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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 THREE MONTHS ENDED MARCH 31, 2020

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 “First Quarter Results”) of the Company and its subsidiaries (the “Group”) for the three months ended March 31, 2020 (the “Reporting Period”). The Board of Directors and its Audit and Risk Management Committee have reviewed the First Quarter Results.

1. KEY BUSINESS PERFORMANCE

1.1 Business Highlights

- Operating profit continued to grow. Despite the COVID-19 epidemic, operating profit attributable to shareholders of the parent company rose 5.3% year on year to RMB35,914 million.
- Customer development yielded strong results. Retail customers exceeded 200 million. In the first three months of 2020, Ping An acquired 8.71 million new retail customers, of whom 34.7% were sourced from internet users within the Group’s five ecosystems.
- The life and health insurance business developed steadily. Operating profit after tax of the life and health insurance business rose 23.0% year on year to RMB24,556 million. Amid the COVID-19 epidemic, the Company leveraged technologies to develop innovative online operating models and accumulate new momentum for post-epidemic business growth.
- The property and casualty insurance business maintained excellent business quality, with a better-than-industry combined ratio of 96.5%, down 0.5 pps year on year. Amid the COVID-19 epidemic, Ping An Property & Casualty integrated online services and launched “One-click Claims Services,” thus enabling non-physical-contact claim settlement anytime and anywhere. As of March 31, 2020, the “Ping An Auto Owner” app had over 100 million registered users for the first time, an increase of 11.6% from the beginning of 2020. In March 2020, the app had over 25 million monthly active users.
- Ping An Bank maintained balanced development and strengthened provisions. Amid the COVID-19 epidemic, Ping An Bank quickly resumed business through online digital operations. In the first three months of 2020, revenue increased by 16.8% year on year

to RMB37,926 million. Net profit rose 14.8% year on year to RMB8,548 million. The cost-to-income ratio declined by 1.68 pps year on year to 27.94%. As of March 31, 2020, the provision coverage ratio rose 17.23 pps from the beginning of 2020.

- Health care services platforms contributed to the fight against COVID-19. During the epidemic peak, Ping An Good Doctor provided 24/7 online consultation services, and attracted more than 1,000 million visits to its online platform. Ping An's smart city business launched the "Nationwide COVID-19 Real Time Dashboard" with authoritative organizations of the state. The dashboard went live on more than 300 official platforms, keeping the public updated on the latest development of the epidemic.
- Ping An continued to develop its technological capabilities. Amid the COVID-19 epidemic, Ping An arranged for its nearly 400,000 employees to work from home and hold online audio and video conferences with its strong technological capabilities. The "Zhi Niao" app facilitated concurrent live broadcasts by over one million life insurance sales agents. Despite the epidemic, Ping An provided services without delay by strengthening its main products and service capabilities with technologies. Ping An has been recognized by international authoritative institutions for its cutting-edge technologies, winning the first place in 52 international contests. For example, OneConnect's information extraction technology topped the rankings in two sub-tasks at the 14th International Workshop on Semantic Evaluation (SemEval).
- Ping An's brand value continued to grow. Ping An ranked 9th on the Brand Finance Global 500 2020 list, joining the league of the world's top ten for the first time.

1.2 Key Figures

For the three months ended March 31	2020	2019	Change (%)
Operating profit attributable to shareholders of the parent company (in RMB million)	35,914	34,119	5.3
Basic operating earnings per share (in RMB)	2.03	1.91	6.3
Net profit attributable to shareholders of the parent company (in RMB million)	26,063	45,517	(42.7)
Life & Health new business value (NBV) ⁽¹⁾ (in RMB million)	16,453	21,642	(24.0)
Ping An Property & Casualty combined ratio (%)	96.5	97.0	-0.5 pps
	March 31, 2020	December 31, 2019	Change (%)
Number of retail customers (in million)	204.37	200.48	1.9
Number of internet users (in million)	534.45	515.50	3.7
Proportion of retail customers holding multiple contracts with different subsidiaries (%)	37.0	36.8	0.2 pps

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

2. PERFORMANCE REVIEW FOR KEY BUSINESSES

2.1 Overview

The COVID-19 epidemic in early 2020 interrupted production and consumption, dealing a huge blow to almost all industries. Ping An closely tracked the progress and trend of the epidemic, and fulfilled its mission as an insurer by supporting epidemic prevention and control with insurance services, cutting-edge technologies, and health expertise.

Amid the COVID-19-induced unfavorable conditions, including difficulties in offline operations, rising credit risk, volatile equity markets and falling interest rates, the Company adopted measures including a transformation toward online operations to mitigate impacts of the epidemic. Meanwhile, investment income fell sharply due to greater volatility of fair value gains and losses driven by nosediving capital markets both at home and abroad and the Company's implementation of the new accounting standards for financial instruments. In the first three months of 2020, net profit attributable to shareholders of the parent company dropped 42.7% year on year to RMB26,063 million. However, operating profit attributable to shareholders of the parent company still rose 5.3% year on year to RMB35,914 million.

Operating profit

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

- Short-term investment variance, which is the variance between the actual investment return of the life and health insurance business and the embedded value (EV) ultimate investment return assumption, net of the associated impact on insurance and investment contract liability. The investment return of the life and health insurance business is locked at 5% after excluding the short-term investment variance;
- The impact of discount rate⁽¹⁾ change is the effect on insurance contract liability of the life and health insurance business due to changes in the discount rate; and
- Impacts of one-off non-operating items are material items that management considered to be non-operating income and expenses.

Note: (1) Refer to the significant accounting policies in the notes of the Company's 2019 Annual Report for the relative information about the discount rate.

In the first three months of 2020, the Group's operating profit attributable to shareholders of the parent company grew by 5.3% year on year to RMB35,914 million. The basic operating earnings per share was RMB2.03, up 6.3% year on year. The life and health insurance business's operating profit attributable to shareholders of the parent company rose 23.7% year on year to RMB24,302 million.

2020

For the three months ended March 31 (in RMB million)	Life and health insurance business	Property and casualty insurance business	Banking business	Trust business	Securities business	Other asset management business	Technology business	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	14,451	4,421	4,954	902	803	752	1,290	(1,510)	26,063
Net profit attributable to non-controlling interests	169	22	3,594	1	31	257	246	(49)	4,271
Net profit (A)	14,620	4,443	8,548	903	834	1,009	1,536	(1,559)	30,334
Excluding:									
Short-term investment variance ⁽¹⁾ (B)	(8,001)	-	-	-	-	-	-	-	(8,001)
Impact of discount rate change (C)	(1,935)	-	-	-	-	-	-	-	(1,935)
Impact of one-off material non-operating items (D)	-	-	-	-	-	-	-	-	-
Operating profit (E=A-B-C-D)	24,556	4,443	8,548	903	834	1,009	1,536	(1,559)	40,270
Operating profit attributable to shareholders of the parent company	24,302	4,421	4,954	902	803	752	1,290	(1,510)	35,914
Operating profit attributable to non-controlling interests	254	22	3,594	1	31	257	246	(49)	4,356

