

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

**Summary of Solvency Report  
for  
First Half of 2023**

## Company Overview and Reporting Contact

Company name (Chinese): 中国平安保险（集团）股份有限公司

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

Legal representative: Ma Mingzhe

Registered address: 47th, 48th, 109th, 110th, 111th and 112th Floors,  
Ping An Finance Center,  
No.5033 Yitian Road,  
Futian District,  
Shenzhen

Registered capital: RMB18,210,234,607

Corporate license number of insurance institution: 000016

Business commencement date: March 21, 1988

Business scope: Investing in insurance enterprises, supervising and managing the domestic and international businesses of subsidiaries, engaging in insurance fund utilization, conducting domestic and international insurance business as approved by regulators, and other businesses approved by the insurance regulator and relevant government agencies

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### Note:

The *Summary of Solvency Report for First Half of 2023* is prepared in accordance with relevant regulations of the former China Banking and Insurance Regulatory Commission (the “CBIRC”), including the *Regulatory Rules on Solvency of Insurance Companies (II)* (the “C-ROSS Phase II”).

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## **I. Statement by the Board of Directors and the Management**

This report has been approved by the Board of Directors of Ping An Insurance (Group) Company of China, Ltd. (hereinafter referred to as “Ping An,” the “Company” or the “Group”). The Board of Directors and the management of the Company warrant that the information contained in this report is true, accurate, complete and legally compliant and there are no false representations, misleading statements contained in or material omissions from this report, and severally and jointly accept legal responsibility for the above.

The statement is hereby given.

## II. Basic Information of the Group

### (I) Shareholding Structure, Shareholders and Their Changes

#### (1) Shareholding Structure and Its Changes

Unit: Shares	January 1, 2023		Changes during the Reporting Period					June 30, 2023	
	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	–	–	–	-70,006,803 <sup>(1)</sup>	-70,006,803 <sup>(1)</sup>	10,762,657,695	59.10
2. Domestically listed foreign shares	–	–	–	–	–	–	–	–	–
3. Overseas listed foreign shares	7,447,576,912	40.74	–	–	–	–	–	7,447,576,912	40.90
4. Others	–	–	–	–	–	–	–	–	–
Subtotal	18,280,241,410	100.00	–	–	–	-70,006,803 <sup>(1)</sup>	-70,006,803 <sup>(1)</sup>	18,210,234,607	100.00
III. Total number of shares	18,280,241,410	100.00	–	–	–	-70,006,803 <sup>(1)</sup>	-70,006,803 <sup>(1)</sup>	18,210,234,607	100.00

Note: (1) The decrease of 70,006,803 A shares during the Reporting Period was due to the cancellation of repurchased shares.

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

Name of shareholder	Nature of shareholder <sup>(1)</sup>	Shareholding percentage (%)	Total number of shares held (shares)	Changes during the Reporting Period (shares)	Type of shares	Number of selling-restricted shares held (shares)	Number of pledged, marked or frozen shares (shares)
Hong Kong Securities Clearing Company Nominees Limited <sup>(2)</sup>	Overseas legal person	38.17	6,950,658,497 <sup>(3)</sup>	+214,005,428	H Share	–	Unknown
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	5.29	962,719,102	–	A Share	–	341,740,000 pledged shares
Hong Kong Securities Clearing Company Limited <sup>(4)</sup>	Others	3.88	706,870,002	-893,989	A Share	–	–
China Securities Finance Corporation Limited	Others	3.01	547,459,258	–	A Share	–	–
Business Fortune Holdings Limited	Overseas legal person	2.62	476,946,469	+5,271,637	H Share	–	315,217,401 pledged shares
Central Huijin Asset Management Ltd.	State-owned legal person	2.58	470,302,252	–	A Share	–	–
Long-term Service Plan of Ping An Insurance (Group) Company of China, Ltd. <sup>(5)</sup>	Others	1.93	350,975,208	+96,511,624	A Share	–	–
Shum Yip Group Limited	State-owned legal person	1.42	257,728,008	–	A Share	–	–
Dacheng Fund – Agricultural Bank of China – Dacheng Zhongzheng Financial Asset Management Plan	Others	1.11	201,948,582	–	A Share	–	–
Huaxia Fund - Agricultural Bank of China - Huaxia Zhongzheng Financial Asset Management Plan	Others	1.10	199,511,462	–	A Share	–	–

Notes:

- (1) Nature of the holders of A shares represents the nature of accounts held by the holders of A shares registered on the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
- (2) Hong Kong Securities Clearing Company Nominees Limited (“HKSCC Nominees Limited”) is the nominee holder of the shares held by non-registered H shareholders of the Company.
- (3) Business Fortune Holdings Limited is an indirect wholly-owned subsidiary of Charoen Pokphand Group Company Limited (“CP Group Ltd.”), and the shares owned by Business Fortune Holdings Limited have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by Business Fortune Holdings Limited 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 140,000 employees have participated in the Long-term Service Plan cumulatively. The source of funding is the remunerations payable to employees.

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

Business Fortune Holdings Limited is an indirect wholly-owned subsidiary of CP Group Ltd. CP Group Ltd. indirectly held 1,114,859,403 H shares of the Company, representing approximately 6.12% of the total share capital of the Company as of June 30, 2023, through Business Fortune Holdings Limited and other subsidiaries.

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

### **(3) Particulars of Controlling Shareholder and De Facto Controlling Party**

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

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

The Group's member companies under the C-ROSS Phase II, with clear shareholding structures, engage in businesses including insurance, banking, investment, and technology. Shareholding or control relations with and basic information of the main member companies of Ping An Group as of June 30, 2023 are as follows:

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

The Group had the following main consolidated subsidiaries as of June 30, 2023:

