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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, 2021

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, 2021 (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

- Ping An achieved steady business results. Operating profit attributable to shareholders of the parent company rose by 8.9% year on year to RMB39,120 million, which is equivalent to a 20.0% annualized operating ROE in the first three months of 2021.
- Customer development continued to yield results. Retail customers increased by 1.0% year to date to over 220 million as of March 31, 2021. There were 84.57 million retail customers holding multiple contracts with different subsidiaries, an increase to 38.3% of the total. New financing scale achieved through corporate business cross-selling expanded by 84.9% year on year in the first three months of 2021.
- Life & Health (the life and health insurance business) grew steadily. New business value (“NBV”) of Life & Health rose by 15.4% year on year to RMB18,980 million in the first three months of 2021. Operating profit rose steadily by 4.2% year on year to RMB25,580 million. Moreover, Ping An Life’s reform has entered its comprehensive rollout and execution stage.
- Property & Casualty (the property and casualty insurance business) maintained excellent business quality. Ping An Property & Casualty’s combined ratio improved by 1.3 pps year on year to 95.2% in the first three months of 2021. Operating profit grew by 15.2% year on year to RMB5,119 million. The “Ping An Auto Owner” app, the largest automotive service app in China, had over 133 million registered users as of March 31, 2021, up 5.1% year to date.

- Ping An Bank maintained stable business operations and improved asset quality. Revenue increased by 10.2% year on year to RMB41,788 million in the first three months of 2021. Net profit grew by 18.5% year on year to RMB10,132 million. The non-performing loan ratio improved by 0.08 pps year to date to 1.10% as of March 31, 2021, while the provision coverage ratio increased by 43.76 pps to 245.16%.
- Ping An accelerated the implementation of its healthcare ecosystem strategy. Ping An’s smart healthcare business serves regulators and empowers medical institutions with solutions for public health management, medical institution regulation, AskBob medical stations, clinical decision support, medical image recognition, and chronic disease management. Ping An’s smart healthcare business had empowered over 37,000 medical institutions and benefited about 750,000 doctors in 161 cities as of March 31, 2021. Moreover, Ping An cooperates closely with local Healthcare Security Administrations, and won seven new bids in the first three months of 2021 to construct provincial-level social health insurance (“SHI”) platforms.
- Ping An further enhanced its technological capabilities. Ping An’s technology patent applications increased by 1,100 year to date to 32,512 as of March 31, 2021, more than most other international financial institutions’. Moreover, Ping An won multiple international honors in AI, healthtech and other fields. Ping An won four championships in the International Workshop on Semantic Evaluation (SemEval-2021) and one championship in one of the tasks of MEDIQA 2021, an international medical question answering assessment, in the first three months of 2021.

1.2 Key Figures

For the three months ended March 31	2021	2020	Change (%)
Operating profit attributable to shareholders of the parent company (in RMB million)	39,120	35,914	8.9
Basic operating earnings per share (in RMB)	2.21	2.03	8.9
Net profit attributable to shareholders of the parent company (in RMB million)	27,223	26,063	4.5
Life & Health NBV ⁽¹⁾ (in RMB million)	18,980	16,453	15.4
Property & Casualty combined ratio (%)	95.2	96.5	-1.3 pps
	March 31, 2021	December 31, 2020	Change (%)
Number of retail customers (in million)	220.60	218.43	1.0
Number of internet users (in million)	611.33	598.04	2.2
Proportion of retail customers holding multiple contracts with different subsidiaries (%)	38.3	38.0	0.3 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

China achieved strong results in the prevention and containment of the epidemic with the rollout and inoculation of COVID-19 vaccines in the first three months of 2021. Amid a steady domestic economic recovery, Ping An's traditional offline business development gradually resumed. However, the ongoing global spread of COVID-19 has complicated the international economic environment. In addition, the foundation for domestic economic recovery was not strong as domestic discretionary demand was still recovering. The demand for long-term protection business remained depressed. Ping An adopted various forward-looking measures including strengthening risk management, advancing reforms, and promoting digitization to lay a solid foundation for long-term sustainable, healthy growth.

Net profit attributable to shareholders of the parent company increased by 4.5% year on year to RMB27,223 million in the first three months of 2021. Operating profit attributable to shareholders of the parent company grew by 8.9% year on year to RMB39,120 million. Basic operating earnings per share rose by 8.9% year on year to RMB2.21. The annualized operating ROE was 20.0%.

Ping An made provisions for impairment losses and adjusted the valuations of investments related to China Fortune Land Development in the first three months of 2021. The impairment provisions and valuation adjustments totaled RMB18.2 billion. The impact on net profit after tax attributable to shareholders of the parent company was negative RMB10.0 billion. The impact on operating profit after tax attributable to shareholders of the parent company was negative RMB2.9 billion.

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 and others. 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.

- Short-term investment variance, which is the variance between the actual investment return of Life & Health and the embedded value (EV) long-run investment return assumption, net of the associated impact on insurance and investment contract liability. The investment return of Life & Health is locked at 5% excluding the short-term investment variance;
- The impact of discount rate⁽¹⁾ change is the effect on insurance contract liability of Life & Health due to changes in the discount rate; and
- The impact of one-off material non-operating items and others is the impact of material items that management considered to be non-operating incomes and expenses. Such impact comprised the revaluation gain on the convertible bonds issued by Lufax Holding to the Group, amounting to RMB967 million in the first three months of 2021.

Note: (1) Refer to the significant accounting policies in the notes to the Company's 2020 Annual Report for information about the discount rate.

For the three months ended March 31 (in RMB million)	Life & Health business	Property & Casualty 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	12,403	5,096	5,872	240	771	1,269	3,300	(1,728)	27,223
Net profit attributable to non-controlling interests	181	23	4,260	-	34	324	405	561	5,788
Net profit (A)	12,584	5,119	10,132	240	805	1,593	3,705	(1,167)	33,011
Excluding:									
Short-term investment variance (B)	(10,328)	-	-	-	-	-	-	-	(10,328)
Impact of discount rate change (C)	(2,667)	-	-	-	-	-	-	-	(2,667)
Impact of one-off material non-operating items and others (D)	-	-	-	-	-	-	967	-	967
Operating profit (E=A-B-C-D)	25,580	5,119	10,132	240	805	1,593	2,738	(1,167)	45,040
Operating profit attributable to shareholders of the parent company	25,267	5,096	5,872	240	771	1,269	2,333	(1,728)	39,120
Operating profit attributable to non-controlling interests	313	23	4,260	-	34	324	405	561	5,920

