PING AN
Expertise Creates Value

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

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

Stock Code: 2318 (HKD counter) and 82318 (RMB counter)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

The board of directors (the "**Board**") of Ping An Insurance (Group) Company of China, Ltd. ("**Ping An**" or the "**Company**") hereby announces the unaudited results of the Company and its subsidiaries for the six months ended June 30, 2023. This announcement, containing the full text of the 2023 Interim Report of the Company, complies with the relevant requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to the information to accompany preliminary announcements of interim results.

The Company has implemented *IFRS 17 Insurance Contracts* (the "**New Accounting Standards for Insurance Contracts**" or the "**New Standards**") since the accounting year beginning on January 1, 2023, and adjusted financial statements for the same period last year retrospectively.

This results announcement, which is prepared in accordance with the International Financial Reporting Standards, is simultaneously available on the websites of the Hong Kong Exchanges and Clearing Limited (the "**HKEX**") (www.hkexnews.hk) and the Company (www.pingan.cn). The printed version of the Company's 2023 Interim Report will be delivered to the holders of H shares of the Company and available for viewing on the websites of the HKEX (www.hkexnews.hk) and the Company (www.pingan.cn) before late September 2023.

By order of the Board
Ma Mingzhe
Chairman

Shenzhen, the PRC, August 29, 2023

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

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Introduction

Ping An strives to be a world-leading integrated finance and healthcare services provider. Ping An actively responds to China's 14th Five-Year Plan, focuses on core financial businesses and strengthens the insurance protection function to serve the real economy, and supports national strategies including "Digital China" and "Healthy China." Ping An develops the "integrated finance + healthcare" service framework to provide professional "financial advisory, family doctor, and elderlycare concierge" services. Ping An advances comprehensive digital transformation to improve the quality and efficiency of financial businesses. Moreover, Ping An accelerates ecosystem development to "empower financial services with technologies, empower financial services with ecosystems, and advance development with technologies." Remaining customer needs-oriented, Ping An continuously develops its integrated finance model of "one customer, multiple products, and one-stop services" under the people-centered philosophy. Ping An provides diverse products and convenient services to over 229 million retail customers under the "worry-free, time-saving, and money-saving" value proposition.

Introduction

- **Continuously growing cash dividends amid steady business results.** The Group delivered an 18.2% annualized operating ROE, with operating profit attributable to shareholders of the parent company reaching RMB81,957 million in the first half of 2023. Ping An attaches importance to shareholder returns, and interim cash dividend per share continued to grow to RMB0.93, up 1.1% year on year.

- **Ping An continuously develops its integrated finance model.** Retail customers exceeded 229 million as of June 30, 2023, and contracts per customer grew 0.7% year to date to 2.99. Retail business accounted for 83.4% of total operating profit attributable to shareholders of the parent company.

- **Ping An Life enhanced its comprehensive strength in channels and achieved steady business development.** New business value ("NBV") of life and health insurance business ("Life & Health" or "L&H") amounted to RMB25,960 million in the first half of 2023, up 32.6% year on year. On a like-for-like basis, NBV grew 45.0% year on year in the first half of 2023, with NBV of the agent channel and the bancassurance channel increasing 43.0% and 174.7% respectively year on year.

- **Ping An Property and Casualty ("Ping An P&C") boosted insurance revenue steadily and maintained good business quality.** Insurance revenue grew 7.8% year on year to RMB155,899 million in the first half of 2023. Overall underwriting combined ratio remained healthy at 98.0% due to strengthened business management and risk screening.

- **Ping An Bank maintained stable, healthy business performance and solid overall asset quality.** Net profit grew 14.9% year on year to RMB25,387 million in the first half of 2023. Non-performing loan ratio declined by 0.02 pps year to date to 1.03% and provision coverage ratio rose by 1.23 pps year to date to 291.51% as of June 30, 2023.

- **Ping An continued to implement its healthcare ecosystem strategy.** Ping An empowers its core financial businesses by developing its healthcare ecosystem and building its differential advantages. Via integration of providers, Ping An partnered with all top 100 hospitals and 3A hospitals, and had nearly 4,000 in-house doctors and over 50,000 contracted external doctors in China as of June 30, 2023. Ping An partnered with approximately 226,000 pharmacies as of June 30, 2023, up by nearly 2,000 year to date. Customers entitled to "+ service" benefits accounted for over 68% of Ping An Life's NBV in the first half of 2023.

- **Ping An supported the real economy and advanced green finance initiatives.** Ping An cumulatively invested over RMB8.27 trillion as of June 30, 2023 to support the real economy. Green investment of insurance funds and green loan balance totaled RMB140,929 million and RMB134,926 million respectively as of June 30, 2023. Green insurance premium income amounted to RMB17,735 million in the first half of 2023.

- **Ping An further increased its brand value.** In 2023, Ping An ranked 33rd in the *Fortune* Global 500 list (1st among global insurers again and 5th among global financial services companies), 9th in the *Fortune* China 500 list, 16th in the *Forbes* Global 2000 list, and 1st in the Brand Finance Insurance 100 list in relation to global insurance brand value for the 7th consecutive year.

Total Assets *(in RMB million)*

Total Revenue *(in RMB million)*

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

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

Basic Operating Earnings per Share *(in RMB)*

Interim Dividend per Share *(in RMB)*

NBV of Life and Health Insurance Business[(1)] *(in RMB million)*

Note: (1) NBV for the first half of 2022 would be RMB17,903 million if restated using the end-2022 assumptions and method.

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

Chairman's Statement

REALIZE HIGH-QUALITY DEVELOPMENT IN THE NEW ERA BY ADVANCING STRATEGIES AND ENHANCING STRENGTHS

What we sow in spring, we shall reap in the fall. Diligence is the mother of good fortune. The year 2023 marks the 45th anniversary of China's reform and opening-up. Also 2023 marks Ping An's 35th birthday. Upon our founding in Shekou, Shenzhen, we resolved to ensure people's security and wellbeing and contribute to national rejuvenation. This is the responsible attitude we sowed. In the past 35 years, Ping An remained true to its original aspiration, developed expertise, increased value and achieved rapid, steady development, riding the wave of China's reform and opening-up. This is the value we have reaped.

What we reap today depends on what we sowed yesterday. Just ahead of Ping An's 35th anniversary, on May 27, 2023, my colleagues and I were pleased to visit the Digitized Seleng Wormwood Industry Demonstration Base, in Xincun Town, Funan County, Anhui Province. Cultivating this traditional Chinese herbal tea variety of Artemisia, the Seleng Wormwood base was built by Ping An in partnership with the local government and entrepreneurs. We are happy to see that by combining insurance, finance and technology, we have developed the small sector of seleng wormwood cultivation into a big industry under an innovative approach different from traditional rural revitalization practices. On departing the base, I saw a golden wheat field and couldn't help but pick off two ears of wheat, and brought them back to Shenzhen. I believe the fruit of today is a result of the work of yesterday. The cycle of cause and effect is endless.

Ping An has worked with Xincun Town, Funan County, Anhui Province since 2022 to build Digitized Seleng Wormwood Industry Demonstration Base, a digital agricultural system to cultivate this Chinese herbal tea variety of Artemisia, combining "satellites, the Internet of Things, and digital villages." By doing so, Ping An helps farmers boost seleng wormwood yield, cut costs and improve efficiency to support rural revitalization.

What we will reap tomorrow depends on what we sow today. 2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China (the "CPC"). **It's time to hoist the sail when the wind is fair.** Facing diverse consumer needs and people's aspirations for a better life, we often ask ourselves: What should we sow today? What do we want to reap tomorrow? To accomplish our deeds, we must remain true to our original aspiration. Ping An must advance a technology-driven "integrated finance + healthcare" strategy, firmly grasp the upgrade cycles of financial and insurance businesses, and further the life insurance reform. Ping An must seize growth opportunities in healthcare and elderlycare ecosystems by developing its innovative "finance + service" product framework. Only in this way can Ping An continuously provide customers with professional one-stop "financial advisory, family doctor, and elderlycare concierge" services. Only in this way can Ping An deliver "worry-free, time-saving, and money-saving" customer experience in integrated finance, healthcare and elderlycare. Also, only in this way can Ping An maintain high-quality development in support of Chinese-style modernization.

The international environment remained complex and China's economy was generally stable in the first half of 2023. However, market confidence still needed to be continuously boosted. **Amid internal and external complexities and uncertainties, Ping An steadily implemented strategies, sought synergies, and enhanced strengths. Ping An achieved robust, resilient and high-quality development by focusing on core financial businesses, serving the real economy and growing the healthcare ecosystem.** Ping An delivered an 18.2% annualized operating ROE with operating profit attributable to shareholders of the parent company amounting to RMB81,957 million in the first half of 2023. Overall operations remained steady. Ping An's basic operating earnings per share reached RMB4.63 in the first half of 2023. Ping An continues to increase cash dividends, and will pay an interim dividend of RMB0.93 per share in cash for 2023, up 1.1% year on year. Like-for-like growth in L&H NBV reached 45.0% in the first half of 2023, thanks to the unswerving life insurance reform and innovation in the past three years and a recovery in customer demand. The Group's insurance business segment realized positive growth in premium income, which increased 7.2% year on year to RMB459,848 million.

Ping An continuously advances the "integrated finance + healthcare" strategy. Ping An develops integrated finance with integrity and expertise to provide easy access to financial services. Ping An develops healthcare and elderlycare to alleviate customers' worries about insufficient medical services, medicines and old-age support. This year, Ping An actively explores "insurance + home-based elderlycare," "insurance + high-end elderlycare" and "insurance + healthcare" service models to meet customer demand for a high quality of life. **Synergies between integrated finance and the healthcare ecosystem** give companies, including Ping An Life and Ping An Bank, access to service benefits in the Group's healthcare ecosystem. They also give Ping An Health and the new PKU Healthcare Group access to the corporate and retail customers of Ping An's financial businesses. More than 64% of Ping An's over 229 million retail customers have used services from the healthcare ecosystem. They hold approximately 3.43 contracts and RMB55,800 in assets under management ("AUM") per capita, 1.6 times and 3.2 times those held by non-users of these services, respectively. Leveraging on the complete healthcare and elderlycare service framework, 29.7% of the Group's new retail customers were acquired from its healthcare ecosystem in the first half of 2023. Customers entitled to healthcare and elderlycare service benefits accounted for over 68% of Ping An Life's NBV in the first half of 2023.

Strong synergies from integrated finance drive high-quality development. Synergies are achieved by two or more entities working together. **Strong synergies run through all the aspects and processes of the Company's integrated financial model, "one customer, multiple products, and one-stop services," reflected in the Company's "worry-free, time-saving, and money-saving" end-to-end financial service experience, which is a distinctive feature of Ping An's high-quality development.** Ping An's retail operating profit was RMB68,355 million in the first half of 2023, accounting for 83.4% of its operating profit attributable to shareholders of the parent company, thanks to the improved quality and efficiency of the agent force, strong ecosystem-based services and technology platforms, and highly synergistic organizational culture. **Ping An strengthened the development of retail customers.** Ping An's retail customers exceeded 229 million as of June 30, 2023, up 1.2% year to date. Contracts per retail customer grew 0.7% year to date to 2.99 as of June 30, 2023. **Ping An strengthened cross-selling among customer segments.** As the Group's retail cross-selling continued to deepen, over 90.71 million retail customers hold multiple contracts with different subsidiaries, accounting for 39.6% of total customers. **Ping An improved customer retention** via coordinated development of multiple financial businesses. The higher the number of contracts per customer, the lower the customer churn rate. 26% of our customers held four or more contracts within the Group as of June 30, 2023, and their churn rate was below 1%.

Competition between modern businesses boils down to cultural competition. To enhance our strengths, we must build a growth mindset and practice our philosophies. **In 2022, Ping An republished the *New Value-oriented Management Culture of Ping An* which calls for the in-depth study and implementation of the spirit of the 20th National Congress of the CPC and the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Adhering to the leadership of the CPC, Ping An has gathered new momentum, developed its culture, and embarked on a new journey.** The year 2023 marks Ping An's 35th anniversary. Ping An takes this opportunity to encourage all colleagues to enhance strengths and improve policies and procedures, laying a solid foundation for high-quality development. **To internalize the culture**, Ping An has integrated the CPC's spirit into cultural development, taking the philosophy that "value maximization is the only criterion for performance appraisal" as its cultural core. Ping An has promoted the new value-oriented management culture across the Group by holding over 1,000 cultural lectures and over 100 cultural events to align employees and agents with company values under a unified culture. **To institutionalize its philosophies**, Ping An continuously improves the formulation of policies and procedures. From eight aspects, including planning and operations, human resources, financial control and brand management, Ping An systematically reviewed its basic procedures for operations and management by embedding rules in processes and embedding processes in systems. Moreover, we comprehensively improved risk management capabilities through digitization. As a result, smart risk management and lean management ensured the Company's high-quality development.

Chairman's Statement

The reform and development of the financial industry continued in the first half of 2023. Ping An further focused on its core integrated financial businesses and optimized its business mix. Ping An further advanced the life insurance reform and transformation by building a comprehensive digital platform. The Company improved the quality and efficiency of financial business by optimizing the financial supply to support consumption recovery through multiple measures. As to business segments, **Ping An Life achieved steady and high-quality business development**. Ping An Life unswervingly implemented the "4 channels + 3 products" strategy in the first half of 2023. Ping An Life achieved steady business development thanks to comprehensive advancement in channels, improved business quality, and diverse products and services launched. **Ping An Life realized comprehensive advancement in channels.** On a like-for-like basis, NBV rose 45.0% year on year in the first half of 2023. In the agent channel, productivity strongly improved with NBV per agent rising 94.3% year on year. The bancassurance channel has recruited over 2,000 professional Private Wealth Advisers, significantly enhancing insurance sales skills and boosting NBV sharply by 174.7% year on year to RMB2,825 million. Ping An Life has successfully rolled out Community Grid in 51 cities and built a team of nearly 10,000 highly competent specialists as of June 30, 2023. **Scope of products and services continued to expand.** Ping An Life strives to meet customers' full-lifecycle insurance needs by focusing on wealth management, pension savings and health protection, upgrading the product portfolio, and making the products more competitive. So far, Ping An Life has served over 16 million customers through health management. Over 60,000 customers have qualified for the home-based elderlycare services, and high-end elderlycare projects have been launched in four cities. **Business quality continued to improve.** Ping An Life's 13-month persistency ratio rose 2.1 pps year on year and 25-month persistency ratio climbed 7.0 pps year on year in the first half of 2023.

Ping An and the Chinese women's national soccer team jointly released a brand video to showcase their respective "team spirit, expertise, and perseverance." The video also showcased the "home-team advantages" of Ping An's own "most valuable players" and the Company's commitment to building a top agent brand and supporting the industry's high-quality development.

Ping An P&C maintained good business quality with steady growth in insurance revenue. Ping An P&C grew its insurance revenue by 7.8% year on year to RMB155,899 million in the first half of 2023. Ping An P&C delivered a 98.0% overall underwriting combined ratio in the first half of 2023. Ping An P&C's auto insurance business remained solidly profitable due to refined management, with an underwriting combined ratio of 97.1% in the first half of 2023. Ping An P&C promoted data-driven online customer development. Ping An P&C continued to upgrade its online claims services, and scored 94.52 in the Auto Insurance Service Quality Index evaluation by China Banking and Insurance Information Technology Management Co., Ltd., ranking among the top players in the property and casualty insurance industry. Registered users of the "Ping An Auto Owner" app exceeded 186 million as of June 30, 2023, with over 125 million vehicles linked to the app. Ping An P&C provides sustainable risk protection for agricultural production. Agricultural insurance premium income amounted to RMB5,528 million, up 53.1% year on year, with an underwriting combined ratio of 93.4%.

Ping An Bank maintained steady business performance and solid asset quality. Ping An Bank's revenue totaled RMB88,610 million and net profit grew 14.9% year on year to RMB25,387 million in the first half of 2023. Ping An Bank continuously strengthened risk management. Non-performing loan ratio dropped 0.02 pps year to date to 1.03%, and provision coverage ratio increased 1.23 pps year to date to 291.51% as of June 30, 2023. Ping An Bank achieved steady growth in retail business. Retail AUM rose 7.7% year to date to RMB3,864,024 million as of June 30, 2023. Ping An Bank continued to strengthen omni-channel customer acquisition and full-scenario business development. "Ping An Pocket Bank" app's registered users increased 4.6% year to date to 159,925 thousand as of June 30, 2023. The balance of retail deposits increased 10.9% year to date to RMB1,147,481 million as of June 30, 2023. Leveraging the "Nebula-IoT" platform and massive multi-dimensional data, Ping An Bank shares "finance + technology" capabilities to serve numerous micro-, small and medium-sized enterprises ("MSMEs"). Ping An Bank's supply chain financing reached RMB555,322 million in the first half of 2023, up 2.4% year on year.

Ping An continued to implement its "managed care model" and offered one-stop healthcare services. Ping An launched an innovative Chinese "managed care model" by leveraging its decades of operational and management experience in insurance and healthcare industries. Ping An provides professional healthcare and elderlycare services for different age groups, supporting China's "9073" elderlycare pattern (90% of the elderly are cared for at home, 7% depend on community care, and just 3% live in elderlycare institutions). **Ping An combined differentiated healthcare services with financial businesses in which Ping An acts as a payer.** Ping An's healthcare ecosystem achieved over 33,000 paying corporate clients in the first half of 2023. Ping An Health reached over 45 million paying users over the past 12 months. Ping An achieved over RMB70 billion in health insurance premium income in the first half of 2023. **Ping An actively integrates its abundant healthcare service resources.** Through integration of providers, Ping An partnered with all the top 100 hospitals and 3A hospitals in China, and partnered with nearly 4,000 in-house doctors and over 50,000 contracted external doctors as of June 30, 2023. Ping An partnered with approximately 226,000 pharmacies as of June 30, 2023, up by nearly 2,000 year to date. In close collaboration with Ping An Health, Ping An Life launched services including five highlights, namely unique checkups, blood sugar control, online consultation, outpatient appointment assistance and accompanying consultation, and critical illness management. More than 16 million customers of Ping An Life used the services in the first half of 2023, with an overall satisfaction degree of 99%.

Ping An further upgraded its green finance initiative to support the building of a beautiful China. Ping An's green investment of insurance funds totaled RMB140,929 million, and green loan balance reached RMB134,926 million as of June 30, 2023. Green insurance premium income totaled RMB17,735 million in the first half of 2023. Ping An continues to introduce innovations in its green finance products and services. Ping An Bank launched "Low Carbon Home," the first carbon account in China to cover credit cards and debit cards. Ping An P&C became the first insurer to provide carbon sink insurance covering "land + ocean" ecosystems. The data center "Ping An Guanlan No.3" was included in benchmark cases of green innovation and development in the financial industry. Moreover, Ping An pays close attention to the analysis of climate-related risks and opportunities. Ping An has adopted the philosophy of green operations across the Group, and established a carbon account platform covering 300,000 employees.

As an asset management platform for International Mangrove Conservation Fund, Ping An will leverage its own integrated finance capabilities to provide the fund with professional financial services, including asset management, preservation and appreciation.

Chairman's Statement

If we sow with confidence, we will reap growth. Looking into the second half of 2023, as macroeconomic control strengthens, household consumption and economic expectations improve, and domestic growth momentum grows, the market environment is expected to further recover, facilitating effective improvement and moderate growth of the economy. Confidence is more valuable than gold. Despite new challenges to economic growth and continued pressure on growth stabilization, we remain firmly optimistic about the positive long-term fundamentals of China's economy as well as the great potential of China's insurance and financial markets. We believe a fruitful golden harvest will come if we maintain our long-term strategic focus, uphold our philosophy of "Expertise creates value," continuously optimize operations, and maintain robust risk management.

We develop according to steady steps and sure-footed progress, being down-to-earth and innovative on the way to success. Ping An will adhere to the business policy of "focusing on core businesses, increasing cost-effectiveness, optimizing portfolios, and improving policies and procedures" in the second half of 2023. Under the technology-driven "integrated finance + healthcare" strategy, Ping An will remain people-centered and customer needs-oriented. Ping An will continue to seek synergies from integrated finance by advancing the development and comprehensive digital transformation of healthcare and elderlycare. Ping An will improve the quality and efficiency of serving the real economy by boosting domestic demand and consumption. Ping An will promote high-quality development in the new era through new initiatives and actions, and continuously and steadily create greater value for customers, employees, shareholders and society.

Chairman

Shenzhen, PRC
August 29, 2023

Financial Highlights

(in RMB million)	For the six months ended June 30, 2023/ As at June 30, 2023	For the six months ended June 30, 2022/ As at December 31, 2022	Change
INTEGRATED FINANCE			
Number of retail customers (in million)	**229.26**	226.64	1.2%, YTD
Number of contracts per customer (contract)	**2.99**	2.97	0.7%, YTD
Operating profit per customer(1) (in RMB)	**298.16**	338.83	-12.0%, YoY
Proportion of retail customers holding multiple contracts with different subsidiaries (%)	**39.6**	39.8	-0.2 pps, YTD
THE GROUP			
Operating profit attributable to shareholders of the parent company(1)	**81,957**	86,282	-5.0%, YoY
Operating ROE(1) (annualized, %)	**18.2**	21.2	-3.0 pps, YoY
Basic operating earnings per share(1) (in RMB)	**4.63**	4.94	-6.3%, YoY
Interim dividend per share (in RMB)	**0.93**	0.92	1.1%, YoY
Net profit attributable to shareholders of the parent company(1)	**69,841**	70,725	-1.2%, YoY
Operating equity attributable to shareholders of the parent company(1)	**919,191**	860,643	6.8%, YTD
Group comprehensive solvency margin ratio (%)	**219.4**	217.6	1.8 pps, YTD
Total assets(1)	**11,467,577**	11,009,940	4.2%, YTD
Total liabilities(1)	**10,227,842**	9,823,944	4.1%, YTD
LIFE AND HEALTH INSURANCE BUSINESS			
Operating return on embedded value (annualized, %)	**14.4**	13.2	1.2 pps, YoY
Embedded value	**924,647**	874,786	5.7%, YTD
Value of first half year's new business	**25,960**	19,573	32.6%, YoY
Value of first half year's new business (base restatement(2))	**25,960**	17,903	45.0%, YoY
Operating profit(1)	**58,593**	59,632	-1.7%, YoY
Contractual service margin (CSM)(1)	**817,494**	818,683	-0.1%, YTD
Comprehensive solvency margin ratio of Ping An Life (%)	**212.0**	219.7	-7.7 pps, YTD
PROPERTY AND CASUALTY INSURANCE BUSINESS			
Net profit(1)	**9,285**	8,642	7.4%, YoY
Underwriting combined ratio(1) (%)	**98.0**	97.1	0.9 pps, YoY
Comprehensive solvency margin ratio (%)	**217.7**	220.0	-2.3 pps, YTD
BANKING BUSINESS			
Net profit	**25,387**	22,088	14.9%, YoY
Net interest margin (annualized, %)	**2.55**	2.76	-0.21 pps, YoY
Cost-to-income ratio (%)	**26.45**	26.46	-0.01 pps, YoY
Non-performing loan ratio (%)	**1.03**	1.05	-0.02 pps, YTD
Provision coverage ratio (%)	**291.51**	290.28	1.23 pps, YTD
Core tier 1 capital adequacy ratio (%)	**8.95**	8.64	0.31 pps, YTD
ASSET MANAGEMENT BUSINESS			
Net profit	**1,976**	5,238	-62.3%, YoY
TECHNOLOGY BUSINESS			
Operating profit	**2,250**	5,304	-57.6%, YoY

Notes: (1) Ping An has implemented IFRS 17 since January 1, 2023, and made retrospective adjustments to the data for comparative periods.
(2) Base restatement refers to the restatement of NBV for the first half of 2022 using the end-2022 valuation assumptions and method.
(3) For property and casualty insurance, banking and asset management businesses, operating profits are the same with net profits.
(4) Figures may not match the calculation due to rounding.

Integrated Finance

- Ping An's retail operating profit was RMB68,355 million in the first half of 2023, accounting for 83.4% of its operating profit attributable to shareholders of the parent company.
- Ping An's retail customers exceeded 229 million as of June 30, 2023, up 1.2% year to date. Contracts per retail customer grew to 2.99. As the Group's retail cross-selling continued to deepen, over 90.71 million retail customers held multiple contracts with different subsidiaries.

THE INTEGRATED FINANCE STRATEGY

Ping An's integrated finance strategy is focused on the development of retail customers[1] under a customer-centric philosophy. In retail business, Ping An leverages its ecosystems to build a brand of heartwarming financial services by providing "worry-free, time-saving, and money-saving" one-stop integrated finance solutions.

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

Ping An's Unique Advantages in Integrated Finance

Ping An has unique advantages in implementing the retail integrated finance model:

- An integrated financial services group with a full suite of financial business licenses, extensive presence and strong synergies: Ping An is an integrated financial services group with a full suite of financial business licenses and a robust shareholding structure. The Group has over 20 core member companies in sectors including insurance, banking, and asset management. Ping An has developed into a leading company that can provide customers with comprehensive financial services in China.
- Focusing on Chinese markets and core financial businesses: The Chinese mainland is the key market for Ping An's integrated finance business. Ping An Life is the second largest life insurer in China by premium income. Ping An P&C is the second largest property and casualty insurer in China by premium income. Ping An Asset Management is the second largest insurance asset manager in China by AUM. Ping An Bank ranks firmly among first-class joint-stock commercial banks in China by a combination of assets, net profit and so on.
- Robust ecosystem-based service capability: The coupling of Ping An's breadth of business with its powerful online ecosystems enables the Group to provide diverse products and services in a broad range of scenarios. 29.7% of the Group's new retail customers were acquired from its healthcare ecosystem in the first half of 2023. Retail customers who used services in the Group's healthcare ecosystem held approximately 3.43 contracts and RMB55,800 in AUM per capita, 1.6 times and 3.2 times those held by other customers respectively as of June 30, 2023.

- Strong technology platform capabilities: Ping An advances comprehensive digital transformation, and employs technologies to improve the quality, efficiency, and risk management of its financial businesses. The digital marketing platform helped agents reach out to customers over 110 million times, and AI service representatives accounted for 81% of Ping An's total customer service volume in the first half of 2023. Leveraging the technological strength of integrated finance, Ping An continuously enhances the capability and efficiency of cross-selling, meeting the customer demand for migration within the Group.

- Highly synergistic organizational culture: Ping An Group's unique integrated finance culture allows member companies to cooperate closely in various businesses under the common goal of boosting customer value and the philosophy of "one customer, multiple products, and one-stop services." Ping An realizes synergies and coordination in customer development, risk management, investment, back-office centralization and operations, consumer rights protection, brand management, and the value system. This enables close cooperation and resource saving among businesses, driving growth in the Group's customer base, contracts per customer and profit per customer as well as value.

Integrated Finance Brings Benefits to Customers and Shareholders

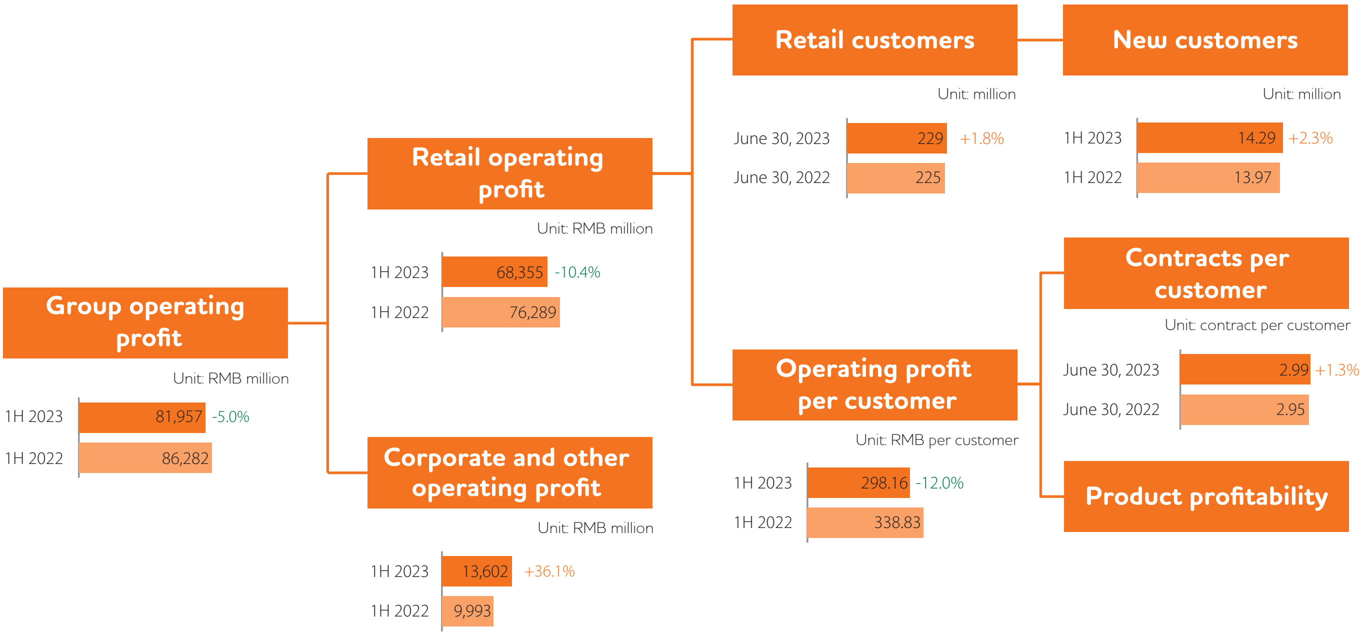
Benefits to customers. Ping An strives to become the most trusted integrated financial adviser to customers and deliver "worry-free, time-saving, and money-saving" service experience. Ping An provides worry-free services for customers through professional advisers, who simplify complex concerns, popularize professional matters, and facilitate tedious issues. Ping An helps customers save time with one-stop services-based integrated accounts, which combine information from multiple accounts of a customer, enabling one-stop allocation to multiple products and one-click access to multiple services. Ping An helps customers save money by customizing superior protection and allocation, achieving asset preservation and appreciation via professional services, realizing flexible redemption via connection of loyalty points and benefits, avoiding unnecessary expenditures, and meeting more potential needs of customers.

Benefits to shareholders. Firstly, Ping An promotes coordinated development of multiple businesses including insurance, banking, investment, healthcare and elderlycare. Customers holding multiple contracts account for 39.6% of total customers, showing greater stickiness. The churn rate of customer segments holding four or more contracts per customer with Ping An is significantly lower than that of other customer segments. Secondly, integrated finance helps cut costs. Ping An provides customers with heartwarming products and services based on in-depth, comprehensive customer insights through extensive interconnected customer touchpoints. In this way, Ping An promotes customer migration within the Group. Customer acquisition cost of integrated finance channels is lower than that of external channels.

Integrated Finance

Group Operating Profit Drivers

Ping An's retail operating profit was RMB68,355 million in the first half of 2023, accounting for 83.4% of its operating profit attributable to shareholders of the parent company. Ping An's retail operating profit is driven by the number of retail customers, contracts per customer, and profit per customer.



Notes: (1) The above operating profits are operating profits attributable to shareholders of the parent company.
(2) Figures may not match the calculation due to rounding.

RETAIL INTEGRATED FINANCE

Retail Integrated Finance Strategy

In retail business, Ping An adopts the model of "one customer, multiple products, and one-stop services," leveraging technology and compliant data analytics to gain precise insights into customer needs. Ping An builds a brand of heartwarming financial services by meeting customer needs and delivering "worry-free, time-saving, and money-saving" ultimate customer experience via one-stop, multi-channel integrated finance solutions. Moreover, Ping An matches products with scenarios, and empowers business growth through financial integrated accounts by leveraging data, products, benefits and an intelligent marketing services platform.

- Accounts. Ping An develops a one-stop integrated account system to deliver the best "worry-free, time-saving, and money-saving" customer experience, facilitating customer acquisition, customer retention and asset retention. Integrated accounts, as a universal login system for customers to log in to Ping An's various online platforms, help build a consistent brand perception and boost the traffic value of integrated finance. Moreover, integrated accounts help retain customer funds and assets, serving as the basis for integrated customer development. Remaining customer-centric, Ping An identifies customer demands for different businesses within the Group covering healthcare, elderlycare and so on, and combines relevant customer information in integrated accounts to provide suitable one-stop financial services for customers. In addition, Ping An has established a groupwide system of benefits and loyalty points to deliver consistent customer experience and boost customer value continuously.

- Data. Ping An further strengthened personal information protection and consumer rights protection under a customer-centric philosophy, and enhanced comprehensive digital development in a strictly compliant manner. By continuously improving customer profiling and understanding customer needs, Ping An facilitates product and service improvements as well as smart match with customers, optimizing customer experience continuously.

- Products. Ping An has established a value assessment system, urging its member companies to upgrade their flagship products and services to deliver "worry-free, time-saving, and money-saving" customer experience. Ping An selected 51 flagship products and services covering various "integrated finance + life" scenarios of insurance, investment, wealth management, lending, credit cards, healthcare, elderlycare and the auto ecosystem in the first half of 2023. Ping An will continue to upgrade the 51 products to create better value for customers. For instance, Ping An launched innovative products including "insurance trust + elderlycare" to meet personalized customer needs, effectively boosting AUM and empowering agents. New insurance trusts grew 44.0% year on year to RMB42,277 million in the first half of 2023, contributing RMB3,527 million and RMB1,180 million to Ping An Life's first-year premium ("FYP") and NBV respectively. Ping An continued to develop the individual pension account business. Approximately 866,000 people had opened individual pension accounts with Ping An as of June 30, 2023, with depositors increasing quickly.