For the three months ended March 31 (in RMB million)	Life and health insurance business	Property and casualty insurance business	Banking business	Trust business	Securities business	Other asset management business	Technology business	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	31,050	5,767	4,319	994	648	3,189	1,402	(1,852)	45,517
Net profit attributable to non-controlling interests	342	28	3,127	1	35	179	177	(82)	3,807
Net profit (A)	<u>31,392</u>	<u>5,795</u>	<u>7,446</u>	<u>995</u>	<u>683</u>	<u>3,368</u>	<u>1,579</u>	<u>(1,934)</u>	<u>49,324</u>
Excluding:									
Short-term investment variance ⁽¹⁾ (B)	11,275	-	-	-	-	-	-	-	11,275
Impact of discount rate change (C)	161	-	-	-	-	-	-	-	161
Impact of one-off material non-operating items (D)	-	-	-	-	-	-	-	-	-
Operating profit (E=A-B-C-D)	<u>19,957</u>	<u>5,795</u>	<u>7,446</u>	<u>995</u>	<u>683</u>	<u>3,368</u>	<u>1,579</u>	<u>(1,934)</u>	<u>37,889</u>
Operating profit attributable to shareholders of the parent company	19,652	5,767	4,319	994	648	3,189	1,402	(1,852)	34,119
Operating profit attributable to non-controlling interests	<u>305</u>	<u>28</u>	<u>3,127</u>	<u>1</u>	<u>35</u>	<u>179</u>	<u>177</u>	<u>(82)</u>	<u>3,770</u>

Notes: (1) Short-term investment variance is the variance between the actual investment return and the EV ultimate investment return assumption (5%), net of the associated impact on insurance and investment contract liability.

(2) The life and health insurance business represents results of Ping An Life, Ping An Annuity, and Ping An Health. The property and casualty insurance business represents results of Ping An Property & Casualty. The banking business represents results of Ping An Bank. The trust business represents results of Ping An Trust and Ping An New Capital. The securities business represents results of Ping An Securities. The other asset management business represents results of companies that engage in asset management business including Ping An Asset Management, Ping An Financial Leasing, and Ping An Overseas Holdings. The technology business represents results of companies that engage in technology business including Lufax Holding, OneConnect, Ping An Good Doctor, Ping An HealthKconnect, and Autohome. Eliminations include offsets against cross-shareholding among business lines.

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

2.2 Customer Development

RETAIL CUSTOMER DEVELOPMENT

Despite the COVID-19 epidemic, Ping An's retail customers increased steadily. As of March 31, 2020, Ping An's retail customers⁽¹⁾ grew by 1.9% from the beginning of 2020 to 204 million, 37.0% of whom held multiple contracts with different subsidiaries. In the first three months of 2020, the Group acquired 8.71 million new retail customers, 34.7% of whom were sourced from internet users within the Group's five ecosystems. As of March 31, 2020, the Group's internet users⁽²⁾ increased by 3.7% from the beginning of 2020 to 534 million. The number of yearly active users⁽³⁾ reached 293 million.

(in million)	March 31, 2020	December 31, 2019	Change (%)
Number of retail customers	204.37	200.48	1.9
Including: number of retail customers holding multiple contracts with different subsidiaries	75.64	73.71	2.6
Number of internet users	534.45	515.50	3.7
Including: number of app users	486.88	470.01	3.6

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

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

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

CORPORATE CUSTOMER DEVELOPMENT

Corporate business maintained growth. In corporate business, Ping An follows the customer-centric philosophy, taps customer demand and promotes customer value under the "1+N" service model (one customer + N products). In the first three months of 2020, customer services improved steadily, and business volumes continued to increase. Corporate premiums achieved through cross-selling⁽¹⁾ grew to RMB3,537 million, in which written premiums of the corporate channel⁽²⁾ rose 173.2% year on year. The new financing scale achieved through corporate business cross-selling⁽³⁾ increased by 92.2% year on year to RMB95,748 million.

For the three months ended March 31 (in RMB million)	2020	2019	Change (%)
Corporate premiums achieved through cross-selling ⁽¹⁾	3,537	2,755	28.4
Including: Written premium of the corporate channel ⁽²⁾	1,347	493	173.2
New financing scale achieved through corporate business cross-selling ⁽³⁾	95,748	49,825	92.2

- Notes:*
- (1) The corporate premiums achieved through cross-selling refer to written premiums of insurance policies sold by the Group to corporate customers through cross-selling.
 - (2) Written premium of the corporate channel refers to the written premium of the integrated financial business less that of the life insurance channel.
 - (3) The new financing scale achieved through corporate business cross-selling refers to the scale of new financing projects achieved by the Group's member companies through cross-selling.

2.3 Life and Health Insurance Business

Amid the COVID-19 epidemic, Ping An developed innovative operating models and accumulated new momentum for the life and health insurance business. In the first three months of 2020, Ping An's traditional offline operations and high-value protection business were affected by the COVID-19 epidemic. Meanwhile, Ping An promoted the sales of simple, marketable online products with lower NBV margins to prepare for post-epidemic customer conversion. As a result, NBV of the life and health insurance business declined by 24.0% year on year to RMB16,453 million. In response to changes in the market, industry and technology, the Company continued its comprehensive reform and transformation. Amid the COVID-19 epidemic, the Company followed the overriding trend, and turned challenges into opportunities by leveraging technologies to enable online operations and agile responses while maintaining operational stability. The Company took innovative measures in team management, customer development, and product promotion to ensure normal business operations and accumulate new momentum for post-epidemic growth. In 2020, the Company will strengthen its sustainable growth platforms and develop innovative data-driven business models through the "channel + product" strategy and technological empowerment.

Driven by the transformation, all channels of Ping An Life leveraged online operations to lay a foundation for high-quality development. Amid the COVID-19 epidemic, the agent channel achieved efficient recruitment, training and customer acquisition by adhering to a high-quality human resource strategy and upgrading the online team management platform. In terms of agent recruitment, Ping An Life innovated the online recruitment model and carried out online recruitment activities including "Lu Chuang: Winning at Ping An." Meanwhile, Ping An Life improved the online onboarding process to continuously recruit outstanding performers. In agent training, Ping An Life leveraged online platforms including the "Pocket-E" app to develop agents' skills through remote training. In customer development, Ping An Life used complimentary insurance and massive internet content marketing to acquire customers, increase customer stickiness, and support agents' business development, laying a solid foundation for post-epidemic business recovery. In the meantime, Ping An Life introduced a number of team care and subsidy policies as well as more flexible performance appraisal policies to help the sales force fight COVID-19 and minimize its impact. As of March 31, 2020, Ping An Life had 1.132 million sales agents, down 3.0% from the beginning of 2020. The bancassurance channel focused on high-value products, and quickly built an online support platform to drive the switch toward protection products, ensuring stable NBV growth amid the COVID-19 epidemic. The telemarketing channel leveraged technologies to empower customer development, promote sales conversion, facilitate agents' policy issuance, stabilize the sales force and maintain a large market share. The internet channel improved its business quality by enhancing the operational capabilities of all platforms, accurately acquiring customers, and strengthening conversion logic and scenario-based operations.

Ping An Life supported the transformation toward online operations with the “product+” and “technology+” strategies. In the first three months of 2020, Ping An Life continued to provide customers with protection products and annuity savings products, and developed and promoted competitive long-term savings hybrid products. To mitigate the impact of COVID-19 and satisfy customers’ needs, Ping An Life provided customers with timely and comprehensive protection by launching complimentary traffic accident insurance and critical illness insurance with a COVID-19 benefit as well as incorporating such a benefit into 32 existing products. In addition, Ping An Life empowered its online operations with technologies. Amid the COVID-19 epidemic, Ping An Life enabled agents to develop business online through the “Jin Guan Jia” app and the “Pocket-E” app. Ping An Life kept agents active by means of online morning briefings, livestream training, and AskBob, a smart assistant exclusively for agents. Core applications including smart customer services and Smart Quick Claim were put in place to provide customers with 24/7 excellent policy, claims and renewal services. In the first three months of 2020, Ping An Life completed payments for 680,000 claims, including 187 COVID-19 claims. A general claim and a COVID-19 claim could be closed within as short as one minute and three minutes respectively. Going forward, Ping An Life will promote its comprehensive data-driven transformation, and build an innovative data-driven operation platform to anticipate trends, make timely decisions, and take action ahead of others.