For the three months ended March 31 (in RMB million)	Life & Health business	Property & Casualty 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	<u>169</u>	<u>22</u>	<u>3,594</u>	<u>1</u>	<u>31</u>	<u>257</u>	<u>246</u>	<u>(49)</u>	<u>4,271</u>
Net profit (A)	<u>14,620</u>	<u>4,443</u>	<u>8,548</u>	<u>903</u>	<u>834</u>	<u>1,009</u>	<u>1,536</u>	<u>(1,559)</u>	<u>30,334</u>
Excluding:									
Short-term investment variance (B)	(8,001)	-	-	-	-	-	-	-	(8,001)
Impact of discount rate change (C)	(1,935)	-	-	-	-	-	-	-	(1,935)
Impact of one-off material non-operating items and others (D)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating profit (E=A-B-C-D)	<u>24,556</u>	<u>4,443</u>	<u>8,548</u>	<u>903</u>	<u>834</u>	<u>1,009</u>	<u>1,536</u>	<u>(1,559)</u>	<u>40,270</u>
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	<u>254</u>	<u>22</u>	<u>3,594</u>	<u>1</u>	<u>31</u>	<u>257</u>	<u>246</u>	<u>(49)</u>	<u>4,356</u>

Notes: (1) Life & Health business represents the results of three subsidiaries, namely Ping An Life, Ping An Annuity, and Ping An Health. Property & Casualty business represents the results of Ping An Property & Casualty. The banking business represents the results of Ping An Bank. The trust business represents the results of Ping An Trust and Ping An New Capital. The securities business represents the results of Ping An Securities. The other asset management business represents the results of other subsidiaries that engage in asset management business including Ping An Asset Management, Ping An Financial Leasing, and Ping An Overseas Holdings. The technology business represents the results of subsidiaries, associates and jointly controlled entities that engage in technology business including Autohome, Lufax Holding, OneConnect, Ping An Good Doctor, and Ping An HealthKconnect. Eliminations include offsets against cross-shareholding among business lines.

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

2.2 Customer Development

Ping An's retail customers continued to increase. The Group's retail customers⁽¹⁾ grew by 1.0% year to date to over 220 million, 38.3% of whom held multiple contracts with different subsidiaries as of March 31, 2021. Contracts per customer reached 2.75. New retail customers reached 7.94 million, 35.2% of whom were sourced from internet users in the first three months of 2021. The Group's internet users⁽²⁾ increased by 2.2% year to date to over 611 million as of March 31, 2021. The number of yearly active users⁽³⁾ exceeded 322 million.

(in million)	March 31, 2021	December 31, 2020	Change (%)
Number of retail customers	220.60	218.43	1.0
Including: number of retail customers holding multiple contracts with different subsidiaries	84.57	83.08	1.8
Number of internet users	611.33	598.04	2.2
Including: number of app users	558.19	545.35	2.4

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

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

(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.

Ping An's corporate customer development achieved significant results, boosting the business scale continuously. Ping An's corporate customer base continued to grow, customer services improved steadily, and the business scale kept on expanding under the corporate integrated financial business strategy. The corporate premiums achieved through cross-selling grew by 24.4% year on year to RMB4,400 million in the first three months of 2021. The new financing scale achieved through corporate business cross-selling increased by 84.9% year on year to RMB177,034 million.

For the three months ended March 31 (in RMB million)	2021	2020	Change (%)
Corporate premiums achieved through cross-selling ⁽¹⁾	4,400	3,537	24.4
Including: Written premium of the corporate channel ⁽²⁾	1,594	1,347	18.3
New financing scale achieved through corporate business cross-selling ⁽³⁾	<u>177,034</u>	<u>95,748</u>	<u>84.9</u>

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 corporate premiums achieved through cross-selling less that achieved by Ping An Life.

(3) The new financing scale achieved through corporate business cross-selling refers to the scale of new financing projects achieved by the Group's member companies through cross-selling.

2.3 Life and Health Insurance Business

Life & Health's operations stabilized in the post-COVID era. China's economy has maintained positive long-term fundamentals and high-quality development despite various challenges. The Company proactively promoted annuity products to satisfy customer demands in the first three months of 2021. In addition, the Company improved its protection product portfolio by developing heartwarming "product + service" packages for healthy business development. The NBV of Life & Health grew by 15.4% year on year to RMB18,980 million in the first three months of 2021.

Ping An Life's reform has entered its comprehensive rollout and execution stage. In respect of "channel 1 + 4," Ping An Life advanced its digital channel reform, focusing on four key projects, namely digital business outlets, activity management, digital agent recruitment, and smart training. Ping An Life fully tapped channels including sales agents, bancassurance, telemarketing and the internet, and dynamically revised the basic management procedure for sales agents. In respect of "product 1 + 4," Ping An Life provides one-stop customer-centric healthcare services under the "product + service" strategy. Ping An Life is committed to providing "heartwarming insurance" through four major services, namely health management, chronic disease management, critical illness management, and eldercare management. Ping An Life will strive to be a world-leading life insurer by leveraging four major advantages, namely a professional management team, a highly competent sales force, a strong integrated financial product and service portfolio, and leading technological strengths.

In respect of channels, Ping An Life lays a foundation for high-quality development by enhancing its operational platforms via digitization.

- **Agent channel.** The agent channel adhered to a high-quality agent team development strategy in the first three months of 2021. The agent channel strived to boost the operational efficiency of business outlets by driving Ping An Life's reform, upgrading the management platform, and pursuing technological empowerment. In operations, Ping An Life continued to expand the standard evaluation system to evaluate the operating results of business outlets according to performance, quality and behavior, and identify "5-star outlets with strong performance, high quality, and good behavior." This evaluation system rates business outlets with stars, and integrates the reform projects including digital business outlets, activity management, digital agent recruitment, and smart training to realize closed-loop digital operations management. In business outlet development, Ping An Life further advanced digitization and improved the functional design of core modules to empower business outlets. In agent recruitment, the new E-recruitment platform enables the agent channel to hold video conferences for agents across the country, and provides empowerment training for seed agents in five major business regions. By doing so, Ping An quickly brought the success of its reform to the front line, empowering agent recruitment. In agent training, Ping An Life further improved the expertise and skills of the sales force by developing a practical training system, upgrading the smart training platform, and improving the efficiency of learning and management. In customer acquisition and business development, Ping An Life focused on customer demands and further improved customer development processes. Ping An Life developed business models covering dimensions including activities, benefits, tools, products, services and agents, matching customers with business themes according to customer profiles. These business models help agents boost the efficiency of customer acquisition and business development. In team management, Ping An Life promoted the implementation of the basic management procedure for sales agents at branch levels to support differentiated team development. Ping An Life implemented more comprehensive and heartwarming benefit plans for supervisors and high achievers. Ping An Life piloted a business outlet manager care plan to strengthen agents' sense of belonging and vitalize teams.
- **Bancassurance channel.** Ping An Life repositioned and upgraded its "channel + product + technology" strategy, adhering to value-driven operations. Ping An Life has completed the reform and restructuring of the bancassurance teams. A suite of technologies, products and an operational framework exclusively for the bancassurance channel have been set up. The business portfolio within this channel has been improved, and the NBV margin has increased.
- **Other channels.** The telemarketing channel transformed toward a long-term business model combining "services and sales" under a customer-centric approach. The telemarketing channel uses the Ping An Life's unified customer development platform to carry out efficient, precise and controlled customer interaction and product recommendation through themed campaigns, customer benefits and services, and a content matrix. In this way, the telemarketing channel maintains a leading market share by boosting both operational efficiency and business value. Being customer-centric, the internet channel promotes online user conversion with innovative campaigns, better contents, and improved features.

