in RMB million)	**31 December 2022**	31 December 2021
Fixed interest rate		
Less than 3 months (including 3 months)	**58,008**	26,119
3 months to 1 year (including 1 year)	**48,054**	47,126
1-2 years (including 2 years)	**76,101**	83,554
2-3 years (including 3 years)	**69,557**	74,583
3-4 years (including 4 years)	**14,896**	2,848
4-5 years (including 5 years)	**7,997**	18,425
More than 5 years	**–**	260
	274,613	252,915

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (Continued)

The following table sets out the Group's bonds, debt schemes, wealth management investments and other debt financial assets (excluding balances of investment-linked contracts) by maturity or repricing date (whichever is the earlier):

(in RMB million)	31 December 2022			
	Financial assets at amortized cost	Debt financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Fixed interest rate				
Less than 3 months (including 3 months)	**116,549**	**36,993**	**24,141**	**177,683**
3 months to 1 year (including 1 year)	**210,677**	**122,016**	**113,542**	**446,235**
1-2 years (including 2 years)	**173,105**	**59,746**	**115,944**	**348,795**
2-3 years (including 3 years)	**206,250**	**73,569**	**80,086**	**359,905**
3-4 years (including 4 years)	**85,404**	**24,856**	**67,599**	**177,859**
4-5 years (including 5 years)	**134,167**	**21,371**	**50,061**	**205,599**
More than 5 years	**1,994,944**	**119,821**	**214,953**	**2,329,718**
Floating interest rate	**49,681**	**3,173**	**18,167**	**71,021**
	2,970,777	**461,545**	**684,493**	**4,116,815**

(in RMB million)	31 December 2021			
	Financial assets at amortized cost	Debt financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Fixed interest rate				
Less than 3 months (including 3 months)	96,649	30,269	19,153	146,071
3 months to 1 year (including 1 year)	290,016	93,510	140,411	523,937
1-2 years (including 2 years)	211,864	61,068	83,964	356,896
2-3 years (including 3 years)	161,906	54,212	75,273	291,391
3-4 years (including 4 years)	144,917	37,432	49,617	231,966
4-5 years (including 5 years)	84,264	31,582	64,033	179,879
More than 5 years	1,681,658	109,244	166,251	1,957,153
Floating interest rate	65,501	5,942	13,389	84,832
	2,736,775	423,259	612,091	3,772,125

Interest rates on floating rate term deposits and floating rate bonds are repriced at intervals of less than one year. Interest rates on fixed rate term deposits and fixed rate bonds are fixed before maturity.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK

Credit risks refer to the risk of losses incurred by the inabilities of debtors or counterparties to fulfill their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, loans and advances to customers, financial assets at amortized cost and debt financial assets at fair value through other comprehensive income, reinsurance arrangement with reinsurers, policy loans, margin financing, financial guarantee contracts and loan commitments, etc. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

(a) Credit risk management

Credit risk of banking business

The banking business of the Group has formulated a set of credit management processes and internal control mechanisms, so as to carry out the whole process management of credit business. Credit management procedures for its corporate and individual loans of comprise credit origination, credit review, credit approval, disbursement, post credit management. In addition, the banking business of the Group has formulated procedure manuals for credit management, which clarifies the duties of each part in the credit management processes, effectively monitoring credit risk and enhancing credit compliance.

Credit risks arising from credit commitments are similar to those of loans and advances. Therefore, financial guarantees and loan commitments are also subject to the same application, post credit management and collateral requirements as loan and advances business.

Credit risk of investment business

As to debt investment, the Group rates these investments by internal credit rating policies, selects counterparties with high credit quality and sets strict entry criteria.

The Group's debt investment mainly includes domestic government bonds, the Central Bank bills, financial institution bonds, corporate bonds and debt investment schemes, wealth management investments, etc. The Group manages the credit risk for these investments mainly through controlling the investment scales, selecting counterparties within the financial institutions with appropriate credit quality prudently, balancing the credit risks and rate of return of investment and considering the internal and external credit rating information comprehensively.

Credit risk of insurance business

The Group evaluated the credit rating of the reinsurance companies before signing the reinsurance contracts, and chose the reinsurance companies with higher credit quality to reduce the credit risk.

The limits of policy loans are based on the cash values of valid insurance policies, with appropriate discounts, and the validity periods of policy loans are within the validity periods of insurance policies. The credit risk associated with policy loans did not have material impact on the Group's consolidated financial statements.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss

The Group formulates the credit losses of financial assets at amortized cost, debt financial assets at FVOCI, finance lease receivable and other financial assets, as well as loan commitment and financial guarantee contracts using expected credit loss models according to IFRS 9 requirements.

Parameters of ECL model

The parameters and assumptions involved in ECL model are described below.

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, 12-month or lifetime expected credit losses are provided respectively. The expected credit loss is the result of discounting the product of EAD, PD and LGD.

i) Exposure at Default (EAD): EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

ii) Probability of Default (PD): The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

iii) Loss Given Default (LGD): LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the Lifetime. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grading band. This is supported by historical analysis.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (Continued)

Judgement of significant increase in credit risk ("SICR")

Under IFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period. The Group considers various reasonable supporting information to judge if there is significant increase in credit risk, including the forward-looking information, when determining the ECL staging for financial assets, Major factor being considered include regulatory and operating environment, internal and external credit ratings, solvency, and operational capabilities. The Group could base on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine ECL staging by comparing the credit risks of the financial instruments at the reporting date with initial recognition.

The Group set quantitative and qualitative criteria to judge whether the credit risk has SICR after initial recognition. The judgement criteria mainly include the PD changes of the debtors, changes of credit risk categories and other indicators of SICR, etc. In the judgement of whether the financial instruments have SICR after initial recognition, the Group considers the 30 days past due as one of criteria of SICR, in accordance with the standard.

The definition of credit-impaired assets

Under IFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets, while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- The debtor has overdue more than 90 days after the contract payment date;
- Internal credit rating is default grade;
- The lender gives the debtor concessions for economic or contractual reasons due to the debtor's financial difficulties, where such concessions are normally reluctant to be made by the lender;
- The debtor has significant financial difficulties;
- The debtor is likely to go bankrupt or other financial restructuring;
- The active market for financial assets disappears

The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable events.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (Continued)

Forward-looking information and management overlay

The determinations of 12 months and the lifetime EAD, PD and LGD also incorporates forward-looking information. The Group has performed historical data analysis and identified the key macroeconomic variables associated with credit risk and expected credit losses for each portfolio. The Group has developed macroeconomic forward looking adjustment model by establishing a pool of macro-economic indicators, preparing data, filtering model factors and adjusting forward-looking elements, and the indicators include gross domestic product (GDP) quarter on quarter percentage change, customer price index (CPI) year on year percentage change, purchasing manager's index (PMI) and other macroeconomic variables. Through regression analysis, the relationship among these economic indicators in history with EAD, PD and LGD is determined, and the EAD, PD, LGD are then determined through forecasting economic indicator.

During the reporting period, the Group adjusted the predicted values of forward-looking economic indicators by statistical analysis and also considered the range of possible outcomes represented by each scenario, to determine the final macroeconomic scenarios and weights for measuring the relevant expected credit loss. The impact of these economic indicators on PD and LGD varies to different businesses. The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators with PD and LGD. The Group evaluates and forecasts these economic indicators at least annually, provides the best estimates for the future, and regularly evaluates the results. Similar to other economic forecasts, the estimates of economic indicators have high inherent uncertainties, actual results may have significant difference with estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

In 2022, the key macroeconomic assumptions used by the Group to estimate expected credit losses in different macroeconomic scenarios include GDP quarter on quarter percentage change, CPI year on year percentage change, PMI and other macroeconomic variables. For the GDP quarter on quarter percentage change, the average predictive value in the base scenario in year 2023 is about 5%, and is 0.5 percentage upper in the upside scenario while 0.5 percentage lower in the downside scenario. The average predictive value in the base scenario in year 2024 is about 5.24%, and is 0.45 percentage upper in the upside scenario while 0.44 percentage lower in the downside scenario.

Sensitivity analysis

Expected credit losses are sensitive to the parameters used in the model, the macroeconomic variables of the forward-looking forecast, the weight probabilities in the three scenarios, and other factors considered in the application of expert judgement. Changes in these input parameters, assumptions, models, and judgements will have an impact on the significant increase in credit risk and the measurement of expected credit losses.

The Group has the highest weight of the base scenario, and the weight of the base scenario is slightly higher than the sum of the weight of other base scenarios. The banking business of the Group assumed that if the weight of the upside scenario increased by 10% and the weight of the base scenario reduced by 10%, the Group's ECL impairment provision on 31 December 2022 would be reduced by RMB1,177 million (31 December 2021: RMB1,161 million); if the weight of the downside scenario increased by 10% and the weight of the base scenarios reduced by 10%, the Group's ECL impairment provision would be increased by RMB1,144 million (31 December 2021: RMB1,883 million).

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (Continued)

Credit exposure

Without considering the impact of collateral and other credit enhancements, for on-balance sheet assets, the maximum exposures are based on net carrying amounts as reported in the consolidated financial statements. The Group also assumes credit risk due to credit commitments and financial guarantee contracts. The details are disclosed in Note 61.(2).

Please refer to Note 26.(2) and (5) for an analysis of concentration of loans and advances by industry and geographical region.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Policies are established regarding to the selection of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- for policy loans, collaterals are cash value of policies;
- for reverse repurchase transactions, collaterals are quoted securities;
- for commercial loans, collaterals are real estate properties, inventories, equity investments and trade receivables, etc.;
- for retail lending loans to individuals, collaterals are residential properties mortgages.

Management monitors the market value of the collateral, and requires additional collateral when needed according to contracts, when assessing the adequacy of impairment.

It is the Group's policy to dispose collateral orderly. The proceeds are used to repay all or part of the outstanding balance. Generally, the Group would not use the collateralised assets for business purpose.

Restructured loans and advances to customers

Restructured loans and advances to customers are those loans and advances to customers for which the Group has renegotiated the contract terms with borrowers as a result of the deterioration in their financial position or of their inability to make payments when due. Concessions are given by the Group that would not otherwise be granted to these borrowers for economic or legal reasons relating to their financial difficulties. As at 31 December 2022, the Group's restructured loans and advances to customers was RMB17,107 million (31 December 2021: RMB11,417 million).

