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# 中国平安保险(集团)股份有限公司

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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 2318)

### ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

The Board of Directors (the "Board of Directors") of Ping An Insurance (Group) Company of China, Ltd. ("Ping An" or the "Company") announces the unaudited results (the "Third Quarterly Results") of the Company and its subsidiaries ("the Group") for the nine months ended September 30, 2017 (the "Reporting Period"). The Board of Directors and its Audit and Risk Management Committee have reviewed the Third Quarterly Results.

#### 1. KEY FINANCIAL INFORMATION

##### 1.1 Key Figures

	September 30 2017	September 30 2016	Change (%)
<b>For the period</b>			
Net profit attributable to shareholders of the parent company (in RMB million)	<b>66,318</b>	56,508	17.4
Basic earnings per share (in RMB)	<b>3.72</b>	3.17	17.4
Weighted average return on net assets (not annualized, %)	<b>15.7</b>	15.7	-
Value of new business of life and health insurance business (in RMB million)	<b>53,738</b>	39,668	35.5
Combined ratio- Ping An Property & Casualty (%)	<b>96.1</b>	94.9	up 1.2pps
<b>At the end of the period</b>			
Number of individual customers (in million)	<b>152.96</b>	124.87	22.5
Number of internet users (in million)	<b>429.78</b>	337.44	27.4

	September 30 2017	December 31 2016	Change (%)
Equity attributable to shareholders of the parent company (in RMB million)	<b>448,280</b>	383,449	16.9
Total assets (in RMB million)	<b>6,168,516</b>	5,576,903	10.6

## 1.2 Solvency Margin of Subsidiaries

<b>September 30, 2017</b>	<b>Ping An Life</b>	<b>Ping An Property &amp; Casualty</b>
Core capital (in RMB million)	645,333	71,267
Actual capital (in RMB million)	668,333	79,267
Minimum capital (in RMB million)	280,156	32,834
Core solvency margin ratio (%)	230.3	217.0
Comprehensive solvency margin ratio (%)	238.6	241.4

Notes: (1) For details of subsidiaries' solvency margin, please refer to the Company's website ([www.pingan.cn](http://www.pingan.cn)).

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

**2. TOTAL NUMBER OF SHAREHOLDERS AND TOP TEN SHAREHOLDERS AS AT THE END OF THE REPORTING PERIOD**

As at September 30, 2017, the total share capital of the Company was 18,280,241,410 shares, of which 10,832,664,498 were A shares and 7,447,576,912 were H shares.

Total number of shareholders as at the end of the Reporting Period			Total number of shareholders was 307,286, of which 302,731 were holders of A shares and 4,555 were holders of H shares.			
Particulars of top ten shareholders						
Name of shareholder	Nature of shareholder <sup>(1)</sup>	Share-holding percentage (%)	Total number of shares held (Shares) <sup>(2)</sup>	Type of shares	Number of selling-restricted shares held (Shares)	Number of pledged or frozen shares (Shares)
Hong Kong Securities Clearing Company Nominees Limited <sup>(3)</sup>	Overseas legal person	33.85	6,187,541,770	H Share	-	Unknown
Shenzhen Investment Holdings Co., Ltd.	State	5.27	962,719,102	A Share	-	341,740,000 pledged shares
Business Fortune Holdings Limited	Overseas legal person	4.66	852,445,642	H Share	-	607,533,422 pledged shares
Huaxia Life Insurance Co., Ltd.-Universal Insurance Products	Others	3.77	688,319,315	A Share	-	-
China Securities Finance Corporation Limited	Others	2.79	509,910,495	A Share	-	-
Central Huijin Asset Management Ltd.	Others	2.65	483,801,600	A Share	-	-
Hong Kong Securities Clearing Company Limited <sup>(4)</sup>	Others	2.19	400,478,059	A Share	-	-
New Orient Ventures Limited	Overseas legal person	2.10	384,451,709	H Share	-	384,451,709 pledged shares
Shum Yip Group Limited	State-owned legal person	1.41	257,728,008	A Share	-	-
Huaxia Fund- Agriculture Bank of China- Huaxia CSI Financial Asset Management Plan	Others	0.93	170,782,998	A Share	-	-

- Notes:* (1) Nature of the holders of A shares represents the nature of account held by the holders of A shares registered on the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
- (2) As the shares of the Company could be used as underlying securities for margin financing and securities lending, the shareholdings of the shareholders are the aggregate of all the shares and interests held in ordinary securities accounts and credit securities accounts.
- (3) Hong Kong Securities Clearing Company Nominees Limited (“HKSCC Nominees Limited”) is the nominee holder of the shares held by non-registered H shareholders. The shares owned by Business Fortune Holdings Limited and New Orient Ventures Limited have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by these 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.

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

Business Fortune Holdings Limited and New Orient Ventures Limited are the indirectly wholly-owned subsidiaries of Charoen Pokphand Group Company Limited, and they are of connected relationship and acting-in-concert relationship since they are under common control. As at September 30, 2017, Charoen Pokphand Group Company Limited, through the above two companies and other subsidiaries, indirectly held 1,778,486,936 H shares of the Company in total, representing 9.73% of the Company’s outstanding shares.

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

## **3. BUSINESS REVIEW FOR KEY BUSINESSES**

### **(1) Overview**

Ping An continued to pursue the strategy of “One Positioning, Two Focuses, and Five Service Ecosystems”. Under the philosophy of “One Customer, Multiple Products, and One-stop Services”, Ping An constantly optimized products and service experience to ensure steady growth of businesses. During the first three quarters of 2017, Ping An achieved the following results:

- Profit increased significantly. Net profit attributable to shareholders of the parent company rose by 17.4% year on year in the first three quarters, although the underlying growth rate was 41.1% if the Puhui restructuring profit of RMB9,497 million in the first half of 2016 is excluded.
- The customer base and user base expanded rapidly. The number of individual customers increased by 22.5% year on year to 153 million; the number of internet users increased by 27.4% year on year to 430 million.
- Value of new business generated by the life and health insurance business grew by 35.5% year on year, exceeding the value of new business generated in the whole year of 2016.