Company name	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Registered capital (in RMB unless otherwise specified)
				Direct	Indirect	
Ping An Life Insurance Company of China, Ltd.	Shenzhen	Shenzhen	Life insurance	99.51%		33,800,000,000
Ping An Property & Casualty Insurance Company of China, Ltd.	Shenzhen	Shenzhen	Property and casualty insurance	99.55%		21,000,000,000
Ping An Bank Co., Ltd.	Shenzhen	Shenzhen	Banking	49.56%	8.40%	19,405,918,198
Ping An Trust Co., Ltd.	Shenzhen	Shenzhen	Trust investment	99.88%		13,000,000,000
Ping An Securities Co., Ltd.	Shenzhen	Shenzhen	Securities investment and brokerage	40.96%	55.59%	13,800,000,000
Ping An Annuity Insurance Company of China, Ltd.	Shanghai	Shanghai	Annuity insurance	94.18%	5.79%	11,603,419,173
Ping An Asset Management Co., Ltd.	Shanghai	Shanghai	Asset management	98.67%	1.33%	1,500,000,000
Ping An Health Insurance Company of China, Ltd.	Shanghai	Shanghai	Health insurance	74.33%	0.68%	4,616,577,790
China Ping An Insurance Overseas (Holdings) Limited	Hong Kong	Hong Kong	Investment holding	100.00%		HKD7,085,000,000
China Ping An Insurance (Hong Kong) Company Limited	Hong Kong	Hong Kong	Property and casualty insurance		100.00%	HKD490,000,000
Ping An International Financial Leasing Co., Ltd.	Shanghai	Shanghai	Financial leasing	69.44%	30.56%	14,500,000,000
Ping An of China Asset Management (Hong Kong) Company Limited	Hong Kong	Hong Kong	Asset management		100.00%	HKD395,000,000
Shenzhen Pingan Innovation Capital Investment Co., Ltd.	Shenzhen	Shenzhen	Investment holding		99.88%	4,000,000,000
Ping An Trendwin Capital Management Co., Ltd.	Shanghai	Shanghai	Investment consulting		99.75%	100,000,000
Ping An Real Estate Co., Ltd.	Shenzhen	Shenzhen	Property management and investment management		99.62%	21,160,523,628
Ping An Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	IT services	37.66%	62.34%	5,310,315,757
Shenzhen Ping An Financial Services Co., Ltd.	Shenzhen	Shenzhen	IT and business process outsourcing services		100.00%	598,583,070
Ping An E-wallet Electronic Commerce Company Limited	Shenzhen	Shenzhen	Internet service		77.14%	1,000,000,000
Shenzhen Wanlitong Network Information Technology Co., Ltd.	Shenzhen	Shenzhen	Customer loyalty service		77.14%	200,000,000
Shenzhen Ping An Commercial Property Investment Co., Ltd.	Shenzhen	Shenzhen	Property leasing and property management		99.50%	1,567,000,000

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

Company name	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Registered capital (in RMB unless otherwise specified)
				Direct	Indirect	
Ping An Futures Co., Ltd.	Shenzhen	Shenzhen	Futures brokerage		96.66%	721,716,042
Shenzhen Ping An Real Estate Investment Co., Ltd.	Shenzhen	Shenzhen	Real estate investment management		100.00%	1,310,000,000
Shanghai Pingpu Investment Co., Ltd.	Shanghai	Shanghai	Investment management		99.51%	9,130,500,000
Ansheng Investment Company Limited	British Virgin Islands	British Virgin Islands	Project investment		99.51%	USD50,000
Shenzhen Ping An Financial Technology Consulting Co., Ltd.	Shenzhen	Shenzhen	Corporation management advisory services	100.00%		30,406,000,000
Ping An Tradition International Money Broking Company Ltd.	Shenzhen	Shenzhen	Currency brokerage		66.92%	50,000,000
Pingan Haofang (Shanghai) E-commerce Co., Ltd.	Shanghai	Shanghai	Property agency		100.00%	1,930,000,000
Ping An Wealthtone Investment Management Co., Ltd.	Shenzhen	Shenzhen	Asset management		68.11%	800,000,000
Ping An Fund Management Company Limited	Shenzhen	Shenzhen	Fund raising and distribution		68.11%	1,300,000,000
Shenzhen Ping An Financial Center Development Company Ltd.	Shenzhen	Shenzhen	Property leasing and property management		99.51%	6,688,870,000
Ping An Insurance Sales Services Co., Ltd.	Shenzhen	Shenzhen	Sales agency of insurance		75.10%	515,000,000
Ping An Chuang Zhan Insurance Sales & Service Co., Ltd.	Shenzhen	Guangzhou	Insurance agent		99.55%	50,000,000
Reach Success International Company Limited	British Virgin Islands	British Virgin Islands	Project investment		99.51%	USD50,000
Jade Reach Investment Company Limited	British Virgin Islands	British Virgin Islands	Project investment		99.51%	USD50,000
Shenyang Shengping Investment Management Co., Ltd.	Shenyang	Shenyang	Property and investment management		99.51%	419,000,000
Tongxiang Ping An Investment Co., Ltd.	Jiaxing	Jiaxing	Investment management		99.62%	500,000,000
Ping An Commercial Factoring Co., Ltd.	Shanghai	Shanghai	Commercial factoring advisory services		100.00%	2,700,000,000
Shanxi Changjin Expressway Co., Ltd.	Jincheng	Taiyuan	Expressway operation		59.71%	750,000,000
Shanxi Jinjiao Expressway Co., Ltd.	Jincheng	Taiyuan	Expressway operation		59.71%	504,000,000
Ping An Caizhi Investment Management Company Limited	Shenzhen	Shenzhen	Equity investment		96.55%	300,000,000
Ping An of China Securities (Hong Kong) Company Limited	Hong Kong	Hong Kong	Investment holding		96.55%	HKD663,514,734
Ping An of China Futures (Hong Kong) Company Limited	Hong Kong	Hong Kong	Futures brokerage		96.55%	HKD20,000,000
Ping An of China Capital (Hong Kong) Company Limited	Hong Kong	Hong Kong	Investment management		96.55%	HKD20,000,000
China PA Securities (Hong Kong) Company Limited	Hong Kong	Hong Kong	Securities investment and brokerage		96.55%	HKD440,000,000



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

Company name	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Registered capital (in RMB unless otherwise specified)
				Direct	Indirect	
Shanghai Lufax Fund Sales Co., Ltd.	Shanghai	Shanghai	Fund sales		100.00%	20,000,000
Fuer Insurance Broker Co., Ltd.	Shanghai	Shanghai	Insurance brokerage service		100.00%	50,000,000
Beijing Shuangronghui Investment Co., Ltd.	Beijing	Beijing	Property leasing		99.51%	256,323,143
Chengdu Ping An Property Investment Co., Ltd.	Chengdu	Chengdu	Real estate investment management		99.51%	840,000,000
Hangzhou Pingjiang Investment Co., Ltd.	Hangzhou	Hangzhou	Real estate investment and management		99.51%	1,430,000,000
Beijing Jingxinlize Investment Co., Ltd.	Beijing	Beijing	Investment management		99.51%	1,160,000,000
Anbon Allied Investment Company Limited	United Kingdom	Hong Kong	Real estate investment management		99.51%	GBP90,000,160
Talent Bronze Limited	United Kingdom	Hong Kong	Real estate investment management		99.51%	GBP133,000,000
Ping An Pioneer Capital Co., Ltd.	Shenzhen	Shenzhen	Financial products and equity investment		96.55%	1,000,000,000
Shenzhen Pingke Information Consulting Co., Ltd.	Shenzhen	Shenzhen	Management consulting		100.00%	5,092,341,943
Beijing Jingping Shangdi Investment Co., Ltd.	Beijing	Beijing	Property leasing		99.51%	45,000,000
Guangzhou Xiping Property Investment Co., Ltd.	Guangzhou	Guangzhou	Property leasing		99.51%	50,000,000
Shanghai Jahwa (Group) Company Ltd.	Shanghai	Shanghai	Production and sale of consumer chemicals		99.51%	5,268,261,234
Shanghai Jahwa United Co., Ltd.	Shanghai	Shanghai	Industry		51.36%	679,634,461
Falcon Vision Global Limited	Shanghai	British Virgin Islands	Investment management		99.51%	USD50,000
Shanghai Zean Investment Management Company Limited	Shanghai	Shanghai	Property leasing		99.51%	4,810,000,000
PA Dragon LLC	USA	USA	Logistics and real estate		99.52%	USD143,954,940
Shanghai Pingan Automobile E-commerce Co., Ltd.	Shanghai	Shanghai	E-commerce		94.74%	63,330,000
Shanghai Gezhouba Yangming Property Co., Ltd.	Shanghai	Shanghai	Real estate investment and management		99.51%	20,000,000
Shanghai Jinyao Investment Management Co., Ltd.	Shanghai	Shanghai	Investment management		99.05%	1,290,000,000
Shanghai Pingxin Asset Management Co., Ltd.	Shanghai	Shanghai	Asset management		100.00%	1,010,000,000
Shenzhen Qianhai Credit Service Centre Co., Ltd.	Shenzhen	Shenzhen	Credit Information services		100.00%	345,075,000
Pingan Real Estate Capital Limited	Hong Kong	Hong Kong	Investment platform		99.62%	2,536,129,600
Shenzhen Qianhai Inclusive Crowdfunding & Trading Co., Ltd.	Shenzhen	Shenzhen	Investment consulting		100.00%	100,000,000
Guangzhou Ping An Good Loan Microfinance Co., Ltd.	Guangzhou	Guangzhou	Micro loan		100.00%	600,000,000
An Ke Technology Company Limited	Hong Kong	Hong Kong	Investment management and investment consulting		100.00%	USD582,996,000