Key indicators of the life and health insurance business

For the three months ended March 31

(in RMB million)	2020	2019	Change (%)
Operating profit	<u>24,556</u>	<u>19,957</u>	<u>23.0</u>
First-year premium used to calculate NBV	49,188	58,783	(16.3)
NBV ⁽¹⁾	16,453	21,642	(24.0)
NBV margin (%)	<u>33.4</u>	<u>36.8</u>	<u>-3.4 pps</u>

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

	March 31, 2020	December 31, 2019	Change (%)
Number of Ping An Life’s individual life insurance sales agents (in million)	<u>1.132</u>	<u>1.167</u>	<u>(3.0)</u>

2.4 Property and Casualty Insurance Business

Ping An Property & Casualty maintained stable business growth and excellent business quality. In the first three months of 2020, Ping An Property & Casualty recorded premium income of RMB72,589 million, up 4.9% year on year. Affected by the COVID-19 epidemic, new auto sales declined significantly, causing a year-on-year decrease in auto insurance premiums. However, non-auto insurance business maintained strong growth. Ping An Property & Casualty’s combined ratio was 96.5%, down 0.5 pps and still better than the industry’s, due to robust corporate management and risk screening. In the first three months of 2020, Ping An Property & Casualty’s operating profit declined by 23.3% year on year to RMB4,443 million, mainly because its investment income decreased year on year as capital markets plummeted in the first three months due to COVID-19.

Ping An Property & Casualty continued to promote customer development through online operations. As of March 31, 2020, registered users of the “Ping An Auto Owner” app exceeded 100 million for the first time, up 11.6% from the beginning of the year; about 53 million of them were auto insurance customers of Ping An Property & Casualty. In March 2020, the app had over 25 million monthly active users, topping the list of auto service apps in China. Amid the COVID-19 epidemic, Ping An Property & Casualty used the “Ping An Auto Owner” app to integrate online services and recommend the most suitable claims methods to customers according to their profiles and segmented scenarios. Ping An Property & Casualty launched a fast track for “One-click Claims Services,” simplified the auto insurance claim process, and provided online support by intelligent robots and claim experts, thus enabling non-physical-contact claim settlement anytime and anywhere. Claim reporting takes only 120 seconds on average.

For the three months ended March 31
(in RMB million)

	2020	2019	Change (%)
Operating profit	<u>4,443</u>	<u>5,795</u>	<u>(23.3)</u>
Premium income	72,589	69,220	4.9
Including: Auto insurance	46,767	47,828	(2.2)
Non-auto insurance	21,743	17,981	20.9
Accident and health insurance	<u>4,079</u>	<u>3,411</u>	<u>19.6</u>
Combined ratio (%)	<u>96.5</u>	<u>97.0</u>	<u>-0.5 pps</u>

2.5 Investment Portfolio of Insurance Funds

The Company continued to improve asset allocation and asset-liability duration matching of its investment portfolio of insurance funds. As of March 31, 2020, the Company’s investment portfolio of insurance funds grew by 5.3% from the beginning of 2020 to RMB3.38 trillion. In the first three months of 2020, the investment portfolio of insurance funds achieved an annualized net investment yield of 3.6% and an annualized total investment yield of 3.4%.

In the first three months of 2020, the world’s major economies slowed down due to COVID-19 epidemic. Offshore capital markets suffered drastic fluctuations and regional liquidity squeezes. As domestic economic growth nosedived in the first three months of 2020, the central government implemented countercyclical macroeconomic policies as appropriate, and promoted resumption of work and production. As China took the lead in containing the epidemic and adopted timely policies to stabilize market expectations, domestic capital markets performed better than their offshore counterparts. However, Shanghai and Shenzhen stock markets have slid over 10% this year and Hong Kong over 16% due to highly volatile offshore markets. Moreover, onshore market interest rates dropped amid pervasive zero interest rate policies outside China and domestic monetary easing. The investment yield of the Company’s investment portfolio of insurance funds was under pressure due to slumping stock markets and declining market interest rates.

For the three months ended March 31

(in RMB million)	2020	2019	Change (%)
Net investment income ⁽¹⁾	31,979	32,155	(0.5)
Total investment income ⁽²⁾	25,931	64,944	(60.1)
Net investment yield ⁽³⁾ (annualized, %)	3.6	3.9	-0.3 pps
Total investment yield ⁽³⁾ (annualized, %)	3.4	5.1	-1.7 pps

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

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

(3) In computing annualized investment yields, only interest income from deposits and debt financial assets as well as operating lease income from investment properties were annualized, while interest revenue from financial assets purchased under reverse repurchase agreements, interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions, dividend income, capital gains from investments, and fair value gains and losses were not annualized. Net exchange gains or losses on investment assets denominated in foreign currencies are excluded from computation of the above yields. Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method.

Ping An continued to improve asset-liability duration matching of insurance funds. The Company maintained robust asset-liability management and conducted adequate stress tests. The Company cushioned the exceptional market impact by embedding stress testing in the asset allocation process and conducting ex-ante risk management. Ping An managed equity investment flexibly to seize opportunities from epidemic-induced market volatility and boost investment returns. In response to challenges brought by interest rate cuts, the Company continued to increase allocation to tax-exempt bonds including central and local government bonds as well as long-duration low-risk bonds including financial bonds issued by policy banks. By prolonging durations of assets, the Company greatly mitigated the re-investment risk amid low interest rates, and further narrowed the duration gap between assets and liabilities to improve asset-liability matching. In addition, Ping An established flexible asset-liability management mechanisms, maintained reasonable guaranteed interest rates of liabilities, and optimized interest rate matching of assets and liabilities.

Corporate default risk increased due to the impact of COVID-19 on businesses. Ping An continued to strengthen credit risk management, improved risk assessment and management before, during and after investment, and enhanced the efficiency of risk management with fintech. As of March 31, 2020, corporate bonds as a percentage of the Company's investment portfolio of insurance funds dropped from 4.0% at the beginning of 2020 to 3.5%, while debt schemes and debt wealth management products decreased further from 13.4% at the beginning of 2020 to 12.0%. Credit quality of corporate bonds, debt schemes, and debt wealth management products in the Company's investment portfolio of insurance funds remained sound and at a high level in the industry. In terms of credit default losses, overall risks in the corporate bonds were small, and no default had occurred on the debt schemes and debt wealth management products yet, indicating that risks were under control.

2.6 Banking Business

The year 2020 is the first year for Ping An Bank to implement its new 3-year strategy. Ping An Bank continued its mission to build “China’s most outstanding, world-leading smart retail bank” under the strategy of “technology-driven breakthroughs in retail banking and enhancement of corporate banking.” Ping An Bank established the “3+2+1” strategies for retail, corporate, and interbank businesses to build “a digital bank, an ecosystem, and a platform” in pursuit of further development.