In respect of products, Ping An Life advances its “product +” strategy, focuses on the “product 1 + 4” reform, and improves its product portfolio by launching savings and protection products to meet diverse customer demands. Moreover, Ping An Life leverages the Group’s healthcare ecosystem and technological strengths to offer comprehensive and revolutionary “product + service” packages.

- **In respect of savings products,** Ping An Life stepped up efforts to promote savings products, particularly long-term savings products, in response to increasing customer demand in the post-COVID-19 era. Ping An Life proactively sought opportunities in this segment where customers save for education and pension purposes.
- **In respect of protection products,** Ping An Life remained focused on customer demands and implemented the “product 1 + 4” reform to push the boundaries of insurance services and provide each customer with a dedicated family doctor. Ping An Life offers “heartwarming insurance” by providing four categories of services, namely health management, chronic disease management, critical illness management, and eldercare management. Ping An Life improved its product portfolio and upgraded “Ping An Fu” and “Man Fen” to meet diverse customer demands with wider coverages and better services, seizing opportunities brought by the industry’s revised definitions of critical illnesses. Ping An Life also penetrated the mid- to high-end market by rolling out critical illness insurance products that offer comprehensive coverage and allow multiple claims. Under the brand-new “Zhen Xiang RUN” service framework, major critical illness products are matched with graded “RUN” programs. In this way, Ping An Life provides new critical illness insurance customers with value-added health services in five scenarios, namely healthiness, sub-healthiness, medical, chronic disease, and critical illness. Ping An Life will continue to build the “product + service” system, strengthen the closed loop of end-to-end services across the customer lifecycle, and deliver heartwarming services to customers.

Key indicators of Life & Health

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

	2021	2020	Change (%)
Operating profit	<u>25,580</u>	<u>24,556</u>	<u>4.2</u>
First-year premium used to calculate NBV	60,527	49,188	23.1
NBV ⁽¹⁾	18,980	16,453	15.4
NBV margin (%)	<u>31.4</u>	<u>33.4</u>	<u>-2.1 pps</u>

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

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

	March 31, 2021	December 31, 2020	Change (%)
Number of individual life insurance sales agents (person)	<u>985,726</u>	<u>1,023,836</u>	<u>(3.7)</u>

2.4 Property and Casualty Insurance Business

Ping An Property & Casualty maintained excellent business quality, despite short-term pressure on premiums. Auto insurance premium rates declined due to the comprehensive reform of auto insurance in the first three months of 2021. Moreover, Ping An Property & Casualty continuously improved its customer portfolio and enhanced risk screening. The premium income of Ping An Property & Casualty decreased by 8.8% year on year to RMB66,175 million in the first three months of 2021. Yet the overall combined ratio improved by 1.3 pps year on year to 95.2%. Operating profit grew by 15.2% year on year to RMB5,119 million, indicating steadily growing profitability.

Ping An Property & Casualty continued to promote online customer development. The “Ping An Auto Owner” app, the largest automotive service app in China, had over 133 million registered users as of March 31, 2021, up 5.1% year to date. The users had linked over 85.64 million vehicles with the app, including over 29 million not insured by Ping An yet, indicating great growth potential from user conversion. The app had over 28 million monthly active users in March 2021. Moreover, Ping An Property & Casualty is committed to the creation of excellent customer experiences. Ping An Property & Casualty significantly streamlined the claims processes by introducing a precise claims settlement decision engine capable of precise customer profiling and image-based loss assessment. Ping An Property & Casualty processed 93% of family auto insurance claims via “One-click Claims Services” in the first three months of 2021.

For the three months ended March 31

(in RMB million)	2021	2020	Change (%)
Operating profit	<u>5,119</u>	<u>4,443</u>	<u>15.2</u>
Premium income	66,175	72,589	(8.8)
Including: Auto insurance	42,638	46,767	(8.8)
Non-auto insurance	18,297	21,743	(15.8)
Accident and health insurance	5,240	4,079	28.5
Combined ratio (%)	<u>95.2</u>	<u>96.5</u>	<u>-1.3 pps</u>

2.5 Investment Portfolio of Insurance Funds

The Company continued to improve the asset allocation of its investment portfolio of insurance funds and the management of asset-liability matching. The Company's investment portfolio of insurance funds grew by 1.1% year to date to RMB3.78 trillion as of March 31, 2021. The investment portfolio of insurance funds achieved an annualized net investment yield of 3.5% and an annualized total investment yield of 3.1% in the first three months of 2021.

Economic activity had not yet fully recovered as the COVID-19 pandemic continued to rage globally in the first three months of 2021. However, economic indicators of major economies continued to improve on the back of pandemic prevention measures, vaccine use, and large-scale bailout packages. Offshore capital markets gradually regained grounds, and risk-free interest rates of major economies increased. In China, COVID-19 had been effectively brought under control despite sporadic cases, and economic activity continued to recover. China's capital markets witnessed increased volatility and mixed performance of sectors due to policy changes, rising commodity prices, and climbing offshore interest rates. Domestic market interest rates fluctuated narrowly against the backdrop of moderate domestic monetary policy adjustments and continued domestic economic recovery. The investment yields on the Company's investment portfolio of insurance funds dropped slightly year on year due to Hong Kong stock market recovery, volatile market interest rates, and increased impairment provisions.