Integrated Finance

- Benefits. Ping An accelerates the development of its healthcare and elderlycare ecosystems, and enhances its capabilities of "worry-free, time-saving, and money-saving" services. Ping An empowers customer development with various healthcare and elderlycare benefits, effectively boosting Ping An Bank's AUM and intermediary business revenue and Ping An Life's policy conversion. For instance, Ping An Bank worked with Ping An Health and Ping An Healthcare Diagnostics Center to invite wealth management customers to high-end checkups, successfully developing family-based pension asset allocation and one-stop services. In close collaboration with Ping An Health, Ping An Life launched services including five highlights, namely unique checkups, blood sugar control, online consultation, outpatient appointment assistance and accompanying consultation, and critical illness management. In this way, Ping An provides customers with "worry-free, time-saving, and money-saving" one-stop value-added healthcare benefits, with an overall satisfaction degree of 99%. Ping An Life served over 16 million customers through health management in the first half of 2023.

- An intelligent marketing services platform. The Group's member companies coordinate the themes and launches of seasonal marketing campaigns based on the pace of business development to drive customer migration and product sales. "Ping An January 8 Marketing Campaign" and "Ping An 35th Anniversary Customer Appreciation Campaign" brought RMB1.51 trillion in total transaction volume in the first half of 2023, effectively empowering member companies to drive business growth.

Profit Drivers of Retail Integrated Finance

The continuously expanding retail customer base, steadily increasing contracts per customer, and stable and healthy product profitability have become drivers of Ping An's sustained retail business growth.

1. Number of retail customers

Ping An's retail customers exceeded 229 million as of June 30, 2023, up 1.2% year to date. The Group has diverse integrated finance products and channels, which continuously drive the customer acquisition of member companies. The number of new customers totaled 14.29 million in the first half of 2023, up 2.3% year on year.

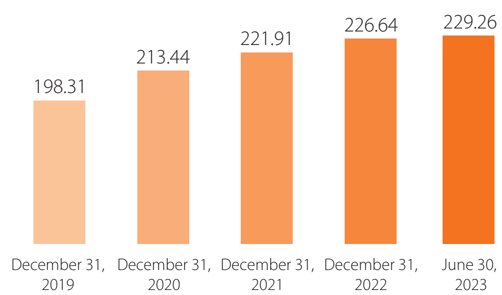
Retail customer mix by product line

(in million)	June 30, 2023	December 31, 2022	Change (%)
Life insurance(1)	**60.50**	62.01	(2.4)
Auto insurance(1)	**61.07**	59.88	2.0
Retail banking(2)	**126.27**	123.08	2.6
Securities, funds and trusts	**49.35**	50.72	(2.7)
Others(3)	**80.93**	78.22	3.5
The Group	**229.26**	226.64	1.2

Notes: (1) The numbers of insurance companies' customers are based on holders of in-force policies rather than policy beneficiaries.
(2) Retail banking includes debit and credit cardholders, with duplicates removed.
(3) Others include other investments, other loans, and other insurance products.
(4) Retail customers of separate product lines do not add up to the total due to the removal of duplicates.

Cumulative customers increase year by year

Unit: million

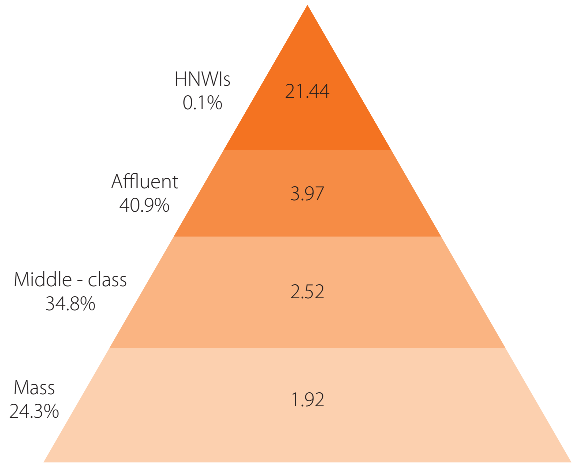


Ping An's retail customer structure

Ping An deepens the understanding of customers through long-term customer development. The wealthier the customers are, the more contracts they hold. Middle-class and above customers accounted for more than 75.7% of the Group's total retail customers as of June 30, 2023. High-net-worth individuals ("HNWIs") held 21.44 contracts per customer as of June 30, 2023, far more than affluent customers.

Retail customer structure and contracts per customer

Unit: contract per customer

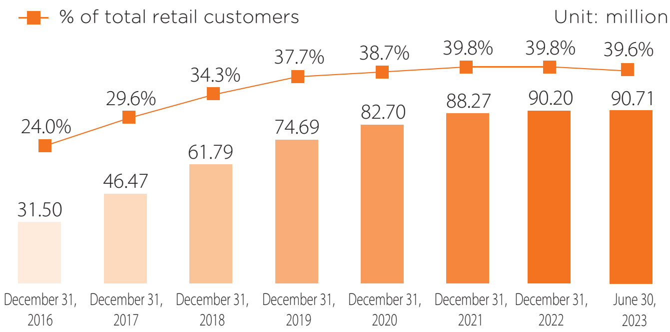


Notes: (1) Mass customers are those with annual income below RMB100,000, middle-class customers between RMB100,000 and RMB240,000, and affluent customers above RMB240,000. HNWIs have personal assets of RMB10 million or more.
(2) Figures may not match the calculation due to rounding.

2. Contracts per customer

As Ping An advances its integrated finance strategy, retail cross-selling continues to deepen. Approximately 12.04 million customer migrations occurred within the Group in the first half of 2023, and over 90.71 million retail customers held multiple contracts with different subsidiaries. Contracts per retail customer grew 0.7% year to date to 2.99 as of June 30, 2023. Retail customers and contracts per retail customer have increased 15.6% and 12.0% respectively since December 31, 2019. The new customers are mainly auto, accident and health insurance policy holders, credit cardholders, and bank depositors.

Number of retail customers holding multiple contracts with different subsidiaries

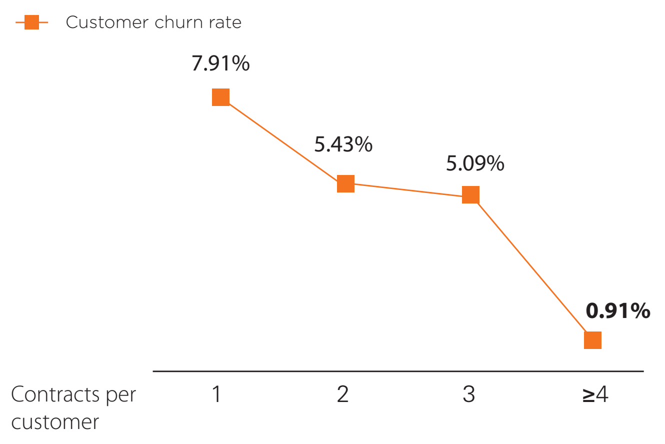


Integrated Finance

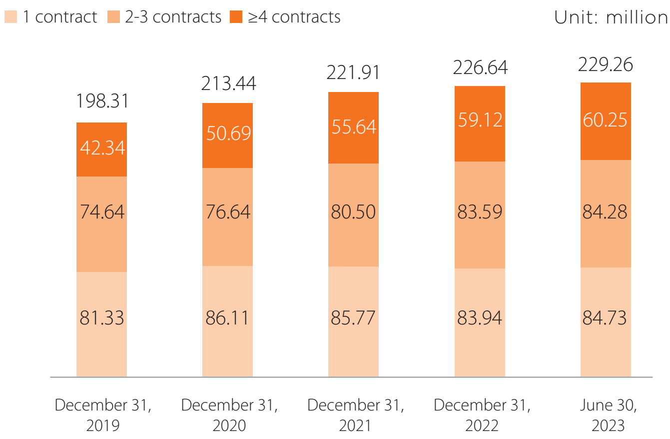
The higher the number of contracts per customer, the lower the customer churn rate

Increasing the number of contracts per customer is key to raising profit per customer and improving customer churn. Continuous customer development leads to more contracts per customer and higher customer retention. 26% of our customers held four or more contracts within the Group as of June 30, 2023, and their churn rate was only 0.91%, 7.0 pps lower than that of those holding only one contract.

For the six months ended June 30, 2023



Number of retail customers by the number of contracts per customer



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

Proportion of customers by years with Ping An

Nearly 153 million or 66.7% of our customers have been with the Group for five or more years as of June 30, 2023, showing high customer retention.

June 30, 2023	Number of customers (in million)	Proportion (%)
5 or more years	152.87	66.7
2-5 years	49.59	21.6
Less than 2 years	26.80	11.7
The Group	**229.26**	**100.0**

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

3. Profit per customer

Integrated finance continued to make contributions to the Company's insurance businesses and Ping An Bank's retail business in the first half of 2023.

Cross-selling between the Company's insurance businesses steadily deepened. Ping An Health Insurance's premium income from cross-selling by Ping An Life's agents rose 13.6% year on year in the first half of 2023.

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

For the six months ended June 30, 2023 (in RMB million)	Channel contribution	
	Amount	Percentage (%)
Ping An P&C	19,648	12.7
Ping An Annuity's short-term insurance	4,096	38.3
Ping An Health Insurance	5,763	69.0

Note: Premium income refers to original premium income.

Integrated finance's contributions to Ping An Bank's retail business

For the six months ended June 30, 2023	Integrated finance's contribution percentage (%)
Newly acquired customers	41.7
Net increase in retail AUM	56.3
Xinyidai unsecured loans granted	52.4
Auto loans granted	22.7
New credit cards issued	21.2

Ping An's customers increase continuously; in particular, the growth in middle-class and above customers is faster than the Group average, and will boost customer value continuously. Leveraging unique integrated finance advantages, Ping An will offer diverse products and services to meet the demands of different customer segments.

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

Healthcare as a New Driver of Value Growth

- Ping An launched an innovative Chinese “managed care model” by seamlessly combining its online/offline healthcare ecosystem with financial businesses in which Ping An acts as a payer, leveraging its over ten years of operational and management experience in insurance and healthcare industries.
- Over the past decade, Ping An has been building a healthcare ecosystem in China with increasingly significant differential advantages including online, in-store and home-delivery service capabilities, wide coverage of hundreds of healthcare and elderlycare service resources, and access to high-quality proprietary resources. This is very important for quality assurance purposes. Ping An had nearly 4,000 in-house doctors, over 50,000 contracted external doctors, and six proprietary 3A/tier-3 hospitals as of June 30, 2023. Moreover, Ping An partnered with over 10,000 hospitals (including all top 100 hospitals and 3A hospitals in China), over 100,000 healthcare management institutions, and approximately 226,000 pharmacies as of June 30, 2023.
- Ping An’s healthcare ecosystem is creating both standalone direct value and also significant indirect value by empowering our core financial businesses through differentiated “Product + Service” offerings. More than 64% of Ping An’s over 229 million retail customers used services from the healthcare ecosystem as of June 30, 2023. They held approximately 3.43 contracts and RMB55,800 in AUM per capita, 1.6 times and 3.2 times those held by non-users of these services respectively.

“HEALTHCARE ECOSYSTEM” STRATEGY

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

China’s per capita health expenditure[(1)] is over RMB5,000 (versus Japan’s approximately RMB30,000 and Singapore’s approximately RMB24,000), indicating huge room for growth. In addition, China’s elderly population[(2)] exceeded 200 million in 2022 (and is forecast to be over 300 million by 2035), larger than Japan’s about 37 million and Singapore’s about 0.85 million, indicating significant room for the development of China’s medical resources supply. Ping An’s healthcare ecosystem builds its service moat on three fronts, developing the Chinese “managed care model” by seamlessly combining differentiated healthcare services with financial businesses in which Ping An acts as a payer to create unique business models:

- Firstly, Ping An’s healthcare ecosystem generates revenue as the Group’s internal service provider by empowering retail financial customers of the Group’s members including Ping An Life and Ping An Bank.

- Secondly, Ping An's healthcare ecosystem generates revenue by offering employee health management programs to corporate clients via integration with employee benefit products of Ping An P&C, Ping An Annuity and Ping An Health Insurance.

- Thirdly, Ping An's healthcare ecosystem generates long-term revenue by developing an online flagship medical platform and proprietary medical institutions to meet domestic mid-range and high-end customers' healthcare needs.

Notes: (1) Per capita health expenditure for 2020. Data on China is from the database of the National Bureau of Statistics of China. Data on Japan and Singapore is from the World Bank's database and estimated in RMB.

(2) Elderly population data on China is from the database of the National Bureau of Statistics of China and the *Research Report on Aging in China 2022*. Elderly population data on Japan and Singapore is from the World Bank's database.

As an online flagship platform of the Group's healthcare ecosystem and a bridge between payers and providers in the healthcare industry chain, Ping An Health helps the Group's retail and corporate customers seamlessly navigate online and offline service resources in our healthcare ecosystem. In addition, after acquiring PKU Healthcare Group, Ping An will further optimize its strategies, strengthen its offline medical resources, and build its proprietary flagship brand.

"HEALTHCARE ECOSYSTEM" PROGRESS

Payers:

Ping An made significant progress in both retail and corporate customer development by effectively integrating insurance with healthcare and elderlycare services. Ping An's healthcare ecosystem had over 33,000 paying corporate clients in the first half of 2023. Ping An Health had over 45 million paying users over the past 12 months. Ping An achieved over RMB70 billion in health insurance premium income and customers entitled to service benefits in the healthcare ecosystem accounted for over 68% of Ping An Life's NBV in the first half of 2023.

"Finance + healthcare":

- **For mid-range and high-end retail customers**, Ping An provides "heartwarming services" by focusing on "insurance + health" products and exploring "insurance + medical service" products. Since its launch in 2021, Ping An Zhen Xiang RUN Health Services Plan ("Ping An Zhen Xiang RUN") has been upgraded on the basis of interactive health management to include 15 health service items of which the five highlights are unique checkups, online consultation, outpatient appointment assistance and accompanying consultation, blood sugar control, and critical illness management. Over 16 million customers of Ping An Life used services from the healthcare ecosystem in the first half of 2023. Notably, nearly 70% of Ping An Life's newly-enrolled customers used the healthcare services in the first half of 2023. The chronic disease prevention and control function has served approximately 1.18 million users as of June 30, 2023, with a quarterly outcome within-range rate of 78% and a service satisfaction rate of 99%. In addition, Ping An Life launched a pilot program in Beijing for its "medical +" service framework in which Ping An's family doctor service is at the core, providing high-quality healthcare solutions for mid-range and high-end customers.

- **For large and medium-sized corporate clients**, Ping An provides employee health management programs featuring comprehensive benefits, premium services and high cost-effectiveness via "commercial insurance + healthcare fund + healthcare service" products. Over 33,000 corporate clients and their 17 million plus employees were served in the first half of 2023.

Healthcare as a New Driver of Value Growth

"Finance + elderlycare services":

- Ping An prioritizes the development of "insurance + home-based elderlycare" and "insurance + high-end elderlycare" products, providing convenient, premium elderlycare services up to international standards for middle–and high-income and ultra-high-net-worth customers.

Membership manager:

- Ping An maintains exclusive health records for customers, and provides membership-based healthcare and elderlycare services via family doctors and elderlycare concierges. Ping An guides members through an end-to-end "online, in-store and home-delivered" service network covering consultation, diagnosis, treatment and services enabling 24/7 seconds-level management. Ping An had a team of nearly 4,000 in-house doctors as of June 30, 2023.

Providers:

- **In respect of proprietary flagships:** Ping An invests in service capabilities via general hospitals, checkup centers, medical testing centers, and imaging centers. Hospital beds owned or managed by Ping An can meet customer demands and help optimize the allocation of scarce medical resources, bringing differential advantages. Ping An enhanced its presence in the healthcare industry by acquiring PKU Healthcare Group and integrating its excellent resources into Ping An's existing healthcare ecosystem. These resources include six 3A/tier-3 hospitals, specialty medical institutions and so on, among which Peking University International Hospital is a flagship hospital. Peking University International Hospital has six prestigious medical centers specializing in obstetrics and gynecology, oncology, neurology, cardiology, orthopedics, and health management respectively. Moreover, it has partnered with the world's top hospitals including Mayo Clinic and UCLA Health in the U.S. and Juntendo University Hospital in Japan. In addition to hospitals, Ping An had 17 health management centers as of June 30, 2023.
- **In respect of partner networks:** Ping An provides services via an "online, in-store, and home-delivered" network by integrating domestic and overseas premium resources including medical services, health services, commodities and medicines. Ping An had over 50,000 contracted external doctors in China as of June 30, 2023. Ping An partnered with over 10,000 hospitals (including all top 100 hospitals and 3A hospitals), over 100,000 healthcare management institutions and approximately 226,000 pharmacies (over 36% of all pharmacies, up by nearly 2,000 year to date) in China as of June 30, 2023. Moreover, Ping An launched 550 ten-dimensional home-based elderlycare service items as of June 30, 2023. Overseas, Ping An partnered with over 1,000 medical institutions in 16 countries across the world as of June 30, 2023.

In addition, Ping An continuously advances healthtech research and development. Ping An ranked first globally by the number of healthcare patent applications as of June 30, 2023. Ping An has one of the world's largest healthcare databases, enables precise diagnosis of approximately 4,600 diseases, and proactively builds a leading remote consultation and treatment platform. In this way, Ping An effectively supports sustainable development of the healthcare ecosystem by building technological capabilities in a forward-looking manner.

POSITIVE RESULTS FROM A PROPRIETARY "HEALTHCARE ECOSYSTEM"

Ping An's proprietary healthcare ecosystem provides customers with excellent, efficient service experience. Ping An builds its good reputation by providing excellent, efficient and convenient services through the healthcare ecosystem, enhancing its brand image by word of mouth. For instance, Ping An Heath has established an online consultation and treatment platform which covers nine medical specialties including dermatology, pediatrics and traditional Chinese medicine. Patients can see a doctor remotely on a 24/7 basis and get responses within 60 seconds by means of images, texts, speeches, videos and so on, without a need to queue offline. For difficult and complicated diseases, remote consultations can be conducted. Moreover, Ping An Health helps users prevent diseases by maintaining health records for them and carrying out regular clinical follow-ups. There has been no major healthcare incident since the online specialty consultation and treatment platform was established, with five-star monthly reviews from 99% of users.

Ping An integrates proprietary medical resources with commercial insurance to unlock potential value. By integrating unique resources of offline proprietary flagship hospitals and high-end health management centers with insurance products, Ping An piloted and explored scenario-based marketing practices including online streaming, hospital experience and VIP checkups in Beijing, Shanghai and Shenzhen in 2022. In this way, Ping An provided "health insurance + service" products and cumulatively served over 200,000 customers. Ping An piloted the "insurance + medical service" model in Beijing in the second quarter of 2023, providing customers in Beijing with protection combining life insurance, health insurance and high-end medical service benefits provided by Peking University International Hospital. Ping An will pilot such model in Shanghai, Guangzhou and Shenzhen in the second half of 2023.

Ping An's healthcare ecosystem empowers its core financial businesses through customer acquisition and retention. Synergies between integrated finance and the healthcare ecosystem give Ping An Health and the new PKU Healthcare Group access to corporate and retail customers of Ping An's financial businesses. Meanwhile, they also give companies including Ping An Life access to service benefits in the Group's healthcare ecosystem. More than 64% of Ping An's over 229 million retail customers used services from the healthcare ecosystem as of June 30, 2023. They held approximately 3.43 contracts and RMB55,800 in AUM per capita, 1.6 times and 3.2 times those held by non-users of these services respectively.

Business Analysis
Performance Overview

- Ping An delivered an 18.2% annualized operating ROE with operating profit attributable to shareholders of the parent company amounting to RMB81,957 million in the first half of 2023.
- Ping An continues to increase cash dividends, and will pay an interim dividend of RMB0.93 per share in cash for 2023, up 1.1% year on year.

CONSOLIDATED RESULTS

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

For the six months ended June 30 (in RMB million)	**2023**	2022	Change (%)
Operating profit attributable to shareholders of the parent company	**81,957**	86,282	(5.0)
Basic operating earnings per share (in RMB)	**4.63**	4.94	(6.3)
Operating ROE (annualized, %)	**18.2**	21.2	-3.0 pps
Interim dividend per share (in RMB)	**0.93**	0.92	1.1
Net profit attributable to shareholders of the parent company	**69,841**	70,725	(1.2)
ROE (annualized, %)	**15.4**	16.8	-1.4 pps

OPERATING PROFIT OF THE GROUP

Operating profit after tax is based on net profit from financial statements, excluding items that are of a short-term, volatile or one-off nature and others. The operating profit after tax which excludes fluctuations of the following non-operating items facilitates the understanding and comparison of the Company's business performance and trend.

- Short-term investment variance applies to Life & Health business excluding the part subject to the variable fee approach ("VFA")(1). This short-term investment variance is the variance between the actual investment return on the aforesaid business and the embedded value long-run investment return assumption. Net of the short-term investment variance, the investment return on the aforesaid Life & Health business is locked at 5%. Debt investments at fair value through other comprehensive income backing such business are measured at cost.

- 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 in the first half of 2023 and the first half of 2022 comprised the revaluation gain or loss on the convertible bonds issued by Lufax Holding to the Company.

Note: (1) Insurance finance income or expenses of liabilities subject to VFA match the changes in the fair value of the underlying items backing such business. Therefore, no adjustment is made when operating metrics are measured.

International environment remained complex in the first half of 2023. Overseas economic growth slowed down with declining demand, and financial market volatilities rose significantly amid high inflation, high interest rates and ongoing geopolitical conflicts. China's economy resumed an upward trend, with economic activity picking up significantly compared with last year and market demand recovering gradually, but the foundation for economic recovery was not yet solid. Facing opportunities and challenges, Ping An focused on core financial businesses and strengthened the insurance protection function to serve the real economy. Ping An continued to implement its business policy of "focusing on core businesses, increasing cost-effectiveness, optimizing portfolios, and improving policies and procedures." Following the technology-driven "integrated finance + healthcare" strategy, Ping An continuously consolidated its integrated finance advantages, remained customer needs-oriented, and pursued high-quality development.

The Group's operating profit attributable to shareholders of the parent company declined 5.0% year on year to RMB81,957 million, and net profit attributable to shareholders of the parent company declined 1.2% year on year to RMB69,841 million in the first half of 2023. Basic operating earnings per share declined 6.3% year on year to RMB4.63.

The reconciliation between operating profit and net profit in the financial statements is as follows:

	2023						
For the six months ended June 30 (in RMB million)	Life and health insurance business	Property and casualty insurance business	Banking business	Asset management business	Technology business	Other businesses and elimination	The Group
Operating profit attributable to shareholders of the parent company	**57,295**	**9,242**	**14,714**	**1,412**	**1,735**	**(2,441)**	**81,957**
Operating profit attributable to non-controlling interests	**1,299**	**43**	**10,673**	**564**	**515**	**576**	**13,670**
Operating profit (A)	**58,593**	**9,285**	**25,387**	**1,976**	**2,250**	**(1,865)**	**95,626**
Plus:							
Short-term investment variance (B)	**(12,259)**	**-**	**-**	**-**	**-**	**-**	**(12,259)**
Impact of one-off material non-operating items and others (C)	**-**	**-**	**-**	**-**	**58**	**-**	**58**
Net profit (D=A+B+C)	**46,335**	**9,285**	**25,387**	**1,976**	**2,308**	**(1,865)**	**83,426**
Net profit attributable to shareholders of the parent company	**45,121**	**9,242**	**14,714**	**1,412**	**1,793**	**(2,441)**	**69,841**
Net profit attributable to non-controlling interests	**1,214**	**43**	**10,673**	**564**	**515**	**576**	**13,585**

For the six months ended June 30 (in RMB million)	2022 (Restated) Life and health insurance business	Property and casualty insurance business	Banking business	Asset management business	Technology business	Other businesses and elimination	The Group
Operating profit attributable to shareholders of the parent company	59,069	8,602	12,802	4,400	4,909	(3,499)	86,282
Operating profit attributable to non-controlling interests	563	40	9,286	838	395	518	11,640
Operating profit (A)	59,632	8,642	22,088	5,238	5,304	(2,981)	97,922
Plus:							
Short-term investment variance (B)	(15,295)	–	–	–	–	–	(15,295)
Impact of one-off material non-operating items and others (C)	–	–	–	–	(429)	–	(429)
Net profit (D=A+B+C)	44,336	8,642	22,088	5,238	4,875	(2,981)	82,198
Net profit attributable to shareholders of the parent company	43,940	8,602	12,802	4,400	4,480	(3,499)	70,725
Net profit attributable to non-controlling interests	396	40	9,286	838	395	518	11,473

Notes: (1) The life and health insurance business represents the results of three subsidiaries, namely Ping An Life, Ping An Annuity, and Ping An Health Insurance. The property and casualty insurance business represents the results of Ping An P&C. The banking business represents the results of Ping An Bank. The asset management business represents the results of subsidiaries that engage in asset management business including Ping An Securities, Ping An Trust, Ping An Asset Management, Ping An Financial Leasing, and Ping An Overseas Holdings. The technology business represents the results of subsidiaries, associates and joint ventures that engage in technology business including Autohome, Lufax Holding, OneConnect, and Ping An Health. Eliminations include offsets against shareholding among business lines.
(2) Figures may not match the calculation due to rounding.

OPERATING PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

For the six months ended June 30 (in RMB million)	2023	2022	Change (%)
Life and health insurance business	**57,295**	59,069	(3.0)
Property and casualty insurance business	**9,242**	8,602	7.4
Banking business	**14,714**	12,802	14.9
Asset management business	**1,412**	4,400	(67.9)
Technology business	**1,735**	4,909	(64.7)
Other businesses and elimination	**(2,441)**	(3,499)	(30.2)
The Group	**81,957**	86,282	(5.0)

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

OPERATING ROE (ANNUALIZED)

For the six months ended June 30 (%)	2023	2022	Change (pps)
Life and health insurance business	**35.6**	41.2	(5.6)
Property and casualty insurance business	**15.2**	15.0	0.2
Banking business	**12.7**	12.2	0.5
Asset management business	**2.4**	8.0	(5.6)
Technology business	**3.6**	8.8	(5.2)
Other businesses and elimination	**N/A**	N/A	N/A
The Group	**18.2**	21.2	(3.0)

OPERATING EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

(in RMB million)	June 30, 2023	December 31, 2022	Change (%)
Life and health insurance business[1]	**336,514**	308,946	8.9
Property and casualty insurance business	**126,203**	117,799	7.1
Banking business	**233,037**	222,956	4.5
Asset management business	**114,271**	117,143	(2.5)
Technology business	**95,804**	94,937	0.9
Other businesses and elimination	**13,362**	(1,138)	N/A
The Group[1]	**919,191**	860,643	6.8

Note: (1) Excluding changes in fair value of debt investments measured at fair value through other comprehensive income backing life and health insurance business, as well as accumulated insurance finance expenses for insurance contract liabilities recognized through other comprehensive income that can be reclassified into profit or loss, except for the part subject to VFA.

Business Analysis
Life and Health Insurance Business

- Ping An Life realized comprehensive advancement in channels. Life & Health NBV amounted to RMB25,960 million in the first half of 2023, up 32.6% year on year. On a like-for-like basis, NBV grew 45.0% year on year in the first half of 2023. In the agent channel, productivity strongly improved with NBV per agent rising 94.3% year on year. Bancassurance channel NBV also increased sharply by 174.7% year on year, mainly benefiting from the deepening of the exclusive "Private Wealth Adviser" agency model with Ping An Bank.
- "Insurance + service" offerings are gaining significant traction. Ping An Life has served over 16 million customers through health management. Over 60,000 customers have qualified for home-based elderlycare services, which have covered 47 cities across China. Ping An's high-end elderlycare projects expanded to four cities, namely Shenzhen, Guangzhou, Shanghai and Foshan, following the recent unveiling of "Shanghai Yi Nian Cheng" in February 2023.
- Business quality continued to improve. Ping An Life recorded a material improvement in its persistency ratios with the 13-month persistency ratio rising 2.1 pps year on year and 25-month persistency ratio rising 7.0 pps year on year in the first half of 2023.

BUSINESS OVERVIEW

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

China's macroeconomy resumed an upward trend in the first half of 2023 as market demand recovered gradually, but the foundation for economic recovery was not yet solid. Ping An Life unswervingly implemented the "4 channels + 3 products" strategy. Ping An Life achieved steady business development thanks to comprehensive advancement in channels, improved business quality, and diverse products and services launched. Life & Health NBV amounted to RMB25,960 million in the first half of 2023, up 45.0% on a like-for-like basis[1] year on year.

Note: (1) The like-for-like basis means NBV for the first half of 2022 has been restated using the end-2022 valuation assumptions and method.

Key Indicators

(in RMB million)	**For the six months ended June 30, 2023/ June 30, 2023**	For the six months ended June 30, 2022/ December 31, 2022	Change (%)
NBV	**25,960**	19,573	32.6
NBV margin (%)	**22.8**	25.7	-2.9 pps
FYP used to calculate NBV	**113,901**	76,132	49.6
NBV (Base restatement[1])	**25,960**	17,903	45.0
NBV margin (Base restatement[1],%)	**22.8**	23.5	-0.7 pps
Embedded value	**924,647**	874,786	5.7
Operating ROEV (annualized, %)	**14.4**	13.2	1.2 pps
New business CSM	**27,157**	24,198	12.2
New business CSM margin (%)	**10.6**	11.0	-0.5 pps
Present value of expected premiums from new business sold	**257,100**	219,191	17.3
Operating profit after tax	**58,593**	59,632	(1.7)
Operating ROE (annualized, %)	**35.6**	41.2	-5.6 pps
Net profit	**46,335**	44,336	4.5

Notes: (1) Base restatement refers to the restatement of NBV for the first half of 2022 using the end-2022 valuation assumptions and method.
(2) Figures may not match the calculation due to rounding.

CHANNEL DEVELOPMENT

Under the value proposition of high-quality development, Ping An Life unswervingly transformed toward more balanced professional sales channels. Innovative channels including bancassurance and Community Grid accounted for 16.3% of Ping An Life's NBV in the first half of 2023, up 2.1 pps year on year on a like-for-like basis.

- **Agent channel.** Ping An Life facilitated the high-quality transformation of the agent channel by refining the tiered management of high-productivity agents. As a result, the agent channel's NBV grew 43.0% year on year on a like-for-like basis to RMB21,303 million in the first half of 2023. Ping An Life has effectively improved agent productivity by providing exclusive benefits, tailored campaigns for high-end customers, exclusive training, honors and incentives. Income per agent increased 36.8% year on year in the first half of 2023. In respect of new agents, Ping An Life continuously improved the team structure and competence, and raised the proportion of high-quality new agents through high-quality existing ones. The proportion of "Talent +" new agents increased by 25 pps year on year in the first half of 2023.

For the six months ended June 30 (in RMB million)	2023	2022	Change (%)
Agent productivity and income			
Agent channel NBV	**21,303**	16,434	29.6
Agent channel NBV (base restatement)	**21,303**	14,895	43.0
Average number of agents per month (in thousand)	**379**	514	(26.3)
NBV per agent (RMB per agent per half year)	**56,281**	31,958	76.1
NBV per agent (base restatement, RMB per agent per half year)	**56,281**	28,967	94.3
Activity rate of agents[(1)] (%)	**54.1**	55.4	-1.3 pps
Agent income (RMB per agent per month)	**10,887**	7,957	36.8
Including: Income from Ping An Life's products (RMB per agent per month)	**8,668**	6,373	36.0

Ping An Life	June 30, 2023	December 31, 2022	Change (%)
Number of individual life insurance sales agents (in thousand)	**374**	445	(16.0)

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

- **Bancassurance channel.** Ping An Life has achieved high-quality and leapfrog value growth by furthering the strategic transformation of the bancassurance channel, boosting the channel's NBV by 174.7% year on year on a like-for-like basis to RMB2,825 million in the first half of 2023. In respect of cooperation with banks, Ping An Life furthered the exclusive agency model with Ping An Bank, and helped Ping An Bank build a team of over 2,000 professional Private Wealth Advisers. With significantly enhanced insurance sales skills, Private Wealth Advisers have made record-high value contributions by integrating insurance into customers' entire wealth management framework via specific scenarios and customer touch points. Moreover, Ping An Life actively consolidated partnership with external banks, standardized outlet operations and upskilled teams, improving per capita productivity significantly.

- **Community Grid and other channels.** Ping An Life has successfully rolled out Community Grid in 51 cities, an increase of 26 since the end of 2022. Ping An Life has built a team of nearly 10,000 highly competent specialists as of June 30, 2023. Community specialists furthered the "Pre-sell, Soft-sell, Cross-sell and Up-sell" business model, and made continuous breakthroughs in customer development value through precise upselling based on improved services for existing customers. Ping An Life's 13-month policy persistency ratio of "retained customers[(1)]" improved by 5.7 pps year on year. In respect of the lower-tier channel, Ping An Life continuously promoted sales via the lower-tier channel in seven provinces in the first half of 2023, further exploring innovative development models.