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (Continued)

The following table presents the credit risk exposure of the financial assets under the scope of expected credit loss. Without considering guarantee or any other credit enhancement measures, for on-balance sheet assets, the maximum credit risk exposure is presented as the net carrying amount of the financial assets:

	31 December 2022			
Carrying amount (in RMB million)	**Stage 1**	**Stage 2**	**Stage 3**	**Maximum credit risk exposure**
Cash and amounts due from banks and other financial institutions	**770,751**	**-**	**-**	**770,751**
Balances with the Central Bank and statutory deposits for insurance operations	**295,559**	**-**	**-**	**295,559**
Financial assets purchased under reverse repurchase agreements	**90,910**	**-**	**405**	**91,315**
Accounts receivable	**35,909**	**169**	**40**	**36,118**
Finance lease receivable	**179,398**	**6,695**	**765**	**186,858**
Loans and advances to customers	**3,152,071**	**74,444**	**11,539**	**3,238,054**
Financial assets at amortized cost	**2,951,078**	**15,145**	**38,279**	**3,004,502**
Debt financial assets at fair value through other comprehensive income	**464,861**	**1,000**	**1,170**	**467,031**
Other assets	**104,053**	**271**	**9,689**	**114,013**
Subtotal	**8,044,590**	**97,724**	**61,887**	**8,204,201**
Off-balance sheet	**1,826,854**	**6,193**	**147**	**1,833,194**
Total	**9,871,444**	**103,917**	**62,034**	**10,037,395**

	31 December 2021			
Carrying amount (in RMB million)	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure
Cash and amounts due from banks and other financial institutions	584,995	–	–	584,995
Balances with the Central Bank and statutory deposits for insurance operations	320,954	–	–	320,954
Financial assets purchased under reverse repurchase agreements	61,262	–	167	61,429
Accounts receivable	26,529	90	9	26,628
Finance lease receivable	195,123	5,023	555	200,701
Loans and advances to customers	2,939,619	34,512	6,844	2,980,975
Financial assets at amortized cost	2,730,744	8,838	29,413	2,768,995
Debt financial assets at fair value through other comprehensive income	424,733	2,871	926	428,530
Other assets	99,806	100	819	100,725
Subtotal	7,383,765	51,434	38,733	7,473,932
Off-balance sheet	1,569,949	2,165	99	1,572,213
Total	8,953,714	53,599	38,832	9,046,145

The Group closely monitors collateral of credit-impaired financial assets.

As at 31 December 2022, the fair value of collateral of credit-impaired loans and advances to customers is RMB16,747 million (31 December 2021: RMB14,030 million). The fair value of collateral of credit-impaired financial assets at amortized cost is RMB10,311 million (31 December 2021: RMB9,641 million).

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (Continued)

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets between the beginning and the end of the annual period due to these factors:

(in RMB million)		2022						
				Stages transfers				
Gross carrying amount	Stage	1 January	Net increase/ (decrease) (Note)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Loans and advances to customers	Stage 1	**2,992,010**	**340,539**	**(126,378)**	**(707)**	**-**	**-**	**3,205,464**
	Stage 2	**44,549**	**(14,009)**	**126,378**	**-**	**(65,193)**	**-**	**91,725**
	Stage 3	**33,672**	**(986)**	**-**	**707**	**65,193**	**(59,802)**	**38,784**
	Total	**3,070,231**	**325,544**	**-**	**-**	**-**	**(59,802)**	**3,335,973**
Financial assets at amortized cost	Stage 1	**2,738,183**	**252,624**	**(26,700)**	**(3,164)**	**-**	**-**	**2,960,943**
	Stage 2	**10,075**	**(2,141)**	**26,700**	**-**	**(16,116)**	**-**	**18,518**
	Stage 3	**54,379**	**(3,627)**	**-**	**3,164**	**16,116**	**(164)**	**69,868**
	Total	**2,802,637**	**246,856**	**-**	**-**	**-**	**(164)**	**3,049,329**
Debt financial assets at fair value through other comprehensive income	Stage 1	**424,733**	**40,073**	**55**	**-**	**-**	**-**	**464,861**
	Stage 2	**2,871**	**(1,432)**	**(55)**	**-**	**(384)**	**-**	**1,000**
	Stage 3	**926**	**(116)**	**-**	**-**	**384**	**(24)**	**1,170**
	Total	**428,530**	**38,525**	**-**	**-**	**-**	**(24)**	**467,031**

Note: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

(in RMB million)		2022							
					Stages transfers				
Impairment provision	Stage	1 January	Net increase/ (decrease) (Note 1)	Charge/ (recover) for the year (Note 2)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Loans and advances to customers	Stage 1	**53,285**	**20,225**	**(11,847)**	**(5,185)**	**53**	**-**	**-**	**56,531**
	Stage 2	**10,088**	**(1,117)**	**26,245**	**5,185**	**-**	**(23,044)**	**-**	**17,357**
	Stage 3	**26,829**	**2,631**	**34,659**	**-**	**(53)**	**23,044**	**(59,802)**	**27,308**
	Total	**90,202**	**21,739**	**49,057**	**-**	**-**	**-**	**(59,802)**	**101,196**
Financial assets at amortized cost	Stage 1	**7,439**	**2,189**	**6,275**	**(4,577)**	**(1,461)**	**-**	**-**	**9,865**
	Stage 2	**1,237**	**(107)**	**281**	**4,577**	**-**	**(2,615)**	**-**	**3,373**
	Stage 3	**24,966**	**(374)**	**3,085**	**-**	**1,461**	**2,615**	**(164)**	**31,589**
	Total	**33,642**	**1,708**	**9,641**	**-**	**-**	**-**	**(164)**	**44,827**
Debt financial assets at fair value through other comprehensive income	Stage 1	**1,173**	**211**	**(170)**	**15**	**-**	**-**	**-**	**1,229**
	Stage 2	**221**	**(67)**	**107**	**(15)**	**-**	**(19)**	**-**	**227**
	Stage 3	**3,427**	**(20)**	**170**	**-**	**-**	**19**	**(519)**	**3,077**
	Total	**4,821**	**124**	**107**	**-**	**-**	**-**	**(519)**	**4,533**

Note 1: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

Note 2: Changes in PDs, EADs, and LGDs in the current year, arising from regular update of inputs to models.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (Continued)

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets between the beginning and the end of the annual period due to these factors (continued):

(in RMB million)		2021						
				Stages transfers				
Gross carrying amount	Stage	1 January	Net increase/ (decrease) (Note)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Loans and advances to customers	Stage 1	2,590,183	483,394	(79,567)	(2,000)	–	–	2,992,010
	Stage 2	37,233	(21,965)	79,567	–	(50,286)	–	44,549
	Stage 3	34,915	(13,111)	–	2,000	50,286	(40,418)	33,672
	Total	2,662,331	448,318	–	–	–	(40,418)	3,070,231
Financial assets at amortized cost	Stage 1	2,601,200	160,574	(17,214)	(6,377)	–	–	2,738,183
	Stage 2	13,308	7,025	17,214	–	(27,472)	–	10,075
	Stage 3	26,240	2,328	–	6,377	27,472	(8,038)	54,379
	Total	2,640,748	169,927	–	–	–	(8,038)	2,802,637
Debt financial assets at fair value through other comprehensive income	Stage 1	508,948	(81,310)	(2,851)	(54)	–	–	424,733
	Stage 2	2,121	(1,278)	2,851	–	(823)	–	2,871
	Stage 3	317	(268)	–	54	823	–	926
	Total	511,386	(82,856)	–	–	–	–	428,530

Note: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

(in RMB million)		2021							
					Stages transfers				
Impairment provision	Stage	1 January	Net increase/ (decrease) (Note 1)	Charge/ (recover) for the year (Note 2)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Loans and advances to customers	Stage 1	31,718	18,662	7,077	(4,210)	38	–	–	53,285
	Stage 2	7,864	(1,220)	14,435	4,210	–	(15,201)	–	10,088
	Stage 3	23,637	912	27,535	–	(38)	15,201	(40,418)	26,829
	Total	63,219	18,354	49,047	–	–	–	(40,418)	90,202
Financial assets at amortized cost	Stage 1	5,028	2,118	1,643	(1,054)	(296)	–	–	7,439
	Stage 2	1,536	1,562	1,489	1,054	–	(4,404)	–	1,237
	Stage 3	9,336	2,579	16,389	–	296	4,404	(8,038)	24,966
	Total	15,900	6,259	19,521	–	–	–	(8,038)	33,642
Debt financial assets at fair value through other comprehensive income	Stage 1	1,155	66	94	(119)	(23)	–	–	1,173
	Stage 2	245	(39)	1,912	119	–	(2,016)	–	221
	Stage 3	1,134	(460)	714	–	23	2,016	–	3,427
	Total	2,534	(433)	2,720	–	–	–	–	4,821

Note 1: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

Note 2: Changes in PDs, EADs, and LGDs in the current year, arising from regular update of inputs to models.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (Continued)

The Group internally grades the financial instruments based on the credit quality and risk characteristics. The credit rating of the financial instruments could further be classified as "low risk", "medium risk", "high risk" and "default" according to the internal rating scale. "Low risk" means that the asset quality is good, there is sufficient evidence to show that the asset is not expected to have default, or there is no reason to suspect that the asset had incurred default. "Medium risk" means that the asset quality is acceptable or there are factors revealing potential negative impact on the asset quality, but there is no sufficient reason to suspect that the asset had incurred default. "High risk" means that there are factors revealing significant adverse impact on the asset quality, but there is no event indicating incurred default. The criteria of "default" are consistent with those of "credit-impaired".

The following table contains an analysis of the credit risk grading of loans and advances to customers and financial assets at amortized cost. The carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

Loans and advances to customers

	31 December 2022			
(in RMB million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade				
Low risk	**1,777,535**	**4,945**	**–**	**1,782,480**
Medium risk	**1,426,465**	**34,864**	**–**	**1,461,329**
High risk	**1,464**	**51,916**	**–**	**53,380**
Default	**–**	**–**	**38,784**	**38,784**
Gross carrying amount	**3,205,464**	**91,725**	**38,784**	**3,335,973**
Loss allowance	**(53,393)**	**(17,281)**	**(27,245)**	**(97,919)**
Carrying amount	**3,152,071**	**74,444**	**11,539**	**3,238,054**

	31 December 2021			
(in RMB million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade				
Low risk	1,615,901	280	–	1,616,181
Medium risk	1,363,769	9,164	–	1,372,933
High risk	12,340	35,105	–	47,445
Default	–	–	33,672	33,672
Gross carrying amount	2,992,010	44,549	33,672	3,070,231
Loss allowance	(52,391)	(10,037)	(26,828)	(89,256)
Carrying amount	2,939,619	34,512	6,844	2,980,975

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (Continued)

Financial assets at amortized cost

(in RMB million)	31 December 2022 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade				
Low risk	**2,843,703**	**-**	**-**	**2,843,703**
Medium risk	**92,594**	**3,889**	**-**	**96,483**
High risk	**24,646**	**13,137**	**-**	**37,783**
Default	**-**	**1,492**	**69,868**	**71,360**
Gross carrying amount	**2,960,943**	**18,518**	**69,868**	**3,049,329**
Impairment provision	**(9,865)**	**(3,373)**	**(31,589)**	**(44,827)**
Carrying amount	**2,951,078**	**15,145**	**38,279**	**3,004,502**

(in RMB million)	31 December 2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade				
Low risk	2,563,219	–	–	2,563,219
Medium risk	152,547	3,289	–	155,836
High risk	22,417	6,786	–	29,203
Default	–	–	54,379	54,379
Gross carrying amount	2,738,183	10,075	54,379	2,802,637
Impairment provision	(7,439)	(1,237)	(24,966)	(33,642)
Carrying amount	2,730,744	8,838	29,413	2,768,995

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK

Liquidity risk is the risk of not having access to sufficient funds or being unable to realize an asset in a timely manner at a reasonable price to meet the Group's obligations as they become due.