For the three months ended March 31

(in RMB million)	2021	2020	Change (%)
Net investment income ⁽¹⁾	36,820	31,979	15.1
Total investment income ⁽²⁾	23,907	25,931	(7.8)
Net investment yield ⁽³⁾ (annualized, %)	3.5	3.6	-0.1 pps
Total investment yield ⁽³⁾ (annualized, %)	3.1	3.4	-0.3 pps

Notes: (1) Net investment income includes interest revenue from deposits and debt financial assets, dividend income from equity financial assets, operating lease income from investment properties, and the share of profits and losses of associates and 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 the computation of annualized investment yields, only interest revenue from deposits and debt financial assets as well as operating lease income from investment properties were annualized, while interest income 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. Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method.

Ping An continued to improve the asset-liability matching of insurance funds. The Company optimized asset allocation and strengthened ex ante risk management according to the long-term trends of China's economic growth and financial markets, adhering to robust asset-liability management strategies. Ping An boosted investment returns by managing equity investment flexibly to seize opportunities from post-COVID-19 market volatility and structural trends amid global economic recoveries. The Company neither needs nor plans to increase the risk appetite of its investment portfolio of insurance funds in the current low interest rate environment, bolstered by high-quality assets and flexible, robust equity investment practices.

Ping An strengthened credit risk management, continued to improve risk assessment and management before, during and after investment, and enhanced the efficiency of risk management with fintech. Debt schemes and debt wealth management products as a percentage of the Company's investment portfolio of insurance funds increased by 0.8 pps year to date to 11.8% as of March 31, 2021. The credit quality of debt schemes and debt wealth management products in the Company's investment portfolio of insurance funds remained sound at relatively high levels, indicating that risks were under control.

2.6 Banking Business

Ping An Bank continued its mission to build "China's most outstanding, world-leading smart retail bank" under the strategy of "technological empowerment, breakthroughs in retail banking, and enhancement of corporate banking." Ping An Bank promoted the in-depth development of digital operations, positioned as "a digital bank, an ecosystem, and a platform." Furthermore, Ping An Bank made every effort to achieve the new three-year goal of "reshaping asset-liability operations" and maintained steady business development.

Ping An Bank maintained stable business growth. Revenue grew by 10.2% year on year to RMB41,788 million in the first three months of 2021. Net profit grew by 18.5% year on year to RMB10,132 million. Ping An Bank's net interest margin was 2.87%, stable year on year in the first three months of 2021. The average cost of liabilities was 2.22%, down 0.32 pps year on year, and 0.10 pps lower than that for 2020. The average cost of deposits was 2.06%, down 0.36 pps year on year, and 0.17 pps lower than that for 2020, reflecting the continued cost optimization of deposits.

Ping An Bank further advanced its retail business transformation. Ping An Bank provided “heartwarming” financial services under a business strategy of data-driven operations, online operations, comprehensive services, and ecosystem-based development. Ping An Bank achieved healthy growth in various retail businesses in the first three months of 2021. Ping An Bank’s retail assets under management (AUM) rose by 6.8% year to date to RMB2,802,610 million as of March 31, 2021. Retail customers increased by 3.0% year to date to 110,399.4 thousand, among which qualified private banking customers grew by 9.1% year to date to 62.5 thousand. The balance of retail deposits increased by 5.4% year to date to RMB721,434 million. The average daily balance of retail demand deposits increased by 18.5% year on year to RMB225,419 million in the first three month of 2021. The average cost of retail deposits for the first three months of 2021 was 2.29%, down 0.29 pps year on year, and 0.13 pps lower than that for 2020, reflecting an optimized deposit portfolio. The balance of retail loans grew by 4.0% year to date to RMB1,669,911 million as of March 31, 2021, with the business portfolio and customer portfolio further improving.

Ping An Bank continued to enhance corporate banking. Ping An Bank made breakthroughs in business development by playing “five cards,” namely new supply chains, bill integration, a uniform customer development platform, sophisticated investment and financing, and ecosystem-based cross-selling. The balance of corporate loans grew by 4.5% year to date to RMB1,108,599 million as of March 31, 2021. The balance of corporate deposits grew by 1.5% year to date to RMB2,018,554 million. The average daily balance of corporate demand deposits grew by 26.5% year on year to RMB688,249 million in the first three months of 2021. The average cost of corporate deposits was 1.98% in the first three months of 2021, down 0.39 pps year on year, and 0.19 pps lower than that for 2020.

Ping An Bank achieved steady growth in interbank business. Ping An Bank focused on new transactions, new interbank business, and new asset management business. Market shares by transaction volumes of interest swap business, gold business and bond business were 12.9%, 7.9% and 2.1% respectively in the first three months of 2021. Interbank institutional sales reached RMB462,028 million, up 117.5% year on year. Ping An Bank had RMB521,828 million of NAV-type (net asset value-type) products in compliance with the new asset management regulation as of March 31, 2021, up 12.6% year to date. Such products accounted for 76.0% of the balance of the non-principal guaranteed wealth management products, compared with 71.5% at the beginning of 2021.

Asset quality of Ping An Bank continued to improve. The non-performing loan ratio was 1.10% as of March 31, 2021, improved by 0.08 pps year to date. The provision coverage ratio for non-performing loans rose by 43.76 pps year to date to 245.16%. The deviations of loans more than 60 days overdue and loans more than 90 days overdue were 0.88 and 0.78 respectively.

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

	2021	2020	Change (%)
Net profit	10,132	8,548	18.5
Revenue	41,788	37,926	10.2
Net interest revenue ⁽¹⁾	29,766	27,431	8.5
Net non-interest revenue ⁽¹⁾	12,022	10,495	14.5
Impairment losses on credit and other assets	16,697	15,928	4.8
Operational efficiency and profitability			
Cost-to-income ratio (%)	28.12	27.94	0.18 pps
Net interest margin ⁽¹⁾ (annualized, %)	2.87	2.88	-0.01 pps

(in RMB million)	March 31, 2021	December 31, 2020	Change (%)
Deposits and loans⁽²⁾			
Total loans and advances	2,778,510	2,666,297	4.2
Including: Retail loans	1,669,911	1,604,940	4.0
Corporate loans	1,108,599	1,061,357	4.5
Deposits	2,739,988	2,673,118	2.5
Including: Retail deposits	721,434	684,669	5.4
Corporate deposits	2,018,554	1,988,449	1.5

Notes: (1) The revenue from credit card installment services was reclassified from fee and commission revenue to interest revenue in accordance with the *Circular on Strictly Implementing the Accounting Standards for Business Enterprises and Effectively Strengthening the Work on the 2020 Annual Reports of Enterprises* (Cai Kuai [2021] No.2) jointly issued by the Ministry of Finance and related commissions of China on February 5, 2021. Corresponding financial indicators including the net interest revenue, net non-interest revenue, and net interest margin for the comparable period have been restated accordingly.