- Ping An Property & Casualty increased its premium by 23.6% year on year, while maintaining a better than industry combined ratio of 96.1%.
- The effects of Ping An Bank's transformation towards retail banking were remarkable. Ping An Bank's retail business accounted for 42.1% of its total revenue (9M2016: 29.7%) and 65.3% of its net profit (9M2016: 34.4%); assets of the bank's retail customers exceeded RMB1 trillion.
- Ping An continued to advance the innovation and application of technologies. The number of Ping An's patent applications rose by 707 to 2,165 in the third quarter; most of the applications were in areas such as big data, artificial intelligence (AI), and cloud technologies. Ping An's AI technologies have been effectively applied to face recognition and voiceprint recognition.

### **Net Profit Attributable to Shareholders of the Parent Company**

#### **For the nine months ended September 30**

(in RMB million)	2017	2016	Change (%)
Life and health insurance business	<b>36,926</b>	23,518	57.0
Property & Casualty insurance business	<b>10,359</b>	10,456	(0.9)
Banking business	<b>11,109</b>	10,857	2.3
Asset management business <sup>(1)</sup>	<b>10,105</b>	7,385	36.8
Fintech business <sup>(2)</sup>	<b>675</b>	7,569	(91.1)
Other businesses and elimination	<b>(2,856)</b>	(3,277)	(12.8)
<b>The Group</b>	<b>66,318</b>	56,508	17.4

<sup>(1)</sup> The asset management business consists of companies engaged in asset management business such as trust business, securities business, Ping An Asset Management, and Ping An Financial Leasing.

<sup>(2)</sup> The Fintech business represents the share of profits and losses of Lufax Holding and the business results of internet and fintech subsidiaries such as Ping An Good Doctor and Finance One Connect. The profit from the Fintech business declined year on year because the Company recognized the RMB9,497 million in net profit from Puhui's restructuring (Ping An Overseas Holdings transferred the 100% equity in Gem Alliance Limited to Lufax Holding) in the first half of 2016.

## **(2) Customer Development**

### **Ping An's customer base and user base continued to expand.**

As at September 30, 2017, Ping An had 153 million individual customers, up 22.5% year on year, of which 27.1% customers held contracts with multiple subsidiaries simultaneously. Ping An acquired 30.89 million new customers in the first three quarters. The Group's internet business developed further. As at September 30, 2017, Ping An had about 430 million internet users, up 27.4% year on year, including 312 million app users; the number of monthly active users had reached 63.63 million.

(in million)	September 30 2017	September 30 2016	Change (%)
<b>Number of individual customers</b>	<b>152.96</b>	124.87	22.5
Including:			
Number of customers holding contracts with multiple subsidiaries	<b>41.52</b>	28.76	44.4
<b>Number of internet users</b>	<b>429.78</b>	337.44	27.4
Including:			
App users	<b>312.05</b>	222.25	40.4
Monthly active users <sup>(1)</sup>	<b>63.63</b>	52.54	21.1

<sup>(1)</sup> The number of monthly active users refers to the 12-month average of monthly active users by the end of the reporting period.

### (3) Life and Health Insurance Business

**The value of new business and business size of the life and health insurance business continued to grow rapidly.** In the first three quarters of 2017, the value of new business of life and health insurance business grew by 35.5% to RMB53,738 million due to the rapidly increasing sales agents and constantly rising productivity.

For the nine months ended September 30 (in RMB million)	2017	2016	Change (%)
<b>Life and health insurance business</b>			
<b>Value of new business<sup>(1)</sup></b>	<b>53,738</b>	39,668	35.5
<b>Written premium</b>			
<b>Individual business</b>	<b>366,876</b>	280,765	30.7
<b>New business</b>	<b>134,123</b>	99,803	34.4
Agent channel	<b>114,678</b>	82,830	38.4
Bancassurance channel	<b>7,512</b>	10,578	(29.0)
Including: regular premium	<b>4,540</b>	2,559	77.4
Telemarketing, internet marketing and others	<b>11,933</b>	6,395	86.6
<b>Renewed business</b>	<b>232,753</b>	180,962	28.6
<b>Group business</b>	<b>15,118</b>	14,787	2.2
<b>Total</b>	<b>381,994</b>	295,552	29.2

<sup>(1)</sup> Above value of new business figures are C-ROSS based. The “Standards for Actuarial Practice: Valuation Standard for Embedded Value of Life Insurance” issued by the China Association of Actuaries became effective in November 2016. Based on the standards and the assumptions used for the end of 2016, value of new business for life and health insurance business for the first three quarters of 2016 has been calculated retrospectively.

**Ping An Life's net profit increased rapidly as all the channels grew strongly.** Under a customer-centric approach, Ping An Life focused on platform development, combined products with technologies to build core competitiveness, and promoted sustainable, healthy growth in the embedded value and scale. In the first three quarters of 2017, Ping An Life realized a net profit of RMB35,682 million, up 55.3% year on year. All the channels maintained strong growth. The agent channel boosted both team size and productivity, with a 27.9% year-on-year increase in team size to 1.434 million agents and a 9.9% year-on-year increase in productivity.