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

Company name	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Registered capital (in RMB unless otherwise specified)
				Direct	Indirect	
Ping An Pay Technology Service Co., Ltd.	Shenzhen	Shenzhen	Internet service		77.14%	680,000,000
Ping An Pay Electronic Payment Co., Ltd.	Shanghai	Shanghai	Internet service		77.14%	489,580,000
Tongxiang Anhao Investment Management Co., Ltd.	Jiaxing	Jiaxing	Investment management		99.81%	300,000,000
Ping An Infrastructure Investment Fund Management Co., Ltd.	Shenzhen	Shenzhen	Investment management		98.01%	1,000,000,000
Ping An Fortune Management Co., Ltd.	Shanghai	Shanghai	Consulting services		100.00%	100,000,000
Ping An International Financial Leasing (Tianjin) Co., Ltd.	Tianjin	Tianjin	Financial leasing		100.00%	10,400,000,000
Shenzhen Anpu Development Co., Ltd.	Shenzhen	Shenzhen	Logistics and warehousing		79.61%	5,625,000,000
China PA Asset Management (Hong Kong) Company Limited	Hong Kong	Hong Kong	Asset management		96.55%	HKD10,000,000
Shanghai Tianhe Insurance Brokerage Co., Ltd.	Shanghai	Shanghai	Insurance broker		41.88%	50,000,000
Helios P.A. Company Limited	Hong Kong	Hong Kong	Project investment		99.51%	USD677,161,910
Value Success International Limited	British Virgin Islands	British Virgin Islands	Project investment		100.00%	USD50,000
Ping An Urban-Tech (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	IT services		79.21%	50,000,000
Shenzhen Ping An Chuangke Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment management		99.81%	100,000,000
Shenzhen Anchuang Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment management		99.72%	100,000,000
Lianxin (Shenzhen) Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment management		99.72%	5,100,000,000
Autohome Inc.	Beijing	Cayman Islands	Automotive internet platform		41.88%	USD1,273,469
Mayborn Group Limited	United Kingdom	United Kingdom	Infant products		51.36%	GBP1,154,873
Jiaxing Ping An Cornerstone I Equity Investment Management Co., Ltd.	Shanghai	Jiaxing	Investment management		99.51%	1,000,000
Shenzhen Qianhai Jinxuan Investment Co., Ltd.	Shenzhen	Shenzhen	Investment management and investment consulting		99.91%	2,270,000,000
eLink Commerce Company Limited	Hong Kong	Hong Kong	E-commerce trade		99.89%	HKD25,124,600
Overseas W.H. Investment Company Limited	Cayman Islands	Cayman Islands	Investment holding		100.00%	USD5,038,967,126
Global Voyager Fund (HK) Company Limited	Hong Kong	Hong Kong	Asset management		100.00%	USD15,476,983
Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd.	Shenzhen	Shenzhen	Investment consulting		100.00%	1,500,100,000
Shenzhen Dingshuntong Investment Co., Ltd.	Shenzhen	Shenzhen	Investment consulting		100.00%	100,000,000
China PA Wealth Management (Hong Kong) Company Limited	Hong Kong	Hong Kong	Insurance brokerage		96.55%	HKD1,000,000
Ping An Commodities Trading Co., Ltd.	Shenzhen	Shenzhen	Commodity trade		96.66%	1,000,000,000
Shenzhen Shengjun Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment management		99.72%	5,000,000

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

Company name	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Registered capital (in RMB unless otherwise specified)
				Direct	Indirect	
Shenzhen Hengchuang Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment platform		99.62%	5,000,000
Chongqing Youshengda Real Estate Consulting Co., Ltd.	Chongqing	Chongqing	Real estate consulting		99.51%	12,537,286,000
Shenzhen Pingjia Investment Management Co., Ltd.	Shenzhen	Shenzhen	Investment platform		99.81%	5,000,000
Ping An Wealth Management Co., Ltd.	Shenzhen	Shenzhen	Asset management		57.96%	5,000,000,000
Hangzhou Xiaoshan Ping An Cornerstone II Equity Investment Co., Ltd.	Shanghai	Hangzhou	Investment management		99.51%	10,000,000
TTP Car Inc.	Shanghai	Cayman Islands	Second-hand car platform		21.36%	USD15,753
Beijing Xinjie Real Estate Development Co., Ltd.	Beijing	Beijing	Property leasing and property management		69.66%	USD24,500,000
Shanghai Orient Overseas Kaixuan Real Estate Co., Ltd.	Shanghai	Shanghai	Property leasing and property management		69.66%	2,208,601,418
Shanghai Huaqing Real Estate Management Co., Ltd.	Shanghai	Shanghai	Property leasing and property management		59.71%	USD30,000,000
Chengdu Raffles City Industry Co., Ltd.	Chengdu	Chengdu	Property leasing and property management		69.66%	USD217,700,000
Raffles City (Hangzhou) Real Estate Development Co., Ltd.	Hangzhou	Hangzhou	Property leasing and property management		69.66%	USD299,740,000
Ningbo Xinyin Business Management Service Co., Ltd.	Ningbo	Ningbo	Property leasing and property management		69.66%	800,000,000
Beijing Jinkunlize Property Co., Ltd.	Beijing	Beijing	Property leasing and property management		99.51%	3,380,000,000
New Founder (Beijing) Enterprise Management Development Co., Ltd.	Beijing	Beijing	Business management		99.51%	50,000,000
New Founder Holding Development Company Limited	Beijing	Zhuhai	Investment and technical service		66.18%	7,250,000,000
Founder Securities Co., Ltd.	Changsha	Changsha	Securities brokerage		19.00%	8,232,101,395
Founder Cifco Futures Co., Ltd.	Beijing	Beijing	Futures brokerage		17.56%	1,005,000,000
Founder Financing Securities Co., Ltd.	Beijing	Beijing	Securities underwriting and sponsorship		19.00%	1,400,000,000
Shanghai Jifeng Investment Management Co., Ltd.	Shanghai	Shanghai	Investment management		17.56%	500,000,000
Beijing Founder Fubon Crown Asset Management Co., Ltd.	Beijing	Beijing	Specific client asset management		12.67%	130,000,000
Founder Securities (Hong Kong) Limited	Hong Kong	Hong Kong	Securities trading and advisory services		19.00%	HKD410,000,000
Founder Asset Management (Hong Kong) Limited	Hong Kong	Hong Kong	Asset management		19.00%	HKD22,000,000
Founder Fubon Fund Management Co., Ltd	Beijing	Beijing	Fund raising and distribution		12.67%	660,000,000