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

(in RMB million)	March 31, 2021	December 31, 2020	Change (%)
Asset quality			
Percentage of special mention loans (%)	1.06	1.11	-0.05 pps
Non-performing loan ratio (%)	1.10	1.18	-0.08 pps
Provision coverage ratio (%)	245.16	201.40	43.76 pps
Percentage of loans more than 60 days overdue (%)	0.97	1.08	-0.11 pps
Deviation of loans more than 60 days overdue ⁽¹⁾	0.88	0.92	-4 pps
Provision coverage ratio for loans more than 60 days overdue (%)	278.60	219.78	58.82 pps
Percentage of loans more than 90 days overdue (%)	0.86	0.88	-0.02 pps
Deviation of loans more than 90 days overdue ⁽²⁾	0.78	0.75	3 pps
Provision coverage ratio for loans more than 90 days overdue (%)	312.76	268.74	44.02 pps

Notes: (1) Deviation of loans more than 60 days overdue = balance of loans more than 60 days overdue / balance of non-performing loans.

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

	March 31, 2021	December 31, 2020	Change (%)
Capital adequacy ratio			
Total risk weighted assets (in RMB million)	3,264,091	3,151,764	3.6
Core tier 1 capital adequacy ratio (%)	8.67	8.69	-0.02 pps
Tier 1 capital adequacy ratio (%)	10.81	10.91	-0.10 pps
Capital adequacy ratio (%)	<u>13.20</u>	<u>13.29</u>	<u>-0.09 pps</u>

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

2.7 Asset Management Business

Net profit of the asset management business decreased by 3.9% year on year to RMB2,638 million due to the varied paces of exits from investments as well as impairment provisions on and valuation adjustments of investments in the first three months of 2021.

Ping An Trust followed regulatory guidelines, ramped up transformation efforts, and focused on its core trust businesses. Ping An Trust continued to focus on its four core businesses, namely special asset investment, infrastructure investment, financial service trusts and private equity investment, adhering to its role as a trustee to serve the real economy. Ping An Trust continued to promote its business transformation and optimize its business portfolio. Assets held in trust increased by 3.0% year to date to RMB402,814 million as of March 31, 2021, with an increasing contribution from assets under active management. Assets held in trust in the investment category saw a net increase of RMB31,447 million or 26.7% year to date.

Ping An Securities achieved better-than-average business results by leveraging the Group's integrated financial services and technological advantages. Ping An Securities carried out digital operations and platform-empowered operations driven by “research, customers, products and platforms” by advancing various strategic measures in the first three months of 2021. Ping An Securities's return on equity (ROE) was better than the industry average, and its core business indicators continued to grow. In brokerage business, the market share of Ping An Securities in terms of the brokerage equity and fund trading volume (excluding seat leasing)⁽¹⁾ continued to expand by 0.31 pps year on year to 3.69% thanks to advantages in online operations in the first three months of 2021. Ping An Securities accelerated its transformation toward wealth management, and optimized its revenue structure. In investment banking business, Ping An Securities was among top players in the industry by debt financing business volume. Ping An Securities boosted its total underwritten volume of asset-backed securities (“ABSs”) and bonds by 50% year on year, ranking first and eighth in the industry by underwritten volumes of ABSs and bonds respectively in the first three months of 2021.

Note: (1) The computation of the market share excludes the Northbound Stock Connect market.

2.8 Technology Business

Ping An continues to further its technology strategies and rapidly develop its technology business. The total revenue of the technology business⁽¹⁾ increased by 20.1% year on year to RMB23,824 million in the first three months of 2021.

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

Ping An Good Doctor (HKEX: 01833.HK), as an integral part of the Group's healthcare ecosystem, has built an AI-aided in-house medical team of over 2,000 people and integrated offline healthcare networks to provide online-merge-offline healthcare. Ping An Good Doctor continued to advance its business strategy focused on channels, services, and capabilities. Ping An Good Doctor is committed to facilitating the communication between doctors and patients, with an aim to build trust, promote professionalism, and offer convenience. Ping An Good Doctor plans to build an online healthcare services platform with the largest scale, the most advanced models, and the deepest competitive moat in China. In January 2021, the "Ping An Good Doctor" app was officially renamed the "Ping An Healthcare" app. Moreover, Ping An Good Doctor established an insurance business unit to strengthen online business cooperation with insurers including Ping An Health Insurance Company of China, Ltd. and provide one-stop, all-round and end-to-end online "healthcare + insurance" services. Going forward, Ping An Good Doctor will make greater efforts to develop online medical services while enhancing health management and expanding offline partner networks. Moreover, Ping An Good Doctor will strengthen its in-house medical team, partner with renowned doctors globally, and build a global network of doctors under the multi-site practice model to provide comprehensive, professional medical services.

Ping An HealthKconnect strives to be a smart technology company that fully empowers the healthcare ecosystem. Ping An HealthKconnect leverages its industry-leading experience in SHI, medical, health and disease management to fully empower the healthcare ecosystem. Ping An HealthKconnect empowers Healthcare Security Administrations by developing the Smart SHI Integrated Platform centering around a smart SHI system. 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. Ping An HealthKconnect won seven new bids to construct provincial-level SHI platforms in the first three months of 2021.

Lufax Holding (NYSE: LU), as one of the leading technology-empowered personal financial services platforms in China, is committed to making retail credit facilitation and wealth management easier, safer and more efficient. Lufax Holding engages in two major businesses, namely retail credit facilitation and wealth management. In retail credit facilitation, Lufax Holding efficiently connects borrowers with banks, trust companies and insurers on its "Aggregate Model" retail lending platform to provide small and micro-business owners with quick, convenient lending services. In wealth management, Lufax Holding has partnered with financial product providers and built a technology-powered smart business framework, using AI to match customers with products and providing middle-class and affluent investors with diverse customized offerings.

OneConnect (NYSE: OCFT) is China’s leading technology-as-a-service platform for financial institutions. OneConnect established a product line featuring “horizontal integration” in banking, insurance and asset management sectors and “vertical full coverage” from Software as a Service (SaaS) to Infrastructure as a Service (IaaS) to seize opportunities from the digitization of financial institutions. OneConnect offers full-process services including marketing and customer acquisition, risk management, operational management and smart operations, as well as end-to-end technological services including data management, core systems and cloud platforms. Through these services, OneConnect provides financial institutions with comprehensive technological empowerment. OneConnect continues to promote fintech business innovation, and has been honored as one of KPMG’s China Leading Fintech 50 companies for three consecutive years. In 2021, OneConnect will continue to offer services along the entire industry chains of banking, insurance and asset management to help customers achieve digitization goals with technology.