In October 2017, Ping An Life launched a series of upgraded products meeting the new regulatory requirements. In the fourth quarter, Ping An Life will switch from the old products to the new ones, and focus on promotion of long-term protection products to ensure steady growth in the embedded value and scale. Moreover, Ping An Life will strengthen its teams, seek potential customers, pursue innovative internet marketing, improve customer experience on the “Jin Guan Jia” app, and upgrade product value added to lay a solid foundation for development in 2018.

For the nine months ended September 30	2017	2016	Change (%)
<b>Ping An Life</b>			
Net profit (in RMB million)	<u>35,682</u>	<u>22,983</u>	<u>55.3</u>
<b>Productivity of agent</b>			
First-year written premium per agent per month (in RMB)	<u>9,702</u>	<u>8,828</u>	<u>9.9</u>
	<b>September 30</b>	September 30	
	<b>2017</b>	<b>2016</b>	<b>Change (%)</b>
<b>Number of agents (in million)</b>	<u>1.434</u>	<u>1.121</u>	<u>27.9</u>

#### (4) Property and Casualty Insurance Business

**Ping An Property & Casualty increased its premium income by 23.6% year on year, while maintaining a better than industry combined ratio of 96.1%.**

Despite the deepening of the commercial auto reform in the third quarter, Ping An Property & Casualty maintained steady growth, with a 23.6% increase in premium income to RMB157,507 million year on year in the first three quarters of 2017. Thanks to robust corporate governance and risk screening capabilities, Ping An Property & Casualty maintained excellent business quality in the first three quarters with a better than industry combined ratio of 96.1%.

For the nine months ended September 30 (in RMB million)	2017	2016	Change (%)
<b>Ping An Property &amp; Casualty</b>			
Net profit	<u>10,410</u>	<u>10,507</u>	<u>(0.9)</u>
<b>Premium income</b>			
Auto insurance	<u>122,418</u>	<u>105,409</u>	<u>16.1</u>
Non-auto insurance	<u>30,285</u>	<u>18,201</u>	<u>66.4</u>
Accident and health insurance	<u>4,804</u>	<u>3,817</u>	<u>25.9</u>
<b>Total</b>	<u>157,507</u>	<u>127,427</u>	<u>23.6</u>
<b>Combined ratio (%)</b>	<u>96.1</u>	<u>94.9</u>	<u>Up 1.2pps</u>

By pursuing the internet strategy, Ping An Property & Casualty upgraded the convenient one-stop car life services. On the basis of technologies such as the self-built “smart grid model” and “smart management engine”, Ping An Property & Casualty pioneered the “510 City Superfast Onsite Investigation” to complete fast onsite handling of reported auto insurance cases within 5-10 minutes in daytime. This service was launched in 334 cities across the country in May 2017. As at the end of September 2017, 85% of the onsite cases were handled within 10 minutes, and customer satisfaction was boosted.

In the fourth quarter of 2017, Ping An Property & Casualty will continue to research innovative risk factors, further the application of AI, optimize the cost structure, and improve customer experience.

## **(5) Investment Portfolio of Insurance Funds**

**In management of insurance funds, Ping An further improved asset allocation and increased investment yields steadily.**

The Company maintained strict risk management, and upheld the philosophy of value investing. The Company expanded the exposure to high-quality fixed-income assets such as treasury bonds in response to interest rate movements, traded equities to seize opportunities in volatile equity markets, and diversified investment portfolio risks via proper asset allocation. As at September 30, 2017, the Company’s portfolio of insurance funds reached RMB2.30 trillion, up 16.9% from the beginning of the year. In the first three quarters of 2017, the portfolio of insurance funds achieved an annualized net investment yield of 5.5% and an annualized total investment yield of 5.4%.

## **(6) Banking Business**

**Transformation of the banking business was accelerated with steady assets quality.**

Ping An Bank comprehensively promoted its retail banking transformation with focuses on “internet and smart technologies”, integrated Fintech with the bank’s operations and management, maintained strict compliance and risk management, realized healthy development of businesses, and made achievements in the strategic transformation.

Ping An Bank’s retail business grew sharply. The retail business revenue reached RMB33,599 million in the first three quarters of 2017, up 38.0% year on year, accounting for 42.1% of the bank’s total revenue (up 12.4 percentage points year on year). Retail net profit came in at RMB12,506 million, up 94.2% year on year and accounting for 65.3% of total net profit (up 30.9 percentage points year on year).

As Ping An Bank proactively responded to external risks, the proportion of special mention loans fell by 0.22 percentage point year to date to 3.89%.

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

	<b>2017</b>	<b>2016</b>	<b>Change (%)</b>
<b>Ping An Bank</b>			
<b>Net profit</b>	<b>19,153</b>	18,719	2.3
<b>Revenue <sup>(1)</sup></b>	<b>79,833</b>	81,968	(2.6)
Net interest revenue <sup>(2)</sup>	<b>55,482</b>	56,792	(2.3)
Net non-interest revenue	<b>24,351</b>	25,176	(3.3)
<b>Loan impairment losses</b>	<b>31,588</b>	31,070	1.7
<b>Operational efficiency</b>			
Annualized net interest margin (%)	<b>2.41</b>	2.77	Decrease 0.36pps
Cost-to-income ratio (%)	<b>26.64</b>	27.70	Decrease 1.06pps

<sup>(1)</sup> Ping An Bank's revenue before impacts of the value-added tax reform increased by 0.9% year on year.

<sup>(2)</sup> In 2016, Ping An Bank re-classified the net revenue of precious metal leasing from net non-interest revenue into net interest revenue.