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

Business Analysis
Life and Health Insurance Business

LIFE INSURANCE PRODUCTS

Ping An Life rolled out "insurance + service" products to drive sales and business quality improvements in an orderly and determined manner in the face of fading demographic dividends, homogeneous offerings, and changing needs. By upgrading its insurance product portfolio and leveraging the Group's healthcare ecosystem, Ping An Life improved its three core services, namely healthcare, home-based elderlycare and high-end elderlycare. Ping An Life aims to build differential advantages under the "insurance + service" framework.

- **In respect of insurance products,** Ping An Life strives to meet customers' full-lifecycle core insurance needs by focusing on wealth management, pension savings and health protection, upgrading the product portfolio, and making the products more competitive amid declining market interest rates and an aging population under a customer-centric product philosophy. **Ping An Life continuously penetrates wealth management and pension insurance markets.** Ping An Life strengthened the promotion of "Yuxiang Caifu," an annuity product, and "Sheng Shi Jin Yue (Exclusive Version)," a whole life insurance product, to protect customers' lives and wealth. Ping An Life diversified its offerings for the third pillar of China's pension system by launching "Sheng Shi Jin Yue (Vintage Version)," an annuity product offering more flexible means to receive pensions, helping customers live better during old age. **Ping An Life adheres to insurance protection and proactively penetrates the insurance market.** Ping An Life continuously promoted protection products including "Shouhu Baifenbai" critical illness, medical care, and whole life insurance to meet diverse customer needs for protection.

- **In respect of "insurance + healthcare,"** Ping An Life served over 16 million customers through health management in the first half of 2023. Nearly 70% of newly enrolled customers used health management services, which were widely welcomed by customers. Since its launch in 2021, Ping An Zhen Xiang RUN has provided customers with full-lifecycle healthcare services including five highlights, namely unique checkups, online consultation, outpatient appointment assistance and accompanying consultation, blood sugar control, and critical illness management. Moreover, by leveraging New Founder Group's healthcare assets, Ping An Life established a "medical +" service framework underpinned by family doctors from Ping An in Beijing to provide high-quality healthcare solutions for middle-market and high-end customers.

- **In respect of "insurance + home-based elderlycare,"** Ping An integrates internal and external service providers to offer one-stop, home-based elderlycare solutions through committed AI concierges, life concierges and doctor concierges, making the elderly comfortable and their children worry-free. The solutions cover ten scenarios including medical care, housing, nursing, dining and entertainment, enabling 24/7 online customer services. With a robust service supervision system, Ping An continuously optimizes customer service experience to help the elderly live a dignified life at home and to build the No.1 home-based elderlycare brand in China. Ping An's home-based elderlycare services covered 47 cities across China as of June 30, 2023. Over 60,000 customers have qualified for the home-based elderlycare services, giving positive general feedback.

- **In respect of "insurance + high-end elderlycare,"** Ping An is committed to developing the premium elderlycare market and delivering innovative "one-stop" full-lifecycle elderlycare solutions. Under the core philosophy of "seven-dimensional healthcare" and the value proposition of "prime life, exclusive services, and respectful care," Ping An provides customized elderlycare services and high-quality heartwarming elderlycare experience to meet the growing demand for premium elderlycare in China. Ping An has unveiled high-end elderlycare projects in four cities, namely Shenzhen, Guangzhou, Shanghai and Foshan as of June 30, 2023, including "Shanghai Yi Nian Cheng" unveiled in February 2023.

Ping An Life's 13-month persistency ratio of insurance policies improved by 2.1 pps year on year to 93.8%, and 25-month persistency ratio improved by 7.0 pps year on year to 87.6% in the first half of 2023. Going forward, Ping An Life will strengthen services-based renewal premium collection by providing ex ante services and conducting precise collection in policy renewal through smart digital operations to improve collection efficiency and persistency ratios.

For the six months ended June 30	2023	2022	Change (pps)
Ping An Life			
13-month persistency ratio (%)	**93.8**	91.7	2.1
25-month persistency ratio (%)	**87.6**	80.6	7.0

ANALYSIS OF OPERATING PROFIT AND PROFIT SOURCES

Operating profit after tax is based on net profit from financial statements, excluding items that are of a short-term, volatile or one-off nature and others. The operating profit after tax which excludes fluctuations of the following non-operating items facilitates the understanding and comparison of the Company's business performance and trend.

- Short-term investment variance applies to Life & Health business excluding the part subject to VFA(1). This short-term investment variance is the variance between the actual investment return on the aforesaid business and the embedded value long-run investment return assumption. Net of the short-term investment variance, the investment return on the aforesaid Life & Health business is locked at 5%. Debt investments at fair value through other comprehensive income backing such business are measured at cost.

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

Note: (1) Insurance finance income or expenses of liabilities subject to VFA match the changes in the fair value of the underlying items backing such business. Therefore, no adjustment is made when operating metrics are measured.

For the six months ended June 30 (in RMB million)	2023	2022	Change (%)
Insurance service result and others	**48,115**	50,226	(4.2)
Release of CSM	**38,665**	41,524	(6.9)
CSM release base	**856,159**	910,533	(6.0)
CSM release rate (annualized, %)	**9.0**	9.1	-0.1 pps
Change in risk adjustment for non-financial risk	**3,025**	2,940	2.9
Opening risk adjustment	**142,249**	138,165	3.0
Risk adjustment release rate (annualized, %)	**4.3**	4.3	-
Operating variances and others	**6,425**	5,762	11.5
Investment service result(1)	**17,500**	14,176	23.4
Operating profit before tax	**65,615**	64,402	1.9
Income tax	**(7,022)**	(4,770)	47.2
Operating profit	**58,593**	59,632	(1.7)
Short-term investment variance	**(12,259)**	(15,295)	(19.9)
Impact of one-off material non-operating items and others	**-**	-	N/A
Net profit	**46,335**	44,336	4.5

Notes: (1) Investment service result is the investment income less the required return on reserves.
(2) Figures may not match the calculation due to rounding.

For the six months ended June 30 (in RMB million)	2023	2022	Change (%)
Opening CSM	**818,683**	877,135	(6.7)
Contribution from new business ("New Business CSM")	**27,157**	24,198	12.2
Present value of expected premiums from new business sold	**257,100**	219,191	17.3
New business CSM margin (%)	**10.6**	11.0	-0.5 pps
Expected interest growth	**12,445**	13,357	(6.8)
Changes in estimates that adjust CSM(1)	**(7,840)**	(5,431)	44.4
Changes in financial risks of insurance contracts subject to VFA	**5,713**	1,274	348.3
CSM release base	**856,159**	910,533	(6.0)
Release of CSM	**(38,665)**	(41,524)	(6.9)
Closing CSM	**817,494**	869,010	(5.9)

Notes: (1) Excluding changes in financial risks of insurance contracts subject to VFA.
(2) Figures may not match the calculation due to rounding.

SOLVENCY MARGIN

Solvency margin ratios of Ping An Life, Ping An Annuity, and Ping An Health Insurance were all significantly above the regulatory requirements as of June 30, 2023.

	Ping An Life		Ping An Annuity		Ping An Health Insurance	
(in RMB million)	**June 30, 2023**	December 31, 2022	**June 30, 2023**	December 31, 2022	**June 30, 2023**	December 31, 2022
Core capital	**491,606**	495,845	**10,014**	8,482	**7,487**	6,681
Actual capital	**865,438**	877,807	**15,072**	13,480	**9,107**	8,125
Minimum capital	**408,218**	399,557	**5,828**	6,233	**3,410**	3,056
Core solvency margin ratio (%)	**120.4**	124.1	**171.8**	136.1	**219.6**	218.6
Comprehensive solvency margin ratio (%)	**212.0**	219.7	**258.6**	216.2	**267.0**	265.9

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

INSURANCE REVENUE AND INSURANCE SERVICE EXPENSES

Insurance revenue will be recognized over the coverage period based on the provision of services, exclusive of the investment component (an amount that an insurance contract requires the insurer to repay to a policyholder in all circumstances, regardless of whether an insured event occurs.)

For the six months ended June 30 (in RMB million)	**2023**	2022
Insurance revenue	**113,611**	117,934
Premium allocation approach ("PAA")	**14,582**	15,911
Non-PAA	**99,029**	102,023

Note: PAA insurance products mainly include insurance contracts with a coverage period shorter than one year; non-PAA insurance products mainly include insurance contracts of long-term traditional, participating, universal, and investment-linked insurance.

Insurance service expenses comprise incurred claims and other insurance service costs, exclusive of the investment component.

For the six months ended June 30 (in RMB million)	**2023**	2022
Insurance service expenses	**65,491**	66,903
PAA	**12,363**	13,035
Non-PAA	**53,128**	53,868

Note: PAA insurance products mainly include insurance contracts with a coverage period shorter than one year; non-PAA insurance products mainly include insurance contracts of long-term traditional, participating, universal, and investment-linked insurance.

WRITTEN PREMIUM

Written premium refers to all premium received from policies issued by the Company. Life & Health's written premium was RMB379,918 million in the first half of 2023.

Life & Health's written premium is analyzed below by policyholder type and channel:

For the six months ended June 30 (in RMB million)	2023	2022
Retail business	**367,292**	315,816
New business	**126,365**	75,412
Agent channel	**101,072**	59,363
Including: Regular premium	**59,180**	47,332
Bancassurance channel	**15,419**	6,674
Including: Regular premium	**9,743**	5,470
Telemarketing, internet and others	**9,874**	9,375
Including: Regular premium	**2,314**	2,730
Renewed business	**240,927**	240,404
Agent channel	**218,155**	219,159
Bancassurance channel	**11,424**	9,925
Telemarketing, internet and others	**11,348**	11,320
Group business	**12,626**	12,640
New business	**12,499**	12,524
Renewed business	**127**	116
Total	**379,918**	328,456

Life & Health's written premium is analyzed below by product type:

For the six months ended June 30 (in RMB million)	2023	2022
Participating insurance	**33,601**	39,698
Universal insurance	**80,701**	52,604
Traditional life insurance	**96,633**	64,487
Long-term health insurance	**58,595**	61,167
Accident & short-term health insurance	**23,965**	24,913
Annuity	**86,252**	85,330
Investment-linked insurance	**171**	257
Total	**379,918**	328,456

Life & Health's written premium is analyzed below by region:

For the six months ended June 30 (in RMB million)	2023	2022
Guangdong	**64,424**	57,146
Beijing	**26,550**	22,284
Shandong	**23,636**	20,448
Jiangsu	**22,820**	19,102
Zhejiang	**22,325**	18,118
Subtotal	**159,755**	137,098
Total	**379,918**	328,456

Business Analysis
Property and Casualty Insurance Business

- Ping An P&C grew its insurance revenue by 7.8% year on year and delivered a 98.0% overall underwriting combined ratio ("underwriting COR") which included a 97.1% auto insurance underwriting COR in the first half of 2023.
- Ping An P&C's "Ping An Auto Owner" ranked as the largest automotive service app in China having accumulated over 186 million registered users as of June 30, 2023, with over 125 million vehicles linked to it. Monthly active users of the app exceeded 35.78 million in June 2023.
- Ping An P&C offers leading online claims services. Ping An P&C scored 94.52 in the Auto Insurance Service Quality Index evaluation by CBIT, ranking among the top players in the property and casualty insurance industry.

BUSINESS OVERVIEW

The Company conducts property and casualty insurance business mainly through Ping An P&C whose business scope covers all lawful property and casualty insurance business lines including auto, corporate property and casualty, engineering, cargo, liability, guarantee, credit, home contents, and accident & health insurance, as well as international reinsurance business. Ping An P&C has been honored as "No.1 Brand" in China's auto insurance and property and casualty insurance markets by the Ministry of Industry and Information Technology for 13 consecutive years.

Ping An P&C maintained stable business growth, with insurance revenue up 7.8% year on year to RMB155,899 million in the first half of 2023. Overall underwriting COR rose by 0.9 pps year on year to 98.0% in the first half of 2023 mainly because overall cost fluctuated due to the recovering travel needs of auto insurance customers and the impact of market volatility on guarantee insurance business.

Ping An P&C proactively applies technologies to data-driven online operations and services. "Ping An Auto Owner," the largest automotive service app in China, is committed to providing one-stop services covering "auto insurance and auto life" for users, and retains users with popular content on car use, car maintenance and road travel. The app had over 186 million registered users as of June 30, 2023, with over 125 million vehicles linked to it. Monthly active users of the app exceeded 35.78 million in June 2023. Ping An P&C continued to improve online claim settlement to create "worry-free, time-saving, and money-saving" service experience. Ping An P&C enabled worry-free and heartwarming concierge claims experience with its "exclusive claims manager" service, and further improved customers' claims experience through upgraded video-based claims processing, scheduled loss assessment, and other functions. With excellent customer services, Ping An P&C scored 94.52 in the Auto Insurance Service Quality Index evaluation[1] by CBIT, ranking among the top players in the property and casualty insurance industry.

Note: (1) From the Auto Insurance Service Quality Index evaluation results released by China Banking and Insurance Information Technology Management Co., Ltd. ("CBIT") in April 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Key Indicators

For the six months ended June 30 (in RMB million)	2023	2022	Change (%)
Operating profit	**9,285**	8,642	7.4
Operating ROE (annualized, %)	**15.2**	15.0	0.2 pps
Underwriting COR[1] (%)	**98.0**	97.1	0.9 pps
Including:			
Underwriting combined expense ratio[2] (%)	**27.4**	26.8	0.6 pps
Underwriting combined loss ratio[3] (%)	**70.6**	70.3	0.3 pps
Insurance revenue	**155,899**	144,647	7.8
Including:			
Auto insurance	**102,275**	96,589	5.9
Non-auto insurance	**42,723**	36,145	18.2
Accident and health insurance	**10,901**	11,913	(8.5)

Notes: (1) Underwriting COR under IFRS 17 = (insurance service expenses + (allocation of reinsurance premiums paid – amount recovered from reinsurer) + (net insurance finance expenses for insurance contracts issued – net reinsurance finance income for reinsurance contracts held) + changes in insurance premium reserves) / insurance revenue.

(2) Underwriting combined expense ratio = (acquisition cost amortization + maintenance expenses) / insurance revenue.

(3) Underwriting combined loss ratio = (settled loss + outstanding loss + profit or loss of loss contracts + (allocation of reinsurance premiums paid – amount recovered from reinsurer) + (net insurance finance expenses for insurance contracts issued – net reinsurance finance income for reinsurance contracts held) + changes in insurance premium reserves) / insurance revenue.

Analysis of Profit Sources

For the six months ended June 30 (in RMB million)	2023	2022	Change (%)
Insurance revenue	**155,899**	144,647	7.8
Insurance service expenses	**(148,330)**	(136,044)	9.0
Net expense from reinsurance contracts held[1]	**(1,768)**	(1,674)	5.6
Net insurance financial result and others[2]	**(2,748)**	(2,732)	0.6
Underwriting profit	**3,053**	4,197	(27.3)
Underwriting COR (%)	**98.0**	97.1	0.9 pps
Total investment income[3]	**8,044**	6,040	33.2
Other net revenue and expenses	**(453)**	(529)	(14.4)
Profit before tax	**10,644**	9,708	9.6
Income tax	**(1,359)**	(1,066)	27.5
Net profit	**9,285**	8,642	7.4
Operating profit	**9,285**	8,642	7.4

Notes: (1) Net expense from reinsurance contracts held = allocation of reinsurance premiums paid – amount recovered from reinsurer.

(2) Net insurance financial result and others = Net insurance finance expenses for insurance contracts issued – net reinsurance finance income for reinsurance contracts held + changes in insurance premium reserves.

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

Business Analysis
Property and Casualty Insurance Business

OPERATING DATA BY PRODUCT TYPE

Ping An P&C's major product types were auto insurance, liability insurance, health insurance, corporate property and casualty insurance, agricultural insurance, and guarantee insurance in the first half of 2023.

Auto Insurance

Ping An P&C actively refined operations and continuously improved its sales and service capabilities. Overall operations were steady and healthy in good order after the comprehensive reform of auto insurance in the first half of 2023. Vehicles insured by Ping An P&C increased 5.4% year on year, and auto insurance premium income rose 6.1% year on year to RMB101,348 million in the first half of 2023. Despite rising auto insurance claims driven by customers' growing travel demand, Ping An P&C kept auto insurance business profitable by optimizing pricing models, strengthening risk screening, and refining cost management. Auto insurance underwriting COR was 97.1% in the first half of 2023. Going forward, Ping An P&C will strengthen core technologies in new auto insurance segments including new energy vehicles, self-driving vehicles and usage-based insurance, and promote product and service innovations to meet diverse customer demands and drive the high-quality development of auto insurance business.

Liability Insurance

Liability insurance premium income grew 14.7% year on year to RMB14,219 million in the first half of 2023. Liability insurance underwriting COR improved by 2.6 pps year on year to 99.5% in the first half of 2023 and overall business risk was under control. Ping An P&C finished building its risk pricing database, and leveraged the database to develop a pricing model, further enhancing its precise pricing capability. Moreover, Ping An P&C improved its underwriting services by realizing 100% online middle-office support for liability insurance, centering on end-to-end business processes and requirements of customers and sales teams.

Health Insurance

Health insurance premium income grew 57.4% year on year to RMB7,032 million in the first half of 2023. Health insurance underwriting COR remained good at 92.3%. Ping An P&C continuously transforms its customer development approach from "treatment-centered" to "health-centered," developing needs-oriented products and services to address health-related pain points of customer segments from children to the elderly, from individuals to families, and from cities to counties.

Corporate Property and Casualty Insurance

Ping An P&C's premium income from corporate property and casualty insurance business reached RMB5,765 million in the first half of 2023, up 18.2% year on year. Underwriting COR of corporate property and casualty insurance business remained good at 89.0%, improving by 8.4 pps year on year. Going forward, Ping An P&C will adhere to the principle of serving national development strategies, the real economy, and people's livelihoods. Moreover, Ping An P&C will strengthen the application of insurtech to provide enterprises with risk protection and risk mitigation services, facilitating their high-quality development.

Agricultural Insurance

Agricultural insurance premium income amounted to RMB5,528 million in the first half of 2023, up 53.1% year on year. Agricultural insurance underwriting COR was 93.4% in the first half of 2023. Ping An P&C provides sustainable risk protection for agricultural production. Moreover, Ping An P&C actively explores green insurance and develops innovative products including arable land productivity index insurance, agro-meteorological index insurance, comprehensive insurance for ancient and famous trees, and green-planting rice disease prevention and treatment insurance. By continuously enhancing and expanding insurance coverage, Ping An P&C develops a diversified agricultural insurance product portfolio to meet multi-faceted and multi-tiered insurance demands in agribusiness.

Guarantee Insurance

Guarantee insurance premium income dropped 79.3% year on year to RMB2,188 million in the first half of 2023. Guarantee insurance underwriting COR rose by 4.7 pps year on year to 117.7% mainly because small and micro-enterprise customers' repayment capacity was still under pressure due to changes in the macroeconomic environment. Historically, guarantee insurance business produced a significant underwriting profit, but in recent years, the underwriting COR has been hampered by changes in the market environment. Guarantee insurance business will get back on track in the medium to long term due to China's strong economic resilience and growth momentum, supportive government policies, and Ping An P&C's quality-first proactive risk management.

For the six months ended June 30, 2023 (in RMB million)	Insured amount	Premium income	Insurance revenue	Insurance service expenses	Underwriting profit	Underwriting COR	Net insurance contract liabilities
Auto insurance	129,791,806	101,348	102,275	96,798	2,989	97.1%	179,258
Liability insurance	596,645,629	14,219	11,165	10,562	54	99.5%	20,530
Health insurance	86,955,124	7,032	4,907	4,460	380	92.3%	5,546
Corporate property and casualty insurance	12,491,156	5,765	4,387	3,043	482	89.0%	7,202
Agricultural insurance	176,462	5,528	2,912	2,525	191	93.4%	619
Guarantee insurance	30,397	2,188	14,375	16,758	(2,541)	117.7%	9,804

Note: The Company has implemented IFRS 17 since January 1, 2023. Insurance revenue, insurance service expenses, underwriting profit, underwriting COR, and net insurance contract liabilities (insurance contract liabilities – insurance contract assets) are all data under IFRS 17. Data for corresponding comparative periods have been restated.

Business Analysis
Property and Casualty Insurance Business

SOLVENCY MARGIN

Ping An P&C's core and comprehensive solvency margins were significantly above the regulatory requirements as of June 30, 2023.

(in RMB million)	June 30, 2023	December 31, 2022
Core capital	**106,944**	101,193
Actual capital	**131,776**	125,337
Minimum capital	**60,543**	56,976
Core solvency margin ratio (%)	**176.6**	177.6
Comprehensive solvency margin ratio (%)	**217.7**	220.0

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

PREMIUM INCOME

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

For the six months ended June 30 (in RMB million)	2023 Amount	2023 Percentage (%)	2022 Amount	2022 Percentage (%)
Agencies	**44,726**	**29.0**	38,996	26.6
Car dealers	**41,748**	**27.1**	37,320	25.4
Direct selling	**29,468**	**19.1**	20,221	13.8
Cross-selling	**19,648**	**12.7**	20,653	14.1
Telemarketing and online channels	**3,392**	**2.2**	11,678	8.0
Others	**15,154**	**9.9**	17,924	12.1
Total	**154,136**	**100.0**	146,792	100.0

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

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

For the six months ended June 30 (in RMB million)	2023 Amount	2023 Percentage (%)	2022 Amount	2022 Percentage (%)
Auto insurance	**101,348**	**65.8**	95,502	65.1
Non-auto insurance	**40,640**	**26.4**	37,923	25.8
Accident and health insurance	**12,148**	**7.8**	13,367	9.1
Total	**154,136**	**100.0**	146,792	100.0

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

For the six months ended June 30 (in RMB million)	2023	2022
Guangdong	**25,556**	24,387
Jiangsu	**11,951**	11,183
Zhejiang	**10,180**	9,510
Shanghai	**9,120**	8,132
Sichuan	**8,520**	7,745
Subtotal	**65,327**	60,957
Total	**154,136**	146,792

Note: Premium income refers to premiums computed based on written premium after the significant insurance risk testing and separation of hybrid contracts in accordance with the *Circular on the Insurance Industry's Implementation of the No.2 Interpretation of Accounting Standards for Business Enterprises* (Bao Jian Fa [2009] No.1) and the *Circular on Issuing the Regulations regarding the Accounting Treatment of Insurance Contracts* (Cai Kuai [2009] No.15).

REINSURANCE ARRANGEMENTS

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

For the six months ended June 30 (in RMB million)	**2023**	2022
Premiums ceded to reinsurers	**10,182**	10,116
Auto insurance	**2,539**	2,729
Non-auto insurance	**7,587**	7,307
Accident and health insurance	**56**	80
Inward reinsurance premium	**1**	14
Non-auto insurance	**1**	14

Note: Premiums ceded to reinsurers and inward reinsurance premium are premium data from the measurement of reinsurance arrangements in accordance with the *Circular on the Insurance Industry's Implementation of the No.2 Interpretation of Accounting Standards for Business Enterprises* (Bao Jian Fa [2009] No.1) and the *Circular on Issuing the Regulations regarding the Accounting Treatment of Insurance Contracts* (Cai Kuai [2009] No.15).

Business Analysis
Insurance Funds Investment Portfolio

- The Company's insurance funds investment portfolio grew 6.5% year to date to nearly RMB4.62 trillion as of June 30, 2023.
- The Company's insurance funds investment portfolio achieved an annualized comprehensive investment yield of 4.1% in the first half of 2023, up by 0.7 pps year on year. The Company continued to optimize asset-liability matching and tactical allocation, and effectively managed investment risks by strengthening risk review, refining risk limits, and tightening concentration risk management and post-investment management.

INVESTMENT PORTFOLIO OVERVIEW

The Company's insurance funds investment portfolio is comprised of investable funds from Life & Health and property and casualty insurance businesses. The Company's insurance funds investment portfolio grew 6.5% year to date to nearly RMB4.62 trillion as of June 30, 2023.

Overseas economic growth and demand growth gradually lost momentum due to high inflation, high interest rates, and geopolitical conflicts in the first half of 2023. Meanwhile, China's economy resumed an upward trend, with economic activities picking up significantly compared with 2022, though the foundation for economic recovery was not yet solid. In a complex and volatile market environment, the Company is committed to creating stable investment incomes across macroeconomic cycles via value investing. The Company's insurance funds investment portfolio achieved an annualized comprehensive investment yield of 4.1%, up by 0.7 pps year on year, and an annualized net investment yield of 3.5%, down by 0.4 pps year on year in the first half of 2023.

ASSET-LIABILITY MANAGEMENT

The Company is committed to creating stable investment incomes across macroeconomic cycles and meeting liability needs under a liability-driven approach, taking solvency as a core metric.

At the asset allocation level, the Company keeps a prudent risk appetite and continuously optimizes strategic asset allocation. The Company strikes a balance between long-duration interest rate bonds and risk assets as well as between robust equity assets and growth equity assets. Moreover, the Company carries out disciplined tactical asset allocation and accumulates high-quality assets to cope with various market environments.

In fixed income investment, the Company proactively responds to falling interest rates and rising credit risk. The Company lengthened asset durations and locked in long-term returns by proactively increasing allocation to long-duration low-risk bonds including central and local government bonds and policy bank bonds. The duration gap between assets and liabilities narrowed continuously.

In equity investment, the Company maintains long-term allocation to value-based equity assets. Meanwhile, the Company manages an extensive portfolio of growth equity assets under a market-based FOF/MOM mandate mechanism, identifying excellent managers and responding to market changes in a balanced manner. In this way, the Company seeks to outperform the market with long-term steady investment returns.

In addition, the Company diversifies the sources of assets and incomes by proactively investing in high-quality alternative assets and optimizing allocation to high-quality overseas assets.

The Company continuously strengthens its investment research, product innovation and post-investment management, and ensures its investment management covers the whole process of "fundraising, investing, management and exit" to maximize the value of its investments.

INVESTMENT PORTFOLIO (BY CATEGORY)

(in RMB million)	June 30, 2023 Carrying value	June 30, 2023 Percentage (%)	December 31, 2022 Carrying value	December 31, 2022 Percentage (%)
Cash and cash equivalents	**120,829**	**2.6**	144,508	3.3
Term deposits	**197,788**	**4.3**	234,142	5.4
Debt financial assets				
Bond investments	**2,610,355**	**56.6**	2,364,493	54.6
Bond funds	**122,804**	**2.7**	108,960	2.5
Preferred stocks	**112,013**	**2.4**	116,749	2.7
Perpetual bonds	**38,760**	**0.8**	37,675	0.9
Debt schemes	**190,402**	**4.2**	182,571	4.2
Wealth management products(1)	**242,011**	**5.2**	265,107	6.1
Equity financial assets				
Stocks	**282,470**	**6.1**	228,796	5.3
Equity funds	**158,341**	**3.4**	146,988	3.4
Wealth management products(1)	**73,495**	**1.6**	50,847	1.2
Unlisted equities	**112,713**	**2.4**	109,797	2.5
Long-term equity stakes	**207,997**	**4.5**	205,286	4.7
Investment properties	**126,271**	**2.7**	117,985	2.7
Other investments(2)	**19,513**	**0.5**	19,014	0.5
Total investments	**4,615,762**	**100.0**	4,332,918	100.0

Notes: (1) Wealth management products include trust plans from trust companies, products from insurance asset management companies, and wealth management products from commercial banks.
(2) Other investments mainly include statutory deposits for insurance operations, three-month or longer-term financial assets purchased under reverse repurchase agreements, and financial derivatives.
(3) Total investments exclude assets of investment-linked insurance.
(4) Ping An has implemented IFRS 17 since January 1, 2023, and made retrospective adjustments to the data for comparative periods.
(5) Figures may not match the calculation due to rounding.

INVESTMENT PORTFOLIO (BY ACCOUNTING MEASUREMENT)

(in RMB million)	June 30, 2023 Carrying value	June 30, 2023 Percentage (%)	December 31, 2022 Carrying value	December 31, 2022 Percentage (%)
Financial assets carried at fair value through profit or loss	**1,048,896**	**22.7**	933,156	21.5
Fixed income	**610,986**	**13.2**	567,739	13.1
Stocks	**93,078**	**2.0**	57,334	1.3
Equity funds	**158,341**	**3.4**	146,988	3.4
Other equity financial assets	**186,491**	**4.1**	161,095	3.7
Financial assets carried at fair value through other comprehensive income	**2,617,363**	**56.7**	2,452,325	56.6
Fixed income	**2,427,093**	**52.6**	2,279,989	52.6
Stocks	**189,392**	**4.1**	171,462	4.0
Other equity financial assets	**878**	**–**	874	–
Financial assets measured at amortized cost	**614,644**	**13.3**	623,576	14.4
Others(1)	**334,859**	**7.3**	323,861	7.5
Total investments	**4,615,762**	**100.0**	4,332,918	100.0

Notes: (1) Others include long-term equity stakes, investment properties, and derivative financial assets.
(2) Total investments exclude assets of investment-linked insurance.
(3) Ping An has implemented IFRS 17 since January 1, 2023, and made retrospective adjustments to the data for comparative periods.
(4) Figures may not match the calculation due to rounding.

INVESTMENT INCOME

The Company's insurance funds investment portfolio achieved an annualized comprehensive investment yield of 4.1% in the first half of 2023, up by 0.7 pps year on year mainly because fair values of equity assets increased. Annualized net investment yield declined by 0.4 pps year on year to 3.5% mainly because existing assets matured partially and yields on new additions to the investment portfolio were lower.

For the six months ended June 30 (in RMB million)	2023	2022	Change (%)
Net investment income[1]	**85,217**	89,778	(5.1)
Net realized and unrealized gains[2]	**(4,454)**	(33,497)	(86.7)
Impairment losses on investment assets	**(1,124)**	(50)	2,148.0
Total investment income	**79,639**	56,231	41.6
Comprehensive investment income[3]	**109,086**	73,492	48.4
Net investment yield[4] (annualized, %)	**3.5**	3.9	-0.4 pps
Total investment yield[4] (annualized, %)	**3.4**	3.0	0.4 pps
Comprehensive investment yield[4] (annualized, %)	**4.1**	3.4	0.7 pps

Life & Health's and property and casualty insurance business's investment yields in the first half of 2023 are as below:

For the six months ended June 30	2023	2022	Change (%)
Life & Health			
Net investment yield[4] (annualized, %)	**3.5**	3.9	-0.4 pps
Total investment yield[4] (annualized, %)	**3.4**	3.0	0.4 pps
Comprehensive investment yield[4] (annualized, %)	**4.1**	3.5	0.6 pps
Ping An P&C			
Net investment yield[4] (annualized, %)	**3.6**	3.9	-0.3 pps
Total investment yield[4] (annualized, %)	**3.4**	3.0	0.4 pps
Comprehensive investment yield[4] (annualized, %)	**3.5**	3.0	0.5 pps

Notes: (1) Net investment income includes interest income from deposits and debt financial assets, dividend income from equity financial assets, operating lease income from investment properties, and the share of profits and losses of associates and joint ventures.
(2) Net realized and unrealized gains include capital gains from securities investments and fair value gains or losses.
(3) Comprehensive investment income excludes a fair value change of RMB59,265 million in debt investments at fair value through other comprehensive income backing Life & Health business, to reflect the economic nature of the Company's asset-liability management.
(4) Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method. In the computation of annualized investment yields, only interest revenue from deposits and debt financial assets, and 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 or losses were not annualized. Computation of investment yields excludes changes in fair values of debt investments at fair value through other comprehensive income backing Life & Health business to reflect the economic nature of the Company's asset-liability management.

CORPORATE BONDS

The Company held RMB79,313 million worth of corporate bonds in its insurance funds investment portfolio as of June 30, 2023, which accounted for 1.7% of the total investment assets, down by 0.4 pps year to date and 0.5 pps from the beginning of 2022 respectively. Corporate bond portfolio enjoys high credit ratings with about 99.2% rated AA or higher externally, and about 62.7% have AAA or higher external ratings. In terms of credit loss risk, corporate bonds in the portfolio are secure as their risks are under control. For risk management of corporate bonds, the Company ensures end-to-end assessment and management of investment risks through asset allocation, admittance management, and dynamic review. The Company established an internal credit rating team in 2003. Since then, the team has conducted admittance management of corporate bond investments in strict accordance with internal credit ratings, and enhanced the review and adjustment of ratings to ensure they reasonably reflect bond issuers' credit standings. Moreover, the Company carries out ex ante monitoring of potential risks in corporate bonds on the basis of a bond issuer list and a rapid response mechanism that deals with public sentiment warnings. The Company effectively manages the review and reporting of corporate bonds to enhance the efficiency of risk warning and management.

DEBT SCHEMES AND DEBT WEALTH MANAGEMENT PRODUCTS

Debt schemes and debt wealth management products include debt investment schemes undertaken by insurance asset management companies, debt trust plans issued by trust companies, and debt wealth management products issued by commercial banks. Debt schemes and debt wealth management products in the Company's insurance funds investment portfolio totaled RMB432,413 million as of June 30, 2023, accounting for 9.4% of the portfolio, down by 0.9 pps year to date.