The Group is exposed to liquidity risk on insurance policies that permit surrender, withdrawal or other forms of early termination. The Group seeks to manage its liquidity risk by matching to the extent possible the duration of its investment assets with the duration of its insurance policies and to ensure that the Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis.

The banking business of the Group is exposed to potential liquidity risk. The Group utilizes multiple regulatory methods, establish comprehensive liquidity risk management framework, effectively recognize, measure, monitor and control liquidity risk, maintain sufficient liquidity level to satisfy various funds requirement and to face adverse market status. In case of monitoring liquidity risks effectively, the Group pays attention to the funds resources and diversified utilization, keeps relatively high liquidity assets consistently. The Group monitors the sourcing and usage of funds, deposit to loan ratio, and quick ratio on a daily basis. Moreover, when adopting various benchmarks for management of liquidity risk, the Group compares the expected results against the ones derived from stress tests, critically assesses the potential impact to the future liquidity risk, and formulates remedial actions according to specific situations. The Group seeks to mitigate the liquidity risk of the banking business by optimizing the assets and liabilities structure, and maintaining stable deposits, etc.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

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

	31 December 2022						
(in RMB million)	Undated	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and amounts due from banks and other financial institutions	-	299,125	160,738	129,251	178,491	9	767,614
Balances with the Central Bank and statutory deposits for insurance operations	240,279	40,835	598	1,618	13,577	-	296,907
Financial assets purchased under reverse repurchase agreements	-	905	85,650	5,412	-	-	91,967
Premium receivables	-	8,554	19,548	8,726	35,263	189	72,280
Accounts receivable	-	6,239	7,303	16,156	7,447	1	37,146
Policy loans	-	3,971	76,230	108,564	-	-	188,765
Finance lease receivable	-	2,055	32,166	81,560	93,346	494	209,621
Loans and advances to customers	-	16,163	734,127	991,547	1,208,446	811,056	3,761,339
Financial assets at fair value through profit or loss	884,852	15,394	40,833	156,073	393,044	246,838	1,737,034
Financial assets at amortized cost	-	24,128	139,228	325,198	977,647	3,393,444	4,859,645
Debt financial assets at fair value through other comprehensive income	-	382	41,592	133,851	207,793	157,931	541,549
Equity financial assets at fair value through other comprehensive income	255,103	-	-	-	-	-	255,103
Other assets	-	71,998	36,848	35,715	5,485	1,185	151,231
	1,380,234	489,749	1,374,861	1,993,671	3,120,539	4,611,147	12,970,201
Due to banks and other financial institutions	-	280,241	348,175	217,182	86,734	1,544	933,876
Financial liabilities at fair value through profit or loss	260	2,231	80,152	3,847	2,501	-	88,991
Assets sold under agreements to repurchase	-	-	267,495	4,065	330	-	271,890
Accounts payable	-	4,387	1,152	4,204	612	-	10,355
Insurance payables	-	93,373	9,804	4,727	1,105	55	109,064
Policyholder dividend payable	-	71,445	-	-	-	-	71,445
Customer deposits and payables to brokerage customers	-	1,284,564	805,516	593,162	824,090	-	3,507,332
Bonds payable	-	-	232,385	448,189	241,987	42,764	965,325
Insurance contract liability	-	-	35,624	103,428	240,370	7,598,281	7,977,703
Insurance and investment contract liabilities for policyholders	-	-	2,732	8,014	34,237	42,617	87,600
Lease liabilities	-	259	1,232	3,959	8,678	539	14,667
Other liabilities	-	52,932	37,018	64,065	96,453	14,459	264,927
	260	1,789,432	1,821,285	1,454,842	1,537,097	7,700,259	14,303,175
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	(38)	(100)	(456)	604	11	21
Derivative financial instruments settled on a gross basis							
Cash inflow	-	8,006	1,277,050	762,245	129,244	-	2,176,545
Cash outflow	-	(8,885)	(1,281,920)	(767,601)	(129,054)	-	(2,187,460)
	-	(879)	(4,870)	(5,356)	190	-	(10,915)

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53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

	31 December 2021						
(in RMB million)	Undated	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and amounts due from banks and other financial institutions	–	193,428	127,027	83,917	187,780	260	592,412
Balances with the Central Bank and statutory deposits for insurance operations	221,546	86,804	2,455	4,085	6,981	–	321,871
Financial assets purchased under reverse repurchase agreements	–	428	56,590	4,639	–	–	61,657
Premium receivables	–	8,380	19,448	5,538	46,248	220	79,834
Accounts receivable	–	122	6,713	13,036	8,190	–	28,061
Policy loans	–	3,603	72,867	101,828	–	–	178,298
Finance lease receivable	–	1,675	31,094	80,777	109,958	736	224,240
Loans and advances to customers	–	19,623	743,780	896,148	1,023,335	826,218	3,509,104
Financial assets at fair value through profit or loss	740,402	11,841	39,362	189,183	349,522	188,359	1,518,669
Financial assets at amortized cost	–	19,325	124,892	397,929	968,013	2,877,915	4,388,074
Debt financial assets at fair value through other comprehensive income	–	185	38,092	105,046	215,534	140,368	499,225
Equity financial assets at fair value through other comprehensive income	268,215	–	–	–	–	–	268,215
Other assets	–	47,514	36,252	40,460	5,326	1,247	130,799
	1,230,163	392,928	1,298,572	1,922,586	2,920,887	4,035,323	11,800,459
Due to banks and other financial institutions	–	256,691	221,458	236,197	93,356	4,720	812,422
Financial liabilities at fair value through profit or loss	306	1,367	51,732	465	3,553	–	57,423
Assets sold under agreements to repurchase	–	–	127,502	–	–	–	127,502
Accounts payable	–	392	1,103	4,762	406	–	6,663
Insurance payables	–	86,379	16,128	3,260	1,178	38	106,983
Policyholder dividend payable	–	67,276	–	–	–	–	67,276
Customer deposits and payables to brokerage customers	–	1,174,547	671,502	605,122	619,866	2,356	3,073,393
Bonds payable	–	–	314,135	546,317	232,199	46,949	1,139,600
Insurance contract liability	–	–	6,957	71,874	132,243	7,364,210	7,575,284
Insurance and investment contract liabilities for policyholders	–	–	2,731	7,781	33,565	41,062	85,139
Lease liabilities	–	212	1,559	4,428	9,223	490	15,912
Other liabilities	–	27,050	43,261	75,829	108,426	12,945	267,511
	306	1,613,914	1,458,068	1,556,035	1,234,015	7,472,770	13,335,108
Derivative cash flows							
Derivative financial instruments settled on a net basis	–	(36)	191	(104)	(2,142)	(2)	(2,093)
Derivative financial instruments settled on a gross basis							
Cash inflow	–	8,108	1,235,405	851,252	51,767	405	2,146,937
Cash outflow	–	(9,911)	(1,235,745)	(853,207)	(52,375)	(695)	(2,151,933)
	–	(1,803)	(340)	(1,955)	(608)	(290)	(4,996)

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

The table below summarizes the remaining contractual maturity profile of the credit commitments of the Group:

(in RMB million)	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31 December 2022						
Credit commitments	**93,804**	**203,173**	**679,558**	**486,699**	**363,726**	**1,826,960**
31 December 2021						
Credit commitments	97,420	164,186	456,632	517,234	325,735	1,561,207

Management expects the credit commitments will not be entirely used during the commitment period.

The assets and liabilities related to investment-linked contracts which are regarded as insurance contracts are presented as policyholder account assets and liabilities in respect of insurance contracts. The assets and liabilities related to investment-linked contracts which are regarded as investment contracts are presented as policyholder account assets and liabilities in respect of investment contracts. The assets and liabilities of each investment-linked fund are segregated from each other and from the rest of the Group's invested assets for record keeping purposes. As the investment risks of investment-linked contracts were fully borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of risk management. The Group manages liquidity risk related to the investment-linked contracts by investing mainly in assets with high liquidity, as disclosed in Note 38.

(5) MISMATCHING RISK OF ASSETS AND LIABILITIES

The objective of the Group's asset and liability management is to match the maturity and interest rates of assets and liabilities. Under the current constraints of the shortage of long-term interest rate bond market, however, the Group does not have sufficient long-duration assets for investment to match the duration of insurance and investment contract liabilities. As permitted by law regulations and market conditions, the Group actively invests in preferred stocks and other broad-term duration assets, and continuously improves the allocation of long-duration assets, considering the requirements for asset-liability duration matching and revenue-cost matching.

(6) OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failure of proper internal controls on business processes, employees and systems or from uncontrollable external events. Operational risk in this context includes legal risk, but does not include strategic risk and reputational risk. The Group is exposed to many types of operational risks in the conduct of its business. The Group manages operational risk by establishing and continuously improving risk management framework, formalizing policies and standards, using management tools and reporting mechanism, strengthening staff education and training.

(7) CAPITAL MANAGEMENT

The Group's capital requirements are primarily dependent on the scale, products of insurance business, and the type of business that it undertakes, as well as the industry and geographic location in which it operates. The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and to maintain healthy capital ratios in order to support its business and to maximize shareholders' value.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(7) CAPITAL MANAGEMENT (CONTINUED)

The Group manages its capital requirements by assessing shortfalls, if any, between the reported and the required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to ordinary shareholders or issue capital securities.