Note: The shareholding proportion, as shown in the above table, is the sum of direct holding by the Company and indirect holding calculated via the multiplication of shareholding proportions at various holding layers.

## (2) Shareholding Structures and Basic Information of Joint Ventures

The Group had the following main joint ventures as of June 30, 2023:

<b>Company name</b>	<b>Principal place of business</b>	<b>Place of registration</b>	<b>Nature of business</b>	<b>Shareholding proportion</b>	<b>Registered capital (in RMB unless otherwise specified)</b>
Beijing Zhaotai Property Development Co., Ltd.	Beijing	Beijing	Property development	25.00%	5,000,000,000
Wuhan DAJT Property Development Co., Ltd.	Wuhan	Wuhan	Property development	50.00%	500,000,000
Founder Meiji Yasuda Life Insurance Co., Ltd.	Shanghai	Shanghai	Life insurance	51.00%	2,880,000,000

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

(Yes  No )

### III. Operation of Major Member Companies

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

China’s macroeconomy resumed an upward trend in the first half of 2023 as market demand recovered gradually, but the foundation for economic recovery was not yet solid. Ping An Life unswervingly implemented the “4 channels + 3 products” strategy. Ping An Life achieved steady business development thanks to comprehensive advancement in channels, improved business quality, and diverse products and services launched. Ping An Life’s premium income grew 8.7% year on year to RMB286,248 million in the first half of 2023.

In respect of channels, under the value proposition of high-quality development, Ping An Life unswervingly transformed toward more balanced professional sales channels. In respect of the agent channel, Ping An Life facilitated the high-quality transformation of the agent channel by refining the tiered management of high-productivity agents. Ping An has effectively improved agent productivity by providing exclusive benefits, tailored campaigns for high-end customers, exclusive training, honors and incentives. Income per agent increased 36.8% year on year in the first half of 2023. In respect of new agents, Ping An Life continuously improved the 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 25 pps year on year in the first half of 2023. In respect of the bancassurance channel, Ping An Life has achieved high-quality and leapfrog value growth by furthering the strategic transformation of the bancassurance channel. In respect of cooperation with banks, Ping An Life furthered the exclusive agency model with Ping An Bank, and helped Ping An Bank build a team of over 2,000 professional Private Wealth Advisers. With significantly enhanced insurance sales skills, Private Wealth Advisers have made record-high value contributions by integrating insurance into customers’ entire wealth management framework via specific scenarios and customer touch points. Moreover, Ping An Life actively consolidated partnership with external banks, standardized outlet operations and upskilled teams, improving per capita productivity significantly. In respect of the Community Grid and other channels, Ping An Life has successfully rolled out Community Grid in 51 cities, an increase of 26 since the end of 2022. Ping An Life has built a team of nearly 10,000 highly competent specialists as of June 30, 2023. Community specialists furthered the “Pre-sell, Soft-sell, Cross-sell and Up-sell” business model, and made continuous breakthroughs in customer development value through precise upselling based on improved services for existing customers. Ping An Life’s 13-month policy persistency ratio of “retained customers” improved by 5.7 pps year on year. In respect of the lower-tier channel, Ping An Life continuously promoted sales via the lower-tier channel in seven provinces in the first half of 2023, further exploring innovative development models.

In respect of life insurance products, Ping An Life rolled out “insurance + service” products to drive sales and business quality improvements in an orderly and determined manner in the face of fading demographic dividends, homogeneous offerings, and changing needs. By upgrading its insurance product portfolio and leveraging the Group’s healthcare ecosystem, Ping An Life improved its three core services, namely healthcare, home-based eldercare and high-end eldercare. Ping An Life aims to build differential advantages under the “insurance + service” framework. In respect of insurance products, Ping An Life strives to meet customers’ full-lifecycle core insurance needs by focusing on wealth management, pension savings and health protection, upgrading the product portfolio, and making the products more competitive amid declining market interest rates and an aging population under a customer-centric product philosophy. Ping An Life continuously penetrates wealth management and pension insurance markets. Ping An Life strengthened the promotion of “Yuxiang Caifu,” an annuity

product, and “Sheng Shi Jin Yue (Exclusive Version),” a whole life insurance product, to protect customers’ lives and wealth. Ping An Life diversified its offerings for the third pillar of China’s pension system by launching “Sheng Shi Jin Yue (Vintage Version),” an annuity product offering more flexible means to receive pensions, helping customers live better during old age. Ping An Life adheres to insurance protection and proactively penetrates the insurance market. Ping An Life continuously promoted protection products including “Shouhu Baifenbai” critical illness, medical care, and whole life insurance to meet diverse customer needs for protection. In respect of “insurance + healthcare,” Ping An Life served over 16 million customers through health management in the first half of 2023. Nearly 70% of newly enrolled customers used health management services, which were widely welcomed by 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 accompanying consultation, blood sugar control, and critical illness management. Moreover, by leveraging New Founder Group’s healthcare assets, Ping An Life established a “medical +” service framework underpinned by family doctors from Ping An in Beijing to provide high-quality healthcare solutions for middle-market and high-end customers. In respect of “insurance + home-based eldercare,” Ping An integrates internal and external service providers to offer one-stop, home-based eldercare 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 online customer services. With a robust service supervision system, Ping An continuously optimizes customer service experience to help the elderly live a dignified life at home and to build the No.1 home-based eldercare brand in China. Ping An’s home-based eldercare services covered 47 cities across China as of June 30, 2023. Over 60,000 customers have qualified for the home-based eldercare services, giving positive general feedback. In respect of “insurance + high-end eldercare,” Ping An is committed to developing the premium eldercare market and delivering innovative “one-stop” full-lifecycle eldercare 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 eldercare services and high-quality heartwarming eldercare experience to meet the growing demand for premium eldercare in China. Ping An has unveiled high-end eldercare projects in four cities, namely Shenzhen, Guangzhou, Shanghai and Foshan as of June 30, 2023, including “Shanghai Yi Nian Cheng” unveiled in February 2023. Ping An Life’s 13-month persistency ratio of insurance policies improved by 2.1 pps year on year to 93.8%, and 25-month persistency ratio improved by 7.0 pps year on year to 87.6% in the first half of 2023. Going forward, 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.