The Company manages risks in debt schemes and debt wealth management product investments at three levels. The first level is asset allocation. The Company has developed a set of rational, effective asset allocation models. While keeping overall risks within the risk appetite, the Company formulates a strategic asset allocation plan for each account, and sets upper and lower limits on the proportions of asset allocation. In tactical asset allocation, the Company gives opinions on capital allocation to debt schemes and debt wealth management products according to the funding level in each account, the required return and liquidity, and similar assets' relative attractiveness. The second level is internal credit risk management. The Company has established a comprehensive credit analysis methodology, an excellent internal credit analysis team, and a robust investment admittance management process. All investment instruments must meet the conditions for admittance specified by the Company's internal credit rating team, and must be approved by a relevant committee. The third level is post-investment management. The Company ensures adequate assessment and dynamic management of risks in investment assets by closely monitoring investments and strictly conducting rapid risk identification, reporting, mitigation and disposal.

Structure and Yield Distribution of Debt Schemes and Debt Wealth Management Products

Industry	Investment proportion (%)	Nominal yield (%)	Maturity (year)	Remaining maturity (year)
Infrastructure	**52.7**	**4.95**	**7.59**	**4.78**
Expressway	10.9	5.05	7.75	3.46
Electric power	6.7	4.68	8.06	5.31
Infrastructure and development zones	14.5	5.27	7.63	5.99
Others (water supply, environmental protection, railway, and so on)	20.6	4.75	7.31	4.44
Non-banking financial services(2)	**17.4**	**5.39**	**7.04**	**2.70**
Real estate industry(3)	**12.8**	**4.91**	**5.11**	**2.71**
Others	**17.1**	**4.72**	**5.28**	**3.22**
Total	**100.0**	**4.98**	**6.78**	**3.88**

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

The Company pays close attention to credit risk in the market, ensuring the overall risks of debt schemes and debt wealth management products held by Ping An in its insurance funds investment portfolio are under control. Debt schemes and debt wealth management products in the Company's insurance funds investment portfolio have good credit ratings. Over 96.2% of the debt schemes and trust plans held by Ping An have AAA external ratings, and about 1.1% of them have AA+ external ratings. Aside from some high-credit entities which do not need credit enhancement for financing, most of the assets held by the Company have guarantees or collateral. In terms of industry and geographic distribution, Ping An proactively avoids high-risk industries and regions. Ping An's target assets are mainly in the non-banking financial services and expressway industries in economically developed and coastal areas including Beijing, Shanghai, and Guangdong.

EQUITY WEALTH MANAGEMENT PRODUCTS

Equity wealth management products in the Company's insurance funds investment portfolio totaled RMB73,495 million as of June 30, 2023, accounting for 1.6% of the portfolio. Most equity wealth management products held by Ping An are from insurance asset managers. These products' underlying assets are mainly tradable shares of domestic and foreign high-quality companies in the secondary market, indicating no significant liquidity risk. Private equity funds account for a small proportion, and their underlying assets are mainly equities in central or local governments' partnerships, with risks under control.

REAL ESTATE INVESTMENTS

The balance of real estate investments in the Company's insurance funds investment portfolio was RMB209,393 million as of June 30, 2023, accounting for 4.5% of the portfolio. The real estate investments were mainly in real properties (including developer-owned real properties invested in directly or in the form of equity stakes in project companies) measured at cost, which represented 75.6% of real estate investments. Such investments were primarily rent-collecting properties including commercial and office properties, logistics real estate, industrial parks, and long-term rental apartments, to match the duration of liabilities. Such investments generate relatively stable incomes including rents and dividends as well as capital appreciation. Besides, debt investments and other equity investments accounted for 18.7% and 5.7% of real estate investments respectively.

INVESTMENT RISK MANAGEMENT

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

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

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

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

Banking Business

- Ping An Bank maintained stable, healthy business performance. Net profit grew 14.9% year on year to RMB25,387 million, and annualized weighted average ROE rose by 0.45 pps year on year to 12.65% in the first half of 2023.
- Ping An Bank kept overall asset quality stable by continuously strengthening risk management. Non-performing loan ratio dropped by 0.02 pps year to date to 1.03%, and provision coverage ratio increased by 1.23 pps year to date to 291.51% as of June 30, 2023.
- Ping An Bank achieved steady growth in retail business. Retail AUM rose 7.7% year to date to RMB3,864,024 million, and retail deposit balance grew 10.9% year to date to RMB1,147,481 million as of June 30, 2023.

BUSINESS OVERVIEW

Ping An Bank adhered to its mission to be "China's most outstanding, world-leading smart retail bank" under the strategy of "technological empowerment, retail banking breakthroughs, and corporate banking enhancements." Ping An Bank is positioned as "a digital bank, an ecosystem-based bank, and a platform-based bank." Ping An Bank continuously upgraded its retail, corporate and interbank strategies, enhanced its capability of serving the real economy, optimized comprehensive risk management, strengthened comprehensive digital transformation, reshaped asset-liability operations, and maintained stable, healthy overall business performance in the first half of 2023.

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

KEY INDICATORS

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

For the six months ended June 30 (in RMB million)	**2023**	2022	Change (%)
Operating results			
Revenue	**88,610**	92,022	(3.7)
Net profit	**25,387**	22,088	14.9
Cost-to-income ratio (%)	**26.45**	26.46	-0.01 pps
Average return on total assets (annualized, %)	**0.94**	0.88	0.06 pps
Weighted average ROE (annualized, %)	**12.65**	12.20	0.45 pps
Net interest margin (annualized, %)	**2.55**	2.76	-0.21 pps

(in RMB million)	June 30, 2023	December 31, 2022	Change
Deposits and loans[(1)]			
Deposits	**3,381,534**	3,312,684	2.1%
Including: Retail deposits	**1,147,481**	1,034,970	10.9%
Corporate deposits	**2,234,053**	2,277,714	(1.9%)
Total loans and advances	**3,439,131**	3,329,161	3.3%
Including: Retail loans	**2,065,856**	2,047,390	0.9%
Corporate loans	**1,373,275**	1,281,771	7.1%
Asset quality			
Non-performing loan ratio (%)	**1.03**	1.05	-0.02 pps
Provision coverage ratio (%)	**291.51**	290.28	1.23 pps
Deviation of loans more than 60 days overdue[(2)]	**0.83**	0.83	-
Capital adequacy ratio			
Core tier 1 capital adequacy ratio[(3)] (%)	**8.95**	8.64	0.31 pps

Notes: (1) Deposits, total loans and advances, and their components are exclusive of interest receivable and payable.
(2) Deviation of loans more than 60 days overdue = balance of loans more than 60 days overdue / balance of non-performing loans.
(3) The minimum regulatory requirement for the core tier 1 capital adequacy ratio is 7.75%.

Analysis of Profit Sources

For the six months ended June 30 (in RMB million)	2023	2022	Change (%)
Net interest revenue	**62,634**	64,059	(2.2)
Average balance of interest-earning assets	**4,955,321**	4,680,271	5.9
Net interest margin[(1)] (annualized, %)	**2.55**	2.76	-0.21 pps
Net non-interest revenue	**25,976**	27,963	(7.1)
Including:			
Net fee and commission revenue	**16,374**	16,062	1.9
Other net non-interest revenue[(2)]	**9,602**	11,901	(19.3)
Revenue	**88,610**	92,022	(3.7)
General and administrative expenses	**(23,438)**	(24,349)	(3.7)
Cost-to-income ratio[(3)] (%)	**26.45**	26.46	-0.01 pps
Tax and surcharges	**(874)**	(867)	0.8
Operating profit before impairment losses on assets	**64,298**	66,806	(3.8)
Impairment losses on credit and other assets	**(32,361)**	(38,845)	(16.7)
Including:			
Loan impairment loss	**(27,663)**	(29,831)	(7.3)
Average balance of loans and advances	**3,379,434**	3,123,276	8.2
Credit cost[(4)] (annualized, %)	**1.65**	1.93	-0.28 pps
Other expenses	**(4)**	(178)	(97.8)
Profit before tax	**31,933**	27,783	14.9
Income tax	**(6,546)**	(5,695)	14.9
Net profit	**25,387**	22,088	14.9

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

Business Analysis
Banking Business

Ping An Bank's net interest margin fell by 0.21 pps year on year to 2.55% for the first half of 2023. Net interest margin narrowed as Ping An Bank continued to support the real economy and optimize asset and liability portfolios by moderately increasing low-risk business and credit to high-quality customer segments, along with the repricing of loans and the fluctuation in market interest rates.

Ping An Bank's net non-interest revenue amounted to RMB25,976 million in the first half of 2023, down 7.1% year on year mainly due to declines in investment income, fair value gains or losses and foreign exchange gains or losses.

RETAIL BUSINESS

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

For the six months ended June 30 (in RMB million)	2023	2022	Change (%)
Retail banking operating results			
Revenue from retail banking	**52,631**	51,402	2.4
Proportion of revenue from retail banking (%)	**59.4**	55.9	3.5 pps
Operating profit before impairment losses on assets from retail banking	**36,362**	33,803	7.6
Proportion of operating profit before impairment losses on assets from retail banking (%)	**56.6**	50.6	6.0 pps
Net profit from retail banking	**8,658**	11,065	(21.8)
Proportion of net profit from retail banking (%)	**34.1**	50.1	-16.0 pps

Note: Ping An Bank actively developed "Smart Bank 3.0" to cut costs, increase efficiency, and improve quality. Ping An Bank maintained steady growth in revenue from retail banking and operating profit before impairment losses on assets from retail banking. However, net profit from retail banking decreased year on year due to increased retail asset write-offs and provisions as the domestic economy was still gradually recovering and stabilizing and some retail customers' repayment capacity remained under pressure.

In basic retail business, Ping An Bank continued to strengthen omni-channel customer acquisition and full-scenario business development, growing and improving retail deposit business. "Ping An Pocket Bank" app's registered users increased 4.6% year to date to 159,925 thousand as of June 30, 2023. The balance of retail deposits increased 10.9% year to date to RMB1,147,481 million as of June 30, 2023.

In private banking and wealth management business, Ping An Bank continuously upgraded its products, customer development, teams and other capabilities to boost private banking and wealth management business comprehensively. Ping An Bank's retail AUM rose 7.7% year to date to RMB3,864,024 million as of June 30, 2023, including RMB1,885,029 million in AUM of qualified private banking customers, up 16.3% year to date. In respect of team upgrade, Ping An Bank focuses on building a new wealth management team who understands insurance well, to provide customers with more comprehensive asset allocation services under the integrated finance model. Ping An Bank's revenue from bancassurance reached RMB2,207 million in the first half of 2023, up 107.2% year on year.

	June 30, 2023	December 31, 2022	Change (%)
Number of retail customers[(1)] (in thousand)	**126,270.3**	123,080.0	2.6
Including: wealth management customers (in thousand)	**1,335.2**	1,265.2	5.5
Including: qualified private banking customers[(2)] (in thousand)	**86.5**	80.5	7.5
Retail AUM (in RMB million)	**3,864,024**	3,587,274	7.7

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

In consumer finance business, Ping An Bank strengthened digital operations and comprehensive service capabilities for retail credit products. Moreover, Ping An Bank increased secured loans to continuously optimize its business portfolio and customer mix. The balance of retail loans reached RMB2,065,856 million as of June 30, 2023, up 0.9% year to date.

CORPORATE BUSINESS

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

Firstly, Ping An Bank aims to become a digital-driven new transaction bank. Leveraging the "Nebula-IoT" platform and massive multi-dimensional data, Ping An Bank advances iterative innovation in products and models, and shares "finance + technology" capabilities in a componentized, standardized manner through the open bank to provide numerous MSMEs with ecosystem-based services. Ping An Bank's supply chain financing reached RMB555,322 million in the first half of 2023, up 2.4% year on year. Monthly active users on Ping An Bank's corporate customer development platform increased 17.8% year to date to 1,249.9 thousand as of June 30, 2023. The corporate open bank served 67,898 corporate customers, up 33.2% year to date.

Secondly, Ping An Bank aims to provide industry-driven modern industrial financial services. Ping An Bank focuses on new energy, next-generation infrastructure, new manufacturing and other areas in line with the development trends of modern industries and capital markets. Ping An Bank serves national strategies and supports the real economy by providing customers with "commercial banking + investment banking + investment" integrated solutions. Investments in new energy, next-generation infrastructure, and new manufacturing totaled RMB93,225 million in the first half of 2023, up 33.0% year on year.

INTERBANK BUSINESS

Ping An Bank builds comprehensive service capabilities covering entire value chains of capital markets by strengthening "investment trading, institutional business, and corporate hedging" under the philosophy of "serving financial markets, interbank customers, and the real economy."

- In respect of investment trading, Ping An Bank continuously strengthens macroeconomic analysis, appropriately allocates investment portfolios, ensures the liquidity and security of assets, and actively boosts liquidity and trade execution efficiency in financial markets. Market share measured by bond trading volume was 2.9% in the first half of 2023.

- In respect of institutional business, Ping An Bank fully integrates businesses including investment banking, trading, research, distribution and custody. Relying on ecosystem-based cooperation with financial institutions, Ping An Bank links capital markets to serve China's pan-wealth and pan-asset management industry chains, and enhances its "custody + financing + investment" integrated service framework. Ping An Bank had 438 active institutional trading customers, whose spot bond sales amounted to RMB1.30 trillion in the first half of 2023. The balance of third-party funds distributed under the "ET-Bank" increased 37.9% year to date to RMB153,475 million, and net assets under custody grew 2.3% year to date to RMB8.41 trillion as of June 30, 2023.

- In respect of corporate hedging, the "Ping An Hedging" business leverages professional financial market trading capabilities to establish a benchmark model for corporate hedging. The number of customers who conducted spot and derivative foreign exchange hedging at Ping An Bank increased 9.7% year on year to 9,803 in the first half of 2023.

OVERVIEW OF PING AN WEALTH MANAGEMENT

Ping An Wealth Management Co., Ltd. ("Ping An Wealth Management"), a wholly-owned subsidiary of Ping An Bank, actively expands sales channels and develops "flexible, prudent and excellent" products. Ping An Wealth Management continuously improves its product portfolio and mix, enhances its investment management capability, and strengthens its risk management framework. The balance of wealth management products managed by Ping An Wealth Management decreased slightly by 0.4% year to date to RMB883,554 million as of June 30, 2023.

ASSET QUALITY

China's macroeconomy resumed an upward trend in the first half of 2023 as market demand gradually recovered. However, business entities still needed to be invigorated, repayment capacity of retail customers and small and medium-sized enterprises remained under pressure, and banks still faced challenges in asset quality management. In line with national strategies, Ping An Bank served the real economy, supported non-state-owned enterprises and MSMEs, enhanced non-performing asset disposal, and kept overall asset quality stable.

(in RMB million)	June 30, 2023	December 31, 2022	Change (%)
Loan quality			
Pass	**3,343,902**	3,233,708	3.4
Special mention	**59,889**	60,592	(1.2)
Non-performing loans	**35,340**	34,861	1.4
Total loans and advances	**3,439,131**	3,329,161	3.3
Non-performing loan ratio (%)	**1.03**	1.05	-0.02 pps
Percentage of special mention loans (%)	**1.74**	1.82	-0.08 pps
Provision coverage ratio (%)	**291.51**	290.28	1.23 pps
Provision to loan ratio (%)	**3.00**	3.04	-0.04 pps
Percentage of loans more than 60 days overdue (%)	**0.85**	0.87	-0.02 pps

(%)	June 30, 2023	December 31, 2022	Change
Non-performing loan ratios			
Retail loans	**1.35**	1.32	0.03 pps
Corporate loans	**0.54**	0.61	-0.07 pps

In respect of retail asset quality, Ping An Bank's retail non-performing loan ratio rose by 0.03 pps year to date to 1.35% as of June 30, 2023. Ping An Bank constantly increased reviews of pre-lending policies, strictly controlled customer admittance, proactively expanded collection channels, and enhanced efforts to dispose of non-performing loans. Moreover, Ping An Bank steadily optimized its retail lending business portfolio by gradually increasing the proportion of secured loans. Ping An Bank improved customer risk identification with industry-leading technologies and risk models, and enhanced its ability to withstand risks by implementing differentiated risk management policies.

In addition, Ping An Bank implemented regulators' relevant relief policies, taking measures including upfront reminders, exclusive collection resources and comprehensive relief kits to mitigate the impact of deferred loan repayment on future asset quality. The asset quality of retail loans will gradually improve as economic recovery continues and domestic growth momentum strengthens.

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

	Loan granting period			
(%)	2022	2021	2020	2019
Credit card receivables[3]	**0.48**	0.38	0.19	0.36
Xinyidai unsecured loans[4]	**0.16**	0.16	0.13	0.14
Auto loans	**0.35**	0.36	0.35	0.28

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

(2) The vintage analysis data for 2022 disclosed in the Company's 2022 Annual Report shows the quality of loans granted in the first seven months of 2022 only. The vintages of loans granted and credit cards issued in 2022 had all reached six months as of June 30, 2023, which means data for vintage analysis disclosed in the above table shows the quality of all the loans granted in 2022.

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

(4) In response to changes in customers' financing needs, the former Xinyidai and white-collar loans have been integrated into one product called "Xinyidai." Data for comparative periods have been adjusted on a like-for-like basis for computation of relevant metrics.

In respect of corporate asset quality, Ping An Bank's corporate non-performing loan ratio was 0.54% as of June 30, 2023, down by 0.07 pps year to date. Ping An Bank focused on key industries, regions and customers, selected industries with low cyclicality, stable growth and good asset quality, and reduced exposure to high-risk customers. As a result, corporate credit metrics remained good.

CAPITAL ADEQUACY

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

(%)	**June 30, 2023**	December 31, 2022	Change
Capital adequacy ratio			
Core tier 1 capital adequacy ratio	**8.95**	8.64	0.31 pps
Tier 1 capital adequacy ratio	**10.68**	10.40	0.28 pps
Capital adequacy ratio	**13.27**	13.01	0.26 pps

Note: Ping An Bank and its wholly-owned subsidiary Ping An Wealth Management are included in the computation of the above capital adequacy ratios. According to the *Additional Regulations for Systematically Important Banks (Trial)* and the 2022 List of Systematically Important Banks in China, Ping An Bank is included in the first group on the list, and shall meet conditions including a 0.25% supplementary capital ratio effective from January 1, 2023, which means the minimum regulatory requirements for the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio, and capital adequacy ratio are 7.75%, 8.75%, and 10.75% respectively.

Business Analysis
Asset Management Business

- Ping An's AUM increased steadily to over RMB6 trillion as of June 30, 2023.
- Ping An is committed to building an industry-leading investment management platform, and continuously enhances its capabilities of making asset allocation, achieving long-term stable returns, and managing multi-asset portfolios, in order to deliver steady and sustainable returns to its customers.

The Company primarily conducts its asset management business through companies including Ping An Securities, Ping An Trust, Ping An Financial Leasing, and Ping An Asset Management. Ping An's AUM[(1)] increased steadily in the first half of 2023 to over RMB6 trillion as of June 30, 2023.

Ping An is committed to building an industry-leading investment management platform, and continuously enhances its capabilities of making asset allocation, achieving long-term stable returns, and managing multi-asset portfolios, in order to deliver steady and sustainable returns to its customers. Staying customer-centric, the Company will continuously strengthen risk management, optimize asset-liability management, pursue high-quality development, and proactively help improve the real economy's quality and efficiency. Moreover, the Company will continuously increase support for major national strategies and projects in key areas.

Note: (1) The AUM is the sum of AUMs of Ping An Securities, Ping An Trust, Ping An Financial Leasing, Ping An Asset Management and so on.

Business Analysis
Technology Business

- Ping An remains focused on technological empowerment to build leading technological capabilities and empower its ecosystems. The Group ranked first globally by the number of both fintech and healthcare patent applications.
- The Company engages in technology business through subsidiaries, associates and joint ventures including Autohome, Ping An Health, OneConnect, and Lufax Holding, providing diverse products and services for ecosystem users, with significant synergies.

TECHNOLOGICAL EMPOWERMENT

Ping An continuously invests in research and development ("R&D") to build leading technological capabilities, which have been widely utilized to empower its core financial businesses and accelerate the development of its ecosystems. Ping An promotes technological empowerment in diverse business scenarios. Moreover, Ping An improves the industry ecosystem and technology by sharing leading innovative products and services with external entities.

Ping An remains focused on developing core technologies and securing proprietary intellectual property rights. Ping An had a first-class technology team of nearly 30,000 technology developers and over 3,500 scientists as of June 30, 2023. The Group's patent applications led most international financial institutions, totaling 49,429. Of the patent applications, nearly 95% were for inventions, and 9,346 were made under the Patent Cooperation Treaty (PCT) and abroad. The Group ranked first globally by the number of both fintech and healthcare patent applications[(1)].

From the perspective of transforming and upgrading Ping An's core businesses, technology benefits are reflected in higher sales, better business efficiency, and stronger risk management. Renewal premiums collected via self-service under smart guidance reached RMB173.4 billion in the first half of 2023, up 13% year on year. The volume of services provided by AI service representatives[(2)] reached about 990 million times. Claims loss reduction via smart risk identification reached RMB6 billion, up 33% year on year.

Notes: (1) The above rankings are based on data from PatSnap, a patent search platform.
(2) The volume of services provided by AI service representatives refers to the total times of inbound and outbound call services provided by speech robots and text robots for credit card and insurance business lines.

The Company engages in technology business mainly through subsidiaries, associates and joint ventures including Autohome[(1)], Ping An Health[(2)], OneConnect[(3)], and Lufax Holding[(4)], providing diverse products and services for ecosystem users, with significant synergies. Net profit of the technology business segment amounted to RMB2,308 million in the first half of 2023. Lufax Holding's net profit decreased year on year due to pressured revenue and significant credit loss. Customer development continued to improve at Autohome, Ping An Health and OneConnect, with enhanced business results.

Notes: (1) Autohome (NYSE: ATHM; SEHK: 02518.HK), China's leading online auto services platform, is committed to developing a smart auto ecosystem centering on data and technology.
(2) Ping An Health (SEHK: 01833.HK; stock short name: PA GOODDOCTOR), a flagship of Ping An's healthcare ecosystem centering on family doctor membership, leverages a diversified online-to-offline service network to develop a one-stop "medical + health" services platform.
(3) OneConnect (NYSE: OCFT; SEHK: 06638.HK), which has been designated by the government as a National High-tech Enterprise, is a technology-as-a-service provider for financial institutions, providing customers with "full stack" integrated products.
(4) Lufax Holding (NYSE: LU; SEHK: 06623.HK) is a leading financial services enabler for small business owners in China.

Analysis of Embedded Value

- Our life and health insurance business embedded value ("EV") rose 5.7% year to date to RMB924,647 million as of June 30, 2023, achieving an annualized operating ROEV of 14.4%.
- NBV of L&H increased 32.6% year on year to RMB25,960 million in the first half of 2023. Like-for-like growth in L&H NBV reached 45.0% year on year in the first half of 2023.

KEY INDICATORS

(in RMB million)	**For the six months ended June 30, 2023/As at June 30, 2023**	For the six months ended June 30, 2022/As at December 31, 2022	Change (%)
L&H EV	**924,647**	874,786	5.7
L&H operating ROEV (annualized, %)	**14.4**	13.2	1.2 pps
Value of first half year's new business after cost of capital (NBV)	**25,960**	19,573	32.6
Value of first half year's new business after cost of capital (NBV) –Restated for 2022[1]	**25,960**	17,903	45.0
Long-run investment return assumption (%)	**5.0**	5.0	–
Risk discount rate (%)	**11.0**	11.0	–

Notes: (1) The assumptions and method used to restate the value of the first half year's new business in 2022 are the same as those used for end-2022 valuation.
(2) Figures may not match the calculation due to rounding.

ANALYSIS OF EMBEDDED VALUE

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

In accordance with the related provisions of the *Rules for the Compilation of Information Disclosures by the Companies Offering Securities to the Public (No. 4) – Special Provisions on Information Disclosures by Insurance Companies*, the Company has engaged Ernst & Young (China) Advisory Limited to review the reasonableness of the methodology, the assumptions and the calculation results of the Company's analysis of embedded value as of June 30, 2023.

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

The *Standards for Actuarial Practice: Valuation Standard for Embedded Value of Life Insurance* (the "Standards") issued by the China Association of Actuaries became effective in November 2016. The Company has disclosed the interim embedded value for 2023 in accordance with the Standards and China Risk Oriented Solvency System (C-ROSS).

Components of Economic Value

(in RMB million)	June 30, 2023	December 31, 2022
L&H adjusted net asset value (ANA)	**418,469**	374,080
Value of in-force insurance business before cost of capital	**580,218**	568,379
Cost of capital	**(74,040)**	(67,673)
L&H EV	**924,647**	874,786
Other business ANA	**568,276**	548,977
Group EV	**1,492,923**	1,423,763

(in RMB million)	June 30, 2023	December 31, 2022
Value of one year's new business	**40,503**	34,486
Cost of capital	**(5,297)**	(5,666)
Value of one year's new business after cost of capital	**35,206**	28,820
Value of first half year's new business after cost of capital	**25,960**	19,573

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

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

Key Assumptions

The assumptions used in the embedded value calculation as at June 30, 2023 have been made on a "going concern" basis, assuming continuation of the economic and legal environment currently prevailing in China. The calculation is in line with the Standards and capital requirement under C-ROSS. Certain portfolio assumptions are based on the Company's own recent experience as well as considering the more general China market and other life insurance markets' experience. The principal bases and assumptions used in the calculation are described below:

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

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

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

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

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

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

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

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

New Business Value

The new business volumes measured by FYP and NBV by segment for the first half of 2023 are:

	FYP used to calculate New Business Value			New Business Value				
For the six months ended June 30 (in RMB million)	**2023**	2022	Change (%)	**2023**	2022	Change (%)	2022 (Restated[1])	Change (Restated, %)
Retail business	**95,375**	59,284	60.9	**25,804**	19,356	33.3	17,701	45.8
Agency	**72,639**	44,720	62.4	**21,303**	16,434	29.6	14,895	43.0
Bancassurance	**14,342**	6,497	120.7	**2,825**	1,060	166.4	1,028	174.7
Tele, internet and others	**8,395**	8,068	4.1	**1,675**	1,861	(10.0)	1,778	(5.8)
Group business	**18,526**	16,848	10.0	**156**	217	(28.3)	202	(22.8)
Total	**113,901**	76,132	49.6	**25,960**	19,573	32.6	17,903	45.0

Notes: (1) The assumptions and method used to restate the value of the first half year's new business in 2022 are the same as those used for end-2022 valuation.
(2) Tele, internet and others include telemarketing, internet marketing and Ping An Health Insurance's retail business.
(3) The differences between FYP used to calculate NBV and FYP disclosed in Management Discussion and Analysis ("MD&A") are explained in the appendix.
(4) Figures may not match the calculation due to rounding.

The NBV margin by segment:

For the six months ended June 30	By FYP (%) 2023	2022	2022 (Restated)	By ANP (%) 2023	2022	2022 (Restated)
Retail business	**27.1**	32.6	29.9	**37.9**	38.6	35.4
Agency	**29.3**	36.7	33.3	**42.7**	44.7	40.6
Bancassurance	**19.7**	16.3	15.8	**27.7**	19.1	18.5
Tele, internet and others	**20.0**	23.1	22.0	**21.9**	24.3	23.4
Group business	**0.8**	1.3	1.2	**1.2**	1.6	1.5
Total	**22.8**	25.7	23.5	**31.9**	30.8	28.3

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

Embedded Value Movement

The table below shows how the Company's embedded value changed from the opening balance of RMB1,423,763 million as of December 31, 2022 to the closing balance of RMB1,492,923 million as of June 30, 2023.

For the six months ended June 30 (in RMB million)		2023	Notes
L&H Opening EV	[1]	**874,786**	
Expected return on opening EV	[2]	34,330	
Including: Unwinding of in-force value		27,411	In-force and NBV unwind at the 11% risk discount rate
ANA return		6,920	
NBV post-risk diversification benefits	[3]	29,282	
Including: NBV pre-risk diversified		25,960	Reported NBV based on a cost of capital calculated at policy level
Diversification effects within new business		1,806	Diversification within new business lowers cost of capital
Diversification effects with in-force		1,516	Diversification between new business and in-force lowers cost of capital
Operating assumptions and model changes	[4]	(2,473)	
Operating variances and others	[5]	2,016	
L&H EV operating profit	[6]=[2+...+5]	**63,155**	
Economic assumptions changes	[7]	–	
Market value adjustment	[8]	5,924	Change in market value adjustment of free surplus during the Reporting Period
Investment return variance	[9]	6,382	
Non-operating one-off item and others	[10]	–	
L&H EV profit	[11]=[6+...+10]	**75,461**	
Shareholder dividends		(23,881)	Dividends upstreamed from Ping An Life to the Company
Employee stock ownership plan		(1,719)	L&H's Long-term Service Plan and Key Employee Share Purchase Plan, as well as the offset effect for the amortization during the Reporting Period
L&H Closing EV		**924,647**	

Analysis of Embedded Value

For the six months ended June 30 (in RMB million)	2023	Notes
Other business opening ANA	**548,977**	
Operating profit of other business	24,661	
Non-operating profit of other business	58	Revaluation gain on the convertible bonds issued by Lufax Holding to the Group
Market value adjustment and other variance	712	
Other business closing ANA before capital changes	**574,409**	
Dividends received	23,881	Dividends upstreamed from Ping An Life to the Company
Dividends paid	(27,161)	Dividends paid by the Company to shareholders
Employee stock ownership plan	(2,852)	Long-term Service Plan and Key Employee Share Purchase Plan, as well as the offset effect for the amortization during the Reporting Period
Other business closing ANA	**568,276**	
Closing group EV	**1,492,923**	
Closing group EV per share (in RMB)	**81.98**	

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

EV operating profit of L&H in the first half of 2023 was RMB63,155 million, mainly comprised of the NBV and expected return on opening EV.

For the six months ended June 30 (in RMB million)		2023	2022
L&H EV operating profit	[6]	**63,155**	57,850
L&H operating ROEV (unannualized, %)	[12]=[6]/[1]	**7.2**	6.6
L&H operating ROEV (annualized, %)	[13]=[12] x 2	**14.4**	13.2

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

SENSITIVITY ANALYSIS

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

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

Sensitivity to key assumptions

(in RMB million)	Group EV	L&H EV	NBV
Base case	1,492,923	924,647	35,206
Investment return and risk discount rate increased by 50 bps per annum	1,562,649	994,373	39,723
Investment return and risk discount rate decreased by 50 bps per annum	1,416,956	848,680	30,257
10% increase in mortality, morbidity and accident rates	1,467,995	899,719	32,550
10% increase in policy discontinuance rates	1,487,719	919,443	34,482
10% increase in maintenance expenses	1,489,468	921,192	34,980
5% increase in the policyholders' dividend payout ratio	1,483,546	915,270	35,161
10% decrease in the fair value of equity assets	1,458,244	897,644	N/A

ANALYSIS OF OPERATING PROFIT

This section contains the Group Operating Profit and Operating ROE, and Source of Earning and Contractual Service Margin Analysis of L&H. The Company has engaged Ernst & Young (China) Advisory Limited to review the reasonableness of the methodology and the calculation results of the Analysis of Operating Profit for the first half of 2023.

The discount rate used for the measurement of insurance contract liabilities in life and health insurance businesses is determined based on observable current market interest rates that reflect the characteristics of insurance contracts. In order to optimize the match between assets and liabilities, the Company chooses to classify some debt investments backing these businesses as debt investments measured at fair value through other comprehensive income. When measuring operating metrics, we exclude the fair value changes of debt investments backing life and health insurance businesses measured at fair value through other comprehensive income, as well as the insurance finance income or expenses of liabilities recognized in other comprehensive income that may be reclassified subsequently into profit or loss, to reflect the essence of the Company's asset liability management, except for the relevant parts of the business subject to VFA. Insurance finance income or expenses of liabilities subject to VFA match the changes in the fair value of the underlying items backing such business. Therefore, no adjustment is made when operating metrics are measured.

Operating profit of the Group

Operating profit after tax is based on net profit from financial statements, excluding items that are of a short-term, volatile or one-off nature and others. The operating profit after tax which excludes fluctuations of the following non-operating items facilitates the understanding and comparison of the Company's business performance and trend.

- Short-term investment variance applies to Life & Health business excluding those subject to VFA[1]. This short-term investment variance is the variance between the actual investment return on the aforesaid business and the embedded value long-run investment return assumption. Net of the short-term investment variance, the investment return on the aforesaid Life & Health business is locked at 5%. Debt investments at fair value through other comprehensive income backing such business are measured at cost.

- 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 in the first half of 2023 and 2022 comprised the revaluation gain or loss on the convertible bonds issued by Lufax Holding to the Company.

Note: (1) Insurance finance income or expenses of liabilities subject to VFA match the changes in the fair value of the underlying items backing such business. Therefore, no adjustment is made when operating metrics are measured.

Analysis of Embedded Value

The Group's operating profit after tax attributable to shareholders of the parent company in the first half of 2023 was RMB81,957 million, down by 5.0% year on year, with an annualized operating ROE of 18.2%. L&H operating profit after tax attributable to shareholders of the parent company was RMB57,295 million, down by 3.0% year on year, with an annualized operating ROE of 35.6%.