Ping An Bank maintained balanced business development. Ping An Bank actively implemented various strategic measures to resume business while fighting COVID-19 through online digital operations. In the first three months of 2020, revenue grew by 16.8% year on year to RMB37,926 million, and net profit increased by 14.8% year on year to RMB8,548 million.

Retail business transformation was upgraded. Ping An Bank implemented the new strategy of data-driven operations, online operations, comprehensive services, and ecosystem-based development to promote its retail business. The Bank upgraded its retail business transformation by optimizing its retail asset and liability structure. Amid the COVID-19 epidemic, growth of some retail business saw short-term fluctuation; for example, the balance of credit card loans declined by 4.5% from the beginning of 2020. However, Ping An Bank effectively satisfied financial needs of retail customers with its online technology-powered, AI-enabled operational capabilities. Key metrics of the retail business grew against the headwind. As of March 31, 2020, Ping An Bank’s retail assets under management (AUM) rose 7.8% from the beginning of 2020 to RMB2,136,931 million. The number of retail customers increased by 1.6% from the beginning of 2020 to 98.64 million. The balance of retail deposits increased by 9.8% from the beginning of 2020 to RMB641,114 million. The average cost rate of retail deposits for the first three months of 2020 was 2.58%, 0.04 pps lower than that for 2019. The balance of retail loans increased by 0.8% from the beginning of 2020 to RMB1,368,198 million. Personal property mortgage loans and collateral mortgage loans accounted for 31.5% of the balance of retail loans, compared with 30.3% at the beginning of 2020. This indicates that Ping An Bank’s business portfolio and customer mix were further improved.

Ping An Bank continued to enhance corporate banking. Amid the COVID-19 epidemic, Ping An Bank focused on new business opportunities of corporate banking to promote data-driven operations by leveraging the Group’s competitive edge in “finance + technology.” As its customers gradually resumed work and production, Ping An Bank saw a steady rise in corporate banking. In the first three months of 2020, the transaction volume of Ping An Bank’s internet payment and settlement service platform rose 50.5% year on year to RMB1.26 trillion. In February, loans granted by Ping An Bank through “Know Your Business (KYB) for Small Enterprises” decreased month on month due to the epidemic. However, Ping An Bank accelerated its data-driven operations and began to see a business recovery from March. In the first three months of 2020, Ping An Bank granted KYB loans of RMB5,815 million. As of March 31, 2020, Ping An Bank served 38,737 customers through “KYB for Small Enterprises,” strongly supporting the real economy.

Ping An Bank upgraded the interbank business by promoting growth and developing a new brand. Ping An Bank focused on new transactions, new interbank business, and new asset management in the interbank business, fighting COVID-19 to maintain operations and development. In the first three months of 2020, net revenue from the interbank trading business increased by 209.5% year on year to RMB3,077 million. The bond trading volume rose 161.0% year on year to RMB1.46 trillion. The interbank institutional sales volume reached RMB212,446 million, up 63.4% year on year. As of March 31, 2020, Ping An Bank had RMB325,077 million of net asset value (NAV) products in compliance with the new asset management regulations on NAV management, up 26.4% from the beginning of 2020.

Ping An Bank laid a solid foundation by increasing capital adequacy. Ping An Bank continued to pursue robust capital management. In February, Ping An Bank issued undated capital bonds worth of RMB30 billion. The funds raised are used to replenish other tier 1 capital. As of March 31, 2020, Ping An Bank's core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio, and capital adequacy ratio stood at 9.20%, 11.65%, and 14.27% respectively.

Ping An Bank kept asset quality risks under control. Ping An Bank adjusted its business portfolio to tackle external risks. In addition, Ping An Bank adopted differentiated risk management strategies, and stepped up efforts to recover non-performing assets. Asset quality risks are generally under control. As of March 31, 2020, Ping An Bank's non-performing loan ratio was 1.65%, the same as that at the beginning of 2020. The provision coverage ratio was 200.35%, up 17.23 pps from the beginning of 2020. Deviations of loans more than 60 days overdue and loans more than 90 days overdue were both below 1. In respect of corporate business, Ping An Bank continued to optimize the business portfolio, focused on key industries, key regions and key clients, selected the industries with weak cyclicality, stable growth and high asset quality, and exited from high-risk industries. In respect of retail business, the COVID-19 epidemic had a short-term impact on the quality of retail loans. The retail non-performing loan ratio rose 0.33 pps from the beginning of 2020 to 1.52%. However, Ping An Bank developed a business continuity plan (BCP) in late January. Moreover, Ping An Bank strengthened monitoring of external dynamics and review of internal risk management strategies to mitigate the epidemic-induced temporary risks. Ping An Bank has enhanced its ability to withstand risks by adopting stricter admission policies, adjusting the retail credit business portfolio and increasing the percentage of high-quality customers. With the macroeconomic climate improving, the risk of retail assets will return to a normal level.

For the three months ended March 31
(in RMB million)

	2020	2019	Change (%)
Net profit	8,548	7,446	14.8
Revenue	37,926	32,476	16.8
Net interest revenue	24,770	20,774	19.2
Net non-interest revenue	13,156	11,702	12.4
Credit and other assets impairment losses	15,928	12,885	23.6
Operational efficiency and profitability			
Cost-to-income ratio (%)	27.94	29.62	-1.68 pps
Net interest margin (annualized, %)	2.60	2.53	0.07 pps

(in RMB million)	March 31, 2020	December 31, 2019	Change (%)
Deposits and loans⁽¹⁾			
Total loans and advances	2,444,176	2,323,205	5.2
Including: Retail loans	1,368,198	1,357,221	0.8
Corporate loans	1,075,978	965,984	11.4
Deposits	2,566,857	2,436,935	5.3
Including: Retail deposits	641,114	583,673	9.8
Corporate deposits	1,925,743	1,853,262	3.9

Asset quality

Percentage of special mention loans (%)	1.93	2.01	-0.08 pps
Percentage of loans more than 90 days overdue (%)	1.28	1.35	-0.07 pps
Percentage of loans more than 60 days overdue (%)	1.51	1.58	-0.07 pps
Non-performing loan ratio (%)	1.65	1.65	–
Deviation of loans more than 90 days overdue ⁽²⁾ (%)	78	82	-4 pps
Deviation of loans more than 60 days overdue ⁽³⁾ (%)	92	96	-4 pps
Provision coverage ratio (%)	200.35	183.12	17.23 pps
Provision coverage ratio for loans more than 90 days overdue (%)	257.77	222.89	34.88 pps
Provision coverage ratio for loans more than 60 days overdue (%)	218.90	190.34	28.56 pps

Notes: (1) Total loans and advances, deposits, and their components are exclusive of interest receivable and payable.

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

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

	March 31, 2020	December 31, 2019	Change (%)
Capital adequacy ratio			
Total risk weighted assets (in RMB million)	2,852,847	2,784,405	2.5
Core tier 1 capital adequacy ratio (%)	9.20	9.11	0.09 pps
Tier 1 capital adequacy ratio (%)	11.65	10.54	1.11 pps
Capital adequacy ratio (%)	14.27	13.22	1.05 pps

Note: The regulatory minimum requirements for the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio, and capital adequacy ratio are 7.5%, 8.5%, and 10.5% respectively.