Ping An Life’s core and comprehensive solvency margins were 120.4% and 212.0% respectively as of June 30, 2023, both significantly above the regulatory requirements.

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

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 13 consecutive years.

Ping An P&C maintained stable business growth, with premium income up 5.0% year on year to RMB154,136 million in the first half of 2023. Overall underwriting combined ratio rose by 0.9 pps year on year to 98.0% in the first half of 2023

mainly because overall cost fluctuated due to the recovering travel needs of auto insurance customers and the impact of market volatility on guarantee insurance business.

Ping An P&C proactively applies technologies to data-driven online operations and services. “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 retains users with popular content on car use, car maintenance and road travel. The app had over 186 million registered users as of June 30, 2023, with over 125 million vehicles linked to it. Monthly active users of the app exceeded 35.78 million in June 2023. Ping An P&C continued to improve online claim settlement to create “worry-free, time-saving, and money-saving” service experience. Ping An P&C enabled worry-free and heartwarming concierge claims experience with its “exclusive claims manager” service, and further improved customers’ claims experience through upgraded video-based claims processing, scheduled loss assessment, and other functions. With excellent customer services, Ping An P&C scored 94.52 in the Auto Insurance Service Quality Index evaluation by China Banking and Insurance Information Technology Management Co., Ltd., ranking among the top players in the property and casualty insurance industry.

Ping An P&C’s core and comprehensive solvency margins were 176.6% and 217.7% respectively as of June 30, 2023, both significantly above the regulatory requirements.

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

Ping An Bank adhered to its mission to be “China’s most outstanding, world-leading smart retail bank” under the strategy of “technological empowerment, 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.” Ping An Bank continuously upgraded its retail, corporate and interbank strategies, enhanced its capability of serving the real economy, optimized comprehensive risk management, strengthened comprehensive digital transformation, reshaped asset-liability operations, and maintained stable, healthy overall business performance in the first half of 2023.

Ping An Bank (excluding Ping An Wealth Management) had 109 branches and 1,205 business outlets as of June 30, 2023.

Ping An Bank’s revenue totaled RMB88,610 million in the first half of 2023, declining 3.7% year on year mainly due to ongoing support for the real economy and volatile markets. Net profit grew 14.9% year on year to RMB25,387 million, and annualized weighted average ROE rose by 0.45 pps year on year to 12.65% in the first half of 2023.

Regarding 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 basic retail business, Ping An Bank continued to strengthen omni-channel customer acquisition and full-scenario business development, growing and improving retail deposit business. “Ping An Pocket Bank” app’s registered users increased 4.6% year to date to 159,925 thousand as of June 30, 2023. The balance of retail deposits increased 10.9% year to date to RMB1,147,481 million as of June 30, 2023. 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 7.7% year to date to RMB3,864,024 million as of June 30, 2023, including RMB1,885,029 million in AUM of qualified private banking customers, up 16.3% year to date. 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. Ping An Bank's revenue from bancassurance reached RMB2,207 million in the first half of 2023, up 107.2% year on year. In consumer finance business, Ping An Bank strengthened digital operations and comprehensive service capabilities for retail credit products. Moreover, Ping An Bank increased secured loans to continuously optimize its business portfolio and customer mix. The balance of retail loans reached RMB2,065,856 million as of June 30, 2023, up 0.9% year to date.

In corporate business, Ping An Bank closely followed national strategies, and continued to increase financing support for key areas including the advanced manufacturing sector, specialized and sophisticated enterprises that produce new and unique products, non-state-owned enterprises, micro-, small and medium-sized 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 integrated finance. 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 RMB555,322 million in the first half of 2023, up 2.4% year on year. Monthly active users on Ping An Bank's corporate customer development platform increased 17.8% year to date to 1,249.9 thousand as of June 30, 2023. The corporate open bank served 67,898 corporate customers, up 33.2% year to date. 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 national strategies and supports the real economy by providing customers with "commercial banking + investment banking + investment" integrated solutions. Investments in new energy, next-generation infrastructure, and new manufacturing totaled RMB93,225 million in the first half of 2023, up 33.0% year on year.

In interbank business, Ping An Bank builds comprehensive service capabilities covering entire value chains of capital markets by strengthening "investment trading, institutional business, and corporate hedging" under the philosophy of "serving financial markets, interbank customers, and the real economy." In respect of investment trading, Ping An Bank continuously strengthens macroeconomic analysis, appropriately allocates investment portfolios, ensures the liquidity and security of assets, and actively boosts liquidity and trade execution efficiency in financial markets. Market share measured by bond trading volume was 2.9% in the first half of 2023. In respect of institutional business, Ping An Bank fully integrates businesses including investment banking, trading, research, distribution and custody. Relying on ecosystem-based cooperation with financial institutions, Ping An Bank links capital markets to serve China's pan-wealth and pan-asset management industry chains, and enhances its "custody + financing + investment" integrated service framework. Ping An Bank had 438 active institutional trading customers, whose spot bond sales amounted to RMB1.30 trillion in the first half of 2023. The balance of third-party funds distributed under the "ET-Bank" increased 37.9% year to date to RMB153,475 million, and net assets under custody grew 2.3% year to date to RMB8.41 trillion as of June 30, 2023. In respect of corporate hedging, the "Ping An Hedging" business leverages professional financial market trading capabilities to establish a benchmark model for corporate hedging. The number of customers who conducted spot and derivative foreign exchange hedging at Ping An Bank increased 9.7% year on year to 9,803 in the first half of 2023.

Ping An Wealth Management Co., Ltd. ("Ping An Wealth Management"), a wholly-owned subsidiary of Ping An Bank, actively expands sales channels and develops "flexible, prudent and excellent" products. Ping An Wealth Management continuously improves its product portfolio and mix, enhances its investment management capability, and strengthens its risk management framework. The balance of wealth management products managed by Ping An Wealth Management decreased



slightly by 0.4% year to date to RMB883,554 million as of June 30, 2023.