Operating profit after tax attributable to shareholders of the parent company

The reconciliation between operating profit and net profit in the financial statements is as follows:

For the six months ended June 30 (in RMB million)		The Group		L&H	
		2023	2022	**2023**	2022
Operating profit attributable to shareholders of the parent company		**81,957**	86,282	**57,295**	59,069
Operating profit attributable to non-controlling interests(1)		**13,670**	11,640	**1,299**	563
Operating profit	[1]	**95,626**	97,922	**58,593**	59,632
Plus:					
Short-term investment variance of L&H(2)	[2]	**(12,259)**	(15,295)	**(12,259)**	(15,295)
Impact of one-off material non-operating items and others(2)	[3]	**58**	(429)	**-**	-
Net profit	[4]=[1+2+3]	**83,426**	82,198	**46,335**	44,336
Net profit attributable to shareholders of the parent company		**69,841**	70,725	**45,121**	43,940
Net profit attributable to non-controlling interests		**13,585**	11,473	**1,214**	396

Notes: (1) Operating profit attributable to non-controlling interests = net profit attributable to non-controlling interests in the consolidated financial statements – (1 – proportion of shares held by the Company) * the above adjusted items

(2) The short-term investment variance and impact of one-off material non-operating items and others set out above are net of tax.

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

For the six months ended June 30 (in RMB million)	**2023**	2022	Change (%)
Life and health insurance business	**57,295**	59,069	(3.0)
Property and casualty insurance business	**9,242**	8,602	7.4
Banking business	**14,714**	12,802	14.9
Asset management business	**1,412**	4,400	(67.9)
Technology business	**1,735**	4,909	(64.7)
Other businesses and elimination	**(2,441)**	(3,499)	(30.2)
The Group	**81,957**	86,282	(5.0)

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

Operating ROE (annualized)

For the six months ended June 30 (%)	2023	2022	Change (pps)
Life and health insurance business	**35.6**	41.2	(5.6)
Property and casualty insurance business	**15.2**	15.0	0.2
Banking business	**12.7**	12.2	0.5
Asset management business	**2.4**	8.0	(5.6)
Technology business	**3.6**	8.8	(5.2)
Other businesses and elimination	**N/A**	N/A	N/A
The Group	**18.2**	21.2	(3.0)

Operating equity attributable to shareholders of the parent company

(in RMB million)	June 30, 2023	December 31, 2022	Change (%)
Life and health insurance business(1)	**336,514**	308,946	8.9
Property and casualty insurance business	**126,203**	117,799	7.1
Banking business	**233,037**	222,956	4.5
Asset management business	**114,271**	117,143	(2.5)
Technology business	**95,804**	94,937	0.9
Other businesses and elimination	**13,362**	(1,138)	N/A
The Group(1)	**919,191**	860,643	6.8

Note: (1) Excluding changes in fair value of debt investments measured at fair value through other comprehensive income backing life and health insurance business, as well as accumulated insurance finance expenses for insurance contract liabilities recognized through other comprehensive income that can be reclassified into profit or loss, except for relevant parts of businesses subject to VFA.

Source of Earning and CSM Analysis of L&H

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

For the six months ended June 30 (in RMB million)		2023	2022	Note
Insurance service result and others	[1]= [2]+ [5]+ [8]	**48,115**	50,226	
Release of CSM	[2]	**38,665**	41,524	
CSM release base	[3]	**856,159**	910,533	
CSM release rate (annualized, %)	[4]=[2]/[3]*2	**9.0**	9.1	
Change in risk adjustment for non-financial risk	[5]	**3,025**	2,940	
Opening risk adjustment	[6]	**142,249**	138,165	
Risk adjustment release rate (annualized, %)	[7] =[5]/[6]*2	**4.3**	4.3	
Operating variances and others	[8]	**6,425**	5,762	
Investment service result(1)	[9]	**17,500**	14,176	Mainly due to the impact of scale growth
Operating profit before tax	[10]=[1]+[9]	**65,615**	64,402	
Income tax	[11]	**(7,022)**	(4,770)	
Operating profit	[12]=[10]+[11]	**58,593**	59,632	

Notes: (1) Investment service result is the investment income less the required return on reserves.
(2) Figures may not match the calculation due to rounding.

Analysis of Embedded Value

As of June 30, 2023, the contractual service margin of life and health insurance business was RMB817,494 million. The movement of L&H contractual service margin in the first half of 2023 has been presented below:

For the six months ended June 30 (in RMB million)		2023	2022	Note
Opening CSM	[1]	**818,683**	877,135	
Contribution from new business ("New Business CSM")	[2]	**27,157**	24,198	
Present value of expected premiums from new business sold	[3]	**257,100**	219,191	
New business CSM margin (%)	[4]= [2]/[3]	**10.6**	11.0	
Expected interest growth	[5]	**12,445**	13,357	
Changes in estimates that adjust CSM(1)	[6]	**(7,840)**	(5,431)	Mainly due to the impact of the new insurance protection fund rate in the first half of 2023
Changes in financial risks of insurance contracts subject to VFA	[7]	**5,713**	1,274	
CSM release base	[8]= [1]+[2]+[5]+[6]+[7]	**856,159**	910,533	
Release of CSM	[9]=X%*[8]	**(38,665)**	(41,524)	
Closing CSM	[10]=[8]+[9]	**817,494**	869,010	

Notes: (1) Excluding changes in financial risks of insurance contracts subject to VFA.
(2) Figures may not match the calculation due to rounding.

Appendix

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

For the six months ended June 30, 2023 (in RMB million)	FYP used to calculate NBV	FYP disclosed in MD&A	Difference	Reasons
Retail business	**95,375**	**126,365**	(30,990)	Guaranteed renewal and other short-term products' renewal premiums are included in FYP disclosed in MD&A but not included in FYP used to calculate NBV
Group business	**18,526**	**12,499**	6,027	Group investment contracts are not included in FYP disclosed in MD&A, but included in FYP used to calculate NBV due to their contribution to NBV
Total of L&H	**113,901**	**138,864**	(24,963)	

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

Liquidity and Capital Resources

- Ping An's comprehensive solvency margin ratio and core solvency margin ratio under the C-ROSS Phase II were 219.4% and 169.2% respectively as of June 30, 2023, both well above regulatory requirements.
- Free cash of the parent company was RMB61,463 million as of June 30, 2023, remaining at a reasonable level.
- As approved by the Board of Directors, Ping An will pay an interim dividend of RMB0.93 per share in cash for 2023, up 1.1% year on year.

OVERVIEW

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

The Company coordinates and manages its liquidity and capital resources at the Group level. The Strategy and Budget Management Committee, and the Risk Management Executive Committee under the Group's Executive Committee oversee these essentials at the Group level. The Treasury Department of the Group is the execution unit for liquidity and capital resources management.

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

(in RMB million)	June 30, 2023	December 31, 2022	Change (%)
Total assets	**11,467,577**	11,009,940	4.2
Total liabilities	**10,227,842**	9,823,944	4.1
Total liabilities to total assets ratio (%)	**89.2**	89.2	-

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

CAPITAL STRUCTURE

In accordance with its capital plan, the Group ensures capital adequacy by issuing capital market instruments including equity securities, capital supplement bonds, tier 2 capital bonds, undated capital bonds, perpetual subordinated bonds, and subordinated corporate bonds to raise capital. Adjustments are made to surplus capital through dividend distribution or by other means.

Liquidity and Capital Resources

The following table shows the balances of capital bonds issued by the Group and main subsidiaries as of June 30, 2023:

Issuer	Type	Par value (in RMB million)	Coupon rate	Issuance year	Maturity
Ping An Life	Capital supplement bonds	20,000	First 5 years: 3.58% Next 5 years: 4.58% (If not redeemed)	2020	10 years
Ping An P&C	Capital supplement bonds	10,000	First 5 years: 4.64% Next 5 years: 5.64% (If not redeemed)	2019	10 years
Ping An Bank	Tier 2 capital bonds	30,000	Fixed rate of 4.55%	2019	10 years
Ping An Bank	Undated capital bonds	20,000	First 5 years: 4.10% Adjusted every 5 years	2019	Undated
Ping An Bank	Undated capital bonds	30,000	First 5 years: 3.85% Adjusted every 5 years	2020	Undated
Ping An Bank	Tier 2 capital bonds	30,000	Fixed rate of 3.69%	2021	10 years
Ping An Securities	Perpetual subordinated bonds	5,000	First 5 years: 3.86% Adjusted every 5 years	2021	Undated
Ping An Securities	Subordinated corporate bonds	1,900	3.10%	2022	3 years
Ping An Securities	Subordinated corporate bonds	1,100	3.56%	2022	5 years
Founder Securities	Subordinated corporate bonds	1,200	4.10%	2023	3 years
Founder Securities	Subordinated corporate bonds	1,500	3.68%	2023	2 years
Founder Securities	Subordinated corporate bonds	500	3.80%	2023	3 years

FREE CASH OF THE PARENT COMPANY

Free cash of the parent company includes bonds, bank deposits and cash equivalents that the parent company holds. Free cash of the parent company is mainly invested in subsidiaries or used in daily operations or for dividend distribution. Free cash of the parent company remained reasonable at RMB61,463 million as of June 30, 2023.

For the six months ended June 30 (in RMB million)	2023
Opening balance of free cash	**42,958**
Dividends from subsidiaries	**39,025**
Dividends paid out to shareholders	**(15,990)**
Others	**(4,530)**
Closing balance of free cash	**61,463**

The major free cash outflows were the dividends of RMB15,990 million to shareholders.

The major free cash inflows were the dividends of RMB39,025 million from subsidiaries as detailed below:

For the six months ended June 30 (in RMB million)	2023
Ping An Life	**34,836**
Ping An Trust	**834**
Ping An Bank	**2,741**
Ping An Securities	**614**
Total	**39,025**

DIVIDEND DISTRIBUTION

According to Article 216 of the *Articles of Association*, the Company shall attach importance to reasonable investment returns for investors in terms of profit distribution. The profit distribution policy of the Company shall maintain its continuity and stability. The accumulated profit to be distributed in cash for the past three years shall not be less than 30% of the average yearly distributable profit realized in the past three years, provided that the annual distributable profit of the Company (namely the profit after tax of the Company after covering losses and making contributions to the revenue reserve) is positive in value and such distributions are in compliance with the prevailing laws and regulations and the requirements of regulatory authorities for solvency margin ratios. In determining the specific cash dividend payout ratio, the Company shall consider its profitability, cash flows, solvency position, and operational and business development needs. The Board of Directors of the Company is responsible for formulating and implementing a distribution plan in accordance with the *Articles of Association*. The Board of Directors will ensure the continuity and stability of the profit distribution policy so that the Group can seize opportunities for future growth while maintaining financial flexibility. As approved by the Board of Directors, Ping An will pay an interim dividend of RMB0.93 per share (tax inclusive) in cash for 2023, up 1.1% year on year.

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

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

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

CAPITAL ALLOCATION

When investing in subsidiaries, the Company strictly abides by laws, regulations, regulatory requirements and its internal decision-making procedures. In respect of capital allocation, the Company prioritizes supporting strategic development, ensuring steady growth in core financial businesses, and boosting capital efficiency. The Company invests its capital prudentially, encourages capital-light operations, and constantly optimizes returns on invested capital and asset-liability structures.

Liquidity and Capital Resources

GROUP SOLVENCY MARGIN

Ping An Group's solvency margin ratios were significantly above the regulatory requirements as of June 30, 2023. Stable solvency margin ratios ensure that the Company meets capital requirements specified by external institutions including regulators and rating agencies, and support the Company in developing business and continuously creating value for shareholders.

(in RMB million)	**June 30, 2023**	December 31, 2022
Core capital	**1,396,211**	1,363,413
Actual capital	**1,810,906**	1,783,772
Minimum capital	**825,283**	819,568
Core solvency margin ratio (%)	**169.2**	166.4
Comprehensive solvency margin ratio (%)	**219.4**	217.6

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.

Test results showing the impacts of declines in interest rates and equity assets on solvency margin ratios of Ping An Group, Ping An Life, and Ping An P&C as at June 30, 2023 are disclosed below:

	Core solvency margin ratio			Comprehensive solvency margin ratio		
June 30, 2023	Ping An Group	Ping An Life	Ping An P&C	Ping An Group	Ping An Life	Ping An P&C
Base case	169.2%	120.4%	176.6%	219.4%	212.0%	217.7%
50 bps decline in interest rate	157.4%	96.1%	177.6%	204.2%	179.3%	218.6%
10% decrease in fair value of equity assets	164.6%	111.9%	174.5%	216.2%	207.2%	215.8%

LIQUIDITY RISK MANAGEMENT

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

In accordance with international and domestic regulatory requirements, the Group has established a liquidity risk management framework and guiding principles covering risk appetites and tolerance, risk limits, risk monitoring, stress testing, and emergency management. Member companies have developed their own management procedures and liquidity risk appetites, risk tolerance, and risk limits in line with the applicable regulations, industry practices, and features of their business activities. We regularly evaluate liquid assets and maturing debts, and use tools including stress testing of cash flows to identify risks in advance. We hold sufficient liquid assets and maintain stable, convenient and diverse sources of financing to ensure that we have adequate liquidity resources to tackle possible impacts from adverse situations. Moreover, we have developed comprehensive emergency liquidity plans for effectively handling any significant liquidity risk events. In addition, the Group effectively prevents the intra-group contagion of liquidity risk with internal firewalls.

CASH FLOW ANALYSIS

For the six months ended June 30

(in RMB million)	2023	2022	Change (%)
Net cash flows from operating activities	**162,297**	312,030	(48.0)
Net cash flows from investing activities	**(37,876)**	(251,481)	(84.9)
Net cash flows from financing activities	**(104,160)**	(75,624)	37.7

Net cash inflows from operating activities decreased year on year mainly due to a decrease in cash inflows from Ping An Bank's deposits.

Net cash outflows from investing activities decreased year on year mainly due to a decrease in net cash outflows from Ping An Life's investing activities.

Net cash outflows from financing activities increased year on year mainly due to a year-on-year decrease in cash inflows from Ping An Life's repo business.

CASH AND CASH EQUIVALENTS

(in RMB million)	June 30, 2023	December 31, 2022	Change (%)
Cash	**370,633**	354,238	4.6
Bonds of original maturities within 3 months	**5,942**	5,225	13.7
Financial assets purchased under reverse repurchase agreements of original maturities within 3 months	**92,744**	84,739	9.4
Total	**469,319**	444,202	5.7

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

Sustainability

- Ping An actively contributes to China's carbon peak and neutrality goals by upgrading its green finance initiative. Ping An supports China's transformation toward a green economy and upgrade of industry chains by leveraging the Group's integrated finance advantages and green finance. Ping An's green investment of insurance funds totaled RMB140,929 million, and green loan balance reached RMB134,926 million as of June 30, 2023. Green insurance premium income totaled RMB17,735 million in the first half of 2023.
- Ping An's responsible investment of insurance funds reached RMB843,930 million as of June 30, 2023. Ping An had 6,477 sustainable insurance products as of June 30, 2023.
- Ping An promoted rural revitalization and supported industries, healthcare, and education through "Ping An Rural Communities Support." Ping An has provided RMB96,060 million for poverty alleviation and industrial revitalization since 2018.

PHILOSOPHY AND MANAGEMENT OF SUSTAINABLE DEVELOPMENT

Sustainability Philosophy

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

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

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

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

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

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

United Nations Sustainable Development Goals and Outcomes

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

SDGs	Ping An's key contributions
No Poverty	• In active response to the national call for rural revitalization, Ping An consolidates and expands the achievements of poverty alleviation, and continuously advances the Rural Communities Support comprising the Village Officer Program, the Village Doctor Program, and the Village Teacher Program. • Ping An develops inclusive insurance products for small and micro-enterprises, agricultural workers, and groups with special needs. • Ping An provides a package of products and fast-track services dedicated to new urban citizens, including insurance, wealth management, financing and elderlycare.
Zero Hunger	• Ping An innovates agricultural loans and agricultural insurance products and services, and provides agricultural risk protection and financial support to facilitate sustainable agricultural development.
Good Health and Well-being	• Ping An focuses on enterprises' employee health management needs, and provides society with high-quality healthcare services. • Ping An continuously advances healthtech R&D and has built a proprietary AI-assisted consultation and treatment system to enhance management efficiency and satisfy people's healthcare needs. • Ping An advances "insurance + healthcare" and upgrades Ping An Zhen Xiang RUN Health Services Plan to provide services including family doctors, health management plans, health monitoring, and chronic disease prevention and control. • Ping An continues to develop "Ping An Zhen Yi Nian" elderlycare communities to help seniors live a happy life.

Sustainability

SDGs	Ping An's key contributions
Quality Education	• Through its long-term commitment to charitable education programs, Ping An strives to bridge the gap between urban and rural education resources to create a fair education environment. • Ping An has carried out the "Ping An Inspiration Program" for 19 consecutive years to sponsor college students in conducting social research projects and developing hands-on skills.
Gender Equality	• Ping An fully respects and protects employees' rights and interests. • Ping An opposes gender discrimination and builds a diverse, equitable and inclusive workplace. • Ping An continues the "Mom's Needlework" public welfare program to help rural women start businesses and increase their income.
Clean Water and Sanitation	• Ping An grants rural revitalization loans for sewage treatment to support the upgrade of rural sewage treatment systems.
Affordable and Clean Energy	• Ping An actively invests in energy infrastructure and clean energy technology industries to support clean energy industries. • Ping An provides preferential risk protection services for green enterprises or green projects to support their stable and healthy operations. • Ping An develops carbon-linked transition financing products to help high-emission industries and companies pursue low-carbon transitions.
Decent Work and Economic Growth	• Ping An supports the real economy with financial services, and has cumulatively invested over RMB8.27 trillion to support the real economy. • Ping An uses digital means to develop inclusive finance, improving the accessibility of financial services to MSMEs.
Industry, Innovation and Infrastructure	• Ping An digitizes natural disaster risk management to identify risks in advance and enhance disaster prevention and loss reduction in the real economy. • Ping An supports the development of high-quality, reliable, sustainable and disaster-resilient infrastructure through responsible investment. • Ping An eases financing burdens affecting MSMEs and accelerates digital transformation through Ping An Bank's "Nebula Plan."
Reduced Inequalities	• Ping An continuously implements "Ping An Rural Communities Support," consolidates and expands achievements in poverty eradication, and promotes common prosperity. • Ping An protects the legitimate rights and interests of all its employees, and opposes gender, regional and age discrimination to create an inclusive and equitable workplace.

SDGs	Ping An's key contributions
Sustainable Cities and Communities	• Ping An continuously improves its catastrophe insurance products for risk protection and financial compensation to reduce losses caused by natural disasters in cities. • Ping An carries out the "Ping An Guardian" first-aid training program on how to perform cardiopulmonary resuscitation and how to use an automated external defibrillator.
Responsible Consumption and Production	• Ping An promotes sustainable lifestyles by launching personal carbon accounts and raising customers' and employees' awareness about low-carbon consumption. • Ping An integrates sustainability requirements into its procurement processes to build sustainable value chains with suppliers.
Climate Action	• Ping An continuously advances its green finance initiative and explores innovative practices in green insurance, green investment, and green loans to support China's transformation toward a green economy and upgrade of industry chains. • Ping An upgraded its "1 + N" carbon account system, and launched a carbon account platform covering all employees.
Life below Water	• Ping An helps fishery enterprises and fishermen to better cope with natural disasters and ecological accidents by actively exploring ocean carbon sink insurance and providing risk protection for ocean carbon sink resources in industries including seagrass beds and algae/shellfish farming. • Ping An intends to support mariculture carbon sink trading to increase fishermen's "blue income" and support the sustainable development of the fishing industry.
Life on Land	• Ping An preserves biodiversity by actively carrying out charitable activities to protect endangered animals. • Ping An channels funds into eco-friendly projects by incorporating biodiversity-related risks into investment and financing processes. • Ping An helps Shenzhen build the world's first "International Mangrove Center" and provides financial services for comprehensive mangrove protection.
Peace, Justice and Strong Institutions	• Ping An ensures transparent and compliant business operations by improving policies and procedures. • Ping An reduces corruption by implementing robust internal controls and developing an incorruptibility culture.
Partnerships for the Goals	• Ping An actively participates in sustainability-related initiatives and organizations, including the United Nations Environment Programme Finance Initiative (UNEP FI), the Principles for Sustainable Insurance (PSI), the Green Investment Principles (GIP) for the Belt and Road and the Principles for Responsible Investment (PRI), to promote cooperation in sustainability.

Sustainability

Sustainable Development Management

Sustainability-related Strategic Planning

Sustainable development is Ping An's development strategy as well as the basis for maximizing its long-term value. Based on sustainability-related planning, Ping An carried out related work around 13 key initiatives in an orderly manner, and completed the work review for the first half of 2023.

Sustainability Governance Structure

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

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

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

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

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

Sustainability Governance Structure

Risk Management for ESG

Ping An deeply integrates the core theories and standards of ESG into the Group's risk management, and supplements the comprehensive risk management with ESG risk management requirements to ensure long-term sustainable business development.

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

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

Key performance in sustainable development management

Green loan balance *(in RMB million)*

Green insurance premium income *(in RMB million)*

Responsible investment of insurance funds *(in RMB million)*

Green investment of insurance funds *(in RMB million)*

Funds provided for poverty alleviation and industrial revitalization since launch of "Ping An Rural Communities Support" *(in RMB million)*

Sustainable Development Recognition and Industry Exchange

Ping An's practices and achievements in sustainability have been widely recognized in China and abroad.

Ratings and awards	Achievements as of June 30, 2023
MSCI ESG Ratings	A (first in the multi-line insurance and brokerage industry in the Asia-Pacific region)
Carbon Disclosure Project (CDP) Climate Change Questionnaire	A- (the highest among financial services companies in the Chinese mainland)
Sustainalytics' ESG Risk Ratings	Low risk (a leading position in China)
S&P's *Sustainability Yearbook (China) 2023*	Top 1% S&P Global ESG Score, the highest among insurance companies in China (including Hong Kong and Macau)
Brand Finance's "Sustainability Perceptions Index 2023"	33rd in the world and first in China's insurance industry
Institutional Investor	"Best ESG" in Asia
InsuranceAsia News	"CSR Initiative of the Year" award
"China's Top 100 Listed Companies by ESG" list	Listed (seventh on the list and first in the financial industry)

Ping An actively participates in domestic and international sustainability initiatives. Ping An adheres to the United Nations Principles for Responsible Investment (UNPRI) and relevant guidelines issued by Chinese regulators. Ping An is the first company in China to sign the UNPRI, the Climate Action 100+, and the Green Investment Principles (GIP) for the Belt and Road as an asset owner. Moreover, Ping An is the first company in the Chinese mainland to sign the Principles for Sustainable Insurance (PSI) established by the United Nations Environment Programme Finance Initiative (UNEP FI), and the only Chinese representative on the UNEP FI Leadership Council and Global Steering Committee. Ping An is also a member of the Asian Corporate Governance Association, a director member of the Green Finance Committee of the China Society for Finance and Banking, and a director member of the ESG Committee of the China Association for Public Companies.

Sustainability

KEY INITIATIVES FOR SUSTAINABLE DEVELOPMENT

Sustainable Insurance

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

Sustainable Insurance Product Portfolio

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

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

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

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

Ping An had 6,477 sustainable insurance products as of June 30, 2023. Sustainable insurance premium income reached RMB340,620 million, with a total insured amount of over RMB530.83 trillion in the first half of 2023.

Below are some details of the Company's sustainable insurance products in the first half of 2023:

(in RMB million)	Green Insurance[(1)]	Social Insurance[(2)]	Inclusive Insurance[(3)]
Premium income	17,735	312,506	10,379
Insured amount	21,111,043	440,288,770	69,434,508

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

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

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

Responsible Banking

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

In line with China's carbon neutrality strategy, Ping An proactively develops green finance, and improves relevant systems and mechanisms to develop green loans, green bonds and green investment. Ping An has built a comprehensive product portfolio centering on green finance and climate finance. Ping An aims to boost the scale of green investment and green loans to RMB400 billion by 2025, giving full play to finance in addressing climate change and contributing to the green transformation of the real economy.

Ping An continuously optimizes its ESG risk management framework. Ping An Bank formulated and published *Ping An Bank's Environmental, Social and Governance Risk Management Procedure for Corporate Credit Customers (Trial)*, specifying the criteria, processes, authorities and applications of findings for assessing and classifying corporate credit customers' ESG risks. Moreover, Ping An manages customers with significant ESG risks on the basis of a name list, integrating ESG requirements into processes including due diligence, credit approval, contract management, fund disbursement and post-lending management.

Ping An deeply engages in inclusive finance as per the State's call to increase financial support for small and micro-enterprises during the 14th Five-Year Plan period. Ping An implements various preferential policies for inclusive finance, committed to providing convenient financial services for small and micro-enterprises and people's livelihoods. Leveraging financial and technological advantages, Ping An continuously optimizes its inclusive finance business portfolio and provides customers, the elderly and the disabled with heartwarming financial products and services, making financial services more inclusive and accessible.

Ping An's green loan balance and inclusive loan balance were RMB134,926 million and RMB595,913 million respectively as of June 30, 2023.

Responsible Investment

Ping An supports economic development, social progress and environmental improvement by providing long-term capital through insurance funds investment. Ping An integrates and develops the responsible investment philosophy and business by establishing the organizational structure and policies for responsible investment as well as continuously innovating responsible investment tools and practices. Ping An has formulated *Ping An Group's Policy Statement on Responsible Investment*, and has defined five principles for responsible investment, namely ESG Integration, Active Ownership, Thematic Investing, Prudence, and Information Transparency. The Group ESG Office and relevant functions of the Group supervise relevant member companies' incorporation of ESG requirements into their investment and financing processes in accordance with the *Guidelines for Green Finance in Banking and Insurance Sectors*.

Ping An's responsible investment with insurance funds amounted to RMB843,930 million as of June 30, 2023, including RMB140,929 million in green investment.

Responsible Products

Ping An focuses on localizing "managed care," seamlessly combining its online/offline healthcare ecosystem services with financial businesses in which Ping An acts as a payer. Ping An is committed to providing retail and corporate customers with "worry-free, time-saving, and money-saving" healthcare and elderlycare services, empowering its core financial businesses, and promoting the sustainability of its healthcare ecosystem. For more details, please refer to the section headed "Healthcare as a New Driver of Value Growth."

Consumer Protection and Experience

Ping An adheres to its original aspiration and mission of providing people-centered financial services under the philosophy of serving the real economy, people, and society. Ping An incorporates consumer rights protection in corporate governance. Led by the Related Party Transaction Control and Consumer Rights Protection Committee under the Board of Directors, Ping An continuously optimizes consumer rights protection and management mechanisms, actively implements consumer rights protection requirements, and conducts and enhances comprehensive assessment of consumer rights protection. Moreover, Ping An enhances complaint management through coordination and supervision. For key companies and key issues, Ping An strengthens consumer rights protection before, during and after service cycles by building a full-fledged accountability system and strengthening front-line supervision and examination. Ping An diversified its customer complaint channels including official websites, sales systems and WeChat official accounts, and launched a consumer rights protection hotline at 4001666333. The Company has built a regular, standardized internal audit framework for consumer rights protection, formulated audit plans for consumer rights protection, and incorporated consumer rights protection in its annual audit. Ping An has launched a dedicated service hotline 95511 to provide 24/7 professional services through specialized customer service staff. On the basis of the service hotline and online customer service representatives, Ping An develops new approaches including video- and livestreaming-based customer services, dedicated advisers on WeCom, and home-based elderlycare concierges. Via the service hotline, Ping An provides all customers with one-stop service experience. There were 380 million inbound calls in the first half of 2023, with an average of about 2.1 million inquiries per day and a connection rate of 98%. In this way, Ping An swiftly responds to and handles customer inquiries and complaints, providing professional, appropriate solutions.

Sustainability

Ping An adopts a daily reporting mechanism for consumer rights protection, holds management seminars on a regular basis, and conducts training on consumer rights protection to develop an internal culture of fair and honest consumer rights protection. Nearly 180,000 employees completed online consumer rights protection courses as of June 30, 2023. Ping An supports the efforts of the former CBIRC, the Office of the Central Cyberspace Affairs Commission, and the Ministry of Public Security and the PBC in financial consumer rights protection by spreading basic financial knowledge and strengthening consumers' awareness about risk prevention and ability to identify risks via communication campaigns on the World Consumer Rights Day (March 15).

Ping An attaches great importance to privacy protection. Adhering to the principles of "people-centered, secure, fair and transparent," Ping An has built a robust personal information protection system, strictly controls the collection, storage and use of relevant private information, and prohibits the rental, sale or provision of personal data. Ping An collects user information in accordance with the minimum necessary standard, and promises not to actively share or transfer personal information with/to third parties without authorization. Ping An implements scenario-based authorization management for personal information processing, and protects personal privacy in all business activities to ensure personal information security.

Corporate Governance

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

Climate Change and Carbon Neutrality

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

Ping An attaches importance to climate risk governance. Climate-related governance mechanisms, together with clear objectives and responsibilities, have been set up at all levels of the sustainability governance structure. Via climate change risk assessment, Ping An identifies possible impacts of climate change on its business segments over different timescales.

Ping An actively responds to China's carbon peak and neutrality goals, with a promise to achieve operational carbon neutrality by 2030. Ping An launched the industry's first carbon account system covering all employees in May 2023, incorporating employees' low-carbon behavior and carbon emission data into general operations. Moreover, Ping An held the "Low-carbon Cycling" initiative to encourage green travel and low-carbon lifestyles. Ping An Trust launched the "Zero-waste Office" initiative to enhance employees' awareness about zero-waste offices and build a low-carbon, environment-friendly workplace.

Rural Revitalization and Community Impact

Support for Real Economy

Ping An cumulatively invested over RMB8.27 trillion as of June 30, 2023 to support the real economy by making full use of financial resources. The investments cover major infrastructure projects including energy, transportation, and water conservancy, supporting national strategic initiatives including the Belt and Road and the development of the Guangdong-Hong Kong-Macao Greater Bay Area. Ping An P&C provided over RMB3.7 trillion worth of risk protection for over 1,300 key engineering projects across China, and over RMB1 trillion worth of insurance coverage for public facilities in 111 countries and regions under the Belt and Road Initiative as of June 30, 2023. Ping An Asset Management increased investments in infrastructure by RMB17,355 million in the first half of 2023 to support key infrastructure projects across China.

Support for Rural Revitalization

Ping An proactively supports China's rural revitalization strategy by promoting industries, healthcare, and education via "Rural Communities Support." Ping An has provided RMB96,060 million for poverty alleviation and industrial revitalization since "Ping An Rural Communities Support" was launched in 2018. Under the Village Officer Program, Ping An launched the "Rural Civilization 100" initiative to help develop rural community organizations, and upgraded rural cultural tourism projects to facilitate sustainable development of rural industries. Moreover, Ping An helped expand marketing channels through targeted consumption assistance, and supported rural public welfare to help local industries boost income. Under the Village Doctor Program, Ping An pooled premium medical resources to offer mobile health checkups and complimentary medical consultations in rural areas, contributing to primary healthcare in rural areas. Under the Village Teacher Program, Ping An conducted different volunteer teaching activities and donated educational supplies in rural areas, continuing programs including "Juvenile Science and Technology Literacy Enhancement."

Public Welfare Activities

Ping An is committed to education public welfare, with a focus on technology literacy, literary literacy, sports literacy and mental health literacy. Ping An gradually upgrades its education public welfare actions through a number of measures including school building funding, technological equipment donations, remote training and summer camps. Ping An Primary School in Funan County, Anhui Province, for which Ping An donated RMB40 million, was inaugurated in May 2023. Ping An has cumulatively contributed to the construction of 119 Hope Primary Schools, and recruited more than 10,000 teaching volunteers, providing over 370,000 hours of teaching services cumulatively as of June 30, 2023. Ping An implemented the "Juvenile Science and Technology Literacy Enhancement" program in 1,039 Smart Primary Schools, and provided training for over 14,000 rural teachers, benefiting over 310,000 rural students. In this way, Ping An raised hope for rural children via practical actions.

Ping An pays close attention to biodiversity and takes public welfare actions to protect it. Ping An makes charitable donations to fund biodiversity protection projects, including those for South China tigers, giant pandas, Asian giant softshell turtles, Chinese pangolins and caryopteris alternifolia.

Ping An is dedicated to helping women through public welfare activities. Ping An upgraded the "Mother's Needlework" charitable program, establishing Orange Workshops in Guizhou and Sichuan. Ping An has devised a "1+1+1+N" operating model, namely specialized management by one authoritative charitable organization, one sustainable specialized assistance solution, one standard site for local implementation, and support from N charitable enterprises. Ping An pilots benchmark programs of helping low-income women start businesses and increase income by providing them with financial support, product design, technique training and marketing support, focusing on sales-driven production. By doing so, Ping An promotes rural vitalization under the sustainability philosophy.

Ping An also promotes reading across the country by donating to community libraries, building community volunteer teams, and developing reading communities.