Autohome (NYSE: ATHM; HKEX: 02518.HK), as China’s leading online auto services platform, is committed to developing an auto ecosystem centering on data and technology. In the ecosystem, Autohome provides auto consumers with diverse products and services across the entire auto lifecycle. In data business, Autohome is committed to empowering automakers and dealers in research and development, marketing, and conversion. Autohome took control of TTP Car Inc. in late 2020, and is promoting strategic synergy and integration to develop a used car transaction ecosystem. Autohome became listed on the Main Board of the Hong Kong Stock Exchange (“HKEX”) on March 15, 2021.

Ping An’s smart city business empowers city development with technologies in government services, business development, and citizen services. Ping An provides comprehensive smart city solutions to facilitate and promote the digital government, digital economy, and digital society. Ping An’s smart city business has gone live in 152 cities across China as well as countries and regions involved in the Belt and Road Initiative. In digital government services, Ping An helps governments improve city governance via an integrated smart government services platform and advance the “internet + government services” reform via an integrated smart citizen services platform. In promoting the digital economy, Ping An builds an integrated digital business operations platform to provide comprehensive services including consulting and planning, operations management, training, data governance and application. In digital citizen services, Ping An’s integrated smart citizen services platform had attracted over 35 million registered users and over 2.6 billion visits as of March 31, 2021. Ping An’s vocational education services platform had served over 55 million users, attracting over 1.22 billion participations in training sessions on the platform as of March 31, 2021.

2.9 Technology-powered Business Transformation

By employing cutting-edge healthtech, Ping An builds and empowers a healthcare ecosystem, realizes horizontal and vertical integration, and creates new drivers of value growth through cooperation among 12 healthcare-related entities. In respect of horizontal integration, Ping An maximizes value by grabbing user traffic from the user end, managing medical institutions from the payment end, and empowering service providers. In respect of vertical integration, Ping An builds a competitive moat by leveraging the core resources of hospitals, doctors and pharmacies through serving healthcare management authorities and empowering ecosystem members with technologies. Ping An strives to build the most advanced healthcare ecosystem and reform the traditional medical service model by serving the healthcare industry on all fronts including healthcare management authorities, patients, service providers, payers, and technologies. Ping An's smart healthcare business serves regulators and empowers medical institutions with solutions for public health management, medical institution regulation, AskBob medical stations, clinical decision support, medical image recognition, and chronic disease management. The business had empowered over 37,000 medical institutions and benefited about 750,000 doctors in 161 cities as of March 31, 2021. Moreover, Ping An cooperates closely with local Healthcare Security Administrations, and won seven new bids in the first three months of 2021 to construct provincial-level SHI platforms.

Ping An leverages cutting-edge technologies to upgrade the end-to-end services of its core financial businesses in an all-round way.

- In respect of sales, Ping An Life rolled out Smart Opportunity Presentation with its “AI Customer Visit Assistant.” The “AI Customer Visit Assistant” was used nearly five million times, facilitating over four million online customer visits in the first three months of 2021. The “Jin Guan Jia” app recorded nearly 289 million online interactions with users in the first three months of 2021. The “Jin Guan Jia” app satisfied diverse customer demands and served users 7.21 million times via a one-stop benefit services system in the first three months of 2021.
- In respect of operations, Ping An leverages technologies to optimize financial business processes, boost operational efficiency, and improve customer experiences in a comprehensive manner. In Property & Casualty's operations management, Ping An leverages AI robot assistants to reform its traditional business operations models and streamline the operational procedures. A “Robot Factory” was built to comprehensively rationalize and create a property and casualty insurance knowledge graph which improves the capability of identifying customer intention based on natural language processing. The robot assistants can “listen, speak, read, think and act” due to integration with voice recognition and voice-to-text technologies. As a result, 82% of policies were issued through self-service in March 2021.
- In respect of customer services, Ping An's self-developed speech robots have been widely used in banking, insurance, and other businesses. The speech robots provided services about 480 million times in the first three months of 2021. The net promoter score on the speech robots for March 2021 was about 4.2 pps higher than that for December 2020.

Ping An attaches great importance to developing core technologies and securing proprietary intellectual property rights. Ping An's technology patent applications increased by 1,100 year to date to 32,512 as of March 31, 2021, more than most other international financial institutions'. Of these applications, nearly 96% were for invention patents and 7,929 were filed under the Patent Cooperation Treaty (PCT) and abroad. Moreover, Ping An won multiple honors in top international technology competitions. Ping An won four championships in the International Workshop on Semantic Evaluation (SemEval-2021) and one championship in one of the tasks of MEDIQA 2021, an international medical question answering assessment, in the first three months of 2021.

2.10 Prospects of Future Development

China is promoting COVID-19 prevention and containment as well as economic and social development. The domestic economy is recovering steadily, with increasingly smoother economic activities and improving market expectations. However, international economic situations remain complex and severe, domestic economic recovery is imbalanced, and the foundation for economic recovery is still not solid.

Profound changes in the domestic and foreign environments will bring long-term new opportunities for the Company's business development. People's health awareness will be gradually enhanced after the epidemic, and their consumption demand for insurance and other financial services will grow. Moreover, government policies and technologies continuously drive new consumption forms and models to develop steadily, generating online business opportunities.

The year 2021 marks the 100th anniversary of the Communist Party of China and the beginning of China's 14th Five-Year Plan. It is also a particularly important year in China's modernization drive after the successful building of a moderately prosperous society in all aspects. The Company will uphold the compliance philosophy of "Regulations + 1" and further improve operations in compliance with applicable laws and regulations. Moreover, the Company will pursue steady progress by continuously advancing the "finance + technology" and "finance + ecosystem" strategies in response to the call of the Communist Party of China and the state. The Company will adhere to the philosophy of "expertise makes life easier, technology makes financial services heartwarming, and healthcare makes life better." The Company will develop heartwarming products and services under the policy of "deepening reform, pursuing sustainable growth, and planning for the future" by leveraging fintech and the healthcare ecosystem. In this way, the Company will create value for shareholders and customers, and contribute to social development.