China's macroeconomy resumed an upward trend in the first half of 2023 as market demand gradually recovered. However, business entities still needed to be invigorated, repayment capacity of small and medium-sized enterprises and retail customers remained under pressure, and banks still faced challenges in asset quality management. 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 respect of retail asset quality, Ping An Bank's retail non-performing loan ratio rose by 0.03 pps year to date to 1.35% as of June 30, 2023. Ping An Bank constantly increased reviews of pre-lending policies, strictly controlled customer admittance, proactively expanded collection channels, and enhanced efforts to dispose of non-performing loans. Moreover, Ping An Bank steadily optimized its retail lending business portfolio by gradually increasing the proportion of secured loans. Ping An Bank improved customer risk identification with industry-leading technologies and risk models, and enhanced its ability to withstand risks by implementing differentiated risk management policies. In addition, Ping An Bank implemented regulators' relevant relief policies, taking measures including upfront reminders, exclusive collection resources and comprehensive relief kits to mitigate the impact of deferred loan repayment on future asset quality. The asset quality of retail loans will gradually improve as economic recovery continues and domestic growth momentum strengthens. In respect of corporate asset quality, Ping An Bank's corporate non-performing loan ratio was 0.54% as of June 30, 2023, down by 0.07 pps year to date. Ping An Bank focused on key industries, regions and customers, selected industries with low cyclicity, stable growth and good asset quality, and reduced exposure to high-risk customers. As a result, corporate credit metrics remained good.

Benefiting from net profit growth and refined capital management, Ping An Bank's core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio rose by 0.31 pps, 0.28 pps and 0.26 pps year to date to 8.95%, 10.68%, and 13.27% respectively as of June 30, 2023.

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

Ping An Trust focuses on its core businesses including trust services, institutional asset management, and private equity. In direct sales, Ping An Trust prevents risks by strictly conducting 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. Moreover, Ping An Trust further optimizes its comprehensive risk management system, and strictly adheres to the bottom line of risk compliance, and maintains robust whole-process management mechanisms covering fundraising, investment, management and exit. In addition, Ping An Trust ensures full-lifecycle management of products to fulfill its responsibilities as a manager.

Ping An Trust had RMB20.9 billion in net capital as of June 30, 2023. The ratio of net capital to total risk capital was 400.6% and the ratio of net capital to net assets was 77.4%, both meeting regulatory requirements (i.e. not less than 100% and 40% respectively).

#### **(V) Ping An Securities Co., Ltd. ("Ping An Securities")**

Ping An Securities adheres to its strategy of building a smart securities services platform under Ping An's integrated financial services strategy. Staying customer-centric, Ping An Securities focuses on boosting ROE as well as optimizing existing business and achieving breakthrough growth by promoting integrated finance, professional quality and technological empowerment. Ping An Securities strengthens closed-loop management through five measures, namely customer insights and resources integration, process transformation, data support, internal control enhancement, and organizational guarantee. As a result, business performance remains steady.

## **(VI) Ping An International Financial Leasing Co., Ltd. (“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.

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

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.

## IV. Opinions from External Institutions

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

Ernst & Young Hua Ming LLP, an auditor engaged by the Company, issued the Solvency Audit Report on Ping An for 2022, and was of the view that the Company's insurance group solvency statements as of December 31, 2022 were prepared, in all material respects, in accordance with the basis of preparation set forth in the *Regulatory Rules on Solvency of Insurance Companies (II)* and the *Circular of the CBIRC on Implementation of Regulatory Rules on Solvency of Insurance Companies (II)*.

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

Ernst & Young Hua Ming LLP, an auditor engaged by the Company, issued the Independent Auditor's Report on Ping An for 2022, and was of the view that the consolidated and company's balance sheets as at December 31, 2022, as well as the consolidated and company's income statements, statements of changes in shareholders' equity, and cash flow statements for the year 2022 and the notes to the financial statements were prepared, in all material respects, in accordance with the *Enterprise Accounting Standards*, which gave a fair view of the consolidated and company's financial position as at December 31, 2022 and the consolidated and company's performance results and cash flows for the year 2022.

Ernst & Young Hua Ming LLP, an auditor engaged by the Company, issued the Internal Control Audit Report on Ping An for 2022, and was of the view that the Company maintained effective internal controls over financial reporting in all material respects as of December 31, 2022 in accordance with the *Basic Norms for Internal Controls of Enterprises* and relevant requirements.

### (III) Verification Report on the Group's Reduction in Registered Capital

Ernst & Young Hua Ming LLP, an auditor engaged by the Company, issued a verification report on the Company's reduction in registered capital. Based on the examination, the Company had paid a total share purchase price of RMB5,993,765,118.20 (exclusive of transaction costs) and transaction costs of RMB1,018,965.35 in cash as of March 15, 2023. The Company plans to reduce its registered capital and paid-in capital (share capital) by RMB70,006,803.00. Registered capital and paid-in capital (share capital) after the reduction will be RMB18,210,234,607.00.

### (IV) Opinions of Asset Valuation Agency

Engaged by the Company, Shenzhen Cushman & Wakefield Land and Property Valuation Co., Ltd. issued a valuation report on real estate assets held by the Company, taking January 1, 2023 as the valuation date. The valuation result is valid from February 10, 2023 to February 9, 2024.

### (V) Change of External Institutions during the Reporting Period

1. During the Reporting Period, did the Company replace an accounting firm that provided auditing services for the Company? (Yes  No )

2. During the Reporting Period, did the Company replace an external institution that issued other independent opinions? (Yes  No )

## V. Solvency Statements

### (I) Solvency Statement of Insurance Holding Group

Insurance group name: Ping An Insurance (Group) Company of China, Ltd. June 30, 2023 (in RMB million)

Item	Line	June 30, 2023	December 31, 2022
<b>Actual capital</b>	(1)=(2)+(3)+(4)+(5)	1,810,905.67	1,783,771.58
Core tier 1 capital	(2)	1,176,563.12	1,143,789.33
Core tier 2 capital	(3)	219,648.37	219,623.60
Supplementary tier 1 capital	(4)	403,104.83	409,088.08
Supplementary tier 2 capital	(5)	11,589.35	11,270.57
<b>Minimum Capital</b>	(6)=(7)+(21)+(22)	825,282.92	819,568.21
Minimum capital for quantifiable risks	(7)=(8)+(9)+(10)+(11)+(12)+(13)-(20)	838,063.39	819,568.21
Minimum capital of the parent company	(8)	-	-
Minimum capital of insurance member companies	(9)	479,470.54	467,089.04
Minimum capital of banking member companies	(10)	323,255.88	318,014.61
Minimum capital of securities member companies	(11)	30,129.73	28,785.35
Minimum capital of trust member companies	(12)	5,207.24	5,679.21
Minimum capital for group-level quantifiable specific risks	(13)=(14)+(15)	-	-
Minimum capital for risk contagion	(14)	-	-
Minimum capital for concentration risk	(15)=(16)+(17)+(18)-(19)	-	-
Minimum capital for counterparty concentration risk	(16)	-	-
Minimum capital for industry concentration risk	(17)	-	-
Minimum capital for customer concentration risk	(18)	-	-
Risk diversification effect	(19)	-	-
Capital requirement decrease due to risk diversification	(20)	-	-
Minimum capital for control risks	(21)	(12,780.47)	-
Additional capital buffer	(22)	-	-
<b>Core solvency margin surplus</b>	(23)=(2)+(3)-(6)× 50%	983,570.03	953,628.83
<b>Core solvency margin ratio</b>	(24)= [(2)+(3)] / (6)× 100%	169.18%	166.36%
<b>Comprehensive solvency margin surplus</b>	(25)=(1)-(6)	985,622.75	964,203.37
<b>Comprehensive solvency margin ratio</b>	(26)=(1)/(6)× 100%	219.43%	217.65%