Volunteer Services

Ping An leverages its advantages in finance, technology, and healthcare to promote volunteerism and advocate civilization in a new era, providing volunteer services for rural revitalization, emergency response, and children. The Ping An Volunteers Association has set up 28 branches nationwide and covered 20 member companies since it was established in 2018. Ping An continued the "Ping An Guardian" initiative under which over 7,000 public welfare events were held in the first half of 2023. Moreover, Ping An launched a number of public welfare initiatives on the "San Cun Hui" public welfare platform, sponsoring a total of 1,068 "Beside You" public welfare initiatives, attracting 2.39 million participants from Ping An's employees in the first half of 2023. The "San Cun Hui" public welfare platform had 3.48 million registered users, including approximately 550,000 employees and agents of Ping An as of June 30, 2023. Ping An worked with the sponsor of Shenzhen Marathon to provide runners with heartwarming volunteer services, including onsite sideline first aid and photography in February 2023. In celebration of the World Book Day, Ping An's volunteers worked with special schools to launch volunteer events of reading books with special needs children in April 2023. Ping An held the "Volunteer Association Open Day" at Ping An Finance Centre, Shenzhen and Ping An Finance Tower, Shanghai in May 2023. At the event, branches of Ping An Volunteers Association from member companies of Ping An demonstrated their major volunteer activities, encouraging employees to participate in public welfare. Volunteers devoted to helping people with mental disorders were also present at the event. Ping An continued volunteer activities for consumer rights protection and financial education in the first half of 2023, adopting innovative approaches to providing financial and risk education for targeted groups in nearly 80 cities across China.

Business Code of Conduct

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

Corporate Business Ethics

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

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

- In respect of anti-monopoly and fair trade, Ping An complies with anti-monopoly laws and regulations, strictly scrutinizes all merger and acquisition deals, and declares concentrations of undertakings as required by law.

- In respect of anti-money laundering and anti-terrorist financing, Ping An strictly abides by laws, regulations and regulatory requirements, and adheres to the "risk-based supervision" philosophy. Ping An builds and improves a robust anti-money laundering and sanctions compliance management framework, continuously optimizes its internal rules and procedures, and advances the application of intelligent platforms for empowerment. Ping An has pioneered a financial group money laundering risk self-assessment framework covering 19 member companies, based on which Ping An has built a mechanism for dynamic money laundering risk monitoring. Ping An has developed a closed loop of risk management through risk assessment, risk monitoring, independent testing and inspection, and anti-money laundering audits. Moreover, Ping An ensures relevant personnel's awareness about and capability of anti-money laundering through enhanced training on anti-money laundering and sanctions compliance covering all its Directors, Supervisors, senior management and employees. In this way, Ping An continuously improves the effectiveness of risk prevention and management.

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

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

- In respect of intellectual property protection, Ping An attaches great importance to the protection and management of intellectual property rights, ensuring effective commercialization of technological and innovation outcomes. Ping An protects its own intellectual property rights, respects the intellectual property rights of others, and prohibits its employees from participating in infringements of intellectual property rights. By doing so, Ping An effectively protects its intangible assets and maintains orderly operations in business development.

Employee Code of Conduct

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

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

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

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

Ping An continuously strengthens the management of employees' business conduct, proactively cracking down on those in violation of laws, regulations and discipline. Moreover, Ping An provides training regarding the employee code of conduct on a half-yearly basis to maintain a culture of integrity and self-discipline. All of Ping An's employees received anti-corruption education as of June 30, 2023.

Sustainability

Responsible Products

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

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

Development and Welfare of Employees and Agents

Development and Welfare of Employees

Ping An helps employees maximize their personal value by providing them with career plans for prosperous and contented lives.

Ping An upholds the training philosophy of "Knowledge creates value." Taking employees and the Company into consideration, Ping An diversifies high-quality courses and continuously optimizes the smart learning platform to support employees at all levels in constant efficient learning and development. For resource development, Ping An has developed a multi-dimensional curriculum by focusing on the contents, capabilities, and development stages to meet multi-tiered, comprehensive talent development needs. For platform upgrading, Ping An optimizes learning functions and tools to cover all learning scenarios. Ping An explores a "learning passport" model under which employees' learning activities and outcomes are completely recorded. Ping An conducts quantitative management of employees' learning activities based on a "credit system," which is also a part of manager assessment. In this way, Ping An motivates all employees, promotes a learning atmosphere, and strives to become a learning organization. Ping An provides employees at different career development stages with tailor-made courses on management capabilities and leadership development, with themes covering corporate strategies, management decisions, and career development.

Ping An upholds a principle of fair, equitable and transparent remuneration. Ping An continuously rationalizes and optimizes performance-based remuneration management on the principle of fair and equitable distribution according to work, and provides competitive remuneration to motivate employees. To retain key employees and strengthen internal cohesiveness, Ping An has put in place long-term incentive and restraint mechanisms, and implemented the Key Employee Share Purchase Plan and the Long-term Service Plan.

Regarding talent as the primary driver of business development, Ping An attaches great importance to team development. Ping An accumulates industry-leading talent and high-potential young talent through both internal training and social recruitment. Ping An established a series of procedures to improve talent management standards and systems in the first half of 2023. Each year, via rational performance management, Ping An leverages the "8Q + TEL" model to conduct regular appraisal and talent assessment for key positions on multiple dimensions including performance, skill sets, and potential to ensure fair and efficient talent selection.

Ping An provides employees with a variety of benefits to safeguard their basic rights and interests. Ping An provides commercial insurance, high-end health insurance, regular health checkups, and employee discount products. Ping An maintains a health management platform where employees can directly consult a doctor online and make an appointment in a hospital. Moreover, Ping An maintains the Ping An Employee Assistance Program (EAP) to protect the physical and mental health of employees. Ping An has developed HR-X, a smart human resources mobile app, to provide employees with a series of convenient services including location-based attendance tracking. Ping An respects and cares for female employees, and provides mother-and-baby rooms and facilities in the workplace for lactating employees. Ping An strictly abides by national laws and regulations and local government requirements, and implements policies on parental leave, breastfeeding breaks and pregnant employees' rest breaks. Ping An has open, safe and diverse channels in place for all employees to file complaints and give feedback, including communication with higher-ups, communication with the HR department and trade union, and email. Ping An properly protects each employee's legitimate rights and interests, and maintains a just, equitable, harmonious and healthy workplace by keeping employees duly informed through communication, training and so on.

The Group's member companies have established their trade unions under laws and regulations to protect employees' legitimate rights and interests and promote high-quality business development. Both the unionization rate and the membership rate are 100%. Meanwhile, the Group encourages its member companies to establish "Employee Representative Assemblies." Issues and policies related to the interests of employees as well as the election and debriefing of employee directors and supervisors are all deliberated and approved at "Employee Representative Assemblies." In addition, Ping An takes care of employees' health and wellbeing by providing regular assistance for employees in difficulties, annual employee health checkups, and mental health guidance.

Development and Welfare of Agents

To pursue high-quality development, Ping An continuously optimizes channel development, builds teams for innovative channels, and improves the agent force's comprehensive strengths. For more details, please refer to the section headed "Life and Health Insurance Business."

Information Security and AI Governance

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

Ping An strictly abides by laws and regulations, regulatory policies and requirements, and constantly improves its information security management system in line with technological innovations and best practices, aiming to ensure the confidentiality, integrity and availability of information. Ping An has formulated rules including *Ping An Group's Policy Statement on Information Security Management*, and established a data security governance model centering on customer data protection. Ping An performs end-to-end security management around personnel, data, systems, businesses, and third parties, and conducts annual training on security for all the employees of the Group and third-party personnel. In addition, Ping An regularly conducts internal and external audits of its information security management and data privacy protection. Ping An has passed the ISO27001 information security management system certification for consecutive years, ensuring the effective and stable operations of the information security system. No major information leaks or other cybersecurity incidents occurred in the first half of 2023.

Ping An formulated the *Ping An Group's Policy Statement on AI Ethics Governance* in line with the five ethical principles of "human-oriented, human autonomous, secure and controllable, fair and just, and open and transparent." Ping An undertakes to oversee the development and application of AI in a scientific manner, and is committed to keeping technology and financial services under ethical review. Ping An has clear ethical goals for data use, algorithm research and development, and industry application, and constantly improves its AI governance framework. Internally, Ping An has established the AI Ethics Management

Committee, which is responsible for steering the general directions of Ping An's AI ethics policy. The committee ensures fairness and justice in product research and development, oversees information security and privacy protection in product and service provision, and explores ways to optimize management regarding AI-related ethical issues in project implementation. Externally, Ping An actively participates in global AI governance and promotes exchanges with peers and academia, contributing to the industry's standardization of AI governance.

Technology-powered Sustainable Development

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

Sustainable Supply Chain

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

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

Changes in the Share Capital and Shareholders' Profile

CHANGES IN SHARE CAPITAL

Unit: Shares	January 1, 2023 Number of shares	January 1, 2023 Percentage (%)	Changes during the Reporting Period: Issue of new shares	Bonus issue	Transfer from reserve	Others	Sub-total	June 30, 2023 Number of shares	June 30, 2023 Percentage (%)
I. Selling-restricted shares	-	-	-	-	-	-	-	-	-
II. Selling-unrestricted circulating shares									
1. RMB ordinary shares	10,832,664,498	59.26	-	-	-	-70,006,803(1)	-70,006,803(1)	10,762,657,695	59.10
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	7,447,576,912	40.74	-	-	-	-	-	7,447,576,912	40.90
4. Others	-	-	-	-	-	-	-	-	-
Subtotal	18,280,241,410	100.00	-	-	-	-70,006,803(1)	-70,006,803(1)	18,210,234,607	100.00
III. Total number of shares	18,280,241,410	100.00	-	-	-	-70,006,803(1)	-70,006,803(1)	18,210,234,607	100.00

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

SHAREHOLDERS' INFORMATION

Number of Shareholders

Unit: Shareholder	June 30, 2023
Total number of shareholders	964,629 (including 960,370 domestic shareholders)

CORPORATE GOVERNANCE

Changes in the Share Capital and Shareholders' Profile

Shareholdings of Top Ten Shareholders as at the End of the Reporting Period

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

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

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

(3) Business Fortune Holdings Limited is an indirect wholly-owned subsidiary of CP Group Ltd., and the shares owned by Business Fortune Holdings Limited have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by Business Fortune Holdings Limited have been deducted from the shares held by HKSCC Nominees Limited.

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

(5) Participants in the Long-term Service Plan of the Company are the employees of the Company and its subsidiaries. Over 140,000 employees have participated in the Long-term Service Plan cumulatively. The source of funding is the remunerations payable to employees.

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

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

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

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

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

Particulars of Controlling Shareholder and De Facto Controlling Party

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

Directors, Supervisors, Senior Management and Employees

APPOINTMENT OR REMOVAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Gender	Age	Period of appointment
Wang Guangqian(1)	Newly-appointed Independent Non-executive Director	Male	67	Since July 2023
Huang Yuqiang(2)	Newly-appointed Senior Management	Male	41	Since June 2023
Zhang Zhichun(3)	Newly-appointed Senior Management	Female	47	Since January 2023
Ouyang Hui(4)	Retired Independent Non-executive Director	Male	60	August 2017 – July 2023
Ji Guangheng(5)	Resigned Senior Management	Male	54	March 2022 – August 2023
Hu Jianfeng(6)	Resigned Senior Management	Male	46	January 2021 – June 2023
Yao Jason Bo(7)	Resigned Senior Management	Male	52	January 2016 – April 2023

Notes: (1) Mr. Wang Guangqian took office as an Independent Non-executive Director of the Company on July 20 2023.
(2) Mr. Huang Yuqiang took office as the Person-in-charge of Auditing of the Company on June 19, 2023.
(3) Ms. Zhang Zhichun took office as the Chief Financial Officer (Financial Director) of the Company on January 1, 2023.
(4) Mr. Ouyang Hui retired as an Independent Non-executive Director of the Company due to the expiration of his term of office of six years on July 20, 2023.
(5) Mr. Ji Guangheng resigned as the Senior Vice President of the Company on August 15, 2023.
(6) Mr. Hu Jianfeng resigned as the Person-in-charge of Auditing of the Company on June 19, 2023.
(7) Mr. Yao Jason Bo resigned as a Co-CEO, Executive Vice President and other relevant administrative positions of the Company on April 26, 2023. After resigning from relevant administrative positions, Mr. Yao Jason Bo was re-designated as a Non-executive Director of the Company on April 26, 2023.

SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Change in the Number of Shares Held in the Company

As of June 30, 2023, the interests of the current Directors, Supervisors and senior management of the Company and those who vacated office during the Reporting Period in the shares of the Company, which shall be disclosed pursuant to the *Standard No. 3 Concerning the Contents and Formats of Information Disclosed by Listed Companies – The Contents and Formats of Interim Reports* issued by the CSRC, were as follows:

Name	Capacity	H/A shares	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Change (shares)	Reason for the change	Nature of interest	Percentage of total issued H/A shares (%)	Percentage of total issued shares (%)
Ma Mingzhe	Beneficial owner	A	2,245,730	2,524,802	+279,072	Key Employee Share Purchase Plan	Long position	0.02346	0.01386
Sun Jianyi	Beneficial owner	A	5,048,596	5,048,596	-	-	Long position	0.04691	0.02772
Xie Yonglin	Beneficial owner	A	666,487	942,767	+276,280	Key Employee Share Purchase Plan	Long position	0.00876	0.00518
Tan Sin Yin	Beneficial owner	A	547,920	714,249	+166,329	Key Employee Share Purchase Plan	Long position	0.00664	0.00392
	Beneficial owner	H	40,000	40,000	-	-	Long position	0.00054	0.00022
Cai Fangfang	Beneficial owner	A	378,064	477,260	+99,196	Key Employee Share Purchase Plan	Long position	0.00443	0.00262
Yang Xiaoping	Beneficial owner	H	100,000	100,000	-	-	Long position	0.00134	0.00055
Yao Jason Bo	Beneficial owner	A	686,391	837,826	+151,435	Key Employee Share Purchase Plan	Long position	0.00778	0.00460
	Beneficial owner	H	24,000	24,000	-	-	Long position	0.00032	0.00013
Wang Zhiliang	Beneficial owner	A	68,281	76,840	+8,559	Key Employee Share Purchase Plan	Long position	0.00071	0.00042
Huang Baoxin	Beneficial owner	A	101,319	114,707	+13,388	Key Employee Share Purchase Plan	Long position	0.00107	0.00063
Zhang Xiaolu	Beneficial owner	A	12,627	46,535	+33,908	Key Employee Share Purchase Plan	Long position	0.00043	0.00026
	Beneficial owner	H	10,000	10,000	-	-	Long position	0.00013	0.00005
Zhang Zhichun	Beneficial owner	A	93,999	106,370	+12,371	Key Employee Share Purchase Plan	Long position	0.00099	0.00058
Sheng Ruisheng	Beneficial owner	A	379,613	453,412	+73,799	Key Employee Share Purchase Plan	Long position	0.00421	0.00249
Deng Bin	Beneficial owner	A	-	5,328	+5,328	Key Employee Share Purchase Plan	Long position	0.00005	0.00003
Hu Jianfeng	Beneficial owner	A	67,836	78,264	+10,428	Key Employee Share Purchase Plan	Long position	0.00073	0.00043

Note: During the Reporting Period, there were no share options held by or restricted shares granted to the current Directors, Supervisors and senior management of the Company and those who vacated office during the Reporting Period.

Directors, Supervisors, Senior Management and Employees

Save as disclosed above, as of June 30, 2023, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company which shall have been notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, Supervisors or chief executives of the Company are deemed to have under such provisions of the SFO), or are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or are otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the SEHK pursuant to the *Model Code*, were as follows:

Name	Capacity	H/A shares	Interests held at the beginning of the period (shares)	Interests held at the end of the period (shares)	Change (shares)	Reason for the change	Nature of interest	Percentage of total issued H/A shares (%)	Percentage of total issued shares (%)
Ma Mingzhe	Interest of his spouse	H	20,000	20,000	-	-	Long position	0.00027	0.00011
	Others(1)	A	1,196,936	1,631,038	+434,102	Others(1)	Long position	0.01515	0.00896
Sun Jianyi	Others(1)	A	126,381	126,381	-	-	Long position	0.00117	0.00069
Xie Yonglin	Others(1)	A	897,702	1,223,278	+325,576	Others(1)	Long position	0.01137	0.00672
Tan Sin Yin	Others(1)	A	897,702	1,223,278	+325,576	Others(1)	Long position	0.01137	0.00672
Cai Fangfang	Others(1)	A	598,468	815,519	+217,051	Others(1)	Long position	0.00758	0.00448
Yao Jason Bo	Interest of his spouse	H	64,000	64,000	-	-	Long position	0.00086	0.00035
	Others(1)	A	598,468	598,468	-	-	Long position	0.00556	0.00329
Wang Zhiliang	Others(1)	A	68,459	92,334	+23,875	Others(1)	Long position	0.00086	0.00051

Note: (1) Conditional interests that can be vested in future under the Long-term Service Plan, subject to terms and conditions in the *Long-term Service Plan of Ping An Insurance (Group) Company of China, Ltd.*

The Number of Shares Held in Associated Corporations of the Company

Name	Associated corporation	Capacity	Interests held at the beginning of the period (shares)	Interests held at the end of the period (shares)	Change (shares)	Reason for the change	Nature of interest	Percentage of total issued shares in associated corporation (%)
Xie Yonglin	Ping An Bank	Beneficial owner	26,700	26,700	-	-	Long position	0.00014
Tan Sin Yin	OneConnect	Beneficial owner	78,000	78,000	-	-	Long position	0.00667

Save as disclosed above, as of June 30, 2023, none of the Directors, Supervisors and chief executives held or was deemed to hold any interests or short positions in the shares, underlying shares or debentures of the Company's associated corporations (as defined in the SFO), which shall have been notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO, or are recorded in the register required to be kept under Section 352 of the SFO, or are otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the SEHK pursuant to the *Model Code*.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

1. Mr. Xie Yonglin, an Executive Director of the Company, took office as a Director of Ping An Overseas Holdings in July 2023 and a Non-executive Director of Lufax Holding in August 2023.

2. Mr. Yao Jason Bo resigned as a Co-CEO, Executive Vice President and other relevant administration positions of the Company in April 2023, and was re-designated from an Executive Director to a Non-Executive Director of the Company. In addition, Mr. Yao Jason Bo ceased to be a Non-executive Director of Ping An Asset Management and Ping An Health Insurance in April 2023 and June 2023 respectively.

3. Mr. Chu Yiyun, an Independent Non-executive Director of the Company, ceased to be an Independent Non-executive Director of Universal Scientific Industrial (Shanghai) Co., Ltd. in April 2023.

4. Mr. Hung Ka Hai Clement, an Independent Supervisor of the Company, took office as an Independent Non-executive Director of JX Energy Ltd. in August 2023.

5. Mr. Wang Zhiliang, an Employee Representative Supervisor of the Company, took office as the Chief Administrative Affairs Officer in April 2023.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the SEHK Listing Rules.

EMPLOYEES

As of June 30, 2023, there has been no material change to the information disclosed in the Company's 2022 Annual Report relating to the number of Ping An's current employees.

Significant Events

IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

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

INTERIM RESULTS AND PROFIT DISTRIBUTION

The Group's business results for the first half of 2023 are set out in the section headed "FINANCIAL STATEMENTS."

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

The decision-making procedure and mechanism of the above profit distribution plans were complete, and the dividend payout standards and proportions were clear. The above profit distribution plans were in line with the *Articles of Association* and relevant deliberation procedures, had no material impact on the Group's solvency margin ratios, and had fully protected the legitimate interests of minority shareholders. All the Independent Non-executive Directors of the Company have expressed independent opinions of their agreement on the profit distribution plan.

GENERAL ANALYSIS OF EXTERNAL INVESTMENT

The Company is a financial conglomerate, and investment is one of its core businesses. The investment of insurance funds represents a majority of the investment of the Company. The investment of insurance funds is subject to applicable laws and regulations. For details of the asset allocation of the Company's investment portfolio of insurance funds, please refer to relevant section headed "Business Analysis."

Material Equity Investment

During the Reporting Period, there was no material equity investment that was required to be disclosed.

Material Non-Equity Investment

During the Reporting Period, there was no material non-equity investment that was required to be disclosed.

Financial Instruments Recorded at Fair Value

Details of financial instruments recorded at fair value of the Company are set out in Note 41 to the financial statements.

SALE OF MAJOR ASSETS AND EQUITIES

During the Reporting Period, there was no sale of major assets and equities that was required to be disclosed.

Material Acquisitions and Disposals of Subsidiaries, Joint Ventures or Associates

On January 29, 2021 and April 30, 2021 respectively, the Company announced that the consortium formed by Zhuhai Huafa Group Co., Ltd. ("Huafa Group," representing the state-owned enterprises of Zhuhai Municipality), the Company and Shenzhen SDG Co., Ltd. will participate in the substantive consolidated restructuring (the "Founder Group Restructuring") of Peking University Founder Group Company Limited, Peking University Founder Information Industry Group Co., Ltd., PKU Healthcare Industry Group Co., Ltd., Peking University Resources Group Limited and Founder Industry Holdings Co., Ltd. (the "Restructuring Entities"). Authorized by the Company, Ping An Life participated in the substantive consolidated restructuring and entered into the restructuring investment agreement of the Founder Group Restructuring ("the Restructuring Investment Agreement").

On July 5, 2021, the Company announced that, the *Restructuring Plan (Draft) of Five Companies Including Peking University Founder Group Company Limited*, which was formulated on the basis of the Restructuring Investment Agreement, was resolved and approved at the creditors' meeting held by the Restructuring Entities, and was approved by the civil order of the First Intermediate People's Court of Beijing Municipality and came into effect on June 28, 2021.

On January 31, 2022, the Company announced that, Ping An Life received the *Approval in relation to Ping An Life Insurance Company of China, Ltd.'s Equity Investment in New Founder Group from the CBIRC* (Yin Bao Jian Fu [2022] No.81) on January 30, 2022, and the CBIRC approved Ping An Life's investment in New Founder Group. Ping An Life has fulfilled the fundamental condition for participating in the Founder Group Restructuring, and will promptly carry forward the relevant subsequent work as agreed under the Restructuring Investment Agreement and the restructuring plan of the Founder Group Restructuring with the relevant parties.

On June 24, 2022, the Company announced that, affected by multiple factors, the restructuring plan of the Founder Group Restructuring cannot be completed within 12 months as originally scheduled. According to the application of the Restructuring Entities, the First Intermediate People's Court of Beijing Municipality has approved to extend the execution period of the restructuring plan of the Founder Group Restructuring to December 28, 2022 in accordance with the laws. Ping An Life will promptly carry forward the relevant subsequent work as agreed under the Restructuring Investment Agreement and the restructuring plan of the Founder Group Restructuring with the relevant parties.

On December 20, 2022, the Company announced that, New Founder Group has completed the corresponding change of business registration procedures. Accordingly, the shareholding structure of New Founder Group has been changed that New Founder Group is held as to 66.51% and 28.50% by Ping An Life and Huafa Group (representing the state-owned enterprises of Zhuhai Municipality) through their shareholding platforms, respectively, and a 4.99% equity interest in New Founder Group is held by the equity interest platform of Founder Group's creditors.

For more information, please refer to the announcements published by the Company on the websites of SSE (www.sse.com.cn) and HKEX (www.hkexnews.hk).

MAJOR SUBSIDIARIES AND ASSOCIATES OF THE COMPANY

Details of major subsidiaries and associates of the Company are set out in Note 4 and Note 27 to the financial statements respectively.

IMPLEMENTATION OF SHARE PURCHASE PLANS OF THE COMPANY

To align the interests of shareholders, the Company and employees, improve corporate governance, and establish and improve long-term incentive and restraint mechanisms, the Company has adopted the Key Employee Share Purchase Plan and the Long-term Service Plan. Total shares cumulatively held by the Key Employee Share Purchase Plan and the Long-term Service Plan do not exceed 10% of the Company's total share capital. Total shares corresponding to the equity interest cumulatively vested in a single employee of the Company through the Key Employee Share Purchase Plan and the Long-term Service Plan do not exceed 1% of the Company's total share capital.

Key Employee Share Purchase Plan

The Company has implemented the Key Employee Share Purchase Plan, which has a duration of six years, since 2015 as deliberated at the 16th meeting of the ninth Board held on October 28, 2014 and approved at the first extraordinary general meeting for 2015 held on February 5, 2015. The duration of the Key Employee Share Purchase Plan has been extended by six years to February 4, 2027 as deliberated at the 13th meeting of the 11th Board held on April 23, 2020. For the Key Employee Share Purchase Plan of the Company, the participants are key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding are legitimate incomes and performance bonuses of the employees. The amount that must be paid for each share by the participants of the Key Employee Share Purchase Plan is the market price of such share at the time of purchase by the Company.

Nine phases of the Key Employee Share Purchase Plan were implemented as of the end of the Reporting Period. Shares under each phase are subject to a one-year lock-up period after the purchase. After the lock-up period expires, one third of the shares for each phase are unlocked each year and vested in phases in accordance with the Key Employee Share Purchase Plan. All the shares under the five phases for 2015-2019 were unlocked, and the four phases for 2020-2023 were implemented as follows:

There were 1,522 participants in the Key Employee Share Purchase Plan for 2020. A total of 7,955,730 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB638,032,305.75 (expenses inclusive), accounting for approximately 0.044% of the Company's total share capital at that time. During the Reporting Period, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 1,107 employees qualified and 63 employees did not qualify for vesting under this phase. For the duration, 74,422 shares were forfeited.

There were 1,754 participants in the Key Employee Share Purchase Plan for 2021. A total of 9,162,837 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB670,258,495.86 (expenses inclusive), accounting for approximately 0.050% of the Company's total share capital at that time. During the Reporting Period, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 1,485 employees qualified and 71 employees did not qualify for vesting under this phase. For the duration, 178,543 shares were forfeited.

There were 1,703 participants in the Key Employee Share Purchase Plan for 2022. A total of 12,518,547 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB595,602,067.09 (expenses inclusive), accounting for approximately 0.068% of the Company's total share capital at that time. During the Reporting Period, in accordance with the Key Employee Share Purchase Plan and applicable agreed rules, 1,601 employees qualified and 102 employees did not qualify for vesting under this phase. For the duration, 764,902 shares were forfeited.

There were 3,095 participants in the Key Employee Share Purchase Plan for 2023. A total of 15,030,180 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB693,562,104.08 (expenses inclusive), accounting for approximately 0.082% of the Company's total share capital at that time. For details of the share purchase, please refer to the *Announcement Regarding the Completion of Share Purchase under the 2023 Key Employee Share Purchase Scheme* published by the Company on the websites of the Hong Kong Exchanges and Clearing Limited (the "HKEX") and the Shanghai Stock Exchange (the "SSE") on March 24, 2023 and March 25, 2023 respectively. During the Reporting Period, no change was made in equity under the Key Employee Share Purchase Plan for 2023.

During the Reporting Period, the manager of the Key Employee Share Purchase Plan was not changed.

The Key Employee Share Purchase Plan held a total of 25,391,496 A shares of the Company as at the end of the Reporting Period, accounting for approximately 0.139% of the Company's total share capital.

The Long-term Service Plan

The Company has implemented the Long-term Service Plan, which has a duration of ten years, since 2019 as deliberated at the third meeting of the 11th Board held on October 29, 2018 and approved at the second extraordinary general meeting for 2018 held on December 14, 2018. For the Long-term Service Plan of the Company, the participants are the employees of the Company and its subsidiaries including directors, employee representative supervisors, and senior management. The source of funding is the remunerations payable to employees. The amount that must be paid for each share by the participants of the Long-term Service Plan is the market price of such share at the time of purchase by the Company. Participants in the Long-term Service Plan may apply for vesting only when they are retiring from the Company, and will be awarded the shares after their applications have been approved and relevant taxes have been paid.

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

There were 31,026 participants in the Long-term Service Plan for 2019. A total of 54,294,720 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB4,296,112,202.60 (expenses inclusive), accounting for approximately 0.297% of the total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 21 employees qualified and applied for vesting, and their shares were vested; 738 employees were disqualified due to reasons including their resignation; and 2,354,587 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 32,022 participants in the Long-term Service Plan for 2020. A total of 49,759,305 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB3,988,648,517.41 (expenses inclusive), accounting for approximately 0.272% of the total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 11 employees qualified and applied for vesting, and their shares were vested; 859 employees were disqualified due to reasons including their resignation; and 2,310,978 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 90,960 participants in the Long-term Service Plan for 2021. A total of 57,368,981 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB4,184,093,674.69 (expenses inclusive), accounting for approximately 0.314% of the total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, seven employees qualified and applied for vesting, and their shares were vested; 4,228 employees were disqualified due to reasons including their resignation; and 3,924,968 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 90,960 participants in the Long-term Service Plan for 2022. A total of 93,314,482 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB4,438,825,366.37 (expenses inclusive), accounting for approximately 0.510% of the total share capital of the Company at that time. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, four employees qualified and applied for vesting, and their shares were vested; 5,498 employees were disqualified due to reasons including their resignation; and 7,293,277 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

There were 83,651 participants in the Long-term Service Plan for 2023. A total of 96,608,364 A shares of the Company were purchased in the secondary market at market prices for a total amount of RMB4,450,946,615.20 (expenses inclusive), accounting for approximately 0.528% of the total share capital of the Company at that time. For details of the share purchase, please refer to the *Announcement Regarding the Completion of Share Purchase under the 2023 Long-term Service Plan* published by the Company on the websites of the HKEX and the SSE on March 24, 2023 and March 25, 2023 respectively. During the Reporting Period, in accordance with the Long-term Service Plan and applicable agreed rules, 3,618 employees were disqualified due to reasons including their resignation, and 3,104,406 shares were forfeited due to reasons including employees' resignation or failure to meet performance targets.

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

The Long-term Service Plan held a total of 350,975,208 A shares of the Company as at the end of the Reporting Period, accounting for approximately 1.927% of the total share capital of the Company.

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

IMPLEMENTATION OF SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS EFFECTS

During the Reporting Period, the Company did not implement any share incentive scheme based on the Company's shares.

CONNECTED TRANSACTIONS

In respect of connected transactions and continuing connected transactions, the Company has complied with requirements under the *SEHK Listing Rules* as amended from time to time. During the Reporting Period, the Company had no connected transaction that was required to be disclosed under the *SEHK Listing Rules*. The Company's connected transactions stated in accordance with the accounting standards used in the preparation of financial statements for the six months ended June 30, 2023 are presented in Note 44 to the financial statements.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

Guarantee

(in RMB million)	External guarantee of the Company and its subsidiaries (excluding the guarantee in favor of its subsidiaries)
Total external guarantee incurred during the Reporting Period	–
Total external guarantee balance as at the end of the Reporting Period	–

Guarantee of the Company and its subsidiaries in favor of its subsidiaries	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period	(407)
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	13,829

Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee	13,829
Total guarantee as a percentage of the Company's net assets (%)	1.5
Including: Direct or indirect guarantee for the companies with a total liabilities to total assets ratio over 70% (as of June 30, 2023)	12,736
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 RMB789 million less the guarantee repayment of RMB1,196 million.

Entrustment, Underwriting, Lease, Entrusted Asset Management, Entrusted Lending and Other Material Contracts

No matter relating to entrustment, underwriting, lease or other material contracts of the Company was required to be disclosed during the Reporting Period.

During the Reporting Period, the Company did not engage in any entrusted asset management or entrusted lending outside its ordinary business scope. For details of the Company's entrusted asset management and entrusted lending, please refer to the notes to the financial statements.

SEIZURE, DISTRAINMENT OR FREEZE OF MAJOR ASSETS

During the Reporting Period, the Company had no event of seizure, distrainment or freeze of major assets that was required to be disclosed.

MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company had no material litigation or arbitration that was required to be disclosed.

CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, OR CORRECTIONS OF MATERIAL ACCOUNTING ERRORS

Details of changes in accounting policies of the Company during the Reporting Period are set out in Note 3 to the financial statements.

During the Reporting Period, there was no material change in accounting estimates or correction of material accounting errors made by the Company.

FOREIGN EXCHANGE RISK

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

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

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

June 30, 2023 (in RMB million)	**Decrease in equity before tax**
Net exposure to fluctuations in exchange rates assuming a simultaneous and uniform depreciation of 5% of all foreign currency denominated monetary assets and liabilities and non-monetary assets and liabilities measured at fair value against the Renminbi	4,971

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

ENGAGEMENT OF ACCOUNTING FIRMS

According to the resolution passed at the Company's 2022 Annual General Meeting, the Company re-appointed Ernst & Young Hua Ming LLP and Ernst & Young ("E&Y") as the auditors of the Company's financial statements under CAS and IFRS respectively for the year 2023. The Company's interim financial reports are unaudited.

PENALTIES AND RECTIFICATION

During the Reporting Period, neither the Company nor the Directors, the Supervisors, or the senior management of the Company were investigated or subjected to coercive measures by competent authorities, detained by disciplinary inspection and supervisory authorities, transferred to judicial authorities or held accountable for criminal liabilities, investigated or subjected to administrative punishment by the CSRC, subjected to major administrative punishment by other competent authorities, or subjected to disciplinary action by any securities exchanges.