2.7 Asset Management Business

In the first three months of 2020, investment income of the asset management business declined year on year due to the COVID-19 epidemic and capital market turmoil. Moreover, high incomes were realized in the same period last year due to exits from some investment projects. As a result, net profit of the asset management business decreased by 45.6% year on year to RMB2,746 million.

Keeping up with the times, Ping An Trust switched its focus back to its four core trust businesses, namely special asset investment, infrastructure investment, financial service trusts, and private equity investment. Observing the tradition while pursuing innovation, Ping An Trust continued to strengthen its active management capabilities. As of March 31, 2020, Ping An Trust's assets under management (AUM) reached RMB432,702 million. Net profit of the trust business for the first three months of 2020 dropped by 9.2% year on year to RMB903 million as investment income decreased year on year due to the impact of the COVID-19 epidemic on some investment projects.

Ping An Securities is committed to developing a smart securities service platform under the Group's integrated financial business strategy. In the first three months of 2020, the average daily trading volume on Shanghai Stock Exchange ("SSE") and Shenzhen Stock Exchange rose 48.5% year on year as capital markets fluctuated. Net profit of Ping An Securities grew by 22.1% year on year to RMB834 million. In brokerage business, by leveraging its online advantages, Ping An Securities continued to expand its market share by net revenue from securities brokerage (exclusive of seat leasing). In investment banking business, Ping An Securities is among the top-tier securities firms by number of bonds underwritten as the lead underwriter. In asset management business, the AUM of Ping An Securities continued to grow despite a market downturn.

2.8 Technology Business

Ping An furthered its technology strategies and developed various businesses rapidly. In the first three months of 2020, total revenue of the technology business⁽¹⁾ increased by 6.0% year on year to RMB19,844 million.

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

Ping An Good Doctor (HKSE: 01833.HK), as an integral part of the Group's health care ecosystem, has built AI-aided in-house medical teams, and provides users with online-merge-offline services by integrating offline health care networks. During the COVID-19 epidemic, Ping An Good Doctor leveraged its leading technologies and efficient online health care services to fulfill its corporate social responsibilities by preventing and containing the epidemic. As of March 31, 2020, Ping An Good Doctor closely cooperated with over 50 provincial and municipal governments to provide local residents with real-time online consultation services and free consultation hotlines. In addition, Ping An Good Doctor worked with over 30 leading enterprises and internet platforms to provide 24/7 online consultation services. Ping An Good Doctor invited renowned doctors and experts to give live interpretation of anti-epidemic knowledge. The COVID-19 pandemic has significantly improved the public's awareness and acceptance of online health care, laying a solid foundation for the continued, rapid development of online health care in the future. Amid the peak of the epidemic, Ping An Good Doctor provided 24/7 online consultation services, and attracted more than 1,000 million visits to its online platform. Since the COVID-19 outbreak,

China has promulgated policies to bring online consultations into full play, encourage the development of online health care, and cover the online health care expenses with local Social Health Insurance (“SHI”) as ratified by local governments. These are fundamental favorable policies for the online health care industry in the long run. As an industry leader, Ping An Good Doctor will directly and continuously benefit from more positive and liberal policies by cooperating with local governments, municipal SHI bureaus, and hospitals.

Ping An HealthKconnect is committed to becoming a smart technology company fully empowering the health care ecosystem. Ping An HealthKconnect leverages its industry-leading experience in SHI, medical, health and disease management to fully empower the health care ecosystem. Ping An HealthKconnect has developed an integrated smart SHI platform based on its smart SHI system to empower the National Healthcare Security Administration. Starting from SHI, Ping An HealthKconnect provides integrated medical management solutions covering hospitals, doctors, pharmacies, and insured members. Moreover, Ping An HealthKconnect empowers commercial insurers in terms of insurance product design, risk management, and marketing channels.

Amid the COVID-19 epidemic, Ping An HealthKconnect worked with Ping An Healthcare Diagnostics Center to combat the epidemic by pooling resources from various parties. As of March 31, 2020, Ping An Healthcare Diagnostics Center donated nearly RMB3 million worth of 92,000 pieces of medical supplies across the border in cooperation with its Japanese partner. Ping An Healthcare Diagnostics Center dispatched to Wuhan a vehicle equipped with a mobile CT scanner, which screened 5,304 people. Moreover, Ping An Healthcare Diagnostics Center performed nucleic acid tests on a total of 33,113 samples for COVID-19. Ping An HealthKconnect assisted the National Health Commission Capacity Building and Continuing Education Center in providing training on epidemic prevention and control, and helped municipal SHI bureaus to provide services through mobile devices.

Lufax Holding is a world-leading online wealth management and retail lending technology platform. In the first three months of 2020, Lufax Holding maintained steady growth in revenue. In online wealth management, as of March 31, 2020, Lufax Holding’s customer assets increased by 2.3% from the beginning of 2020 to RMB354,848 million due to its business transformation in response to the latest regulatory requirements. Lufax Holding continued to optimize its product portfolio, and achieved rapid growth in standard products and customer assets sourced via financial institutions. Lufax Holding has built a technology-powered smart business development framework to match customers and products with AI. In retail lending, Lufax Holding maintained steady growth. As of March 31, 2020, the balance of loans under management stood at RMB506,275 million, up 9.5% from the beginning of 2020. During the COVID-19 epidemic, Lufax Holding made full use of AI to alleviate the manpower shortage and closely monitor the loan portfolio’s quality. Lufax Holding also tided over customers by helping eligible borrowers defer principal and interest repayments in accordance with state policies.

OneConnect (NYSE: OCFT), which successfully listed on the New York Stock Exchange (“NYSE”) on December 13, 2019, is China’s leading technology-as-a-service cloud platform. OneConnect provides cloud-based technology solutions for financial institutions by integrating extensive financial service experience with market-leading technology. OneConnect’s end-to-end technology applications and business services help financial institutions increase revenues, manage risks, improve efficiency, enhance service quality and reduce costs, thereby enabling digital transformations. OneConnect rose to the challenge posed by COVID-19, continued to optimize its business portfolio, and proactively evaluated

new opportunities arising from market changes. Despite the short-term adverse impact of COVID-19 on usage of some products, OneConnect increased the transaction volume facilitated⁽¹⁾ in the first three months of 2020 by optimizing its business portfolio and vigorously developing third-party customers. Moreover, the epidemic has driven up the financial sector's demand for cloud-based solutions and online products, bringing long-term growth opportunities for the industry. OneConnect will strengthen its research on industry changes and customer needs to better lead the industry's development and meet customers' growing demand.

Note: (1) The transaction volume facilitated refers to the scale of retail business and corporate business transactions processed on OneConnect's fintech platform, which helps partners improve efficiency, increase revenues, and reduce risks.

Autohome (NYSE: ATHM), a leading internet-based auto service platform in China, is committed to developing an auto ecosystem centering on data and technology. Autohome provides auto consumers with diverse products and services across the entire auto life cycle. In data-based business, Autohome is committed to empowering automakers and dealers in terms of research, marketing, and conversion. Autohome keeps pace with the times, and adapts to market trends. Guided by the methodology of "anticipating trends, making timely decisions, and taking action ahead of others," Autohome helps automakers to identify trends, analyze issues, and customize solutions so that they can get first-mover advantages and complete digital transformations.