	<b>September 30 2017</b>	<b>December 31 2016</b>	<b>Change (%)</b>
<b>(in RMB million)</b>			
<b>Deposit and loan business</b>			
Loans and advances	<b>1,646,824</b>	1,475,801	11.6
Including: personal loans (including credit card loans)	<b>747,138</b>	540,944	38.1
Corporate loans	<b>899,686</b>	934,857	(3.8)
Deposits	<b>1,911,741</b>	1,921,835	(0.5)
Including: personal deposits	<b>326,011</b>	269,022	21.2
<b>Asset quality</b>			
Proportion of special mention loans (%)	<b>3.89</b>	4.11	Decrease 0.22pps
Non-performing loan ratio (%)	<b>1.75</b>	1.74	Up 0.01pps
Provision coverage ratio (%)	<b>152.11</b>	155.37	Decrease 3.26pps
Provision coverage ratio for loans overdue for more than 90 days (%)	<b>101.89</b>	98.51	Up 3.38pps

(in RMB million)	September 30 2017	December 31 2016	Change (%)
<b>Retail business</b>			
Number of retail customers (in million) <sup>(1)</sup>	<b>65.74</b>	52.39	25.5
Individual customers' assets under management (AUM)	<b>1,021,503</b>	797,600	28.1
Number of credit cards in circulation (in million)	<b>33.89</b>	25.61	32.3

<sup>(1)</sup> The number of retail customers includes debit card customers and credit card customers with duplication removed, based on which the number of retail customers as at the end of 2016 was restated.

(in RMB million)	September 30 2017	December 31 2016	Change (%)
<b>Capital adequacy ratio</b>			
Risk weighted assets	<b>2,197,329</b>	2,033,715	8.0
Capital adequacy ratio (%)	<b>11.28</b>	11.53	Decrease 0.25pps
Tier 1 capital adequacy ratio (%)	<b>9.23</b>	9.34	Decrease 0.11pps
Core tier 1 capital adequacy ratio (%)	<b>8.32</b>	8.36	Decrease 0.04pps

## (7) Assets Management Business

**The trust business continued to transform and maintained stable performance.** Under the “wealth + fund” model, Ping An Trust strived to seamlessly combine top level individual wealth management, institutional alternative asset management and private equity investment banking. As at September 30, 2017, Ping An Trust had 70,697 active wealth customers, up 33.9% year on year.

**Ping An Securities strengthened strategic transformation, and differential advantages gradually emerged.** Ping An Securities continued to activate online brokerage customers. In the first three quarters of 2017, Ping An Securities had 1.37 million daily average active customers, up 72.9% year on year. As for institutional business, Ping An Securities continued to transform its investment banking business and explore innovative trading models, ranking 5th by the number of bond underwriting in the industry. Ping An Securities boosted its ABS business, rising to sixth place by scale in the industry. Moreover, Ping An Securities continued to rank first among securities firms by market-making volume of interest rate swaps.

## (8) Fintech Business

**As Ping An pursued its Fintech strategy, various business continued to grow rapidly.**

**Lufax Holding**, a leading one-stop platform for internet finance information services in China, is committed to lending to the mass public, managing wealth for the middle class, and assisting in government financial management, by leveraging its advanced technological innovations and extensive industry experience. AUM of the wealth management business grew steadily by 21.8% year on year to RMB476,225 million at the end of the third quarter of 2017 due to adjusted customer acquisition strategies, restructured products, optimized resources and channels. As for the consumer finance business, Lufax Holding continued to exploit its advantages in products and channels, enhanced credit quality, and boosted the balance of loans under management by 141.1% year on year to RMB269,193 million. Institutional business remained robust with a trading volume of nearly RMB4.2 trillion in the first three quarters, up 29.4% year on year. Lufax Holding made breakthroughs in innovative projects and delivered the Smart Cloud Platform for Public Asset and Liability Management (Phase I) in Nanning.

Lufax Holding	September 30	September 30	Change (%)
	2017	2016	
<b>Number of users (in million)</b>			
Lufax's registered users	<b>32.36</b>	25.50	26.9
Active investor users	<b>7.69</b>	6.55	17.4
<b>Assets under management (in RMB million)</b>			
Assets under management	<b>476,225</b>	390,921	21.8
Balance of loans under management	<b>269,193</b>	111,650	141.1
<b>For the nine months ended September 30</b>			
<b>Trading volume (in RMB million)</b>			
Wealth management	<b>1,608,582</b>	1,077,220	49.3
New loans	<b>257,459</b>	111,901	130.1
Institutional trading	<b>4,167,032</b>	3,220,583	29.4

**Ping An Good Doctor** dedicates itself to building China's largest one-stop healthcare ecosystem and establishing a complete cycle covering healthcare contents, diversified medical services, and medical e-business. As of September 30, 2017, Ping An Good Doctor had provided services to over 170 million users with monthly active users peaking at over 20 million and daily queries peaking at 462,000.

Ping An Good Doctor	September 30	September 30	Change (%)
	2017	2016	
<b>Number of users (in million)</b>			
Number of users (in million)	<b>175.71</b>	110.66	58.8

**Finance One Connect** is committed to providing comprehensive services to individuals and institutions. It stepped up efforts to establish the service ecosystem for financial institutions. As of September 30, 2017, Finance One Account had partnered with 446 banks and 1,782 non-bank financial and quasi-financial institutions. In the first three quarters, its interbank trading volume reached RMB6.64 trillion. It offered 644 million credit inquiries. Finance One Connect built the “Smart Insurance Cloud” for the insurance industry, and pioneered the “Smart Certification” and “Smart Speedy Claim Settlement” which are available to the whole industry. Combining insurance with AI, these products help small and medium-sized insurers to adopt cutting-edge insurance technologies at low costs, and help the industry to improve efficiency, risk management, cost management, and customer experience. So far, Finance One Connect has signed letters of intent for cooperation with 11 companies.