INTEGRITY CONDITIONS OF THE COMPANY

During the Reporting Period, the Company had no failure to abide by any effective judicial ruling, or default on its material due debts.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months from January 1, 2023 to June 30, 2023.

CORPORATE GOVERNANCE

The Company implemented corporate governance measures in strict accordance with the applicable laws, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the applicable regulations, and the principles set out in the *Corporate Governance Code*, taking into account the Company's specific needs and circumstances. The general meetings of shareholders, the Board of Directors, the Supervisory Committee and the Executive Committee of the Company exercised their rights and performed their obligations conferred by the *Articles of Association*, respectively.

General Meetings

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

The annual general meeting of the Company for 2022 held on May 12, 2023 deliberated and approved 9 proposals including the *Report of the Board of Directors of the Company for 2022*, the *Report of the Supervisory Committee of the Company for 2022*, the Annual Report of the Company for 2022 and its summary, the *Report on Final Accounts of the Company for 2022*, the *Profit Distribution Plan of the Company for 2022* and the *Re-appointment of Auditors of the Company for 2023*. The resolutions of the above general meeting have also been published on the websites of SSE (www.sse.com.cn) and HKEX (www.hkexnews.hk).

Audit and Risk Management Committee

The Board of Directors of the Company has established the Audit and Risk Management Committee according to the *Corporate Governance Code*. The Audit and Risk Management Committee and the management have reviewed the accounting standards and practices adopted by the Company and discussed internal control and financial reporting matters, including reviewing the Company's unaudited interim report.

Compliance with the *Corporate Governance Code*

None of the Directors is aware of any information that would reasonably indicate that the Company did not meet the applicable Code Provisions set out in the *Corporate Governance Code* for any part of the six-month period from January 1, 2023 to June 30, 2023.

Compliance with the *Model Code* by Directors and Supervisors of the Company

In August 2007, the Company adopted a code of conduct regarding securities transactions by Directors and Supervisors of the Company ("Code of Conduct"), which was amended in August 2022, on terms no less exacting than the required standard as set out in the *Model Code*. Specific enquiries have been made to all the Directors and Supervisors of the Company, who have confirmed that they complied with the required standards set out in the *Model Code* and the Code of Conduct for the six-month period from January 1, 2023 to June 30, 2023.

INFORMATION OF TAX DEDUCTION FOR HOLDERS OF LISTED SECURITIES

Enterprise Income Tax of Overseas Non-Resident Enterprise Shareholders

Pursuant to the tax laws and regulations of the Chinese mainland, the Company is required to withhold 10% enterprise income tax when it distributes dividend to non-resident enterprise holders of H shares as listed on the Company's register of members on the record date, including Hong Kong Securities Clearing Company Nominees Limited.

If any resident enterprise (as defined in the *Enterprise Income Tax Law of the People's Republic of China*) listed on the Company's register of members of H shares on the record date which is duly incorporated in the Chinese mainland or under the laws of an overseas country (or region) but with a Chinese mainland-based de facto management body does not want the Company to withhold the said enterprise income tax, it shall submit to Computershare Hong Kong Investor Services Limited a legal opinion, at or before 4:30 p.m. one business day before closure of register of the H shareholders for the dividend, issued by a lawyer qualified to practice law in the Chinese mainland and inscribed with the seal of the applicable law firm, that verifies its resident enterprise status. The legal opinion shall be submitted by the Company to the applicable tax authorities for approval, and then excess portions of the tax amounts withheld can be refunded.

Individual Income Tax of Overseas Individual Shareholders

Pursuant to the applicable tax laws and regulations of the Chinese mainland, the individual resident shareholders outside the Chinese mainland shall pay individual income tax upon their receipt of the distributed dividends in respect of the shares issued by domestic non-foreign investment enterprises in Hong Kong, which shall be withheld by the Company on behalf of such individual shareholders at the tax rate of 10% in general. However, if the tax laws and regulations and relevant tax agreements state otherwise, the Company will withhold and pay the individual income tax based on the amount of the dividend at the relevant tax rate and in accordance with the procedures as stipulated.

Those individual resident shareholders outside the Chinese mainland who hold the shares issued by domestic non-foreign investment enterprises in Hong Kong may enjoy preferential treatments (if any) in accordance with the provisions of applicable tax agreements signed between the countries or regions where they belong by virtue of residential identification and the People's Republic of China as well as the tax arrangements made between the Chinese mainland and Hong Kong (Macau). Qualified shareholders are required to submit to Computershare Hong Kong Investor Services Limited a written authorization and relevant evidencing documents, at or before 4:30 p.m. one business day before closure of register of the H shareholders for the dividend, which shall be submitted by the Company to the applicable tax authorities for approval, and then excess portions of the tax amounts withheld can be refunded.

The Company will withhold the enterprise income tax as well as the individual income tax for shareholders as required by law on the basis of the Company's register of members of H shares on the record date. The Company assumes no liability and will not deal with any dispute over income tax withholding triggered by failure to submit proof materials within the stipulated time frame, and holders of H shares of the Company shall either personally or appoint a representative to attend to the procedures in accordance with the applicable tax laws and regulations of the Chinese mainland.

Income Tax of H Shareholders via the Hong Kong Stock Connect Program

For the Chinese mainland investors (including enterprises and individuals) investing in the Company's H shares via the Hong Kong Stock Connect Program, China Securities Depository and Clearing Corporation Limited, as the nominee holding H shares for investors via the Hong Kong Stock Connect Program, will receive the dividend distributed by the Company and distribute such dividend to the relevant investors through its depositary and clearing system. The dividend to be distributed to the investors via the Hong Kong Stock Connect Program will be paid in RMB. Pursuant to the applicable tax laws and regulations of the Chinese mainland:

- For the Chinese mainland individual investors who invest in the H shares of the Company via the Hong Kong Stock Connect Program, the Company will withhold individual income tax at the rate of 20% in the distribution of the dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Corporation Limited for tax refund relating to the withholding tax already paid abroad.

- For the Chinese mainland securities investment funds that invest in the H shares of the Company via the Hong Kong Stock Connect Program, the Company will withhold individual income tax in the distribution of the dividend pursuant to the above provisions.

- For the Chinese mainland enterprise investors that invest in the H shares of the Company via the Hong Kong Stock Connect Program, the Company will not withhold income tax in the distribution of the dividend, and such investors shall declare and pay the tax on their own.

Income Tax of A Shareholders via the Shanghai Stock Connect Program

For Hong Kong investors (including enterprises and individuals) investing in the Company's A shares via the Shanghai Stock Connect Program, pursuant to the applicable tax laws and regulations of the People's Republic of China, the dividend will be paid in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to Hong Kong Securities Clearing Company Limited, and the Company will withhold income tax at the rate of 10%.

For investors via the Shanghai Stock Connect Program who are tax residents of other countries or regions (excluding Hong Kong) which have entered into a tax treaty with the Chinese mainland stipulating a dividend tax rate of less than 10%, those enterprises or individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate under such tax treaty will be refunded.

All investors are requested to read this part carefully. Shareholders are recommended to consult their tax advisers for tax effects regarding their holding and disposing of the shares of the Company, involving the Chinese mainland, Hong Kong and other countries and regions.

PROGRESS IN INTERNAL CONTROL ASSESSMENT

The National Administration of Financial Regulation (NAFR) was established in the first half of 2023, marking an important step in China's reform of financial regulators and breaking new ground in financial regulation. The Company studied and implemented the spirit of regulation, remained true to its original aspiration of "providing people-centered financial services," vigorously pursued financial business development with Chinese characteristics, adhered to the philosophy of "boosting innovation and active engagement," and cultivated a steady and prudent operation culture. Moreover, the Company adhered to the bottom line of "no systemic financial risk," comprehensively improved its rule formulation and internal control system, promoted the philosophy of creating value through compliance, strengthened the active management of internal controls and compliance, continuously improved the effectiveness of internal controls, and consolidated the foundation of the Company's steady and compliant operations and high-quality development.

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

Regarding the formulation and implementation of internal control rules, the Company further improved basic management policies and procedures, standardized guidelines for key processes, strengthened management of data and tools, and enhanced implementation of policies and procedures, and promoted compliance of operations in the first half of 2023. Firstly, the Company further standardized policies and procedures. The Company gradually established a consistent, standard framework of policies and procedures based on management practices in accordance with laws, regulations and industry norms. The Company kept appropriate internal control policies and procedures in place by standardizing the formulation, amendment, abolition and interpretation of policies and procedures, and constantly improving them. Secondly, the Company increased efforts to supervise and inspect the implementation of policies and procedures to ensure proper formulation, implementation and supervision. Moreover, the Company organized the communication and learning of new policies and procedures, and enhanced group-wide education to strengthen compliance awareness among employees. Thirdly, the Company built a closed-loop management mechanism for "external regulations, policies and procedures, and internal controls." In this way, the Company strengthened the hierarchical and classified supervision of member companies' policies, procedures and internal controls to ensure effective routine management of them.

Regarding internal control operations and assessment, the Company strictly complied with applicable laws and regulations. In response to the calls of regulators at all levels for strengthening compliance management and preventing compliance risks, the Company continuously optimized its governance structure and strengthened internal control management. Firstly, the Company's internal control operations and assessment covered all businesses, focusing on key ones. The Company adhered to the principles of comprehensiveness, importance and objectivity in internal control operations and assessment. Based on comprehensive and objective assessments of the Group's headquarters and member companies in different businesses and sizes, the Company focused on important business units, major matters and high-risk businesses. In this way, the Company continuously improved internal control systems and mechanisms. Secondly, the Company reinforced supervision to oversee the fulfillment of responsibilities. The Company organized its member companies to monitor and assess the effectiveness of internal control systems and define responsibilities in accordance with the *Measures for Supervision and Administration of Insurance Group Companies,* the *Basic Norms for Internal Controls of Enterprises*, the *Basic Rules for Internal Controls of Insurance Companies* and other rules, aiming to ensure implementation of internal control systems among all positions and responsibility owners, oversee the fulfillment of responsibilities for internal control and compliance management, and further strengthen mandatory restraints. Thirdly, the Company strengthened execution to enhance efficiency. The Company took account of its own business features, risk profiles, and violation prevention when constantly carrying out internal control assessments and risk screening. The Company kept risk and compliance appraisal mechanisms in place for effectively implementation of internal controls. Moreover, the Company strengthened management of key positions, areas, and processes by using digital technologies and approaches to continuously improve overall operating efficiency and risk prevention. Fourthly, the Company provided employees with training and education, requiring all of them to pass examinations. The Company ensured that all employees received training and education and passed online examinations regarding internal controls and the code of conduct in line with internal control assessments. Moreover, the Company emphasized the internal control philosophy and promoted day-to-day operational mechanisms under which "everyone is involved in internal controls, everyone is responsible for compliance, and internal controls have been integrated into businesses and processes." Ernst & Young Hua Ming LLP audited the effectiveness of the Company's internal controls over financial reporting for 2022, and issued the *Internal Control Audit Report*, opining that the Company maintained effective internal controls over financial reporting in all material aspects in accordance with the *Basic Norms for Internal Controls of Enterprises* and relevant rules.

Regarding the monitoring of major risks, the Company reviewed business processes and focused on risk monitoring in key areas. Firstly, enhancing source governance. The Company established stricter risk monitoring and alerting mechanisms for important positions and key processes to achieve early intervention and prevention and comply with risk bottom-line requirements. Secondly, taking an issue-oriented approach. The Company took rectification measures to address internal control weaknesses and risk issues. The Company created an issue list and a responsibility list, adopting standardized coding and classification management. The Company promptly closed loopholes and improved controls to ensure rectifications are duly implemented and institutionalized. Thirdly, strengthening tracking and oversight. The Company responded quickly to risk incidents, and continuously strengthened the monitoring and tracking, the oversight of rectification, and the optimization of controls to prevent major incidents and minimize minor ones. Fourthly, establishing long-term mechanisms. The Company thoroughly explored the root causes of risk issues, fixed deficiencies in internal controls, and boosted intrinsic motivation for operating compliance. Ongoing and persistent internal control and compliance management yield long-term results, providing important support and solid assurance for the Company's steady development.

Regarding the management of money laundering and terrorist financing risks and sanctions compliance (collectively the "money laundering risk"), the Company strictly implemented policies and regulations by practicing a "risk-based" anti-money laundering principle. The Company improved the closed-loop money laundering risk management system for identifying, evaluating and managing risks. The Company fulfilled its corporate obligations, gave full play to the Group's supervisory and guiding role over member companies, and continuously enhanced the effectiveness of its anti-money laundering efforts. Firstly, the Company strengthened "self-driven" money laundering risk management mechanisms advocated by regulators, and established a "3 + 3 + 2" indicator system for dynamic money laundering risk monitoring based on the self-assessment of the money laundering risk to improve its money laundering risk prevention and management. Secondly, the Company strengthened team building and resource allocation, organized and carried out anti-money laundering ("AML") training and communication in various forms for Directors, Supervisors, senior management and all employees to improve their expertise, constantly strengthen the performance of core AML obligations, and ensure that all employees have AML awareness. Thirdly, the Company improved AML data governance and AML data infrastructure by developing a uniform AML system, a monitoring system, an evaluation system and an AML data supervision mechanism. The Company developed money laundering risk models across different business lines by employing new technologies including AI and big data to improve the coverage and efficiency of cross-business line money laundering risk management. The Company continuously optimized the integrated AML platform by developing performance management products, strengthened compliance management and enhanced the comprehensive digitization of money laundering risk management. Fourthly, the Company strengthened off-site independent AML testing and supervision, carried out independent AML testing and compliance self-examination, and strengthened rectification supervision and assessment to improve the effectiveness of targeted money laundering risk management. Fifthly, the Company increased support for the industry's AML self-discipline organization, and assisted regulators in educating the public on "preventing money laundering risk and avoiding illegal fundraising" to fulfill its social responsibilities. The Company is committed to achieving a perfect match between its AML management capability and its development and business complexity, contributing to financial security and stability.

Regarding the management framework for internal audit and supervision, the Company established a highly independent, vertical audit and supervision framework. The Company established the Audit and Risk Management Committee under the Board in accordance with applicable laws and regulations concerning the corporate governance structure and internal rules including the *Articles of Association*. The committee, comprising two thirds or more of the Independent Non-executive Directors and chaired by an Independent Non-executive Director, is responsible for comprehensive review and supervision of the Company's financial reporting, internal audit and control procedures. Under the Person-in-charge of Auditing accountability mechanism, the Person-in-charge of Auditing is responsible for assisting the Audit and Risk Management Committee under the Board in establishing and improving the internal audit and supervision framework, and guiding and supervising the effective implementation of audit and supervision policies and procedures. Audit and supervision departments are led by the Person-in-charge of Auditing. To ensure objectivity and fairness, audit and supervision departments are independent of business operations and management departments, and are not directly involved in or responsible for risk management or the design and implementation of internal control systems. Audit and supervision departments organize internal control monitoring every year to independently assess whether internal controls are robust, rational and effective and fully cover the Company's main risk points. Audit and supervision departments also provide forward-looking suggestions for improvement against audit findings. The results of internal control audits are reported by the Person-in-charge of Auditing to the Audit and Risk Management Committee under the Board, and shared with management and compliance departments. In this way, the Company ensures that internal control deficiencies are rectified in a timely manner and that the Company's internal controls are robust and effective.

The Company will conduct internal control effectiveness tests, audit independence tests, and internal control assessments as planned in the second half of 2023. The Company will further supervise and inspect procedure implementation in key risk areas, specify internal control requirements for key businesses and processes, and focus on risk monitoring, alerting and prevention in key areas. The Company will continuously improve the efficiency of compliant operations by applying ex ante compliance management and new technologies. The Company will supervise implementation of internal control and compliance requirements, and promote compliance awareness among employees through precise education and communication. By doing so, the Company will continue to improve its internal controls.

CORPORATE SUSTAINABILITY AND ENVIRONMENTAL PROTECTION

The Company actively fulfilled its social responsibilities, and was not a key pollutant discharging unit designated by the environmental protection authority of the PRC during the Reporting Period. For more information on environmental protection, please refer to the section headed "Sustainability."

No administrative penalty was imposed on the Company due to environmental problems during the Reporting Period.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As far as is known to any Directors or Supervisors of the Company, as of June 30, 2023, the following persons (other than the Directors, Supervisors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under Section 336 of the SFO:

Name of substantial shareholder	H/A shares	Capacity	Notes	Number of H/A shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
CP Group Ltd.	H	Interest of controlled corporations	(1)	1,114,859,403	Long position	14.96	6.12
UBS Group AG	H	Interest of controlled corporations	(2)	666,263,768	Long position	8.94	3.65
		Interest of controlled corporations	(2)	356,003,294	Short position	4.78	1.95
JPMorgan Chase & Co.	H	Interest of controlled corporations	(3)	257,995,308	Long position	3.46	1.41
		Investment manager		113,771,645	Long position	1.52	0.62
		Person having a security interest in shares		3,475,167	Long position	0.04	0.01
		Trustee		8,740	Long position	0.00	0.00
		Approved lending agent	(3)	260,881,199	Lending pool	3.50	1.43
		Total:	(3)	636,132,059		8.54	3.49
		Interest of controlled corporations	(3)	256,617,015	Short position	3.44	1.40
		Investment manager		920	Short position	0.00	0.00
		Total:	(3)	256,617,935		3.44	1.40
Citigroup Inc.	H	Interest of controlled corporations	(4)	30,326,256	Long position	0.40	0.16
		Approved lending agent	(4)	416,868,286	Lending pool	5.59	2.28
		Total:	(4)	447,194,542		6.00	2.45
		Interest of controlled corporations	(4)	24,075,255	Short position	0.32	0.13
BlackRock, Inc.	H	Interest of controlled corporations	(5)	382,741,048	Long position	5.13	2.10
		Interest of controlled corporations	(5)	1,121,500	Short position	0.01	0.00
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		962,719,102	Long position	8.94	5.29

Notes:
(1) According to the disclosure form filed by CP Group Ltd. on May 30, 2023, CP Group Ltd. was deemed to be interested in a total of 1,114,859,403 H shares (long position) of the Company by virtue of its control over several wholly-owned corporations.
(2) According to the disclosure form filed by UBS Group AG on July 4, 2023, UBS Group AG was deemed to be interested in a total of 666,263,768 H shares (long position) and 356,003,294 H shares (short position) of the Company by virtue of its controlled corporations. The entire interests and short positions of UBS Group AG in the Company included 379,833,717 H shares (long position) and 252,059,933 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position	34,259,289
	Short position	27,457,227
Listed derivatives - Cash settled	Long position	206,350
	Short position	18,572,350
Unlisted derivatives - Physically settled	Long position	267,397,990
	Short position	99,257,478
Unlisted derivatives - Cash settled	Long position	77,970,088
	Short position	106,772,878

(3) According to the disclosure form filed by JPMorgan Chase & Co. on June 23, 2023, JPMorgan Chase & Co. was deemed to be interested in a total of 636,132,059 H shares (long position) and 256,617,935 H shares (short position) of the Company by virtue of its controlled corporations.
The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 260,881,199 H shares (long position). In addition, 235,174,387 H shares (long position) and 105,447,941 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position	45,205,500
	Short position	28,222,500
Listed derivatives - Cash settled	Long position	132,250
	Short position	13,967,821
Unlisted derivatives - Physically settled	Long position	160,608,338
	Short position	27,275,951
Unlisted derivatives - Cash settled	Long position	27,153,375
	Short position	22,025,776
Listed derivatives - Convertible instruments	Long position	2,074,924
	Short position	13,955,893

(4) According to the disclosure form filed by Citigroup Inc. on July 4, 2023, Citigroup Inc. was deemed to be interested in a total of 447,194,542 H shares (long position) and 24,075,255 H shares (short position) of the Company by virtue of its controlled corporations. The entire interests and short positions of Citigroup Inc. in the Company included a lending pool of 416,868,286 H shares (long position). In addition, 12,944,755 H shares (long position) and 22,862,760 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives -	Long position	2,531,602
Physically settled	Short position	2,970,040
Unlisted derivatives -	Long position	4,565,078
Physically settled	Short position	14,577,723
Unlisted derivatives -	Long position	5,848,075
Cash settled	Short position	5,314,997

(5) According to the disclosure form filed by BlackRock, Inc. on July 4, 2023, BlackRock, Inc. was deemed to be interested in a total of 382,741,048 H shares (long position) and 1,121,500 H shares (short position) of the Company by virtue of its controlled corporations. The entire interests and short positions of BlackRock, Inc. in the Company included 2,981,500 H shares (long position) and 762,000 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Unlisted derivatives -	Long position	2,981,500
Cash settled	Short position	762,000

(6) Figures for the percentage of H shares held have been rounded down to the nearest second decimal place, so they may not add up to the totals due to rounding. The percentage figures are based on the number of shares of the Company as of June 30, 2023.

Save as disclosed above, to the best knowledge of the Directors and Supervisors, as of June 30, 2023, no person (other than the Directors, Supervisors and chief executives of the Company) had any interest or short position in the shares and underlying shares of the Company which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under Section 336 of the SFO.

OTHER SIGNIFICANT EVENTS

No other significant events of the Company were required to be disclosed during the Reporting Period.

Report on review of interim condensed consolidated financial information

To the shareholders of Ping An Insurance (Group) Company of China, Ltd.
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 103 to 176, which comprises the interim consolidated statement of financial position of Ping An Insurance (Group) Company of China, Ltd. (the "Company") and its subsidiaries as at 30 June 2023 and the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
29 August 2023

Interim Consolidated Income Statement

For the six-month period ended 30 June 2023

For the six-month period ended 30 June (in RMB million)	Notes	2023 (Unaudited)	2022 (Restated, unaudited)
Insurance revenue	6	**269,305**	262,127
Interest revenue from banking operations	7	**116,427**	112,740
Interest revenue from non-banking operations	8	**59,708**	57,981
Fees and commission revenue from non-insurance operations	9	**23,903**	24,180
Investment income	10	**39,869**	12,002
Share of profits and losses of associates and joint ventures		**2,309**	6,100
Other revenues and other gains/(losses)	11	**34,613**	30,881
Total revenue		**546,134**	506,011
Insurance service expenses	12	**(213,910)**	(202,865)
Allocation of reinsurance premiums paid		**(7,091)**	(7,282)
Less: Amount recovered from reinsurer		**5,251**	5,488
Net insurance finance expenses for insurance contracts issued		**(70,109)**	(52,129)
Less: Net reinsurance finance income for reinsurance contracts held		**301**	309
Interest expenses on banking operations	7	**(53,295)**	(48,144)
Fees and commission expenses on non-insurance operations	9	**(4,368)**	(4,799)
Net impairment losses on financial assets	13	**(35,872)**	(39,751)
Net impairment losses on other assets		**(393)**	48
Foreign exchange gains/(losses)		**543**	1,142
General and administrative expenses	14	**(40,135)**	(40,451)
Changes in insurance premium reserves		**(144)**	(135)
Interest expenses on non-banking operations		**(12,407)**	(11,747)
Other expenses	14	**(18,555)**	(13,581)
Total expenses		**(450,184)**	(413,897)
Profit before tax	14	**95,950**	92,114
Income tax	15	**(12,524)**	(9,916)
Profit for the period		**83,426**	82,198
Attributable to:			
– Owners of the parent		**69,841**	70,725
– Non-controlling interests		**13,585**	11,473
		83,426	82,198
Earnings per share attributable to ordinary equity holders of the parent:		RMB	RMB
– Basic	17	**3.94**	4.05
– Diluted	17	**3.87**	3.99

FINANCIAL STATEMENTS

Interim Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2023

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Profit for the period	**83,426**	82,198
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	**44,700**	6,585
Credit risks provision of debt instruments at fair value through other comprehensive income	**90**	1,795
Insurance finance expenses for insurance contracts issued	**(54,164)**	(19,634)
Reinsurance finance income/(expenses) for reinsurance contracts held	**170**	(34)
Reserve from cash flow hedging instruments	**121**	(189)
Exchange differences on translation of foreign operations	**1,720**	1,952
Share of other comprehensive income of associates and joint ventures	**(583)**	(53)
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	**21,994**	12,990
Insurance finance expenses for insurance contracts issued	**(15,026)**	(8,803)
Share of other comprehensive income of associates and joint ventures	**516**	175
Other comprehensive income for the period, net of tax	**(462)**	(5,216)
Total comprehensive income for the period	**82,964**	76,982
Attributable to:		
– Owners of the parent	**69,339**	64,922
– Non-controlling interests	**13,625**	12,060
	82,964	76,982

Interim Consolidated Statement of Financial Position

As at 30 June 2023

(in RMB million)	Notes	30 June 2023 (Unaudited)	31 December 2022 (Restated, unaudited)
Assets			
Cash and amounts due from banks and other financial institutions	18	**742,510**	774,841
Balances with the Central Bank	19	**331,378**	281,115
Financial assets purchased under reverse repurchase agreements	20	**99,592**	91,514
Accounts receivable		**33,197**	36,118
Derivative financial assets		**74,830**	29,278
Reinsurance contract assets		**21,400**	20,615
Finance lease receivable	21	**184,790**	186,858
Loans and advances to customers	22	**3,346,543**	3,238,054
Financial assets at fair value through profit or loss	23	**1,769,509**	1,640,519
Financial assets at amortized cost	24	**1,154,839**	1,124,035
Debt financial assets at fair value through other comprehensive income	25	**2,620,211**	2,500,790
Equity financial assets at fair value through other comprehensive income	26	**278,366**	264,771
Investments in associates and joint ventures	27	**274,373**	280,793
Statutory deposits for insurance operations	28	**14,766**	14,444
Investment properties		**120,799**	114,763
Property and equipment		**51,122**	53,657
Intangible assets		**98,611**	99,411
Right-of-use assets		**10,545**	12,580
Deferred tax assets		**88,012**	89,321
Other assets	29	**152,184**	156,463
Total assets		**11,467,577**	11,009,940

Interim Consolidated Statement of Financial Position

As at 30 June 2023

(in RMB million)	Notes	30 June 2023 (Unaudited)	31 December 2022 (Restated, unaudited)
Equity and liabilities			
Equity			
Share capital	30	**18,210**	18,280
Reserves	31	**269,973**	268,724
Treasury shares	34	**(5,001)**	(10,996)
Retained profits	31	**634,963**	593,183
Equity attributable to owners of the parent		**918,145**	869,191
Non-controlling interests	31	**321,590**	316,805
Total equity		**1,239,735**	1,185,996
Liabilities			
Due to banks and other financial institutions	35	**934,991**	923,088
Financial liabilities at fair value through profit or loss		**90,893**	84,659
Derivative financial liabilities		**76,300**	39,738
Assets sold under agreements to repurchase	36	**267,736**	271,737
Accounts payable		**9,392**	10,349
Income tax payable		**6,520**	16,076
Insurance contract liabilities	37	**3,980,842**	3,671,177
Reinsurance contract liabilities		**21**	105
Customer deposits and payables to brokerage customers	38	**3,511,002**	3,431,999
Bonds payable	39	**935,583**	931,098
Lease liabilities		**11,141**	13,013
Deferred tax liabilities		**14,694**	14,217
Other liabilities		**388,727**	416,688
Total liabilities		**10,227,842**	9,823,944
Total equity and liabilities		**11,467,577**	11,009,940

MA Mingzhe	**XIE Yonglin**	**Tan Sin Yin**
Director	*Director*	*Director*

Interim Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2023

	For the six-month period ended 30 June 2023 (Unaudited)											
		Reserves										
(in RMB million)	Share capital	Share premium	Financial assets at FVOCI reserves	Insurance finance (expenses)/ income for insurance contracts issued	Others	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Treasury shares	Retained profits	Non-controlling interests	Total equity
As at 31 December 2022	18,280	118,095	(30,778)	-	39,099	12,164	115,104	2,046	(10,996)	595,661	316,623	1,175,298
Changes in accounting policies	-	-	115,744	(84,153)	(21,361)	-	2,764	-	-	(2,478)	182	10,698
As at 1 January 2023	18,280	118,095	84,966	(84,153)	17,738	12,164	117,868	2,046	(10,996)	593,183	316,805	1,185,996
Profit for the period	-	-	-	-	-	-	-	-	-	69,841	13,585	83,426
Other comprehensive income for the period	-	-	66,501	(68,842)	199	-	-	1,640	-	-	40	(462)
Total comprehensive income for the period	-	-	66,501	(68,842)	199	-	-	1,640	-	69,841	13,625	82,964
Dividends declared (Note 16)	-	-	-	-	-	-	-	-	-	(27,161)	-	(27,161)
Appropriations to general reserves	-	-	-	-	-	-	360	-	-	(360)	-	-
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained profits	-	-	2,556	(2,016)	-	-	-	-	-	(540)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,865)	(4,865)
Equity transactions with non-controlling interests	-	-	-	-	(230)	-	-	-	-	-	(1,285)	(1,515)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	20	20
Key Employee Share Purchase Plan (Note 32)	-	-	-	-	(335)	-	-	-	-	-	-	(335)
Long-term Service Plan (Note 33)	-	-	-	-	(4,237)	-	-	-	-	-	-	(4,237)
Cancellation of repurchased shares	(70)	(5,925)	-	-	-	-	-	-	5,995	-	-	-
Other equity instruments issued/redeemed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(3,202)	(3,202)
Others	-	11,569	-	-	9	-	-	-	-	-	492	12,070
As at 30 June 2023	18,210	123,739	154,023	(155,011)	13,144	12,164	118,228	3,686	(5,001)	634,963	321,590	1,239,735

Interim Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2023

(in RMB million)	For the six-month period ended 30 June 2022 (Restated, unaudited)											
		Reserves										
	Share capital	Share premium	Financial assets at FVOCI reserves	Insurance finance (expenses)/ income for insurance contracts issued	Others	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Treasury shares	Retained profits	Non-controlling interests	Total equity
As at 31 December 2021	18,280	111,598	(36,413)	-	47,302	12,164	101,108	(1,573)	(9,895)	569,834	265,318	1,077,723
Changes in accounting policies	-	-	99,124	(41,884)	(25,964)	-	2,013	-	-	(29,205)	131	4,215
As at 1 January 2022	18,280	111,598	62,711	(41,884)	21,338	12,164	103,121	(1,573)	(9,895)	540,629	265,449	1,081,938
Profit for the period	-	-	-	-	-	-	-	-	-	70,725	11,473	82,198
Other comprehensive income for the period	-	-	20,782	(28,293)	(104)	-	-	1,812	-	-	587	(5,216)
Total comprehensive income for the period	-	-	20,782	(28,293)	(104)	-	-	1,812	-	70,725	12,060	76,982
Dividends declared (Note 16)	-	-	-	-	-	-	-	-	-	(27,161)	-	(27,161)
Appropriations to general reserves	-	-	-	-	-	-	915	-	-	(915)	-	-
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained profits	-	-	1,223	(1,076)	-	-	-	-	-	(147)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,594)	(4,594)
Equity transactions with non-controlling interests	-	-	-	-	38	-	-	-	-	-	(1,663)	(1,625)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	889	889
Key Employee Share Purchase Plan (Note 32)	-	-	-	-	(196)	-	-	-	-	-	-	(196)
Long-term Service Plan (Note 33)	-	-	-	-	(4,278)	-	-	-	-	-	-	(4,278)
Acquisition of shares	-	-	-	-	-	-	-	-	(1,101)	-	-	(1,101)
Other equity instruments issued/redeemed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(3,561)	(3,561)
Others	-	-	-	-	936	-	-	-	-	-	97	1,033
As at 30 June 2022	18,280	111,598	84,716	(71,253)	17,734	12,164	104,036	239	(10,996)	583,131	268,677	1,118,326

Interim Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2023

For the six-month period ended 30 June (in RMB million)	Note	2023 (Unaudited)	2022 (Restated, unaudited)
Net cash flows from operating activities		**162,297**	312,030
Cash flows from investing activities			
Purchases of property and equipment, intangibles and other long-term assets		**(2,881)**	(2,836)
Proceeds from disposal of property and equipment, intangibles and other long-term assets, net		**240**	145
Proceeds from disposal of investments		**1,012,810**	968,669
Purchases of investments		**(1,151,315)**	(1,327,266)
Disposal of subsidiaries, net		**5**	244
Interest received		**68,640**	71,233
Dividends received		**31,415**	35,189
Rentals received		**3,210**	3,141
Net cash flows used in investing activities		**(37,876)**	(251,481)
Cash flows from financing activities			
Capital injected into subsidiaries by non-controlling interests		**1,670**	2,355
Proceeds from bonds issued		**530,997**	433,105
(Decrease)/increase in assets sold under agreements to repurchase of insurance operations, net		**(19,197)**	180,717
Proceeds from borrowings		**70,760**	105,528
Repayment of borrowings		**(622,472)**	(735,910)
Interest paid		**(13,997)**	(14,929)
Dividends paid		**(20,817)**	(29,879)
(Decrease)/increase in insurance placements from banks and other financial institutions, net		**(6,866)**	400
Payment of acquisition of shares		**-**	(1,101)
Payment of shares purchased for Long-term Service Plan		**(4,451)**	(4,439)
Repayment of lease liabilities		**(2,784)**	(3,110)
Payment of redemption for other equity instruments by subsidiaries		**(4,850)**	(5,800)
Others		**(12,153)**	(2,561)
Net cash flows used in financing activities		**(104,160)**	(75,624)
Net increase/(decrease) in cash and cash equivalents		**20,261**	(15,075)
Net foreign exchange differences		**4,856**	3,572
Cash and cash equivalents at the beginning of the period		**444,202**	405,479
Cash and cash equivalents at the end of the period	43	**469,319**	393,976

1. CORPORATE INFORMATION

Ping An Insurance (Group) Company of China, Ltd. (the "Company") was registered in Shenzhen, the People's Republic of China (the "PRC") on 21 March 1988. The business scope of the Company includes investing in insurance enterprises, supervising and managing various domestic and overseas businesses of subsidiaries, conducting insurance funds investment, domestic and overseas insurance and other business approved by regulators. The Company and its subsidiaries are collectively referred to as the Group. The Group mainly provides integrated financial products and services and is engaged in life insurance, property and casualty insurance, trust, securities, banking and other businesses.