Ping An's smart city business empowers city development with technologies in government services, business development, and citizen services. A suite of integrated platforms have been developed to fulfill the Company's mission of serving the country, society, and public. The platforms covering government affairs, daily life, transportation, health care and education have gone live in more than 115 cities across China and some countries and regions involved in the Belt and Road Initiative. Amid the COVID-19 epidemic, Ping An's smart city business helped local governments to prevent and contain the epidemic as well as resume work and production with AI and other cutting-edge technologies. In daily life services, Ping An's smart city business helped the Shenzhen Municipal Government launch a series of "Shen i Nin" anti-epidemic services in the "i Shenzhen" app, and was highly recognized by citizens for supporting Shenzhen's anti-epidemic battle and resumption of work and production. As of March 31, 2020, "i Shenzhen" had nearly nine million registered users and more than six million monthly active users. In health care services, the smart city business launched the "Nationwide COVID-19 Real Time Dashboard" with authoritative organizations of the state. The dashboard went live on more than 300 official platforms in 21 provinces and 31 cities across China, keeping the public updated on the latest development of the epidemic. Ping An's smart city business also provided AI-based image reading services for over 1,500 medical facilities across China to identify COVID-19. It took only 15 seconds to issue a single smart analysis, and over 20,000 suspected infection cases were identified.

2.9 Technology-powered Business Transformation

Ping An leverages cutting-edge technologies to upgrade end-to-end services of its core financial businesses. In respect of sales, Ping An has applied AI to recruitment interviews of life insurance sales agents as well as training and sales support for them. The Company has applied an expert-level AI interview robot to agent recruitment interviews. Since its go-live, the robot has completed 7.20 million interviews, saving the Company 830,000 hours of in-person interviews. In the first three months of 2020, the robot completed 1.2 million interviews, up 28% year on year. Through AI-based profiling of life insurance sales agents, Ping An analyzes agents' lifecycles and provides customized career development plans on dimensions including training and activity management. In operations, Ping An leverages technologies to optimize financial business processes, boost operational efficiency, and improve customer experiences. In property and casualty insurance operations, Ping An leverages technologies including robots and optical character recognition (OCR) to gradually pursue process automation of quotation, policy data entry, endorsement, printing, and delivery across China. For Ping An Property & Casualty's main product lines, 99.3% of transactions are processed online and 99.8% of transactions are paperless. In customer services, Ping An's self-developed speech robots have been widely used in banking, insurance, and other businesses. In the first three months of 2020, the speech robots provided services over 109 million times. The net promoter score (NPS) for March improved by 1.62 pps from the beginning of 2020.

Amid the COVID-19 epidemic, Ping An quickly resumed production with its own technologies and solutions. Ping An arranged for its nearly 400,000 employees to work from home and attend online audio and video meetings at home on its technology platforms, allowing over 300 employees to attend the same single meeting. Moreover, the "Zhi Niao" app facilitated concurrent live broadcasts by over one million life insurance sales agents, supporting nearly three million participants per day. In the meantime, Ping An strengthened its main products and service capabilities with technologies, offering services without delay despite the epidemic.

Ping An attaches great importance to research and development of core technologies and control of proprietary intellectual properties. As of March 31, 2020, Ping An's technology patent applications increased by 2,550 from the beginning of 2020 to 23,933, more than most other international financial institutions'. Of these applications, 5,567 were filed under the Patent Cooperation Treaty (PCT) or abroad. According to international patent registration data for 2019 released by the World Intellectual Property Organization (WIPO), Ping An ranked eighth in the world and fourth in China by published patent applications filed under PCT. Ping An has been recognized by authoritative institutions at home and abroad for its cutting-edge technologies, winning the first place in 52 international contests. Ping An Technology was top-ranked in Stanford Question Answering Dataset 2.0 (SQuAD 2.0) for the third time, and scored the highest in 11 sub-tasks of the General Language Understanding Evaluation (GLUE) benchmark. OneConnect topped the rankings in two sub-tasks at the 14th International Workshop on Semantic Evaluation (SemEval) with its information extraction technology. Furthermore, the Company has published about 40 top medical papers, including the one published with Jinling Hospital in *EbioMedicine*, a sub-journal of *The Lancet*, and the one on endoscopic image quality backed by Ping An's powerful SFE AI platform published in *Scientific Reports*, a sub-journal of *Nature*.

2.10 Prospects of Future Development

China has achieved tangible results in containing COVID-19. The domestic economic and social order is recovering at an accelerating pace. However, domestic epidemic prevention and containment is still an arduous task due to the risks of sporadic or imported cases. In addition, with ongoing global spread of COVID-19, the world economy and international trade are under growing downward pressure, and the international financial market turmoil may escalate.

Affected by the epidemic, in the short term, the offline business development of the insurance business will be hindered, investment income will decline significantly, credit risks will increase, and the demand for financing will decrease. However, in the medium and long term, business opportunities and challenges will coexist. The demand for insurance and financial services will rebound. Moreover, epidemic prevention and containment highlights the significance of technological empowerment, spurring technological application and spawning development opportunities for health services.

Faced with growing instability of the global economy and financial markets, Ping An will turn crises into opportunities. Closely following national policies, Ping An will play an important role in combating COVID-19 and safeguarding people's livelihoods with insurance services and health expertise. The year 2020 is critical for the Company to implement its "finance + technology" and "finance + ecosystem" transformation strategies. Ping An will accelerate technological transformations of the traditional financial businesses, seize the development opportunities for healthtech, consolidate its advantages in the technology business, and create value for shareholders, customers, and society.

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

As of March 31, 2020, the 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 811,069, of which 806,533 were holders of A shares and 4,536 were holders of H shares.				
Shareholdings of top ten shareholders						
Name of shareholder	Nature of shareholder ⁽¹⁾	Shareholding percentage (%)	Total number of shares held (Shares) ⁽²⁾	Type of shares	Number of shares subject to selling restrictions (Shares)	Number of pledged or frozen shares (Shares)
Hong Kong Securities Clearing Company Nominees Limited ⁽³⁾	Overseas legal person	33.54	6,131,696,712 ⁽⁴⁾	H Share	–	Unknown
Shenzhen Investment Holdings Co., Ltd.	State	5.27	962,719,102	A Share	–	341,740,000 pledged shares
Hong Kong Securities Clearing Company Limited ⁽⁵⁾	Others	4.02	735,438,326	A Share	–	–
New Orient Ventures Limited	Overseas legal person	3.83	699,465,631	H Share	–	–
Business Fortune Holdings Limited	Overseas legal person	3.25	593,424,581	H Share	–	431,509,007 pledged shares
China Securities Finance Corporation Limited	Others	2.99	547,459,336	A Share	–	–
Central Huijin Asset Management Ltd.	State-owned legal person	2.65	483,801,600	A Share	–	–
Shum Yip Group Limited	State-owned legal person	1.41	257,728,008	A Share	–	–
Dacheng Fund-Agricultural Bank of China-Dacheng Zhongzheng Financial Asset Management Plan	Others	1.10	201,948,582	A Share	–	–
Huaxia Fund-Agricultural Bank of China-Huaxia Zhongzheng Financial Asset Management Plan	Others	1.09	199,511,462	A Share	–	–

- Notes:*
- (1) Nature of the holders of A shares represents the nature of accounts held by the holders of A shares registered with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
 - (2) 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 of the Company.
 - (4) New Orient Ventures Limited and Business Fortune Holdings Limited are indirect wholly-owned subsidiaries of Charoen Pokphand Group Company Limited (“CP Group Ltd.”), and the shares owned by these two companies have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by the above two companies have been deducted from the shares held by HKSCC Nominees Limited.
 - (5) The shares held by Hong Kong Securities Clearing Company Limited refer to the shares held by non-registered shareholders under the Northbound Trading of the Shanghai-Hong Kong Stock Connect Program.