<b>Finance One Connect</b> <b>For the nine months ended September 30</b>	<b>2017</b>	2016	<b>Change (%)</b>
Interbank trading volume (in RMB trillion)	<b>6.64</b>	0.61	988.5
Credit reference volume (million inquires)	<b>644</b>	156	312.8

**Ping An Social Health Insurance Company** has built presence in over 70% of cities across China, covering 800 million people. In over 250 cities in more than 20 provinces, Ping An Social Health Insurance Company provides comprehensive public and private health insurance management services including expense control, actuarial service, social health insurance account management, medical resources management, and application of electronic health records.

## (9) Technology-powered Business Transformation

**Ping An has always pursued technology-powered business growth, and possesses a number of world-leading technologies.**

Placing top priority on user experience, Ping An enhances service efficiency and customer experience while continuing to expand R&D and investment in innovative technologies. As at September 30, 2017, Ping An had filed 2,165 patent applications (707 patent applications newly filed in the third quarter) in total, more than 70% of which focused on big data, AI, and cloud computing.

### Big data

Ping An has one of the largest big data platforms among Chinese financial institutions. Melding 9 petabytes of big data, Ping An has developed best-in-class technologies such as disease prediction and image-based auto loss verification.

Disease prediction: Ping An has created a number of risk prediction models for diseases, with disease data covering more than 100 million people. It worked with Chongqing Center for Disease Control and Prevention to develop the world’s first “AI + big data” flu forecasting model, which is able to precisely predict flu outbreaks. By assisting public health authorities in monitoring diseases and providing early warnings, the model allows more efficient but lower-cost public medical service.

**Image-based auto loss verification:** On the basis of machine learning and big data models, Ping An Property & Casualty employs smart rules and image recognition to facilitate simple, efficient automatic loss verification, shorten claim settlement cycles significantly, and cut claims operating costs effectively.

## AI

Currently, AI is at the heart of Ping An Group's R&D efforts. AI technologies such as face recognition and voiceprint recognition have been adopted to serve the Group's internal and external customers.

**Face recognition:** The technology has been applied to more than 200 scenarios, serving external clients such as airports, railway stations, social security bureaus, and housing administration bureaus. Ping An's face recognition technology has achieved an accuracy rate as high as 99.8%, and its usage reached more than 600 million times.

**Voiceprint recognition:** Ping An's voiceprint technology was developed and tested with over millions of inbound and outbound calls to and from Ping An's call centres and a database with million hours of voiceprints. It supports scenarios such as app login, identity checking, and blacklist identification.

Ping An has pioneered the AI Customer Service and AI Doctor. Leveraging Ping An's proprietary AI technology, AI Customer Service verifies customer identity online, identifies business risks accurately, and connects to remote service staff for 100% online services. AI Doctor has integrated AI technologies into processes such as traditional Chinese medicine diagnosis, treatment and nursing to facilitate standardization and digitization of the traditional Chinese medicine industry.

## Ping An Cloud

Ping An Cloud had filed 80 patent applications and realized full control over its core technologies. 80% of Ping An's IT systems are now in the cloud. Thanks to quick deployment and migration in complicated scenarios, the underlying environment can be deployed within minutes by one click. After in-depth framework optimization for the financial and other sectors, Ping An Cloud allows a bank/insurer to finish deployment within one day. Ping An Cloud has extremely high availability and more than 730,000 surveillance points, capable of reporting a failure within seconds and fixing a failure within minutes.

Hosting the trillion-yuan core business of Ping An, Ping An Cloud serves the financial, medical, government and corporate sectors, meets diverse customer demands, and attracts wide attention from external markets.

## **(10) Outlook**

China's economy will be on an upward trajectory in 2017. As the 19th National Congress of the Communist Party of China ushered in a new era of China's socialism with Chinese characteristics, the financial industry's direction and goal of serving the real economy and ensuring risk prevention were highlighted. The next five years will be critical to China's development into a moderately prosperous society and a modern socialist power. Standing at the new historical point, Ping An will strive to build a new growth engine driven by "finance + technology", make more efforts to serve the real economy, reward customers and investors, and make contributions to China's national rejuvenation.

## **4. SIGNIFICANT EVENTS**

### **Implementation of the Key Employee Share Purchase Plan of the Company**

As deliberated at the 16th Meeting of the 9th Board of Directors held on October 28, 2014 and approved at the 1st Extraordinary General Meeting for 2015 held on February 5, 2015, the Key Employee Share Purchase Plan of the Company has been officially implemented. Since implementation of this plan, the Company has seen sound operations; the shareholders, the Company, and the employees have shared benefits and risks, providing strong guarantee for further improving the Company's governance structure as well as establishing and improving the long-term incentive and restraint mechanisms to facilitate long-term sustainable and healthy development of the Company.

Third of which had been implemented as of the end of this reporting period:

#### **(1) Implementation in 2015**

The participants were 839 key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding were legitimate salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the plan, China Merchants Securities Co., Ltd. (changed to China Merchants Securities Asset Management Co., Ltd. on September 9, 2015 due to establishment of the subsidiary) from March 20, 2015 to March 26, 2015 in the secondary market; 4,050,253 A shares of the Company in total were purchased for a total price of RMB312,047,645 (including fees), accounting for 0.044% of the total share capital of the Company at that time. For details of the share purchase, please refer to the Announcement of Ping An Insurance (group) Company of China, Ltd. regarding the Completion of Share Purchase under the 2015 Key Employee Share Purchase Scheme published by the Company on websites of the HKEEx and the SSE on March 27, 2015 and March 30, 2015 respectively.