In accordance with the Notice on the Formal Implementation of China Risk Oriented Solvency System (the "C-ROSS Phase I") issued by the former CIRC, the Group has implemented the C-ROSS Phase I since 1 January 2016, and adjusted the objective, policy and process of capital management accordingly. In addition, pursuant to the *Notice on the Implementation of Regulatory Rules on Solvency of Insurance Companies (II)* (the "C-ROSS Phase II") issued by the CBIRC, the Group computes solvency margin ratios and recognizes, assesses and manages related risks from 2022 in accordance with the C-ROSS Phase II. As at 31 December 2022, the Group was compliant with the CBIRC's requirements for solvency margin ratios.

The table below summarizes the minimum regulatory capital for the Group and its major insurance subsidiaries and the regulatory capital held against each of them.

	31 December 2022		
	The Group	**Ping An Life**	**Ping An Property & Casualty**
Core capital	**1,363,413**	**495,845**	**101,193**
Actual capital	**1,783,772**	**877,807**	**125,337**
Minimum capital	**819,568**	**399,557**	**56,976**
Core solvency margin ratio	**166.4%**	**124.1%**	**177.6%**
Comprehensive solvency margin ratio	**217.6%**	**219.7%**	**220.0%**

	31 December 2021		
	The Group	Ping An Life	Ping An Property & Casualty
Core capital	1,861,487	1,026,410	112,277
Actual capital	1,899,989	1,046,410	125,777
Minimum capital	813,781	454,175	45,171
Core solvency margin ratio	228.7%	226.0%	248.6%
Comprehensive solvency margin ratio	233.5%	230.4%	278.4%

Note: The data as of 31 December 2022 is computed in accordance with the C-ROSS Phase II, while the data as of 31 December 2021 is computed in accordance with the C-ROSS Phase I.

The banking business subsidiary measures the capital adequacy ratio in accordance with the Capital Rules for Commercial Banks (Provisional) issued by the former CBRC in June 2012. According to the requirements, risk weighted assets for credit risk is measured by Weighted Approach, risk weighted assets for market risk is measured by Standardised Approach, and risk weighted assets for operation risk is measured by the Basic Indicator Approach.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(7) CAPITAL MANAGEMENT (CONTINUED)

The banking operation's core Tier 1 capital adequacy ratio, Tier 1 capital adequacy ratio and capital adequacy ratio are shown below:

	31 December 2022	31 December 2021
Core Tier 1 capital adequacy ratio	**8.64%**	8.60%
Tier 1 capital adequacy ratio	**10.40%**	10.56%
Capital adequacy ratio	**13.01%**	13.34%

(8) THE GROUP'S MAXIMUM EXPOSURE TO STRUCTURED ENTITIES

The Group uses structured entities in the normal course of business for a number of purposes, for example, structured transactions for customers, to provide finance to public and private sector infrastructure projects, and to generate fees from managing assets on behalf of third-party investors. These structured entities are financed through the issue of beneficiary notes or trust units to investors. Refer to Note 3.(6) for the Group's consolidation consideration related to structured entities.

The following table also shows the size, the Group's funding and the Group's maximum exposure to the unconsolidated structured entities representing the Group's maximum possible risk exposure that could occur as a result of the Group's arrangements with structured entities. The maximum exposure is contingent in nature and approximates the sum of direct investments made by the Group.

The size of unconsolidated structured entities and the Group's funding and maximum exposure are shown below:

	Unconsolidated structured entities			
31 December 2022 (in RMB million)	**Size**	**Carrying amount**	**The Group's maximum exposure**	**Interest held by the Group**
Securitization	**43,748**	**3,856**	**3,856**	Investment income and service fee
Assets management products managed by affiliated entities	**2,562,045**	**234,248**	**234,248**	Investment income and service fee
Assets management products managed by third parties	**Note 1**	**337,773**	**337,773**	Investment income
Wealth management products managed by affiliated entities	**886,840**	**9,075**	**9,075**	Investment income and service fee
Wealth management products managed by third parties	**Note 1**	**7,228**	**7,228**	Investment income

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53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(8) THE GROUP'S MAXIMUM EXPOSURE TO STRUCTURED ENTITIES (CONTINUED)

31 December 2021 (in RMB million)	Unconsolidated structured entities			
	Size	Carrying amount	The Group's maximum exposure	Interest held by the Group
Securitization	57,756	5,848	5,848	Investment income and service fee
Assets management products managed by affiliated entities	2,417,458	253,973	253,973	Investment income and service fee
Assets management products managed by third parties	Note 1	333,527	333,527	Investment income
Wealth management products managed by affiliated entities	872,066	7,995	7,995	Investment income and service fee
Wealth management products managed by third parties	Note 1	8,844	8,844	Investment income

Note 1: These assets management products and wealth management products are sponsored by third party financial institutions and the information related to size of these structured entities were not publicly available.

The Group's interests in unconsolidated structured entities are recorded as wealth management investments under FVPL, FVOCI and AC, and beneficial right under trust schemes under assets purchased under reverse repurchase agreements.

The unconsolidated structured entities held by the Group included the trust plans consolidated by Lufax Holding.

54. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments mainly consist of cash and amounts due from banks and other financial institutions, term deposits, bonds, funds, stocks, loans, borrowings, deposits from other banks and financial institutions, customer deposits and payables to brokerage customers, etc.

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table sets out the carrying amount and fair value of the Group's major financial instruments by classification:

(in RMB million)	Carrying amount		Fair value	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
Financial assets				
Cash and amounts due from banks and other financial institutions	**770,751**	584,995	**770,751**	584,995
Balances with the Central Bank and statutory deposits for insurance operations	**295,559**	320,954	**295,559**	320,954
Financial assets purchased under reverse repurchase agreements	**91,315**	61,429	**91,315**	61,429
Accounts receivable	**36,118**	26,628	**36,118**	26,628
Derivative financial assets	**29,278**	30,957	**29,278**	30,957
Finance lease receivable	**186,858**	200,701	**186,858**	200,701
Loans and advances to customers	**3,238,054**	2,980,975	**3,238,054**	2,980,975
Financial assets at fair value through profit or loss	**1,631,416**	1,426,677	**1,631,416**	1,426,677
Financial assets at amortized cost	**3,004,502**	2,768,995	**3,176,002**	2,919,483
Debt financial assets at fair value through other comprehensive income	**467,031**	428,530	**467,031**	428,530
Equity financial assets at fair value through other comprehensive income	**255,103**	268,215	**255,103**	268,215
Other assets	**114,013**	100,725	**114,013**	100,725
Financial liabilities				
Due to banks and other financial institutions	**918,977**	797,646	**918,977**	797,646
Financial liabilities at fair value through profit or loss	**88,770**	57,376	**88,770**	57,376
Derivative financial liabilities	**39,738**	35,049	**39,738**	35,049
Assets sold under agreements to repurchase	**271,737**	127,477	**271,737**	127,477
Accounts payable	**10,349**	6,663	**10,349**	6,663
Customer deposits and payables to brokerage customers	**3,431,999**	3,002,049	**3,431,999**	3,002,049
Bonds payable	**931,098**	1,097,523	**927,784**	1,098,380
Other liabilities	**268,954**	271,853	**268,954**	271,853

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

FINANCIAL STATEMENTS

54. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial instruments not carried at fair value

The following describes the methodologies and assumptions used to determine fair value for those financial instruments which are not recorded at fair value in the financial statements, i.e., financial assets at amortized costs and loans and receivables.

Financial instruments for which fair value approximates to carrying amount

For financial assets and financial liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to term deposits, and savings accounts without a specific maturity. For other variable rate instruments, adjustment is also made to reflect the subsequent changes in the market rate after initial recognition.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortized cost is estimated by comparing market interest rates when they were first recognized with current market rates for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for financial products with similar credit risk and maturity. For quoted debts issued, the fair values are determined based on quoted market prices. For those debts issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

54. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The main quoted market price used for financial assets held by the Group is the current closing price. Financial instruments included in Level 1 comprise primarily equity investments, fund investments and bond investments traded on stock exchanges and open-ended mutual funds;

Level 2: either directly (such as price) or indirectly (such as calculated based on price) other than quoted prices included within Level 1 that are observable for the asset or liability. This valuation method maximizes the use of observable market data and minimizes the use of unobservable inputs;

Level 3: inputs which are based on parameters other than observable market data (unobservable inputs).

The level of fair value measurement is determined by the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.

Valuation methods for Level 2 and Level 3 financial instruments

For Level 2 financial instruments, valuations are generally using observable market inputs, or recent quoted market prices. The valuation providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from public valuation service providers. The fair value of debt investments denominated in RMB is determined based upon the valuation results by the CCDC. All significant inputs are observable in the market.

For Level 3 financial instruments, the consideration of being classified as Level 3 is mainly based on the significance of the unobservable factors to the overall fair value measurement.

54. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	31 December 2022			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	19,212	485,472	864	505,548
Funds	295,606	203,885	4,704	504,195
Stocks	79,086	1,154	498	80,738
Wealth management investments, debt schemes and other investments	134	343,320	197,481	540,935
	394,038	1,033,831	203,547	1,631,416
Derivative financial assets				
Interest rate swaps	-	11,893	-	11,893
Currency forwards and swaps	-	15,602	-	15,602
Others	-	1,718	65	1,783
	-	29,213	65	29,278
Debt financial assets at fair value through other comprehensive income				
Bonds	46,739	318,356	766	365,861
Wealth management investments, debt schemes and other investments	-	51,898	49,272	101,170
	46,739	370,254	50,038	467,031
Equity financial assets at fair value through other comprehensive income				
Stocks	174,046	1	-	174,047
Preferred shares	-	76,116	-	76,116
Other equity investments	-	1,949	2,991	4,940
	174,046	78,066	2,991	255,103
Placements with banks and other financial institutions measured at fair value through other comprehensive income	-	2,777	-	2,777
Loans and advances to customers measured at fair value through other comprehensive income	-	331,880	-	331,880
Total financial assets	614,823	1,846,021	256,641	2,717,485
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	-	10,062	-	10,062
Currency forwards and swaps	-	23,498	-	23,498
Others	-	6,128	50	6,178
	-	39,688	50	39,738
Financial liabilities at fair value through profit or loss	6,858	78,093	3,819	88,770
Total financial liabilities	6,858	117,781	3,869	128,508

54. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	31 December 2021			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	8,862	410,261	220	419,343
Funds	202,292	144,823	4,068	351,183
Stocks	97,966	2,519	–	100,485
Wealth management investments, debt schemes and other investments	79	358,843	196,744	555,666
	309,199	916,446	201,032	1,426,677
Derivative financial assets				
Interest rate swaps	–	14,164	–	14,164
Currency forwards and swaps	–	15,687	–	15,687
Others	–	1,037	69	1,106
	–	30,888	69	30,957
Debt financial assets at fair value through other comprehensive income				
Bonds	12,116	315,344	856	328,316
Wealth management investments, debt schemes and other investments	–	41,557	58,657	100,214
	12,116	356,901	59,513	428,530
Equity financial assets at fair value through other comprehensive income				
Stocks	189,540	1	–	189,541
Preferred shares	–	76,115	–	76,115
Other equity investments	–	–	2,559	2,559
	189,540	76,116	2,559	268,215
Placements with banks and other financial institutions measured at fair value through other comprehensive income	–	11,228	–	11,228
Loans and advances to customers measured at fair value through other comprehensive income	–	248,054	–	248,054
Total financial assets	510,855	1,639,633	263,173	2,413,661
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	–	13,237	–	13,237
Currency forwards and swaps	–	15,855	–	15,855
Others	–	5,957	–	5,957
	–	35,049	–	35,049
Financial liabilities at fair value through profit or loss	11,976	42,438	2,962	57,376
Total financial liabilities	11,976	77,487	2,962	92,425

54. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

The following table shows an analysis of financial instruments not recorded at fair value but for which fair value is disclosed by level of the fair value hierarchy:

	31 December 2022			
(in RMB million)	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Financial assets				
Financial assets at amortized cost	**135,295**	**2,904,900**	**135,807**	**3,176,002**
Total	**135,295**	**2,904,900**	**135,807**	**3,176,002**
Financial liabilities				
Bonds payable	**19,599**	**907,886**	**299**	**927,784**
Total	**19,599**	**907,886**	**299**	**927,784**

	31 December 2021			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at amortized cost	145,590	2,622,420	151,473	2,919,483
Total	145,590	2,622,420	151,473	2,919,483
Financial liabilities				
Bonds payable	16,765	1,080,510	1,105	1,098,380
Total	16,765	1,080,510	1,105	1,098,380

Financial assets and liabilities for which fair value approximates carrying amount are not included in the above disclosure.

54. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows:

(in RMB million)	2022	2021
Financial assets at fair value through profit or loss		
As at 1 January	**201,032**	198,912
Additions	**65,906**	184,884
Disposals	**(61,689)**	(193,205)
Transfers into Level 3	**859**	5,112
Transfers from Level 3	**(192)**	(1,231)
Total gains/losses		
Gains through profit or loss	**(2,369)**	6,560
As at 31 December	**203,547**	201,032
Debt financial assets at fair value through other comprehensive income		
As at 1 January	**59,513**	47,652
Purchase	**2,204**	32,369
Disposals	**(8,904)**	(33,667)
Issue	**546,191**	696,323
Settlement	**(551,693)**	(686,779)
Transfers into Level 3	**-**	965
Total gains/losses		
Gains through profit or loss	**2,759**	2,650
Losses through other comprehensive income	**(32)**	-
As at 31 December	**50,038**	59,513
Equity financial assets at fair value through other comprehensive income		
As at 1 January	**2,559**	1,924
Additions	**784**	632
Disposals	**-**	(2)
Total gains/losses		
Losses/gains through other comprehensive income	**(352)**	5
As at 31 December	**2,991**	2,559
Loans and advances to customers at fair value through other comprehensive income		
As at 1 January	**-**	202,088
Additions	**-**	2,481,850
Disposals	**-**	(2,687,938)
Total gains/losses		
Gains through profit or loss	**-**	4,000
As at 31 December	**-**	-

54. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

The gains or losses of level 3 financial instruments included in the income statement for the year are presented as follows:

	2022		
(in RMB million)	**Realized gains**	**Unrealized gains**	**Total**
Financial assets at fair value through profit or loss	**2,394**	**(4,763)**	**(2,369)**
Debt financial assets at fair value through other comprehensive income	**2,759**	**–**	**2,759**
	5,153	**(4,763)**	**390**

	2021		
(in RMB million)	Realized gains	Unrealized gains	Total
Financial assets at fair value through profit or loss	7,204	(644)	6,560
Debt financial assets at fair value through other comprehensive income	2,930	(280)	2,650
Loans and advances to customers at fair value through other comprehensive income	4,000	–	4,000
	14,134	(924)	13,210

Transfers

For the year ended 31 December 2022 and the year ended 31 December 2021, there were no significant transfers between Level 1 and Level 2 fair value measurements.

55. TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognized financial assets to third parties or to structured entities. When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset and retained control of the asset, the Group continues to recognize the financial asset to the extent of the Group's continuing involvement, in which case, the Group also recognizes an associated liability. In other cases where the transferred financial assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these financial assets, the Group continued to recognize the transferred financial assets.

The Group's subsidiaries, Ping An Bank and Ping An Financial Leasing, entered into loan securitization transactions. The Group may retain risks or rewards in the securitization business which would give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognized on the statement of financial position to the extent of the Group's continuing involvement, otherwise the financial assets are derecognized.

55. TRANSFERRED FINANCIAL ASSETS (CONTINUED)

Other transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements. The counterparties are allowed to sell or repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require the counterparties to provide additional or return collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them.

The following table analyses the carrying amount of the above-mentioned financial assets transferred to third parties that did not qualify for derecognition or continuing involvement and their associated financial liabilities:

	31 December 2022		31 December 2021	
(in RMB million)	**Carrying amount of transferred or continuing involvement financial assets**	**Carrying amount of associated liabilities**	Carrying amount of transferred or continuing involvement financial assets	Carrying amount of associated liabilities
Repurchase transactions	**1,070**	**998**	2,923	2,819
Assets securitization	**2,115**	**2,115**	2,581	2,581

56. CASH AND CASH EQUIVALENTS

(in RMB million)	**31 December 2022**	31 December 2021
Cash		
Cash and amounts due from banks and other financial institutions		
Cash on hand	**4,165**	3,686
Term deposits	**11,357**	15,208
Due from banks and other financial institutions	**238,978**	174,345
Placements with banks and other financial institutions	**58,175**	70,821
Balances with the Central Bank	**40,450**	84,028
Subtotal	**353,125**	348,088
Cash equivalents		
Bonds	**5,225**	365
Financial assets purchased under reverse repurchase agreements	**84,541**	54,672
Subtotal	**89,766**	55,037
Total	**442,891**	403,125

57. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(1) RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES:

(in RMB million)	2022	2021
Profit before tax	**105,815**	139,580
Adjustments for:		
Depreciation of investment properties	**3,645**	1,620
Depreciation of property and equipment	**7,508**	6,718
Amortization of intangible assets	**3,171**	3,024
Depreciation of right-of-use assets	**5,982**	6,520
Amortization of long-term deferred expenses	**47**	539
Gains on disposal of investment properties, property and equipment, intangible assets and other long-term assets	**(311)**	(14)
Investment income and interest revenue from non-banking operations	**(160,815)**	(224,411)
Fair value losses/(gains) on investments at fair value through profit or loss	**32,942**	22,613
Interest expenses on non-banking operations	**22,888**	28,082
Foreign exchange gains/(losses)	**(3,342)**	(1,267)
Net impairment losses of financial assets and other assets	**83,649**	105,042
Operating profit before working capital changes	**101,179**	88,046
Changes in operating assets and liabilities:		
Changes in balances with the Central Bank and statutory deposits	**(18,183)**	(6,157)
Changes in amounts due from banks and other financial institutions	**(59,021)**	15,105
Changes in premium receivables	**6,470**	13,540
Changes in account receivable	**(3,529)**	(694)
Changes in inventories	**706**	(1,169)
Changes in reinsurers' share of insurance liabilities	**1,883**	(6,633)
Changes in loans and advances to customers	**(332,746)**	(454,989)
Changes in assets purchased under agreements to resell of banking and securities business	**588**	(221)
Changes in other assets	**(51,959)**	(101,248)
Changes in due to banks and other financial institutions	**127,431**	(114,037)
Changes in customer deposits and payables to brokerage customers	**380,410**	294,760
Changes in insurance payables	**2,742**	11,238
Changes in insurance contract liabilities	**265,701**	260,088
Changes in investment contract liabilities for policyholders	**50,472**	56,082
Changes in policyholder dividend payable	**4,169**	3,470
Changes in assets sold under agreements to repurchase of banking and securities business	**(25,252)**	16,037
Changes in other liabilities	**63,491**	43,859
Cash generated from operations	**514,552**	117,077
Less: Current income tax charged for the year	**(27,643)**	(26,816)
Changes in income tax payable	**(1,004)**	(145)
Net cash flows from operating activities	**485,905**	90,116

57. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(2) NET DEBT RECONCILIATION:

This section sets out an analysis of net debt and movements in net debt of current year.

(in RMB million)	Short-term borrowings	Long-term borrowings	Bonds payable	Total
As at 1 January 2022	**94,491**	**88,586**	**1,074,280**	**1,257,357**
Cash flows	**7,393**	**(28,825)**	**(225,514)**	**(246,946)**
Foreign exchange adjustments	**752**	**1,106**	**1,264**	**3,122**
Other non-cash movements	**5,864**	**178**	**60,207**	**66,249**
As at 31 December 2022	**108,500**	**61,045**	**910,237**	**1,079,782**

58. COMPENSATION OF KEY MANAGEMENT PERSONNEL

(1) KEY MANAGEMENT PERSONNEL COMPRISE THE COMPANY'S DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND KEY PERSONNEL

The summary of compensation of key management personnel for the year is as follows:

(in RMB million)	2022	2021
Salaries and other short-term employee benefits after tax	**66**	68
Individual income tax	**42**	46

The estimated amount of total compensation has been provided in the Group's 2022 financial statements. The total compensation for certain key management personnel has not yet been finalized in accordance with relevant policies. The remaining compensation will be disclosed in a separate announcement when approved.

Parts of the performance-based remunerations of the Company's key management personnel will be deferred and paid over a period of 3 years in accordance with the *Code of Corporate Governance of Banking and Insurance Institutions* and the *Guidelines for Insurance Companies' Remuneration Management (Trial)* issued by the CBIRC. The deferred, unpaid parts are included in the total remunerations received by the Company's key management personnel from the Company during the Reporting Period.