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

## (II) Actual Capital Statement of Insurance Holding Group

Insurance group name: Ping An Insurance (Group) Company of China, Ltd.		June 30, 2023	(in RMB million)
Item	Line	June 30, 2023	December 31, 2022
<b>Core tier 1 capital</b>	(1)=(2)+(3)+(12) +(13)+(14)+(15)+(16)	1,176,563.12	1,143,789.33
Net assets in group consolidated financial statements	(2)	1,239,735.00	1,175,298.00
Adjustment for insurance member companies	(3)=(4)+(5)+(6) +(7)+(8)+(9)+(10)+(11)	106,287.97	130,535.20
Book value of unadmitted assets	(4)	(27,872.01)	(27,249.83)
Difference between admitted value and book value of long-term equity investments	(5)	(5,729.37)	(4,456.95)
Difference between admitted value and book value (exclusive of the effect of income tax) of investment property (including investment property held by insurance companies through property rights or subsidiaries, etc.)	(6)	-	-
Deferred income tax assets (excluding deferred income tax assets caused by operating losses)	(7)	(26,360.67)	(29,394.23)
Catastrophe risk reserves for agricultural insurance	(8)	214.19	71.91
Policy future surplus included in core tier 1 capital	(9)	166,157.06	191,659.88
Amount of capital instruments attributable to liabilities that meet the core tier 1 capital standards and may be included in core tier 1 capital	(10)	-	-
Other adjustments stipulated by the CBIRC	(11)	(121.23)	(95.58)
Adjustment for banking member companies	(12)	(75,930.76)	(76,421.05)
Adjustment for trust member companies	(13)	(6,098.58)	(5,842.24)
Adjustment for securities and futures member companies	(14)	(31,975.27)	(32,559.18)
Goodwill	(15)	(36,507.70)	(36,491.70)
Other adjustments stipulated by the CBIRC	(16)	(18,947.54)	(10,729.70)
<b>Core tier 2 capital</b>	(17)=(18)+(23)+ (24)	219,648.37	219,623.60
Core tier 2 capital of insurance member companies	(18)=(19)+(20)+(21)- (22)	56,712.44	57,568.29
Preferred stock	(19)	-	-
Policy future surplus included in core tier 2 capital	(20)	56,773.80	57,614.57
Other core tier 2 capital	(21)	-	-
Less: the amount that should be deducted for exceeding the limit	(22)	61.36	46.28
Other tier 1 capital of banking member companies	(23)	58,371.20	58,371.20
Tier 2 capital instruments of banking member companies	(24)	104,564.73	103,684.11
<b>Supplementary tier 1 capital</b>	(25)=(26)+(27)+ (28)+(29)+(30)+(31)- (32)	403,104.83	409,088.08
Subordinated term debt	(26)	-	-
Capital supplementary bonds	(27)	30,000.00	30,000.00
Convertible subordinated debt	(28)	-	-
Deferred income tax assets (excluding deferred income tax assets caused by operating losses)	(29)	26,360.67	29,394.23
Policy future surplus included in supplementary tier 1 capital	(30)	337,987.95	342,455.95
Other supplementary tier 1 capital	(31)	9,096.38	7,482.10
Less: the amount that should be deducted for exceeding the limit	(32)	340.17	244.20
<b>Supplementary tier 2 capital</b>	(33)=(34)+(35)-(36)	11,589.35	11,270.57
Contingent capital and other supplementary tier 2 capital	(34)	-	-
Policy future surplus included in supplementary tier 2 capital	(35)	11,589.35	11,270.57
Less: the amount that should be deducted for exceeding the limit	(36)	-	-
<b>Total actual capital</b>	(37)=(1)+(17)+(25)+(33)	1,810,905.67	1,783,771.58

## **VI. Management Discussion and Analysis**

### **(I) Changes in Solvency Margins**

Ping An's core solvency margin ratio and comprehensive solvency margin ratio were 169.18% and 219.43% respectively as of June 30, 2023, up 2.82 pps and 1.78 pps year to date respectively, both well above regulatory requirements.

### **(II) Changes in Integrated Risk Ratings**

Not applicable. The CBIRC has not yet conducted the integrated risk rating of insurance groups.

### **(III) Risk Analysis of the Group**

The Group's overall risk profile was stable in the first half of 2023, with all types of risks meeting the risk appetite. However, in view of a complex external environment, the Group still needs to focus on the management and control of relevant risk areas. In respect of credit risk, the default risk of some industries and customer segments involving investment and financing increased due to economic slowdowns and other factors. In respect of market risk, equity markets saw diversification and mixed performances in the first half of 2023. Market volatility made it more difficult to manage and control market risk. In respect of liquidity risk, the Group paid attention to and managed the impact of changes in the external environment on the business and financing of some member companies. In respect of insurance risk, the overall risk profile was stable, and all the insurance member companies kept their risk limit indicators within the normal range. There was no major solvency risk event in respect of strategic risk, brand and reputation risk, and compliance and operational risk. In respect of group-level specific risk management, the Group proactively implemented applicable regulatory requirements, and enhanced the management of group-level specific risks including risk contagion, organizational structure non-transparency risk, concentration risk, and risks in non-insurance areas. Among them, the Group focused on strengthening the concentration management of counterparties and industries, and continued to enhance position monitoring and risk management for the key industries and large-value transaction counterparties. Moreover, the Group continued to improve the related party transaction management, and enhanced the management of the equity structure as well as equity investments in non-financial subsidiaries.

The Group continuously optimized its comprehensive risk management system, conducted rectification as required by regulators after the SARMRA, and enhanced its management of various risks in accordance with C-ROSS Phase II regulatory requirements and in line with internal management needs in the first half of 2023. The Group's solvency risk management system was further improved.

## **VII. Significant Events**

### **(I) Major Investments**

During the Reporting Period, the Group made two investments in subsidiaries which shall be reported as major investments in accordance with the Regulatory Rules on Solvency of Insurance Companies (II). Details are as follows:

The parent company signed the Share Purchase Agreement with Shandong Province Service Outsourcing & Training Base Co., Ltd. (“Shandong Service Outsourcing”) on December 31, 2022 to purchase 192,030 shares in Ping An Property & Casualty Insurance Company of China, Ltd. (“Ping An Property & Casualty”) from Shandong Service Outsourcing for RMB1,440,225, and completed the payment of the full transaction price on January 5, 2023 (pending regulatory approval).