As the Company's profit distribution for 2014 included the conversion of capital reserve into share capital in a proportion of 10 shares for every 10 shares held, the total number of shares held under the plan for this period had changed to 8,100,506 shares.

The plan for this period was unlocked with one third of the shares attributed to 701 employees. The remaining 64 employees are not qualified for attribution with 299,622 shares clawed back.

## **(2) Implementation in 2016**

The participants were 773 key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding were legitimate salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the plan, China Merchants Securities Asset Management Co., Ltd. from March 17, 2016 to March 21, 2016 in the secondary market; 14,803,850 A shares of the Company in total were purchased for a total price of RMB481,578,936.53 (including fees) and an average price of RMB32.53/share, accounting for 0.081% of the total share capital of the Company at that time. These shares are subject to a lock-up period from March 23, 2016 to March 22, 2017. For details of the share purchase, please refer to the Announcement of Ping An Insurance (group) Company of China, Ltd. regarding the Completion of Share Purchase under the 2016 Key Employee Share Purchase Scheme published by the Company on websites of the HKEx and the SSE on March 22, 2016 and March 23, 2016 respectively.

The plan for this period was unlocked with one third of the shares attributed to 721 employees. The remaining 52 employees are not qualified for attribution with 582,029 shares clawed back.

## **(3) Implementation in 2017**

The participants were 1,157 key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding were legitimate incomes and performance bonuses of the employees.

The share purchase was conducted by the manager of the plan, China Merchants Securities Asset Management Co., Ltd. from March 23, 2017 to March 27, 2017 in the secondary market; 16,419,990 A shares of the Company in total were purchased for a total price of RMB603,498,822.25 (including fees) and an average price of RMB36.74/share, accounting for 0.090% of the total share capital of the Company at that time. These shares are subject to a lock-up period from March 29, 2017 to March 28, 2018. For details of the share purchase, please refer to the Announcement of Ping An Insurance (group) Company of China, Ltd. regarding the Completion of Share Purchase under the 2017 Key Employee Share Purchase Scheme published by the Company on websites of the HKEx and the SSE on March 28, 2017 and March 29, 2017 respectively. During the reporting period, there is no change in equity triggered by the right of disposition of any stock ownership plan holder.

The manager of the plan is China Merchants Securities Asset Management Co., Ltd.; the manager was not changed during the reporting period.

## 5. UNDERTAKINGS

### **Undertakings in Respect of the Major Asset Restructuring with Shenzhen Development Bank<sup>1</sup>**

- (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 business 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 the connected transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into transactions with Shenzhen Development Bank following the principle of “openness, fairness and justness” at fair and reasonable prices, and shall go through the decision-making process according to the requirements of the relevant laws and regulations and regulatory documents, and 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 let 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 the independence of 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 at September 30, 2017, the above undertakings were still in the process of performance and there was no violation of the above undertakings.

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<sup>1</sup> Shenzhen Development Bank, refers to the original Shenzhen Development Bank Co., Ltd., an associate of the Company from May 2010, became a subsidiary of the Company in July 2011, and was renamed as Ping An Bank Co., Ltd. on 27 July 2012.

### **Undertaking in Respect of the Issuance of Ping An Convertible Bonds**

During the period of issuing Ping An Convertible Bonds by the Company, in terms of certain subsidiaries engaged in construction of properties for self-use purposes and retirement communities, the Company undertakes that, now and in the future, it will strictly comply with relevant regulations in relation to the insurance funds used in real estate investment and the principle that the insurance funds should only be applied to specific property without property speculation or sale in an inappropriate form. It will not develop or sell commercial housing by means of investment in retirement communities and real estate for self-use purposes.

As at September 30, 2017, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

### **Undertaking in Respect of the Subscription for 1,323,384,991 New Shares of Ping An Bank through Non-public Issuance**

In relation to the subscription for 1,323,384,991 new shares of Ping An Bank through non-public issuance, the Company undertakes that it shall not transfer the shares within 36 months since the date of listing of the new shares (January 9, 2014), excluding the transfer among its connected organizations (i.e. any parties directly or indirectly controlling the Company or under the direct or indirect control of the Company or under the control of the same controller as that of the Company) to the extent permitted by the applicable laws. Upon expiry of the above-mentioned lock-up period, the Company will be free to dispose of such shares pursuant to the requirements of CSRC and Shenzhen Stock Exchange.

As at September 30, 2017, the above undertaking had been fulfilled.

### **Undertaking in Respect of the Subscription for 210,206,652 New Shares of Ping An Bank through Non-public Issuance**

In relation to the subscription for 210,206,652 new shares of Ping An Bank through non-public issuance, the Company undertakes that it shall not transfer the shares within 36 months since the date of listing of the new shares (May 21, 2015). Such shares shall not be disposed of and transferred among its non-connected parties, nor transferred and disposed of among its connected parties during the lock-up period. In addition, no arrangement of any other disposal of interests shall be entered into with respect to such shares subject to the lock-up period.