(2) COMPENSATION OF KEY MANAGEMENT PERSONNEL OTHER THAN DIRECTORS AND SUPERVISORS IS AS FOLLOWS

(in RMB million)	2022	2021
Salaries and other short-term employee benefits after tax	**26**	25
Individual income tax	**17**	17

58. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of every director and supervisor is set out below:

For the year ended 31 December 2022:

	2022									
(in RMB thousand)	Fees	Salaries	Discretionary bonuses(ii)	Housing allowance	Other employee benefits	Employer's contribution to a retirement benefit scheme	Remunerations received or receivable in respect of accepting office as director	Emoluments received or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total	Individual income tax
Directors										
Ma Mingzhe (iii)	-	2,850	1,099	2	8	-	-	-	3,959	2,821
Xie Yonglin	-	4,091	233	31	49	79	-	-	4,483	2,966
Tan Sin Yin	-	5,708	2,500	-	25	42	-	-	8,275	6,172
Yao Jason Bo	-	5,708	1,246	-	21	42	-	-	7,017	5,146
Cai Fangfang	-	3,000	769	31	46	68	-	-	3,914	2,602
Soopakij Chearavanont	520	-	-	-	-	-	-	-	520	110
Yang Xiaoping	520	-	-	-	-	-	-	-	520	110
He Jianfeng (v)	255	-	-	-	-	-	-	-	255	65
Cai Xun (vi)	255	-	-	-	-	-	-	-	255	65
Ouyang Hui	535	-	-	-	-	-	-	-	535	115
Ng Sing Yip	520	-	-	-	-	-	-	-	520	110
Chu Yiyun	510	-	-	-	-	-	-	-	510	130
Liu Hong	503	-	-	-	-	-	-	-	503	127
Ng Kong Ping Albert (vii)	520	-	-	-	-	-	-	-	520	110
Jin Li (viii)	510	-	-	-	-	-	-	-	510	130
Huang Wei (ix)	248	-	-	-	-	-	-	-	248	62
Subtotal	4,896	21,357	5,847	64	149	231	-	-	32,544	20,841
Supervisors										
Sun Jianyi	-	2,130	1,940	2	8	-	-	-	4,080	2,930
Wang Zhiliang	-	1,201	464	111	13	70	-	-	1,859	787
Gu Liji (x)	270	-	-	-	-	-	-	-	270	67
Zhang Wangjin (xi)	287	-	-	-	-	-	-	-	287	51
Huang Baokui (xii)	270	-	-	-	-	-	-	-	270	67
Zhu Xinrong (xiii)	234	-	-	-	-	-	-	-	234	58
Liew Fui Kiang (xiv)	236	-	-	-	-	-	-	-	236	57
Hung Ka Hai Clement (xv)	236	-	-	-	-	-	-	-	236	57
Subtotal	1,533	3,331	2,404	113	21	70	-	-	7,472	4,074
Total	6,429	24,688	8,251	177	170	301	-	-	40,016	24,915

58. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2021:

	2021									
(in RMB thousand)	Fees	Salaries	Discretionary bonuses (ii)	Housing allowance	Other employee benefits	Employer's contribution to a retirement benefit scheme	Remunerations received or receivable in respect of accepting office as director	Emoluments received or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total	Individual income tax
Directors										
Ma Mingzhe (iii)	-	2,850	1,759	2	7	-	-	-	4,618	3,361
Xie Yonglin	-	4,088	906	28	39	72	-	-	5,133	3,626
Tan Sin Yin	-	5,708	3,913	-	18	36	-	-	9,675	7,329
Yao Jason Bo	-	5,563	2,353	-	14	36	-	-	7,966	6,334
Cai Fangfang	-	2,997	1,407	28	36	61	-	-	4,529	3,127
Soopakij Chearavanont	509	-	-	-	-	-	-	-	509	91
Yang Xiaoping	524	-	-	-	-	-	-	-	524	96
Wang Yongjian (iv)	318	-	-	-	-	-	-	-	318	79
Huang Wei (ix)	189	-	-	-	-	-	-	-	189	51
Ge Ming (xvi)	337	-	-	-	-	-	-	-	337	85
Ng Kong Ping Albert (vii)	199	-	-	-	-	-	-	-	199	40
Ouyang Hui	539	-	-	-	-	-	-	-	539	101
Ng Sing Yip	509	-	-	-	-	-	-	-	509	91
Chu Yiyun	510	-	-	-	-	-	-	-	510	130
Liu Hong	488	-	-	-	-	-	-	-	488	122
Jin Li (viii)	189	-	-	-	-	-	-	-	189	51
Subtotal	4,311	21,206	10,338	58	114	205	-	-	36,232	24,714
Supervisors										
Sun Jianyi	-	2,130	1,940	2	8	-	-	-	4,080	2,930
Wang Zhiliang	-	946	565	220	18	66	-	-	1,815	889
Gu Liji (x)	518	-	-	-	-	-	-	-	518	132
Zhang Wangjin (xi)	517	-	-	-	-	-	-	-	517	94
Huang Baokui (xii)	510	-	-	-	-	-	-	-	510	130
Subtotal	1,545	3,076	2,505	222	26	66	-	-	7,440	4,175
Total	5,856	24,282	12,843	280	140	271	-	-	43,672	28,889

58. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

(i) Other non-monetary benefits include the Key Employee Share Purchase Plan and the Long-Term Service Plan

The participation of the Company's directors and supervisors in the Key Employee Share Purchase Plan is as follows:

Period of purchase	Average price of shares purchased	Name	Unvested as at 1 January 2022	Addition during the year	Vested during the year	Unvested as at 31 December 2022
From 25 March 2019 to 27 March 2019	RMB72.79 per share	Ma Mingzhe	150,000	–	150,000	–
		Xie Yonglin	86,855	–	86,855	–
		Tan Sin Yin	65,925	–	65,925	–
		Yao Jason Bo	63,177	–	63,177	–
		Cai Fangfang	38,456	–	38,456	–
		Sun Jianyi	96,139	–	96,139	–
		Wang Zhiliang	2,748	–	2,748	–
From 24 February 2020 to 27 February 2020	RMB80.17 per share	Ma Mingzhe	200,000	–	100,000	100,000
		Xie Yonglin	239,408	–	119,703	119,705
		Tan Sin Yin	149,630	–	74,814	74,816
		Yao Jason Bo	119,704	–	59,851	59,853
		Cai Fangfang	79,802	–	39,901	39,901
		Wang Zhiliang	4,988	–	2,493	2,495
From 26 April 2021 to 29 April 2021	RMB73.13 per share	Ma Mingzhe	500,000	–	166,666	333,334
		Xie Yonglin	461,464	–	153,821	307,643
		Tan Sin Yin	262,475	–	87,491	174,984
		Yao Jason Bo	229,666	–	76,555	153,111
		Cai Fangfang	164,047	–	54,682	109,365
		Wang Zhiliang	8,202	–	2,734	5,468
From 18 March 2022 to 25 March 2022	RMB47.56 per share	Ma Mingzhe	–	777,593	–	777,593
		Xie Yonglin	–	741,021	–	741,021
		Tan Sin Yin	–	455,256	–	455,256
		Yao Jason Bo	–	447,689	–	447,689
		Cai Fangfang	–	264,074	–	264,074
		Wang Zhiliang	–	17,445	–	17,445

58. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

(i) Other non-monetary benefits include the Key Employee Share Purchase Plan and the Long-Term Service Plan (continued)

The participation of the Company's directors and supervisors in the Long-term Service Plan is as follows:

Period of purchase	Average price of shares purchased	Name	Unvested as at 1 January 2022	Addition during the year	Vested during the year	Unvested as at 31 December 2022
From 7 May 2019 to 14 May 2019	RMB79.10 per share	Ma Mingzhe	252,762	–	–	252,762
		Xie Yonglin	189,571	–	–	189,571
		Tan Sin Yin	189,571	–	–	189,571
		Yao Jason Bo	126,381	–	–	126,381
		Cai Fangfang	126,381	–	–	126,381
		Sun Jianyi	126,381	–	–	126,381
		Wang Zhiliang	12,638	–	–	12,638
From 24 February 2020 to 28 February 2020	RMB80.15 per share	Ma Mingzhe	249,504	–	–	249,504
		Xie Yonglin	187,128	–	–	187,128
		Tan Sin Yin	187,128	–	–	187,128
		Yao Jason Bo	124,752	–	–	124,752
		Cai Fangfang	124,752	–	–	124,752
		Wang Zhiliang	18,712	–	–	18,712
From 26 April 2021 to 29 April 2021	RMB72.92 per share	Ma Mingzhe	274,224	–	–	274,224
		Xie Yonglin	205,668	–	–	205,668
		Tan Sin Yin	205,668	–	–	205,668
		Yao Jason Bo	137,112	–	–	137,112
		Cai Fangfang	137,112	–	–	137,112
		Wang Zhiliang	13,985	–	–	13,985
From 18 March 2022 to 25 March 2022	RMB47.56 per share	Ma Mingzhe	–	420,446	–	420,446
		Xie Yonglin	–	315,335	–	315,335
		Tan Sin Yin	–	315,335	–	315,335
		Yao Jason Bo	–	210,223	–	210,223
		Cai Fangfang	–	210,223	–	210,223
		Wang Zhiliang	–	23,124	–	23,124

(ii) Discretionary bonuses for the Group's executive directors and senior management are determined on the bonus scheme approved by the Board of Directors and the personal performance of senior management.

(iii) MA Mingzhe is the Founder, Chairman (Executive Director) of the Company.

(iv) Wang Yongjian resigned as a Non-Executive Director of the Company on 23 August 2021.

(v) He Jianfeng was appointed as a Non-executive Director of the Company on 1 July 2022.

(vi) Cai Xun was appointed as a Non-executive Director of the Company on 1 July 2022.

(vii) Ng Kong Ping Albert was appointed as an Independent Non-executive Director of the Company on 20 August 2021.

(viii) Jin Li was appointed as an Independent Non-executive Director of the Company on 20 August 2021.

(ix) Huang Wei ceased to be a Non-executive Director of the Company on 1 July 2022 due to the change of his personal work arrangements.

(x) Gu Liji resigned as an Independent Supervisor on 18 July 2022 since his term of office exceed six years.

(xi) Zhang Wangjin resigned as a Shareholder Representative Supervisor on 18 July 2022 due to personal work arrangements.

(xii) Huang Baokui resigned as an Independent Supervisor on 18 July 2022 since his term of office exceed six years.

58. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

(xiii) Zhu Xinrong was appointed as an Independent Supervisor of the Company on 18 July 2022.

(xiv) Liew Fui Kiang was appointed as an Independent Supervisor of the Company on 18 July 2022.

(xv) Hung Ka Hai Clement was appointed as an Independent Supervisor of the Company on 18 July 2022.

(xvi) Ge Ming resigned as an Independent Non-executive Director of the Company on 20 August 2021 because his six-year term of office expired.