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

As of March 31, 2021, 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 958,431, of which 954,120 were holders of A shares and 4,311 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	35.68	6,523,017,902 ⁽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	4.86	888,518,668	A Share	-	-
China Securities Finance Corporation Limited	Others	2.99	547,459,258	A Share	-	-
Central Huijin Asset Management Ltd.	State-owned legal person	2.65	483,801,600	A Share	-	-
Business Fortune Holdings Limited	Overseas legal person	2.32	423,863,083	H Share	-	262,072,714 pledged shares
New Orient Ventures Limited	Overseas legal person	1.46	266,639,322	H Share	-	-
Shum Yip Group Limited	State-owned legal person	1.41	257,728,008	A Share	-	-
Plenty Ace Investments (SPV) Limited	Overseas legal person	1.16	212,823,845	H Share	-	-
Dacheng Fund - Agricultural Bank of China - Dacheng Zhongzheng Financial Asset Management Plan	Others	1.10	201,948,582	A Share	-	-

- Notes:* (1) Nature of the holders of A shares represents the nature of accounts held by the holders of A shares registered on the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
- (2) 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) Business Fortune Holdings Limited, New Orient Ventures Limited and Plenty Ace Investments (SPV) Limited are indirect wholly-owned subsidiaries of Charoen Pokphand Group Company Limited (“CP Group Ltd.”), and the shares owned by these three companies have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by the above three 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 Among the Above Shareholders

Business Fortune Holdings Limited, New Orient Ventures Limited and Plenty Ace Investments (SPV) Limited are indirect wholly-owned subsidiaries of CP Group Ltd., and they are presumed to be acting in concert with each other since they are under the common control of CP Group Ltd. CP Group Ltd. indirectly held 1,310,975,313 H shares of the Company, representing approximately 7.17% of the total share capital of the Company, through the above three companies and other subsidiaries as of March 31, 2021.

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

The Key Employee Share Purchase Plan of the Company has been officially implemented since 2015 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. Participants in the Key Employee Share Purchase Plan of the Company are the key employees of the Company and its subsidiaries including directors, employee representative supervisors, and senior management. The sources of funding are legitimate incomes and performance bonuses of the employees.

Six phases of the Key Employee Share Purchase Plan were implemented as at the end of the Reporting Period. Among them, all the shares under the three phases for 2015-2017 were unlocked and vested, and the three phases for 2018-2020 were implemented as follows:

There were 1,296 participants in the Key Employee Share Purchase Plan for 2018. 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 approximately 0.053% of the total share capital of the Company at that time.

There were 1,267 participants in the Key Employee Share Purchase Plan for 2019. A total of 8,078,395 A shares of the Company were purchased for a total amount of RMB588,197,823.00 (expenses inclusive), accounting for approximately 0.044% of the total share capital of the Company at that time.

There were 1,522 participants in the Key Employee Share Purchase Plan for 2020. A total of 7,955,730 A shares of the Company were purchased for a total amount of RMB638,032,305.75 (expenses inclusive), accounting for approximately 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 three phases of the Key Employee Share Purchase Plan for 2018-2020, and the manager of the Key Employee Share Purchase Plan was not changed.

The key employees held 20,199,099 A shares of the Company in total through the Key Employee Share Purchase Plan as at the end of the Reporting Period, accounting for approximately 0.110% of the total share capital of the Company.

The long-term service plan

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

Two phases of the Long-term Service Plan were implemented as at the end of the Reporting Period:

There were 31,026 participants in the Long-term Service Plan for 2019. A total of 54,294,720 A shares of the Company were purchased for a total amount of RMB4,296,112,202.60 (expenses inclusive), accounting for approximately 0.297% of the total share capital of the Company at that time. During the Reporting Period, 642 employees were disqualified and 1,172,334 shares were forfeited because the employees failed to meet the conditions specified in the Long-term Service Plan and applicable agreed rules due to reasons including their resignation or failure to meet performance targets.

There were 32,022 participants in the Long-term Service Plan for 2020. A total of 49,759,305 A shares of the Company were purchased for a total amount of RMB3,988,648,517.41 (expenses inclusive), accounting for approximately 0.272% of the total share capital of the Company at that time. During the Reporting Period, 804 employees were disqualified and 1,294,047 shares were forfeited because the employees failed to meet the conditions specified in the Long-term Service Plan and applicable agreed rules due to reasons including their resignation or failure to meet performance targets.

During the Reporting Period, the manager of the Long-term Service Plan was not changed.

The Long-term Service Plan held a total of 104,041,879 A shares of the Company as at the end of the Reporting Period, accounting for approximately 0.569% of the total share capital of the Company.

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

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⁾	8,736
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	63,526
Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee	63,526
Total guarantee as a percentage of the Company's net assets (%)	8.2
Including: Direct or indirect guarantee for the companies with a total liabilities to total assets ratio over 70% (as at March 31, 2021)	63,526
The amount by which the total guarantee balance of the Company and its subsidiaries exceeded 50% of the Company's net assets	–

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

(2) During the Reporting Period, the total guarantee incurred was the guarantee withdrawal of RMB8,870 million less the guarantee repayment of RMB134 million.

6. SOLVENCY MARGIN OF SUBSIDIARIES

As at March 31, 2021	Ping An Life	Ping An Property & Casualty
Core capital (in RMB million)	1,055,284	108,231
Actual capital (in RMB million)	1,077,284	121,731
Minimum capital (in RMB million)	450,400	46,149
Core solvency margin ratio (%)	234.3	234.5
Comprehensive solvency margin ratio (%)	239.2	263.8

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

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

(3) For details of 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 (IFRSs)

7.1 Consolidated Income Statement

For the three months ended March 31, 2021

For the three months ended March 31 (in RMB million)	2021 (Unaudited)	2020 (Unaudited)
Gross written premiums	243,941	257,940
Less: Premiums ceded to reinsurers	(7,278)	(6,608)
Net written premiums	236,663	251,332
Change in unearned premium reserves	(1,382)	(10,610)
Net earned premiums	235,281	240,722
Reinsurance commission revenue	1,667	1,790
Interest revenue from banking operations	52,048	50,333
Interest revenue from non-banking operations	31,373	27,492
Fees and commission revenue from non-insurance operations	13,165	11,777
Investment income	14,817	3,268
Share of profits and losses of associates and jointly controlled entities	2,558	4,623
Other revenues and other gains	15,885	15,256
Total revenue	366,794	355,261
Gross claims and policyholders' benefits	(192,720)	(185,443)
Less: Reinsurers' share and policyholders' benefits	3,733	2,957
Claims and policyholders' benefits	(188,987)	(182,486)
Commission expenses on insurance operations	(26,568)	(29,466)
Interest expenses on banking operations	(22,031)	(22,727)
Fees and commission expenses on non-insurance operations	(3,014)	(2,452)
Net impairment losses on financial assets	(22,628)	(16,705)
Net impairment losses on other assets	(7,237)	(706)
Foreign exchange gains/(losses)	312	(44)
General and administrative expenses	(42,067)	(41,020)
Interest expenses on non-banking operations	(7,699)	(6,344)
Other expenses	(8,222)	(15,959)
Total expenses	(328,141)	(317,909)