As at September 30, 2017, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

## 6. GUARANTEE

(in RMB million)

<b>External guarantee of the Company and its subsidiaries (excluding the guarantee in favor of its subsidiaries)</b>	
Total external guarantee incurred during the Reporting Period	—
Total external guarantee balance as at the end of the Reporting Period	—
<b>Guarantee of the Company and its subsidiaries in favor of its subsidiaries</b>	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period <sup>(2)</sup>	(2,147)
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	35,342
<b>Total guarantee of the Company (including the guarantee in favor of its subsidiaries)</b>	
Total guarantee	35,342
Total guarantee as a percentage of the Company's net assets (%)	7.9
Including: Direct and indirect guarantee for the targets with debt to total assets ratios over 70% (as at September 30, 2017)	33,089
The amount that the Company and its subsidiaries' total guarantee balance exceeded 50% of the Company's consolidated net assets	—

- Note:* (1) The data set out in the table above does not include those arise from financial guarantee businesses conducted by Ping An Bank and other subsidiaries of the Company in strict compliance with the scope of operation approved by relevant regulatory authorities.
- (2) During the reporting period, total guarantee was the net amount of RMB13,840 million guarantee incurred and RMB15,987 million guarantee reduced.

## 7. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS

### (1) Consolidated Income Statement

*For the nine months ended September 30, 2017*

(in RMB million)	For the three months ended September 30		For the nine months ended September 30	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
	2017	2016	2017	2016
Gross written premiums	130,382	102,473	471,772	359,346
Less: Premiums ceded to reinsurers	<u>(4,098)</u>	<u>(3,889)</u>	<u>(13,540)</u>	<u>(13,178)</u>
Net written premiums	126,284	98,584	458,232	346,168
Change in unearned premium reserves	<u>(3,019)</u>	<u>(1,556)</u>	<u>(13,796)</u>	<u>(5,517)</u>
Net earned premiums	123,265	97,028	444,436	340,651
Reinsurance commission revenue	1,577	1,248	5,286	4,165
Interest revenue from banking operations	36,970	32,866	108,444	98,037
Fees and commission revenue from non-insurance operations	11,188	10,105	32,855	31,126
Investment income	34,713	31,952	98,452	87,522
Share of profits and losses of associates and jointly controlled entities	1,141	(308)	2,470	(565)
Other revenue and other gains	<u>11,985</u>	<u>11,805</u>	<u>32,039</u>	<u>31,588</u>
<b>Total revenue</b>	<b>220,839</b>	<b>184,696</b>	<b>723,982</b>	<b>592,524</b>
Gross claims and policyholders' benefits	(88,649)	(71,418)	(335,059)	(254,254)
Less: Reinsurers' share and policyholders' benefits	<u>2,832</u>	<u>1,883</u>	<u>7,739</u>	<u>7,447</u>
Claims and policyholders' benefits	(85,817)	(69,535)	(327,320)	(246,807)
Commission expenses on insurance operations	(26,765)	(20,047)	(84,567)	(58,792)
Interest expenses on banking operations	(18,806)	(13,277)	(52,263)	(40,002)
Fees and commission expenses on non-insurance operations	(1,733)	(1,218)	(4,468)	(3,296)
Loan loss provisions, net of reversals	(8,740)	(11,455)	(31,588)	(31,274)
Foreign exchange (losses)/gains	211	290	(45)	606
General and administrative expenses	(35,353)	(31,893)	(100,293)	(102,048)
Finance costs	(3,142)	(3,050)	(8,340)	(9,368)
Other expenses	<u>(5,684)</u>	<u>(7,995)</u>	<u>(14,540)</u>	<u>(18,965)</u>
<b>Total expenses</b>	<b>(185,829)</b>	<b>(158,180)</b>	<b>(623,424)</b>	<b>(509,946)</b>
Profit before tax	35,010	26,516	100,558	82,578
Income tax	<u>(8,884)</u>	<u>(8,011)</u>	<u>(25,339)</u>	<u>(17,765)</u>
<b>Profit for the period</b>	<b>26,126</b>	<b>18,505</b>	<b>75,219</b>	<b>64,813</b>

	For the three months ended September 30		For the nine months ended September 30	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
(in RMB million)				
<b>Attributable to:</b>				
– Owners of the parent	22,891	15,732	66,318	56,508
– Non-controlling interests	3,235	2,773	8,901	8,305
	<b>26,126</b>	<b>18,505</b>	<b>75,219</b>	<b>64,813</b>
	RMB	RMB	RMB	RMB
<b>Earnings per share attributable to ordinary equity holders of the parent</b>				
– Basic	1.29	0.88	3.72	3.17
– Diluted	1.28	0.88	3.71	3.16

## (2) Consolidated Statement of Comprehensive Income

*For the nine months ended September 30, 2017*

	For the three months ended September 30		For the nine months ended September 30	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
(in RMB million)				
<b>Profit for the period</b>	<b>26,126</b>	<b>18,505</b>	<b>75,219</b>	<b>64,813</b>
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets	13,040	9,252	33,129	(9,043)
Shadow accounting adjustments	(2,543)	(4,800)	(6,610)	388
Exchange differences on translation of foreign operations	318	(8)	(285)	470
Share of other comprehensive income of associates and jointly controlled entities	102	98	12	59
Income tax relating to components of other comprehensive income	(2,998)	(1,330)	(8,400)	2,209
<b>Other comprehensive income for the period, net of tax</b>	<b>7,919</b>	<b>3,212</b>	<b>17,846</b>	<b>(5,917)</b>
<b>Total comprehensive income for the period</b>	<b>34,045</b>	<b>21,717</b>	<b>93,065</b>	<b>58,896</b>
<b>Attributable to:</b>				
– Owners of the parent	30,546	18,824	83,699	50,503
– Non-controlling interests	3,499	2,893	9,366	8,393
	<b>34,045</b>	<b>21,717</b>	<b>93,065</b>	<b>58,896</b>

**(3) Consolidated Statement of Financial Position**

*As at September 30, 2017*

**(in RMB million)**

<b>September 30 2017</b>	December 31 2016
<b>(unaudited)</b>	(Audited)