59. FIVE HIGHEST PAID INDIVIDUALS

The total emoluments of the five highest paid individuals in the Group, except for key management personnel whose emoluments were reflected in Note 58, are as follows:

(in RMB million)	2022	2021
Salaries and other short-term employee benefits after tax	**122**	106

The number of five highest paid individuals in the Group whose emoluments after tax fell within the following bands is as follows:

	2022	2021
RMB5,000,001 – RMB10,000,000	**1**	–
RMB10,000,001 – RMB15,000,000	**1**	2
RMB15,000,001 – RMB20,000,000	**–**	–
RMB20,000,001 – RMB25,000,000	**1**	1
RMB25,000,001 – RMB30,000,000	**–**	2
RMB30,000,001 – RMB35,000,000	**–**	–
RMB35,000,001 – RMB40,000,000	**2**	–

The five highest paid individuals in the Group pay individual income tax in strict accordance with the local tax rules. The tax rate is between 15% and 45%.

60. SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY'S SHARE ARE AS SET OUT BELOW:

Name of related parties	Relationship with the Company
Charoen Pokphand Group Co., Ltd. ("CP Group")	Parent of shareholders
Shenzhen Investment Holdings Co., Ltd. ("SIHC")	Shareholder

As at 31 December 2022, CP Group indirectly held 6.52% (31 December 2021: 6.80%) equity interests in the Company and is the largest shareholder of the Company.

60. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

(in RMB million)	2022	2021
CP Group		
Premiums income from	**63**	29
Claims expenses to	**29**	9
Rental revenue from	**26**	29
Other expenses to	**10**	11
SIHC		
Rental revenue from	**1**	1
Premiums income from	**5**	9
Interest revenue from	**7**	21
Interest expenses to	**62**	48
Other expenses to	**2**	–
Lufax Holding		
Interest revenue from	**21**	–
Interest expenses to	**624**	827
Other revenues from	**2,948**	3,360
Other expenses to	**2,879**	4,880
Ping An Health		
Interest expenses to	**144**	192
Other revenues from	**440**	361
Other expenses to	**2,071**	2,587
Ping An HealthKonnect		
Interest revenue from	**32**	–
Interest expenses to	**27**	23
Other revenues from	**306**	448
Other expenses to	**47**	178
OneConnect		
Interest revenue from	**3**	16
Interest expenses to	**10**	12
Other revenues from	**1,708**	1,795
Other expenses to	**2,598**	2,325

60. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

(in RMB million)	31 December 2022	31 December 2021
CP Group		
Customer deposits	**101**	–
SIHC		
Customer deposits	**3,266**	2,127
Loans and advances to customers	**590**	280
Lufax Holding		
Customer deposits	**14,316**	9,798
Loans and advances to customers	**821**	–
Derivative financial assets	**–**	26
Derivative financial liabilities	**447**	38
Accounts payable and other payables	**4,457**	8,714
Accounts receivable and other receivables	**4,304**	661
Ping An Health		
Customer deposits	**4,083**	4,075
Accounts payable and other payables	**2,885**	3,465
Accounts receivable and other receivables	**82**	66
Ping An HealthKonnect		
Customer deposits	**1,286**	851
Loans and advances to customers	**818**	–
Accounts payable and other payables	**213**	232
Accounts receivable and other receivables	**5,289**	6,780
OneConnect		
Customer deposits	**788**	1,132
Loans and advances to customers	**–**	301
Derivative financial assets	**10**	191
Derivative financial liabilities	**56**	–
Accounts payable and other payables	**1,511**	1,617
Accounts receivable and other receivables	**1,110**	1,173

In addition to transactions and balances stated above, the Group transferred 100% shareholding of Gem Alliance Limited to Lufax Holding, which issued convertible bonds amounting to USD1,953.8 million to the Group as the consideration in 2016, and pay interest to the Group every six months at an annual rate of 0.7375%. In December 2022, Lufax Holding entered into an amended and supplemental agreement with the Group pursuant to which the maturity date of 50% of the outstanding principal amount of the convertible bonds was extended from October 2023 to October 2026 and the remaining 50% outstanding principal amount was redeemed. As at 31 December 2022, the par value of these convertible bonds held by the Group amounted to USD976.9 million.

61. COMMITMENTS

(1) CAPITAL COMMITMENTS

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

(in RMB million)	31 December 2022	31 December 2021
Contracted, but not provided for	**10,031**	59,273
Authorized, but not contracted for	**9,517**	6,898
	19,548	66,171

(2) CREDIT COMMITMENTS

(in RMB million)	31 December 2022	31 December 2021
Bank acceptances	**703,902**	576,355
Guarantees issued	**111,005**	99,355
Letters of credit issued	**122,487**	66,869
Subtotal	**937,394**	742,579
Unused limit of credit cards	**889,566**	818,628
Total	**1,826,960**	1,561,207
Credit risk weighted amounts of credit commitments	**506,034**	431,405

Credit commitments disclosed in the table above do not include the financial guarantees accounted for as insurance contracts by the Group.

(3) INVESTMENT COMMITMENTS

The Group's investment commitments to associates and joint ventures are as follows:

(in RMB million)	31 December 2022	31 December 2021
Contracted but not provided for	**11,784**	15,810

62. EMPLOYEE BENEFITS

(1) PENSION

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by relevant government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

62. EMPLOYEE BENEFITS (CONTINUED)

(2) HOUSING BENEFITS

The employees of the Group are entitled to participate in and make contributions to various government sponsored funds for housing purposes. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(3) MEDICAL BENEFITS

The Group makes monthly contributions for medical benefits to the local authorities in accordance with relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

(4) KEY EMPLOYEE SHARE PURCHASE PLAN

The Group has adopted a Key Employee Share Purchase Plan for the key employees of the Company and its subsidiaries. Refer to Note 41 for more details.

(5) LONG-TERM SERVICE PLAN

The Company has adopted a Long-term Service Plan for the employees of the Company and its subsidiaries. Refer to Note 42 for more details.

63. CONTINGENT LIABILITIES

Owing to the nature of the insurance, bank and other financial services business, the Group is involved in contingencies and legal proceedings in the ordinary course of business, including, but not limited to, being the plaintiff or the defendant in litigations and arbitrations. Legal proceedings mostly involve claims on the Group's insurance policies and other claims. Provision has been made for probable losses to the Group, including those claims where management can reasonably estimate the outcome of the lawsuits taking into account any applicable legal advice.

No provision has been made for pending assessments, lawsuits or possible violations of contracts when the outcome cannot be reasonably estimated or management believes the probability is low or remote. For pending lawsuits, management also believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group or any of its subsidiaries.

64. EVENTS AFTER THE REPORTING PERIOD

(1) PROFIT DISTRIBUTION

On 15 March 2023, the Board of Directors of the Company approved the Profit Distribution Plan of the Company for 2022, and declared a final cash dividend of 2022 in the amount of RMB1.50 (tax inclusive) per share as disclosed in Note 17.

65. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform to the current year's presentation.

66. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(1) STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(in RMB million)	31 December 2022	31 December 2021
Assets		
Cash and amounts due from banks and other financial institutions	**31,324**	32,706
Financial assets purchased under reverse repurchase agreements	**1,770**	4,786
Financial assets at fair value through profit or loss	**8,452**	6,460
Financial assets at amortized cost	**1,214**	1,036
Debt financial assets at fair value through other comprehensive income	**8,531**	2,903
Investments in subsidiaries and associates	**236,919**	219,972
Investment properties	**1,020**	926
Property and equipment	**27**	38
Intangible assets	**995**	1,002
Right-of-use assets	**31**	87
Other assets	**11,335**	10,165
Total assets	**301,618**	280,081
Equity and liabilities		
Equity		
Share capital	**18,280**	18,280
Reserves	**144,503**	144,483
Treasury shares	**(10,996)**	(9,895)
Retained profits	**128,895**	108,854
Total equity	**280,682**	261,722
Liabilities		
Due to banks and other financial institutions	**19,417**	17,081
Income tax payable	**10**	28
Lease liabilities	**31**	91
Other liabilities	**1,478**	1,159
Total liabilities	**20,936**	18,359
Total equity and liabilities	**301,618**	280,081

The statement of financial position of the Company was approved by the Board of Directors on 15 March 2023 and was signed on its behalf.

MA Mingzhe	**XIE Yonglin**	**YAO Jason Bo**
Director	*Director*	*Director*

66. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(2) RESERVE MOVEMENT OF THE COMPANY

	For the year ended 31 December 2022						
(in RMB million)	Share premium	Financial assets at FVOCI reserves	Others	Surplus reserve fund	General reserve	Retained profits	Total
As at 1 January	**128,737**	**211**	**2,976**	**12,164**	**395**	**108,854**	**253,337**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**63,861**	**63,861**
Other comprehensive income	**–**	**4**	**(36)**	**–**	**–**	**–**	**(32)**
Dividend declared	**–**	**–**	**–**	**–**	**–**	**(43,820)**	**(43,820)**
Employee Share Purchase Plan	**–**	**–**	**44**	**–**	**–**	**–**	**44**
Others	**–**	**–**	**8**	**–**	**–**	**–**	**8**
As at 31 December	**128,737**	**215**	**2,992**	**12,164**	**395**	**128,895**	**273,398**

	For the year ended 31 December 2021						
(in RMB million)	Share premium	Financial assets at FVOCI reserves	Others	Surplus reserve fund	General reserve	Retained profits	Total
As at 1 January	128,737	181	2,826	12,164	395	120,592	264,895
Profit for the year	–	–	–	–	–	29,731	29,731
Other comprehensive income	–	30	5	–	–	–	35
Dividend declared	–	–	–	–	–	(41,469)	(41,469)
Employee Share Purchase Plan	–	–	144	–	–	–	144
Others	–	–	1	–	–	–	1
As at 31 December	128,737	211	2,976	12,164	395	108,854	253,337

According to the Company's articles of association, the Company shall set aside 10% of its net profit determined in its statutory financial statements, prepared in accordance with PRC Accounting Standards, to a statutory surplus reserve fund. The Company can cease such profit appropriation to this fund if its balance reaches 50% of the Company's registered share capital. The Company may also make appropriations from its net profit to the discretionary surplus reserve fund provided the appropriation is approved by a resolution of the shareholders. These reserves cannot be used for purposes other than those for which they are created. Profits are used to offset prior year losses before allocations to such reserves.

Subject to resolutions passed in shareholders' meetings, the statutory surplus reserve fund, discretionary surplus reserve fund and capital reserve can be transferred to share capital. The balance of the statutory surplus reserve fund after transfers to share capital shall not be less than 25% of the registered capital.