For the three months ended March 31 (in RMB million)	2021 (Unaudited)	2020 (Unaudited)
Profit before tax	38,653	37,352
Income tax	(5,642)	(7,018)
Profit for the period	<u>33,011</u>	<u>30,334</u>
Attributable to:		
– Owners of the parent	27,223	26,063
– Non-controlling interests	5,788	4,271
	<u>33,011</u>	<u>30,334</u>
	RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:		
– Basic	1.54	1.47
– Diluted	<u>1.53</u>	<u>1.46</u>

7.2 Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2021

For the three months ended March 31 (in RMB million)	2021 (Unaudited)	2020 (Unaudited)
Profit for the period	33,011	30,334
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	(2,083)	6,514
Credit risks provision of debt instruments at fair value through other comprehensive income	1,512	271
Shadow accounting adjustments	121	(2,941)
Reserve from cash flow hedging instruments	(48)	(155)
Exchange differences on translation of foreign operations	456	131
Share of other comprehensive income of associates and jointly controlled entities	269	(248)
Others	(133)	–
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	17,520	(24,402)
Shadow accounting adjustments	(10,213)	14,715
Share of other comprehensive income of associates and jointly controlled entities	333	3,241
Other comprehensive income for the period, net of tax	7,734	(2,874)
Total comprehensive income for the period	40,745	27,460
Attributable to:		
– Owners of the parent	34,886	22,466
– Non-controlling interests	5,859	4,994
	40,745	27,460

7.3 Consolidated Statement of Financial Position

As at March 31, 2021

(in RMB million)	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Cash and amounts due from banks and other financial institutions	611,114	587,391
Balances with the Central Bank	309,011	280,177
Financial assets purchased under reverse repurchase agreements	113,398	122,765
Premium receivables	94,368	94,003
Accounts receivable	27,819	26,176
Derivative financial assets	36,160	37,661
Reinsurers' share of insurance liabilities	22,384	20,219
Policy loans	167,070	161,381
Finance lease receivable	206,526	202,050
Loans and advances to customers	2,707,048	2,599,510
Financial assets at fair value through profit or loss	1,238,726	1,231,331
Financial assets at amortized cost	2,673,033	2,624,848
Debt financial assets at fair value through other comprehensive income	497,295	511,386
Equity financial assets at fair value through other comprehensive income	299,641	277,401
Investments in associates and jointly controlled entities	268,697	267,819
Statutory deposits for insurance operations	12,589	12,561
Investment properties	47,468	43,385
Property and equipment	45,640	46,286
Intangible assets	65,976	64,290
Right-of-use assets	15,479	16,172
Deferred tax assets	55,886	61,901
Other assets	188,174	186,098
Policyholder account assets in respect of insurance contracts	43,672	48,796
Policyholder account assets in respect of investment contracts	4,197	4,263
Total assets	9,751,371	9,527,870

(in RMB million)	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	18,280	18,280
Reserves	236,608	228,271
Treasury shares	(5,995)	(5,995)
Retained profits	523,286	522,004
	<hr/>	<hr/>
Equity attributable to owners of the parent	772,179	762,560
Non-controlling interests	232,562	225,345
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Total equity	1,004,741	987,905
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Liabilities		
Due to banks and other financial institutions	955,071	960,175
Financial liabilities at fair value through profit or loss	60,893	37,217
Derivative financial liabilities	43,314	48,579
Assets sold under agreements to repurchase	219,241	276,602
Accounts payable	4,496	5,148
Income tax payable	19,139	17,283
Insurance payables	114,006	139,528
Policyholder dividend payable	65,606	63,806
Customer deposits and payables to brokerage customers	2,773,871	2,693,833
Bonds payable	955,004	901,285
Insurance contract liabilities	3,101,259	2,972,460
Investment contract liabilities for policyholders	68,629	67,581
Lease liabilities	15,257	15,620
Deferred tax liabilities	14,459	19,267
Other liabilities	336,385	321,581
	<hr/>	<hr/>
Total liabilities	8,746,630	8,539,965
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Total equity and liabilities	9,751,371	9,527,870
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7.4 Consolidated Statement of Cash Flows
For the three months ended March 31, 2021

For the three months ended March 31 (in RMB million)	2021 (Unaudited)	2020 (Unaudited)
Net cash flows from operating activities	64,872	128,201
Cash flows from investing activities		
Purchases of investment properties, property and equipment, and intangible assets	(4,875)	(1,605)
Proceeds from disposal of investment properties, property and equipment, and intangible assets, net	21	399
Proceeds from disposal of investments	477,417	488,247
Purchases of investments	(538,997)	(678,264)
Acquisition of subsidiaries, net	(6)	(255)
Disposal of subsidiaries, net	285	1
Interest received	44,538	39,407
Dividends received	7,690	3,297
Rentals received	933	851
Increase in policy loans, net	(5,641)	(8,268)
Net cash flows used in investing activities	(18,635)	(156,190)

For the three months ended March 31 (in RMB million)	2021 (Unaudited)	2020 (Unaudited)
Cash flows from financing activities		
Capital injected into subsidiaries by non-controlling interests	2,938	32,018
Proceeds from bonds issued	291,569	200,457
(Decrease)/Increase in assets sold under agreements to repurchase of insurance operations, net	(46,360)	61,262
Proceeds from borrowings	52,181	35,540
Repayment of borrowings	(316,735)	(260,928)
Interest paid	(10,557)	(5,968)
Dividends paid	(2,296)	(697)
(Decrease)/Increase in insurance placements from banks and other financial institutions, net	(300)	3,000
Payment of acquisition of shares	–	(994)
Payment of share purchased for Long-term Service Plan	–	(3,989)
Repayment of lease liabilities	(1,807)	(1,125)
Payment of redemption for other equity instruments by subsidiaries	(50)	–
Others	3,228	(163)
	<hr/>	<hr/>
Net cash flows (used in)/from financing activities	(28,189)	58,413
	<hr/>	<hr/>
Net increase in cash and cash equivalents	18,048	30,424
Net foreign exchange differences	(51)	1,138
Cash and cash equivalents at the beginning of the period	424,748	303,466
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	442,745	335,028
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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 IFRSs. The full report of the First Quarter Results for 2021 prepared in accordance with the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance of the People's Republic of China and 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 the Shanghai Stock Exchange (www.sse.com.cn).

By order of the Board of Directors

Ma Mingzhe

Chairman

Shenzhen, the PRC, April 22, 2021

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 and Wang Yongjian; the independent non-executive directors of the Company are Ge Ming, Ouyang Hui, Ng Sing Yip, Chu Yiyun and Liu Hong.