The parent company signed the Share Purchase Agreement with Guangdong Telecom Industry Group Co., Ltd. (“Guangdong Telecom”) on February 23, 2023 to purchase 48,000 shares in Ping An Property & Casualty from Guangdong Telecom for RMB250,000, and completed the payment of the full transaction price on March 1, 2023 (pending regulatory approval).

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

### **(II) Material Investment Losses**

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

### **(III) Material Guarantees**

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

### **(IV) Major Financing Activities**

During the Reporting Period, there was no major financing activity by the parent company as stipulated under the regulatory rules on solvency.

### **(V) Material Related Party Transactions**

The Group had one material related party transaction during the Reporting Period. This related party transaction was deliberated and approved at the first meeting of the Company’s Related Party Transaction Control and Consumer Rights Protection Committee for 2023 held on March 14, 2023, deliberated and approved at the 13th meeting of the 12th Board of Directors held by the Company on March 15, 2023, and announced on the Shanghai Stock Exchange (Interim Announcement No.2023-008).

### **(VI) Significant Lawsuits**

The parent company had no significant lawsuit as stipulated under the regulatory rules on solvency during the Reporting Period. For insurance subsidiaries’ significant lawsuits in the Reporting Period, refer to their respective solvency reports.

## **(VII) Material Reinsurance Contracts**

Not applicable to the parent company. For insurance subsidiaries' material reinsurance contracts in the Reporting Period, refer to their respective solvency reports.

## **(VIII) The Group's Member Companies Facing Financial Crises or Being Taken Over by Other Regulators**

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

## **(IX) Other Significant Events**

The 2022 profit distribution plan of the Company was deliberated and approved at the 2022 Annual General Meeting, pursuant to which the Company paid in cash the 2022 final dividend of RMB1.50 (tax inclusive) per share, totaling RMB27,161,462,992.50 (tax inclusive) based on 18,107,641,995 shares, the actual number of shares entitled to the dividend distribution (exclusive of A shares of the Company in the repurchased securities account). The implementation of the distribution plan has been completed.

The Board of Directors declared that the 2023 interim dividend of RMB0.93 (tax inclusive) per share in cash will be distributed to the shareholders of the Company. Pursuant to the *Shanghai Stock Exchange's Guidelines for Self-regulation of Listed Companies No.7 - Repurchase of Shares* and other applicable regulations, the Company's A shares in the Company's repurchased securities account after trading hours on the record date of A shareholders will not be entitled to the final dividend distribution. The actual total amount of the interim dividend distribution is subject to the total number of shares that will be entitled to the dividend distribution on the record date of A shareholders. The total amount of the interim dividend distribution in 2023 is estimated at RMB16,840,107,055.35 (tax inclusive) based on the total share capital of 18,210,234,607 shares less the 102,592,612 A shares of the Company in the repurchased securities account as of June 30, 2023. The interim dividend distribution will have no material impact on the Group's solvency margin ratios. After the interim dividend distribution, the Group's solvency margin ratios will still meet the relevant regulatory requirements.



## VIII. Risk Management Capability

### (I) Solvency Risk Governance

The Group proactively complies with risk governance requirements under the *Company Law of the People's Republic of China* and other applicable laws and regulations as well as the *Articles of Association* and other applicable company policies and procedures. The Group has in place a comprehensive risk management organizational structure which holds the Board of Directors ultimately accountable, and 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 member companies and business lines.

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

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

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

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

The Group Executive Committee leads all the aspects of the Group's risk management. The Risk Management Executive Committee (RMEC), as a specialized committee under the Group Executive 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 design and implementation of risk management frameworks, 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 Group's executives in charge of different risk categories, each of whom

has clearly-defined responsibilities for managing various risks.

## **(II) Introduction to and Implementation of Risk Management Strategies**

### **(1) Risk Management Strategies**

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

In respect of risk appetites, tolerance, and limits, Ping An Group set a risk appetite framework covering all kinds of general risks and insurance group-specific risks in line with regulatory policies, strategic business plans, overall capital position, market landscapes, and business features of member companies. This framework constitutes a core part of the Group's solvency risk management strategies.

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

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

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

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

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

### **(2) Risk Appetite Rules and Objective**

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.

Amid the complex market environment in the first half of 2023, 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, asset quality 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.

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 general 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.

### **(3) Risk Management Tools**

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

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

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

In respect of capital planning and allocation, Ping An Group developed a forward-looking program for capital planning and allocation management in line with factors including strategic goals, business development and industry landscapes, to keep improving the Company's capability for risk prevention. Member companies organized and implemented related capital management work in accordance with the Group's management requirements, their own development strategies and business plans, and other requirements.

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

### **(III) Identification and Evaluation of Group-level 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.

#### **(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. The Group has information security controls at all stages of the entire life cycle including data collection, transmission, storage, use, exchange, and destruction to ensure the confidentiality, 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 regularly. The Group has established communication and service evaluation mechanisms for outsourcing. Service providers solicit feedback on satisfaction from beneficiaries regularly, 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) Organizational Structure Non-transparency Risk**

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

The Group has established a complete corporate governance structure in accordance with laws and regulations including

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

### **(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 high-risk industry management plans based on its macroeconomic and industry analysis on a yearly basis to exercise total-amount control over high-risk industries and optimize the portfolio.

To manage the concentration risk in regions, the insurance member companies have set 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 management.

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

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 framework of

concentration risk limits for insurance business and reinsurance counterparties as well as 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 in businesses through regular evaluation, monitoring, and warning of the concentration risk in insurance and non-insurance businesses.

#### **(4) Non-insurance Risk**

Non-insurance risk refers to the impact of the business activities of an insurance group's non-insurance member companies on the solvency of the insurance group and its insurance member companies.

The Group is an integrated financial services group authorized by the State Council to engage in separate operations under a listed holding group subject to separate regulation. While focusing on its core insurance 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 insurance businesses. The Group strictly manages its non-insurance member companies' strategic planning processes, and regularly evaluates and adjusts its diversification strategy.

For equity investments in non-insurance sectors, 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 set up mechanisms for management before, during and after investment deals. Moreover, the Group tracks and analyzes its investments regularly to evaluate 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.

#### **(IV) Results of Regulatory Assessment**

In 2022, the CBIRC issued the *Circular on Carrying out the Assessment of the Solvency Risk Management of Insurance Companies for 2022* (Yin Bao Jian Fa [2022] No.17). The CBIRC Guangdong Office conducted the SARMRA of the Group in the third quarter of 2022. The CBIRC released the assessment results in April 2023, and the Group's assessment score was 81.53 pts, including 13.28 for solvency risk governance, 11.01 for risk management strategy and implementation management, 9.65 for risk contagion management, 8.97 for organizational structure non-transparency management, 9.48 for concentration risk management, 8.85 for non-insurance risk management, 8.83 for other risk management, and 11.46 for capital management.

## **IX. Integrated Risk Rating**

### **(I) Two Recent Integrated Risk Ratings**

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

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

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