**ASSETS**

Cash and amounts due from banks and other financial institutions	<b>509,306</b>	561,143
Balances with the Central Bank and statutory deposits	<b>288,062</b>	318,860
Fixed maturity investments	<b>2,470,166</b>	2,156,291
Equity investments and other investments	<b>564,633</b>	426,908
Derivative financial assets	<b>6,376</b>	8,836
Loans and advances to customers	<b>1,598,770</b>	1,458,291
Premiums receivable	<b>43,632</b>	35,325
Accounts receivable	<b>43,454</b>	22,353
Reinsurers' share of insurance liabilities	<b>16,806</b>	15,269
Finance lease receivable	<b>110,271</b>	78,056
Policyholder account assets in respect of insurance contracts	<b>38,673</b>	39,706
Policyholder account assets in respect of investment contracts	<b>4,492</b>	4,084
Investments in associates and jointly controlled entities	<b>60,146</b>	48,955
Investment properties	<b>41,182</b>	36,568
Property and equipment	<b>43,395</b>	40,143
Intangible assets	<b>59,404</b>	63,017
Deferred tax assets	<b>37,061</b>	28,292
Other assets	<b>232,687</b>	234,806
 <b>Total assets</b>	<b>6,168,516</b>	5,576,903

**EQUITY AND LIABILITIES**

**Equity**

Share capital	<b>18,280</b>	18,280
Reserves	<b>207,473</b>	188,910
Retained profits	<b>222,527</b>	176,259
 Equity attributable to owners of the parent	<b>448,280</b>	383,449
Non-controlling interests	<b>110,660</b>	103,012
 <b>Total equity</b>	<b>558,940</b>	486,461

(in RMB million)

September 30 2017 (unaudited)	December 31 2016 (Audited)
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### **Liabilities**

Due to banks and other financial institutions	<b>749,178</b>	584,794
Other financial liabilities held for trading	<b>13,867</b>	25,883
Assets sold under agreements to repurchase	<b>137,613</b>	89,166
Derivative financial liabilities	<b>6,928</b>	8,715
Customer deposits and payables to brokerage customers	<b>1,862,337</b>	1,894,377
Accounts payable	<b>5,134</b>	8,565
Income tax payable	<b>24,827</b>	22,003
Insurance payables	<b>80,349</b>	113,387
Insurance contract liabilities	<b>1,874,860</b>	1,625,473
Investment contract liabilities for policyholders	<b>49,751</b>	44,930
Policyholder dividend payable	<b>44,368</b>	39,216
Bonds payable	<b>438,402</b>	349,825
Deferred tax liabilities	<b>19,209</b>	11,274
Other liabilities	<b>302,753</b>	272,834
<b>Total liabilities</b>	<b>5,609,576</b>	5,090,442
<b>Total equity and liabilities</b>	<b>6,168,516</b>	5,576,903

**(4) Consolidated Statement of Cash Flows**  
*For the nine months ended September 30, 2017*

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

	2017 (Unaudited)	2016 (Unaudited)
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<b>Net cash flows from operating activities</b>	<b>7,821</b>	<b>(17,025)</b>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of investment properties, property and equipment, and intangible assets	(11,747)	(12,612)
Proceeds from disposal of investment properties, property and equipment, and intangible assets	554	292
Proceeds from disposal of investments	1,428,582	2,383,434
Purchases of investments	(1,849,994)	(2,654,753)
Term deposits withdrawal/(placed), net	34,589	1,447
Acquisition of non-controlling interests in subsidiaries	(1,528)	(4,733)
Acquisition and disposal of subsidiaries, net	(145)	(14,873)
Interest received	98,424	86,203
Dividends received	32,166	29,924
Rentals received	1,620	953
Others	(13,063)	(9,543)
<b>Net cash flows used in investing activities</b>	<b>(280,542)</b>	<b>(194,261)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Capital injected into subsidiaries by non-controlling interests	701	14,720
Proceeds from bonds issued	761,559	646,517
Increase/(decrease) in assets sold under agreements to repurchase of insurance operations	31,660	(43,368)
Proceeds from borrowed funds	262,479	137,833
Repayment of borrowed funds	(875,517)	(613,000)
Interest paid	(11,531)	(14,134)
Dividends paid	(20,889)	(10,045)
Others	2,679	10,617
<b>Net cash flows from financing activities</b>	<b>151,141</b>	<b>129,140</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(121,580)</b>	<b>(82,146)</b>
Net foreign exchange differences	(2,941)	1,846
Cash and cash equivalents at beginning of the period	367,552	333,325
<b>Cash and cash equivalents at end of the period</b>	<b>243,031</b>	<b>253,025</b>

## **8. RELEASE OF RESULTS ANNOUNCEMENT**

This results announcement is simultaneously available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.pingan.cn](http://www.pingan.cn)). This results announcement is prepared in accordance with IFRS. The full report for the third quarterly results of 2017 prepared in accordance with the Accounting Standards for Business Enterprise issued by the Ministry of Finance of the PRC and the other relevant regulations will be published on the Company's website ([www.pingan.cn](http://www.pingan.cn)) at the same time as it is published on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)).

By order of the Board of Directors  
**Ma Mingzhe**  
*Chairman and Chief Executive Officer*

Shenzhen, PRC, October 27, 2017

*As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Ren Huichuan, Yao Jason Bo, Lee Yuansiong and Cai Fangfang; the Non-executive Directors are Lin Lijun, Soopakij Clearavanont, Yang Xiaoping, Xiong Peijin and Liu Chong; the Independent Non-executive Directors are Stephen Thomas Meldrum, Yip Dicky Peter, Wong Oscar Sai Hung, Sun Dongdong, Ge Ming and Ouyang Hui.*