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance, banking, trust, securities, futures and fund businesses. The Group's respective entities engaged in such businesses would need to make appropriations for such reserves based on their respective year-end profit or risk assets, as determined in accordance with PRC Accounting Standards, and based on the applicable PRC financial regulations, in their annual financial statements. Such reserves are not available for profit distribution or transfer to capital.

In accordance with the relevant regulations, the net profit after tax of the Company for profit distribution is deemed to be the lower of (i) the retained profits determined in accordance with PRC Accounting Standards and (ii) the retained profits determined in accordance with IFRSs.

Ping An Milestones

1988	Founding of the Company	Ping An Insurance Company was established as the first joint-stock insurance company in China.
1992	Expanding nationwide	The Company was renamed Ping An Insurance Company of China, becoming a national insurance company.
1994	Foreign investors	Ping An brought on board Morgan Stanley and Goldman Sachs as its shareholders, becoming the first financial institution in China to have foreign investors.
1995	Founding of Ping An Securities	Ping An made a breakthrough in non-insurance financial business by establishing Ping An Securities Co., Ltd.
1996	Building trust business presence	Ping An acquired ICBC Pearl River Delta Financial Trust Joint Company, which was then renamed Ping An Trust & Investment Company.
2002	Stake acquired by HSBC	HSBC Group took a stake in Ping An, becoming its single largest shareholder.
2003	Founding of the Group	Ping An Insurance (Group) Company of China, Ltd. was established, becoming a pilot company for integrated operations in China's financial industry.
2004	H-share listing	Ping An Group enhanced its capital strength by going public in Hong Kong, which was the largest initial public offering ("IPO") in Hong Kong that year.
2007	A-share listing	Ping An Group was listed on the Shanghai Stock Exchange, which was the world's largest IPO of an insurance company by then.
2011	Acquiring SDB	Ping An became the controlling shareholder of Shenzhen Development Bank, which later merged with the original Ping An Bank, was renamed Ping An Bank, and built banking business presence across the country.
2012	Lufax	Lufax was established as Ping An began to build its technology business.
2016	Record high written premium	Ping An Life's written premium exceeded RMB300 billion, and new business premium exceeded RMB100 billion.
2017	Market cap exceeded RMB1 trillion	Ping An hit a record high with a market cap of over RMB1 trillion, ranking first among insurance groups and becoming one of the top 10 financial services groups across the world. Ping An's brand value ranked first in the global insurance industry in several international ratings.
2018	Ping An Rural Communities Support	In response to the government's call for poverty alleviation, Ping An launched the Ping An Rural Communities Support (covering village officers, doctors and teachers) in nine provinces or autonomous regions across China at its 30th anniversary.
2019	OneConnect's listing	OneConnect completed its IPO on the New York Stock Exchange, being the first U.S.-listed technology company incubated by Ping An.
2020	Fighting COVID-19	Ping An fought the global pandemic promptly by providing insurance protection, healthtech, and charitable donations.
2021	Implementing healthcare ecosystem strategy	Ping An built a closed loop of supply, demand and payment by exploring an innovative Chinese "managed care model" to provide customers with "worry-free, time-saving, and money-saving" healthcare services.
2022	Upgrading the logo slogan	Ping An returned its logo slogan to "Expertise Creates Value" to highlight its commitment to providing the most professional financial advisory, family doctor and elderlycare concierge services, aiming to build a century-old trusted, first-choice service brand.

Honors and Awards

In 2022, Ping An maintained its leading brand value, received wide recognition and praise, and won various honors and awards from domestic and foreign rating agencies and media in respect of comprehensive strength, corporate governance, corporate social responsibility, and so on.

CORPORATE STRENGTH

- *Fortune*
  Ranked No. 25 on the *Fortune* Global 500 list, and No. 4 among global financial services companies

- *Fortune China*
  Ranked No. 4 on the *Fortune* China 500 list

- *Forbes*
  Ranked No. 17 on the *Forbes* Global 2000 list, again No. 1 among global insurance conglomerates

CORPORATE GOVERNANCE

- *Bloomberg Businessweek*
  Listed Enterprises of the Year 2022

- China Securities Golden Bauhinia Awards
  Listed Company with the Most Investment Value in High-quality Development

CORPORATE SOCIAL RESPONSIBILITY

- The Chamber of Hong Kong Listed Companies
  2022 Hong Kong Corporate Governance & ESG Excellence Awards

- *InsuranceAsia News*
  CSR Initiative of the Year

- Included in the *S&P Global Sustainability Yearbook 2022*

- *The Economic Observer*
  Most Respected Enterprise in China for 21 consecutive years

BRAND

- Kantar BrandZ
  Ranked No. 77 on the BrandZ™ Top 100 Most Valuable Global Brands list
  Ranked No. 10 on the BrandZ™ Top 100 Most Valuable Chinese Brands list

- Brand Finance
  Ranked No. 1 on the Brand Finance Insurance 100 list
  Ranked No. 21 on the Brand Finance Global 500 list

Glossary

In this Report, unless the context otherwise indicates, the following expressions shall have the following meanings:

Ping An, Company, the Company, Group, the Group, Ping An Group	Ping An Insurance (Group) Company of China, Ltd.
Ping An Life	Ping An Life Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Health Insurance	Ping An Health Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Annuity	Ping An Annuity Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Property & Casualty	Ping An Property & Casualty Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Bank	Ping An Bank Co., Ltd., a subsidiary of the Company
SDB, Shenzhen Development Bank	Shenzhen Development Bank Co., Ltd., an associate of the Company since May 2010, became a subsidiary of the Company in July 2011. It was renamed "Ping An Bank Co., Ltd." on July 27, 2012.
Ping An Wealth Management	Ping An Wealth Management Co., Ltd., a subsidiary of Ping An Bank
Ping An Trust	Ping An Trust Co., Ltd., a subsidiary of the Company
Ping An Securities	Ping An Securities Co., Ltd., a subsidiary of Ping An Trust
Ping An Financial Leasing	Ping An International Financial Leasing Co., Ltd., a subsidiary of the Company
Ping An Asset Management	Ping An Asset Management Co., Ltd., a subsidiary of the Company
Ping An Overseas Holdings	China Ping An Insurance Overseas (Holdings) Limited, a subsidiary of the Company
Ping An Financial Technology	Shenzhen Ping An Financial Technology Consulting Co., Ltd., a subsidiary of the Company
Ping An Technology	Ping An Technology (Shenzhen) Co., Ltd., a subsidiary of Ping An Financial Technology
Ping An Finserve	Shenzhen Ping An Finserve Co., Ltd., a subsidiary of Ping An Financial Technology

Glossary

Lufax Holding	Lufax Holding Ltd., an associate of Ping An Financial Technology
Lufax	Shanghai Lufax Information Technology Co., Ltd., a subsidiary of Lufax Holding
E-wallet	Ping An E-wallet Electronic Commerce Co., Ltd., a subsidiary of Ping An Financial Technology
Ping An Health	Ping An Healthcare and Technology Company Limited, an associate of Ping An Financial Technology
OneConnect	OneConnect Financial Technology Co., Ltd., an associate of Ping An Financial Technology
Autohome	Autohome Inc., a subsidiary of the Company
New Founder Group	New Founder Holding Development Company Limited, a subsidiary of Ping An Life
CP Group Ltd.	Charoen Pokphand Group Company Limited, the flagship company of CP Group
RMB	Chinese Renminbi unless otherwise specified
CAS	The *Accounting Standards for Business Enterprises* and other relevant regulations issued by the Ministry of Finance of the People's Republic of China
IFRS	The *International Financial Reporting Standards* issued by the International Accounting Standards Board
Written premium	All premiums received from the polices underwritten by the Company, which are prior to the significant insurance risk testing and separation of hybrid risk contracts
HKEX	Hong Kong Exchanges and Clearing Limited
SEHK	The Stock Exchange of Hong Kong Limited
SEHK Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
SSE Listing Rules	The Rules Governing the Listing of Stocks on Shanghai Stock Exchange

Corporate Governance Code	The Corporate Governance Code as contained in Appendix 14 to the SEHK Listing Rules
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	The Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the SEHK Listing Rules
Articles of Association	The Articles of Association of Ping An Insurance (Group) Company of China, Ltd.
PBC	The People's Bank of China
Ministry of Finance	The Ministry of Finance of the People's Republic of China
CBIRC	China Banking and Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission

Corporate Information

REGISTERED NAMES

Full name of the Company (Chinese/English)

中國平安保險（集團）股份有限公司
Ping An Insurance (Group) Company of China, Ltd.

Short name of the Company (Chinese/English)

中國平安
Ping An

LEGAL REPRESENTATIVE

Ma Mingzhe

TYPES OF SECURITIES AND LISTING PLACES

A share	The Shanghai Stock Exchange
H share	The Stock Exchange of Hong Kong Limited

STOCK SHORT NAMES AND CODES

A share	中國平安	601318
H share	Ping An	2318

AUTHORIZED REPRESENTATIVES

Yao Jason Bo
Sheng Ruisheng

SECRETARY OF THE BOARD OF DIRECTORS

Sheng Ruisheng

COMPANY SECRETARY

Sheng Ruisheng

REPRESENTATIVE OF SECURITIES AFFAIRS

Shen Xiaoxiao

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REGISTERED ADDRESS

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Shenzhen

PLACE OF BUSINESS

47th, 48th, 108th, 109th, 110th, 111th, 112th Floors
Ping An Finance Center
No.5033 Yitian Road
Futian District
Shenzhen

POSTAL CODE

518033

COMPANY WEBSITE

www.pingan.cn

DESIGNATED MEDIA FOR A-SHARE INFORMATION DISCLOSURE

China Securities Journal
Shanghai Securities News
Securities Times and Securities Daily

WEBSITES FOR PUBLICATION OF REGULAR REPORTS

www.sse.com.cn
www.hkexnews.hk

LOCATION OF REGULAR REPORTS AVAILABLE FOR INSPECTION

Board Office of the Company

CONSULTING ACTUARIES

Ernst & Young (China) Advisory Limited

AUDITORS AND PLACES OF BUSINESS

Domestic Auditor

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Level 17, Ernst & Young Tower, Oriental Plaza,
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Names of Certified Public Accountants

HUANG YUEDONG
WU Cuirong

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27/F, One Taikoo Place
979 King's Road,
Quarry Bay, Hong Kong

LEGAL ADVISER

DLA Piper Hong Kong
25th Floor, Three Exchange Square
8 Connaught Place
Central, Hong Kong

H SHARE REGISTRAR

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

AMERICAN DEPOSITARY SHARES REGISTRAR

The Bank of New York Mellon