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

New Orient Ventures Limited and Business Fortune Holdings Limited are indirect wholly-owned subsidiaries of CP Group Ltd., and they are presumed to be acting in concert with each other since they are under the common control of CP Group Ltd. As of March 31, 2020, CP Group Ltd., through the above two companies and other subsidiaries, indirectly held 1,650,295,758 H shares of the Company, representing approximately 9.03% of the total share capital of the Company.

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

4. SIGNIFICANT EVENTS

Implementation of Share Purchase Plans of the Company

Key Employee Share Purchase Plan

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

As at the end of the Reporting Period, six phases of the Key Employee Share Purchase Plan were implemented. Of them, all shares under the two phases for 2015 and 2016 were unlocked and vested, and the four phases for 2017-2020 were implemented as follows:

Regarding the Key Employee Share Purchase Plan for 2017, there were 1,157 participants. A total of 16,419,990 A shares of the Company were purchased for a total amount of RMB603,498,822.25 (expenses inclusive), accounting for 0.090% of the total share capital of the Company at that time. Regarding the Key Employee Share Purchase Plan for 2018, there were 1,296 participants. A total of 9,666,900 A shares of the Company were purchased for a total amount of RMB592,698,901.19 (expenses inclusive), accounting for 0.053% of the total share capital of the Company at that time. Regarding the Key Employee Share Purchase Plan for 2019, there were 1,267 participants. A total of 8,078,395 A shares of the Company were purchased for a total amount of RMB588,197,823.00 (expenses inclusive), accounting for 0.044% of the total share capital of the Company at that time. Regarding the Key Employee Share Purchase Plan for 2020, there were 1,522 participants. A total of 7,955,730 A shares of the Company were purchased for a total amount of RMB638,032,305.75 (expenses inclusive), accounting for 0.044% of the total share capital of the Company at that time.

During the Reporting Period, there was no change in equity under the four phases of the Key Employee Share Purchase Plan for 2017-2020, and the manager of the Key Employee Share Purchase Plan was not changed.

As at the end of the Reporting Period, the key employees held 30,701,808 shares of the Company in total through the Key Employee Share Purchase Plan, accounting for 0.168% of the total share capital of the Company.

The Long-term Service Plan

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

As at the end of the Reporting Period, two phases of the Long-term Service Plan were implemented:

Regarding the Long-term Service Plan for 2019, there were 31,026 participants. A total of 54,294,720 A shares of the Company were purchased for a total amount of RMB4,296,112,202.60 (expenses inclusive), accounting for 0.297% of the total share capital of the Company at that time. Regarding the Long-term Service Plan for 2020, there were 32,022 participants. A total of 49,759,305 A shares of the Company were purchased for a total amount of RMB3,988,648,517.41 (expenses inclusive), accounting for 0.272% of the total share capital of the Company at that time. In the Reporting Period, 394 employees did not qualify for the vesting and 973,554 shares were forfeited under the Long-term Service Plan for 2019, and 169 employees did not qualify for the vesting and 233,987 shares were forfeited under the Long-term Service Plan for 2020.

During the Reporting Period, the manager of the Long-term Service Plan was changed from China Merchants Securities Asset Management Co., Ltd. to the Company itself.

As at the end of the Reporting Period, the Long-term Service Plan held a total of 104,054,025 A shares of the Company, accounting for 0.569% of the total share capital of the Company.

Since the implementation of the Key Employee Share Purchase Plan and the Long-term Service Plan, the Company has had stable, healthy operations. The shareholders, the Company, and the employees have shared benefits and risks, providing a strong foundation for further improving the Company's governance structure as well as establishing and strengthening long-term incentive and restraint mechanisms to facilitate long-term sustainable, healthy development.

Purchase, Sale or Redemption of the Company's Listed Securities

The 2018 annual general meeting, the 2019 first A shareholders' class meeting and the 2019 first H shareholders' class meeting held by the Company on April 29, 2019 deliberated and approved the Resolution Regarding the A Share Repurchase Plan by Means of Centralized Bidding Transactions. As of March 31, 2020, a total of 70,006,803 A shares of the Company were purchased by the Company by means of centralized bidding transaction via the system of the SSE, representing approximately 0.38296% of the total share capital of the Company. The total amount of funds paid was RMB5,993,765,118.20 (exclusive of transaction costs)/RMB5,994,784,083.55 (inclusive of transaction costs). The lowest transaction price was RMB79.27 per share and the highest transaction price was RMB91.43 per share. The repurchased A Shares of the Company will be reserved exclusively for the employee stock ownership plan of the Company, including but not limited to the Long-term Service Plan which has been deliberated and approved at the general meeting of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months from January 1, 2020 to March 31, 2020.

5. GUARANTEE

(in RMB million)

External guarantee of the Company and its subsidiaries (excluding the guarantee in favor of its subsidiaries)	
Total external guarantee incurred during the Reporting Period	–
Total external guarantee balance as at the end of the Reporting Period	–
Guarantee of the Company and its subsidiaries in favor of its subsidiaries	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period ⁽²⁾	(7,982)
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	35,462
Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee	35,462
Total guarantee as a percentage of the Company's net assets (%)	5.1
Including: Direct or indirect guarantee for the companies with a total liabilities to total assets ratio over 70% (as at March 31, 2020)	32,840
The amount by which the total guarantee balance of the Company and its subsidiaries exceeded 50% of the Company's net assets	–

Notes: (1) The data set out in the table above does not include those arising from financial guarantee businesses conducted by the Company's controlled subsidiaries such as Ping An Bank in strict compliance with the scope of business approved by regulatory authorities.

(2) During the Reporting Period, the total guarantee incurred was the guarantee withdrawal of RMB1,190 million less the guarantee repayment of RMB9,172 million.

6. SOLVENCY MARGIN OF SUBSIDIARIES

As at March 31, 2020	Ping An Life	Ping An Property & Casualty
Core capital (in RMB million)	940,056	95,847
Actual capital (in RMB million)	955,056	114,347
Minimum capital (in RMB million)	424,017	43,716
Core solvency margin ratio (%)	221.7	219.2
Comprehensive solvency margin ratio (%)	225.2	261.6

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

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

7.1 Consolidated Income Statement

For the three months ended March 31, 2020

For the three months ended March 31 (in RMB million)	2020 (Unaudited)	2019 (Unaudited)
Gross written premiums	257,940	274,386
Less: Premiums ceded to reinsurers	(6,608)	(6,574)
Net written premiums	251,332	267,812
Change in unearned premium reserves	(10,610)	(11,714)
Net earned premiums	240,722	256,098
Reinsurance commission revenue	1,790	2,078
Interest revenue from banking operations	47,672	42,389
Fees and commission revenue from non-insurance operations	14,438	13,773
Interest revenue from non-banking operations	27,492	23,785
Investment income	3,268	46,613
Share of profits and losses of associates and jointly controlled entities	4,623	4,711
Other revenues and other gains	15,256	14,132
Total revenue	355,261	403,579
Gross claims and policyholders' benefits	(185,443)	(216,376)
Less: Reinsurers' share and policyholders' benefits	2,957	2,573
Claims and policyholders' benefits	(182,486)	(213,803)
Commission expenses on insurance operations	(29,466)	(32,849)
Interest expenses on banking operations	(22,727)	(21,476)
Fees and commission expenses on non-insurance operations	(2,452)	(2,318)
Net impairment losses on financial assets	(16,705)	(14,244)
Net impairment losses on other assets	(706)	(530)
Foreign exchange (losses)/gains	(44)	555
General and administrative expenses	(41,020)	(41,812)
Interest expenses on non-banking operations	(6,344)	(4,246)
Other expenses	(15,959)	(9,596)
Total expenses	(317,909)	(340,319)

For the three months ended March 31 (in RMB million)	2020 (Unaudited)	2019 (Unaudited)
Profit before tax	37,352	63,260
Income tax	(7,018)	(13,936)
Profit for the period	<u>30,334</u>	<u>49,324</u>
Attributable to:		
– Owners of the parent	26,063	45,517
– Non-controlling interests	4,271	3,807
	<u>30,334</u>	<u>49,324</u>
	RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:		
– Basic	1.47	2.55
– Diluted	1.46	2.55

7.2 Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2020

For the three months ended March 31 (in RMB million)	2020 (Unaudited)	2019 (Unaudited)
Profit for the period	30,334	49,324
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Changes in the fair value of debt instruments at fair value through other comprehensive income	6,514	776
Credit risks provision of debt instruments at fair value through other comprehensive income	271	347
Shadow accounting adjustments	(2,941)	(261)
Reserve from cash flow hedging instruments	(155)	–
Exchange differences on translation of foreign operations	131	(740)
Share of other comprehensive income of associates and jointly controlled entities	(248)	62
Items that will not be reclassified to profit or loss:		
Changes in the fair value of equity instruments at fair value through other comprehensive income	(24,402)	(3,664)
Shadow accounting adjustments	14,715	1,162
Share of other comprehensive income of associates and jointly controlled entities	3,241	–
Other comprehensive income for the period, net of tax	(2,874)	(2,318)
Total comprehensive income for the period	27,460	47,006
Attributable to:		
– Owners of the parent	22,466	42,920
– Non-controlling interests	4,994	4,086
	27,460	47,006

7.3 Consolidated Statement of Financial Position

As at March 31, 2020

(in RMB million)	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		
Cash and amounts due from banks and other financial institutions	544,411	508,706
Balances with the Central Bank	277,406	246,771
Financial assets purchased under reverse repurchase agreements	93,454	96,457
Premium receivables	92,799	82,416
Accounts receivable	26,193	28,579
Derivative financial assets	40,564	18,957
Reinsurers' share of insurance liabilities	19,194	17,703
Policy loans	147,901	139,326
Finance lease receivable	176,770	183,957
Loans and advances to customers	2,351,758	2,240,396
Financial assets at fair value through profit or loss	1,032,367	961,073
Financial assets at amortized cost	2,342,169	2,281,225
Debt financial assets at fair value through other comprehensive income	520,093	458,165
Equity financial assets at fair value through other comprehensive income	293,754	282,185
Investments in associates and jointly controlled entities	213,434	204,135
Statutory deposits for insurance operations	12,510	12,501
Investment properties	39,069	39,848
Property and equipment	45,517	46,971
Intangible assets	63,281	63,333
Right-of-use assets	16,412	16,553
Deferred tax assets	53,371	50,301
Other assets	215,141	197,240
Policyholder account assets in respect of insurance contracts	40,922	41,763
Policyholder account assets in respect of investment contracts	4,462	4,368
Total assets	8,662,952	8,222,929

(in RMB million)	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	18,280	18,280
Reserves	218,035	225,911
Treasury shares	(5,995)	(5,001)
Retained profits	459,876	433,971
	<hr/>	<hr/>
Equity attributable to owners of the parent	690,196	673,161
Non-controlling interests	215,033	179,209
	<hr/>	<hr/>
Total equity	905,229	852,370
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Due to banks and other financial institutions	827,105	824,025
Financial liabilities at fair value through profit or loss	77,494	39,458
Derivative financial liabilities	48,656	24,527
Assets sold under agreements to repurchase	226,340	176,523
Accounts payable	4,652	4,821
Income tax payable	22,261	12,445
Insurance payables	108,769	126,255
Policyholder dividend payable	61,920	59,082
Customer deposits and payables to brokerage customers	2,585,396	2,431,713
Bonds payable	677,419	699,631
Insurance contract liabilities	2,752,315	2,612,184
Investment contract liabilities for policyholders	57,694	57,489
Lease liabilities	16,383	15,986
Deferred tax liabilities	17,257	22,282
Other liabilities	274,062	264,138
	<hr/>	<hr/>
Total liabilities	7,757,723	7,370,559
	<hr/>	<hr/>
Total equity and liabilities	8,662,952	8,222,929
	<hr/> <hr/>	<hr/> <hr/>

7.4 Consolidated Statement of Cash Flows
For the three months ended March 31, 2020

For the three months ended March 31 (in RMB million)	2020 (Unaudited)	2019 (Unaudited)
Net cash flows from operating activities	128,201	160,074
Cash flows from investing activities		
Purchases of investment properties, property and equipment, and intangible assets	(1,605)	(1,463)
Proceeds from disposal of investment properties, property and equipment, and intangible assets, net	399	1,294
Proceeds from disposal of investments	488,247	351,646
Purchases of investments	(678,264)	(414,091)
Acquisition of subsidiaries, net	(255)	(371)
Disposal of subsidiaries, net	1	(14)
Interest received	39,407	30,889
Dividends received	3,297	4,036
Rentals received	851	1,076
Increase in policy loans, net	(8,268)	(9,867)
Net cash flows used in investing activities	(156,190)	(36,865)
Cash flows from financing activities		
Capital injected into subsidiaries by non-controlling interests	32,018	4,888
Proceeds from bonds issued	200,457	78,071
Increase/(Decrease) in assets sold under agreements to repurchase of insurance operations, net	61,262	(71,809)
Proceeds from borrowings	35,540	35,566
Repayment of borrowings	(260,945)	(99,332)
Interest paid	(5,968)	(5,620)
Dividends paid	(697)	(512)
Increase in placements from banks and other financial institutions of insurance operations, net	3,000	–
Payment of acquisition of treasury shares	(994)	–
Payment of share purchased for Long-term Service Plan	(3,989)	–
Others	(1,271)	(1,240)
Net cash flows from/(used in) financing activities	58,413	(59,988)
Increase in cash and cash equivalents	30,424	63,221
Net foreign exchange differences	1,138	(1,173)
Cash and cash equivalents at the beginning of the period	303,466	308,024
Cash and cash equivalents at the end of the period	335,028	370,072

8. RELEASE OF RESULTS ANNOUNCEMENT

This results announcement is simultaneously available on the website of HKEX (www.hkexnews.hk) and the website of the Company (www.pingan.cn). This results announcement is prepared in accordance with IFRS. The full report of the First Quarter Results for 2020 prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and the other relevant regulations will be published on the Company's website (www.pingan.cn) at the same time as it is published on the website of SSE (www.sse.com.cn).

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

Shenzhen, PRC, April 23, 2020

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Xie Yonglin, Tan Sin Yin, Yao Jason Bo and Cai Fangfang; the Non-executive Directors of the Company are Soopakij Chearavanont, Yang Xiaoping, Liu Chong and Wang Yongjian; the Independent Non-executive Directors of the Company are Ge Ming, Ouyang Hui, Ng Sing Yip, Chu Yiyun and Liu Hong.