The registered office address of the Company is 47th, 48th, 109th, 110th, 111th and 112th Floors, Ping An Finance Center, No. 5033 Yitian Road, Futian District, Shenzhen, Guangdong Province, China.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

This unaudited interim condensed consolidated financial information for the six-month period ended 30 June 2023 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited consolidated annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the consolidated annual financial statements for the year ended 31 December 2022, except for the adoption of International Financial Reporting Standard 17 *Insurance Contracts* ("IFRS 17") as set out in Note 3.

3. CHANGES IN ACCOUNTING POLICIES

(1) CHANGES IN ACCOUNTING POLICIES

The Group adopted IFRS 17 on 1 January 2023 and restated the comparative information in accordance with IFRS 17. The adoption of IFRS 17 has brought about major changes in the recognition for insurance revenue and insurance service expenses, the measurement of insurance contract liabilities and the presentation of financial statements. The new accounting policies in relation to insurance contracts are set out in Note 3.(2).

In accordance with IFRS 17, the Group is not required to disclose the amount of the adjustment for each financial statement line item affected for the current period and each prior period presented. Therefore, the Group has only summarized the impact of the adoption of IFRS 17 on key financial indicators for the comparative period, as disclosed below:

	Before the adoption of IFRS 17 31 December 2022	Impact of the adoption of IFRS 17	After the adoption of IFRS 17 31 December 2022
Total assets	11,137,168	(127,228)	11,009,940
Total liabilities	9,961,870	(137,926)	9,823,944
Equity attributable to owners of the parent	858,675	10,516	869,191

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The Group has adopted IFRS 9 *Financial Instruments* before 1 January 2023. In accordance with IFRS 17, the Group reassessed its business models for managing financial assets and redetermined the classification of financial assets held for activities related to insurance contracts based on the measurement models of the insurance contracts on 1 January 2023. For financial assets derecognized between 1 January 2022 and 31 December 2022, the Group has applied the classification overlay to reclassify them item-by-item, and adjusted the comparative information. The major changes in the above reclassification of financial assets were disclosed as follows:

	Before reclassification 31 December 2022	Impact of the reclassification	After reclassification 31 December 2022
Financial assets at amortized cost	3,004,502	(1,880,467)	1,124,035
Debt financial assets at fair value through other comprehensive income	467,031	2,033,759	2,500,790

In accordance with IFRS 17, considering that retrospective approach is impracticable for some of the groups of insurance contracts, the Group has applied the modified retrospective approach or the fair value approach on the transition date.

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS

(2.1) Definition of insurance contract

Insurance contract is a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insured event is an uncertain future event covered by an insurance contract that creates insurance risk. Insurance risk is the risk, other than financial risk, transferred from the holder of a contract to the issuer.

The Group applies IFRS 17 to:

(a) insurance contracts, including reinsurance contracts, the Group issues;

(b) reinsurance contracts the Group holds;

(c) insurance contracts the Group acquired in a transfer of insurance contracts or a business combination;

(d) investment contracts with discretionary participation features the Group issues.

Reinsurance contract is an insurance contract issued by the reinsurer to compensate the cedent for claims arising from one or more insurance contracts issued by the cedent.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.1) Definition of insurance contract (continued)

Investment contract with discretionary participation features is a financial instrument that provides a particular investor with the contractual right to receive, as a supplement to an amount not subject to the discretion of the issuer, additional amounts:

(a) that are expected to be a significant portion of the total contractual benefits;

(b) the timing or amount of which are contractually at the discretion of the issuer; and

(c) that are contractually based on the returns on specified items.

Reinsurance contracts issued and reinsurance contracts held cannot be insurance contracts with direct participation features.

Insurance contract with direct participation features is an insurance contracts that meet the following conditions at inception:

(a) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;

(b) the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and

(c) the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

(2.2) Identification of insurance contract

The Group assesses the significance of insurance risk contract by contract. A contract is an insurance contract only if it transfers significant insurance risk. A contract that meets the definition of an insurance contract remains an insurance contract until all rights and obligations are extinguished (i.e., discharged, cancelled or expired), unless the contract is derecognized because of a contract modification.

Below assessments are performed to determine whether the insurance risk is significant:

(a) Insurance risk is significant if, and only if, an insured event could cause the Group to pay additional amounts that are significant in any single scenario that has commercial substance, even if the insured event is extremely unlikely, or even if the expected probability-weighted present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. The additional amounts refer to the present value of amounts that exceed those that would be payable if no insured event had occurred. Those additional amounts include claims handling and assessment costs.

(b) In addition, a contract transfers significant insurance risk only if there is a scenario that has commercial substance in which the Group has a possibility of a loss on a present value basis. However, even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.3) Combination of insurance contracts

A set or series of insurance contracts with the same or a related counterparty may achieve, or be designed to achieve, an overall commercial effect. In order to report the substance of such contracts, the Group treats the set or series of contracts as a whole.

(2.4) Separating components from an insurance contract

An insurance contract may contain more components. The Group separates the following non-insurance components from such contracts:

(a) embedded derivatives that should be separated in accordance with IFRS 9;

(b) distinct investment components, except for those that can meet the definition of investment contract with discretionary participation features;

(c) promises to transfer distinct goods or services other than insurance contract services.

Investment component is the amounts that an insurance contract requires the Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. An investment component is distinct if, and only if, both the following conditions are met:

(a) the investment component and the insurance component are not highly interrelated. An investment component and an insurance component are highly interrelated if, and only if:

 (i) the Group is unable to measure one component without considering the other. Thus, if the value of one component varies according to the value of the other, the two components are highly interrelated; or

 (ii) the policyholder is unable to benefit from one component unless the other is also present. Thus, if the lapse or maturity of one component in a contract causes the lapse or maturity of the other, the two components are highly interrelated; and

(b) a contract with equivalent terms is sold, or could be sold, separately in the same market or the same jurisdiction, either by entities that issue insurance contracts or by other parties.

Insurance contract services are the services that the Group provides to a policyholder of an insurance contract, including: coverage for an insured event (insurance coverage); for insurance contracts without direct participation features, the generation of an investment return for the policyholder (investment-return service); and for insurance contracts with direct participation features, the management of underlying items on behalf of the policyholder (investment-related service). The Group separates from an insurance contract a promise to transfer distinct goods or services other than insurance contract services to a policyholder. For the purpose of separation, the Group does not consider activities that the Group must undertake to fulfill a contract unless the Group transfers a good or service other than insurance contract services to the policyholder as those activities occur. A good or service other than an insurance contract service promised to a policyholder is distinct if the policyholder can benefit from the good or service either on its own or together with other resources readily available to the policyholder. A good or service other than an insurance contract service that is promised to the policyholder is not distinct if: the cash flows and risks associated with the good or service are highly interrelated with the cash flows and risks associated with the insurance components in the contract; and the Group provides a significant service in integrating the good or service with the insurance components.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.4) Separating components from an insurance contract (continued)

After the separation of any cash flows related to embedded derivatives and distinct investment component, the Group attributes the remaining cash flows to insurance component (including unseparated embedded derivatives, non-distinct investment component and promises to transfer goods or services other than insurance contract services which are not distinct) and promises to transfer distinct goods or services other than insurance contract services.

(2.5) Level of aggregation of insurance contracts

The Group identifies portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. The Group divides portfolios of insurance contracts into groups of insurance contracts and applies the recognition and measurement requirements to the groups of insurance contracts. Insurance contracts issued more than one year apart are not included in the same group. The Group determines the group to which contracts belong by considering individual contracts. If the Group has reasonable and supportable information to conclude that a set of contracts will all be in the same group, the Group may measure the set of contracts to determine the group.

The Group divides a portfolio of insurance contracts issued into a minimum of:

(a) a group of contracts that are onerous at initial recognition, if any;

(b) a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and

(c) a group of the remaining contracts in the portfolio, if any.

(2.6) Recognition of insurance contracts

The Group recognizes a group of insurance contracts it issues from the earliest of the following:

(a) the beginning of the coverage period of the group of contracts;

(b) the date when the first payment from a policyholder in the group becomes due; and

(c) for a group of onerous contracts, when the group becomes onerous.

For individual contract that meet one of the criteria set out above, the Group determines the group to which it belongs at initial recognition and does not reassess the composition of the groups subsequently. Coverage period is the period during which the Group provides insurance contract services.

The Group recognizes an asset for insurance acquisition cash flows paid or payable before the related group of insurance contracts is recognized. The Group allocates insurance acquisition cash flows to groups of insurance contracts using a systematic and rational method. Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Group derecognizes an asset for insurance acquisition cash flows when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts. At the end of each reporting period, the Group assesses the recoverability of an asset for insurance acquisition cash flows if facts and circumstances indicate the asset may be impaired. If the Group identifies an impairment loss, the Group adjusts the carrying amount of the asset and recognizes the impairment loss in profit or loss. The Group recognizes in profit or loss a reversal of some or all of an impairment loss previously recognized and increase the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.7) Measurement of insurance contracts

(2.7.1) General model

Measurement on initial recognition

On initial recognition, the Group shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The contractual service margin represents the unearned profit the Group will recognize as it provides insurance contract services under the insurance contracts in the group. The fulfilment cash flows comprise:

(a) estimates of future cash flows;

(b) an adjustment to reflect the time value of money and the financial risks related to the future cash flows; and

(c) a risk adjustment for non-financial risk.

Risk adjustment for non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Group fulfils insurance contracts. The fulfilment cash flows do not reflect the non-performance risk of the Group.

When the Group estimates the future cash flows at a higher level of aggregation, the Group allocates the resulting fulfilment cash flows to individual groups of contracts. The estimates of future cash flows shall:

(a) be unbiased probability-weighted mean;

(b) be consistent with observable market prices for market variables;

(c) be current – the estimates shall reflect conditions existing at the measurement date, including assumptions at that date about the future;

(d) be explicit – the Group shall estimate the cash flows separately from the adjustment for the time value of money and financial risk, unless the most appropriate measurement technique combines these estimates.

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

(a) the Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

(b) the Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.7) Measurement of insurance contracts (continued)

(2.7.1) General model (continued)

Measurement on initial recognition (continued)

The Group uses appropriate discount rate to adjust the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows. The discount rates applied to the estimates of the future cash flows shall:

(a) reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;

(b) be consistent with observable current market prices for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, and exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

The Group adjusts the estimate of the present value of the future cash flows to reflect the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The Group calculates the total amount of below items on initial recognition of a group of insurance contracts:

(a) the fulfilment cash flows;

(b) the derecognition at the date of initial recognition of any asset for insurance acquisition cash flows and any other asset or liability previously recognized for cash flows related to the group of contracts;

(c) any cash flows arising from the contracts in the group at that date.

If the total amount represents net cash inflows, the Group recognizes it as contract service margin. If the total amount represents net cash outflows, the Group recognizes a loss in profit or loss.

Subsequent measurement

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future service allocated to the group at that date and the contractual service margin of the group at that date. The liability for incurred claims comprises the fulfilment cash flows related to past service allocated to the group at that date.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.7) Measurement of insurance contracts (continued)

(2.7.1) General model (continued)

Subsequent measurement (continued)

For insurance contracts without direct participation features, the carrying amount of the contractual service margin of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

(a) the effect of any new contracts added to the group.

(b) interest accreted on the carrying amount of the contractual service margin during the reporting period, measured at the discount rates determined at the date of initial recognition of a group of contracts, applied to nominal cash flows that do not vary based on the returns on any underlying items.

(c) the changes in fulfilment cash flows relating to future service, except that such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss; or except that such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.

(d) the effect of any currency exchange differences on the contractual service margin.

(e) the amount recognized as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The Group recognizes the reduction in the liability for remaining coverage because of services provided in the period as insurance revenue. The Group recognizes the increase in the liability for incurred claims because of claims and expenses incurred in the period and any subsequent changes in fulfilment cash flows relating to incurred claims and incurred expenses as insurance service expenses. Insurance revenue and insurance service expenses presented in profit or loss has excluded any investment components.

The Group determines insurance service expenses related to insurance acquisition cash flows in a systematic way on the basis of the passage of time. The Group recognizes the same amount as insurance revenue to reflect the portion of the premiums that relate to recovering those cash flows.

The Group recognizes the change in the liability for remaining coverage and the liability for incurred claims because of the effect of the time value of money and the effect of financial risk as insurance finance income or expenses.

The Group makes accounting policy choices to portfolios of insurance contracts between:

(a) including insurance finance income or expenses for the period in profit or loss; or

(b) disaggregating insurance finance income or expenses for the period to include in profit or loss an amount determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts, the difference between the insurance finance income or expenses and the total insurance finance income or expenses for the period is included in other comprehensive income.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.7) Measurement of insurance contracts (continued)

(2.7.1) General model (continued)

Subsequent measurement (continued)

When applying IAS 21 *The Effects of Changes in Foreign Exchange Rates* to a group of insurance contracts that generate cash flows in a foreign currency, the Group treats the group of contracts, including the contractual service margin, as a monetary item. The Group includes exchange differences on changes in the carrying amount of groups of insurance contracts in the statement of profit or loss, unless they relate to changes in the carrying amount of groups of insurance contracts included in other comprehensive income for insurance finance income or expenses, in which case they are included in other comprehensive income.

(2.7.2) Measurements for insurance contract with direct participation features (Variable Fee Approach)

The Group assesses whether an insurance contract can meet the definition of insurance contracts with direct participation features by using its expectations at inception of the contract and does not perform reassessment afterwards.

Insurance contracts with direct participation features are contracts under which the Group's obligation to the policyholder is the net of:

(a) the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and

(b) a variable fee that the Group will deduct from (a) in exchange for the future service provided by the insurance contract, comprising:

 (i) the amount of the Group's share of the fair value of the underlying items; less

 (ii) fulfilment cash flows that do not vary based on the returns on underlying items.

For insurance contracts with direct participation features, the carrying amount of the contractual service margin of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

(a) the effect of any new contracts added to the group.

(b) the change in the amount of the Group's share of the fair value of the underlying items, except to the extent that:

 (i) if the Group mitigates the effect of financial risk using derivatives or reinsurance contracts held, when meets certain conditions, the Group may choose to recognize insurance finance income or expenses for the period in profit or loss to reflect some or all of the changes in the effect of the time value of money and financial risk on the amount of the Group's share of the underlying items. However, if the Group chooses to disaggregate insurance finance income or expenses of such reinsurance contracts held between profit or loss and other comprehensive income, the insurance finance income or expenses mentioned above should also be disaggregated accordingly;

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.7) Measurement of insurance contracts (continued)

(2.7.2) Measurements for insurance contract with direct participation features (Variable Fee Approach) (continued)

(ii) the decrease in the amount of the Group's share of the fair value of the underlying items exceeds the carrying amount of the contractual service margin, giving rise to a loss; or

(iii) the increase in the amount of the Group's share of the fair value of the underlying items is allocated to the loss component of the liability for remaining coverage.

(c) the changes in fulfilment cash flows relating to future service and do not vary based on the returns on underlying items, except to the extent that:

(i) if the Group mitigates the effect of financial risk using derivatives, reinsurance contracts held or non-derivative financial instruments measured at fair value through profit or loss, when meets certain conditions, the Group may choose to recognize insurance finance income or expenses for the period in profit or loss to reflect some or all of the changes in the effect of the time value of money and financial risk on the fulfilment cash flows. However, if the Group chooses to disaggregate insurance finance income or expenses of such reinsurance contracts held between profit or loss and other comprehensive income, the insurance finance income or expenses mentioned above should also be disaggregated accordingly;

(ii) such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss; or

(iii) such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.

(d) the effect of any currency exchange differences arising on the contractual service margin.

(e) the amount recognized as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

For insurance contracts with direct participation features that the Group holds the underlying items, the Group makes the accounting policy choice of disaggregating insurance finance income or expenses for the period between profit or loss and other comprehensive income, includes in profit or loss an amount that exactly match the income or expenses included in profit or loss for the underlying items, resulting in the net of the separately presented items being nil.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.7) Measurement of insurance contracts (continued)

(2.7.3) Measurements for onerous insurance contracts

If a group of insurance contracts is onerous at the date of initial recognition, or if additional loss caused by contracts added to the group of onerous contracts, the Group recognizes a loss as insurance service expenses in profit or loss for the net outflow for the group of onerous contracts, resulting in the carrying amount of the liability for remaining coverage for the group being equal to the fulfilment cash flows.

A group of insurance contracts becomes onerous (or more onerous) on subsequent measurement if meets one of the following conditions, the Group recognizes a loss as insurance service expenses in profit or loss and increases the liability for remaining coverage:

(a) the amount of unfavorable changes relating to future service in the fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk exceed the carrying amount of the contractual service margin;

(b) for a group of insurance contracts with direct participation features, the decrease in the amount of the Group's share of the fair value of the underlying items exceed the carrying amount of the contractual service margin.

After the Group has recognized a loss on an onerous group of insurance contracts, the Group allocates below changes of the liability for remaining coverage on a systematic basis between the loss component of the liability for remaining coverage and the liability for remaining coverage excluding the loss component:

(a) estimates of the present value of future cash flows for claims and expenses released from the liability for remaining coverage because of incurred insurance service expenses;

(b) changes in the risk adjustment for non-financial risk recognized in profit or loss because of the release from risk; and

(c) insurance finance income or expenses.

Any amounts allocated to the loss component of the liability for remaining coverage shall not be recognized as insurance revenue.

After the Group has recognized a loss on an onerous group of insurance contracts, the subsequent measurements are:

(a) for any subsequent increases relating to future service in fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk, and any subsequent decreases in the amount of the Group's share of the fair value of the underlying items, the Group recognizes a loss as insurance service expenses in profit or loss and increases the liability for remaining coverage;

(b) for any subsequent decreases relating to future service in fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk, and any subsequent increases in the amount of the Group's share of the fair value of the underlying items, the Group reverses the insurance service expenses in profit or loss and decreases the loss component of the liability for remaining coverage until that component is reduced to zero, the Group adjusts the contractual service margin only for the excess of the decrease over the amount allocated to the loss component.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.7) Measurement of insurance contracts (continued)

(2.7.4) Premium Allocation Approach

The Group simplifies the measurement of a group of insurance contracts using the premium allocation approach if, and only if, at the inception of the group:

(a) the Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying general model, unless the Group expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred; or

(b) the coverage period of each contract in the group is one year or less.

For contracts issued to which the Group applies the premium allocation approach, the Group assumes no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise.

Using the premium allocation approach, on initial recognition, the carrying amount of the liability for remaining coverage is the premiums received at initial recognition, minus any insurance acquisition cash flows at that date, and plus or minus any amount arising from the derecognition at that date of any asset for insurance acquisition cash flows and any other asset or liability previously recognized for cash flows related to the group of contracts.

At the end of each subsequent reporting period, the carrying amount of the liability for remaining coverage is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus any amounts relating to the amortization of insurance acquisition cash flows recognized as insurance service expenses in the reporting period, plus any adjustment to a financing component, minus the amount recognized as insurance revenue for services provided in that period, and minus any investment component paid or transferred to the liability for incurred claims.

The Group adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using the discount rates determined on initial recognition. The Group is not required to adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk if, at initial recognition, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, to the extent that the fulfilment cash flows exceed the carrying amount of the liability for remaining coverage, the Group recognizes a loss as insurance service expenses in profit or loss and increase the liability for remaining coverage.

The Group measures the liability for incurred claims for the group of insurance contracts at the fulfilment cash flows relating to incurred claims and other related expenses. The Group is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred. The Group would also not include in the fulfilment cash flows mentioned above any such adjustment.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.7) Measurement of insurance contracts (continued)

(2.7.4) Premium Allocation Approach (continued)

When the Group applies the premium allocation approach, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money and the effect of financial risk) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time; but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

(2.8) Recognition and measurement for reinsurance contracts held

In addition to the requirements for insurance contracts set out above, the recognition and measurement for reinsurance contracts held are modified as follows. The requirements of measurements for onerous insurance contracts are not applicable for reinsurance contracts held.

(2.8.1) Recognition for reinsurance contracts held

The Group divides portfolios of reinsurance contracts held into a minimum of:

(a) a group of contracts that there is a net gain at initial recognition, if any;

(b) a group of contracts that at initial recognition have no significant possibility of becoming to have net gain subsequently, if any; and

(c) a group of the remaining contracts in the portfolio, if any.

The Group recognizes a group of reinsurance contracts held from the earlier of the following:

(a) the beginning of the coverage period of the group of reinsurance contracts held; and

(b) the date the Group recognizes an onerous group of underlying insurance contracts.

If a group of reinsurance contracts held provide proportionate coverage, the Group recognizes such group of reinsurance contracts held from the earlier of the following:

(a) the later date of the beginning of the coverage period of the group of reinsurance contracts held and the date that any underlying insurance contract is initially recognized; and

(b) the date the Group recognizes an onerous group of underlying insurance contracts.

(2.8.2) Measurement for reinsurance contracts held

On initial recognition, the Group measures a group of reinsurance contracts held at the total of the fulfilment cash flows and the contractual service margin. The contractual service margin represents the net cost or net gain the Group will recognize as it receives insurance contract services from the reinsurer.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.8) Recognition and measurement for reinsurance contracts held (continued)

(2.8.2) Measurement for reinsurance contracts held (continued)

The Group uses consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held and the estimates of the present value of the future cash flows for the group of underlying insurance contracts. In addition, the Group includes in the estimates of the present value of the future cash flows for the group of reinsurance contracts held the effect of any risk of non-performance by the issuer of the reinsurance contract.

The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred by the holder of the group of reinsurance contracts to the issuer of those contracts.

On initial recognition for a group of reinsurance contracts held, the Group calculates the sum of:

(a) the fulfilment cash flows;

(b) the amount derecognized at that date of any asset or liability previously recognized for cash flows related to the group of reinsurance contracts held;

(c) any cash flows arising at that date; and

(d) loss-recovery component of assets for remaining coverage of reinsurance contracts held.

The Group recognizes any net cost or net gain of the above total amounts as a contractual service margin. If the net cost relates to events that occurred before the purchase of the group of reinsurance contracts held, the Group recognizes such a cost immediately in profit or loss as an expense.

If the reinsurance contract held is entered into before or at the same time as the onerous underlying insurance contracts are recognized, when the Group recognizes a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group, the Group recognizes a loss-recovery component of the asset for remaining coverage for such groups of reinsurance contracts held by multiplying:

(a) the loss recognized on the underlying insurance contracts; and

(b) the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held.

The Group adjusts the same amount calculated above to contractual service margin and recognizes as amount recovered from reinsurer in profit or loss.

The Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts. The carrying amount of the loss-recovery component does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.8) Recognition and measurement for reinsurance contracts held (continued)

(2.8.2) Measurement for reinsurance contracts held (continued)

The Group measures the contractual service margin at the end of the reporting period for a group of reinsurance contracts held as the carrying amount determined at the start of the reporting period, adjusted for:

(a) the effect of any new contracts added to the group.

(b) interest accreted on the carrying amount of the contractual service margin, measured at the discount rates determined at the date of initial recognition of a group of contracts, to nominal cash flows that do not vary based on the returns on any underlying items.

(c) the loss-recovery component of the asset for remaining coverage for such groups of reinsurance contracts held, and reversals of a loss-recovery component recognized to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held.

(d) the changes in the fulfilment cash flows relating to future service, except that such change results from a change in fulfilment cash flows allocated to a group of underlying insurance contracts that does not adjust the contractual service margin for the group of underlying insurance contracts; or except that such change results from onerous contracts, if the Group measures a group of underlying insurance contracts applying the premium allocation approach.

(e) the effect of any currency exchange differences arising on the contractual service margin.

(f) the amount recognized in profit or loss because of services received in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period of the group of reinsurance contracts held.

The Group recognizes the reduction in the asset for remaining coverage because of insurance contract services received from the reinsurer in the period as allocation of reinsurance premiums paid. The Group recognizes the increase in the asset for incurred claims because of claims and expenses that are expected to be reimbursed in the period and any subsequent related changes in fulfilment cash flows as amount recovered from reinsurer. The Group treats amounts from the reinsurer that it expects to receive that are not contingent on claims of the underlying contracts as the reduction to the allocation of reinsurance premiums paid. Allocation of reinsurance premiums paid and amount recovered from reinsurer presented in profit or loss has excluded any investment components.

The Group uses the premium allocation approach to simplify the measurement of a group of reinsurance contracts held, if at the inception of the group:

(a) the Group reasonably expects the resulting measurement would not differ materially from the result of not applying the premium allocation approach set out above, unless the Group expects significant variability in the fulfilment cash flows that would affect the measurement of the asset for remaining coverage during the period before a claim is incurred; or

(b) the coverage period of each contract in the group of reinsurance contracts held is one year or less.

(2.9) Investment contracts with discretionary participation features

In addition to the requirements for insurance contracts set out above, the recognition and measurement for investment contract with discretionary participation features are modified as follows:

(a) the date of initial recognition is the date the Group becomes party to the contract.

(b) the contract boundary is modified so that cash flows are within the contract boundary if they result from a substantive obligation of the Group to deliver cash at a present or future date. The Group has no substantive obligation to deliver cash if the Group has the practical ability to set a price for the promise to deliver the cash that fully reflects the amount of cash promised and related risks.

(c) the allocation of the contractual service margin is modified so that the Group recognizes the contractual service margin over the duration of the group of contracts in a systematic way that reflects the transfer of investment services under the contract.

(2.10) Modification and derecognition

If the terms of an insurance contract are modified, the Group derecognizes the original contract and recognizes the modified contract as a new contract, if, and only if, any of the conditions below are satisfied:

(a) if the modified terms had been included at contract inception:

   (i) the modified contract would have been excluded from the scope of IFRS 17;

   (ii) the Group would have separated different components from the host insurance contract, resulting in a different insurance contract to which IFRS 17 would have applied;

   (iii) the modified contract would have had a substantially different contract boundary; or

   (iv) the modified contract would have been included in a different group of contracts.

(b) the original contract met the definition of an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

(c) the Group applied the premium allocation approach to the original contract, but the modifications mean that the contract no longer meets the eligibility criteria for that approach.

If a contract modification meets none of the conditions above, the Group treats changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

The Group derecognizes an insurance contract when it is extinguished, i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled. The Group derecognizes an insurance contract from within a group of contracts by applying the following requirements:

(a) the fulfilment cash flows allocated to the group are adjusted to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognized from the group;

(b) the contractual service margin of the group is adjusted; and

(c) the number of coverage units for expected remaining insurance contract services is adjusted.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.10) Modification and derecognition (continued)

When the Group derecognizes an insurance contract because it transfers the contract to a third party or derecognizes an insurance contract and recognizes a new contract, the Group applies the following requirements:

(a) adjusts the contractual service margin of the group from which the contract has been derecognized, for the difference between (i) and either (ii) for contracts transferred to a third party or (iii) for contracts derecognized due to modification:

   (i) the change in the carrying amount of the group of insurance contracts resulting from the derecognition of the contract.

   (ii) the premium charged by the third party.

   (iii) the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(b) measures the new contract recognized assuming that the Group received the premium described in (a)(iii) at the date of the modification.

If the Group derecognizes an insurance contract because it transfers the contract to a third party or derecognizes an insurance contract due to modification, the Group reclassifies to profit or loss as a reclassification adjustment any remaining amounts for the group that were previously recognized in other comprehensive income, unless for insurance contracts with direct participation features that the Group holds the underlying items.

(2.11) Presentation

The Group presents separately in the statement of financial position the carrying amount of portfolios of:

(a) insurance contracts issued that are assets;

(b) insurance contracts issued that are liabilities;

(c) reinsurance contracts held that are assets; and

(d) reinsurance contracts held that are liabilities.

The Group includes any assets for insurance acquisition cash flows recognized in the carrying amount of the related portfolios of insurance contracts issued.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) ACCOUNTING POLICIES OF INSURANCE CONTRACTS (CONTINUED)

(2.11) Presentation (continued)

The Group disaggregates the amounts recognized in income statement and statement of comprehensive income into:

(a) insurance revenue;

(b) insurance service expenses;

(c) allocation of reinsurance premiums paid;

(d) amount recovered from reinsurer;

(e) insurance finance income or expenses for insurance contracts issued; and

(f) reinsurance finance income or expenses for reinsurance contracts held.

4. CHANGES IN PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the six-month period ended 30 June 2023, there was no significant change in principal subsidiaries, associates and joint ventures of the Group.

5. SEGMENT REPORTING

The segment businesses are separately presented as the insurance segment, the banking segment, the asset management segment, the technology business segment and the other businesses, based on the products and service offerings. The insurance segment is divided into the life and health insurance and the property and casualty insurance segment which are in line with the nature of products, risk and asset portfolios. The types of products and services from which reportable segments derive revenue are listed below:

– The life and health insurance segment offers a comprehensive range of life insurance products to individual and corporate customers, including term, whole-life, endowment, annuity, investment-linked, universal life and health care and medical insurance, reflecting performance summary of Ping An Life Insurance Company of China, Ltd. ("Ping An Life"), Ping An Annuity Insurance Company of China, Ltd. ("Ping An Annuity") and Ping An Health Insurance Company of China, Ltd. ("Ping An Health Insurance");

– The property and casualty insurance segment offers a wide variety of insurance products to individual and corporate customers, including auto insurance, non-auto insurance, accident and health insurance, reflecting performance of Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty");

– The banking segment undertakes loan and intermediary business with corporate customers and retail business customers as well as wealth management and credit card services with individual customers, reflecting performance of Ping An Bank Co., Ltd. ("Ping An Bank");

5. SEGMENT REPORTING (CONTINUED)

- The asset management segment provides trust products services, brokerage services, trading services, investment banking services, investment management services, finance lease business and other asset management services, reflecting performance summary of Ping An Trust Co., Ltd., Ping An Securities Co., Ltd. ("Ping An Securities"), Ping An Asset Management Co., Ltd. and Ping An International Financial Leasing Co., Ltd. ("Ping An Financial Leasing") and the other asset management subsidiaries;

- The technology business segment provides various financial and daily-life services through internet platforms such as financial transaction information service platform, health care service platform, reflecting performance summary of the technology business subsidiaries, associates and joint ventures.

Except for the above business segments, the other segments did not have a material impact on the Group's operating outcome, and as such are not separately presented.

The segment analysis for the six-month period ended 30 June 2023 is as follows:

(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Asset management (Unaudited)	Technology business (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Insurance revenue	113,611	155,899	-	-	-	(205)	269,305
Interest revenue from banking operations	-	-	116,467	-	-	(40)	116,427
Fees and commission revenue from non-insurance operations	2,689	-	19,283	4,835	-	(2,904)	23,903
Including: Inter-segment fees and commission revenue from non-insurance operations	-	-	2,738	140	-	(2,878)	-
Interest revenue from non-banking operations	49,660	4,013	-	6,911	401	(1,277)	59,708
Including: Inter-segment interest revenue from non-banking operations	40	18	-	1,630	41	(1,729)	-
Investment income	25,468	3,859	8,329	3,142	190	(1,119)	39,869
Including: Inter-segment investment income	1,504	157	(1)	76	-	(1,736)	-
Including: Operating lease income from investment properties	3,662	215	27	24	-	(718)	3,210
Share of profits and losses of associates and joint ventures	2,693	467	-	248	906	(2,005)	2,309
Other revenues and other gains/(losses)	19,490	542	595	14,243	8,987	(9,244)	34,613
Including: Inter-segment other revenues	5,124	34	7	1,466	2,550	(9,181)	-
Including: Non-operating gains	124	80	22	3	2	-	231
Total revenue	213,611	164,780	144,674	29,379	10,484	(16,794)	546,134

5. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2023 is as follows (continued):

(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Asset management (Unaudited)	Technology business (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Insurance service expenses	(65,491)	(148,330)	-	-	-	(89)	(213,910)
Allocation of reinsurance premiums paid	(1,397)	(6,104)	-	-	-	410	(7,091)
Less: Amount recovered from reinsurer	1,037	4,336	-	-	-	(122)	5,251
Net insurance finance expenses for insurance contracts issued	(67,249)	(2,898)	-	-	-	38	(70,109)
Less: Net reinsurance finance income for reinsurance contracts held	26	294	-	-	-	(19)	301
Interest expenses on banking operations	-	-	(53,833)	-	-	538	(53,295)
Fees and commission expenses on non-insurance operations	(583)	-	(2,909)	(902)	-	26	(4,368)
Net impairment losses on financial assets and other assets	(1,284)	(7)	(32,361)	(2,502)	14	(125)	(36,265)
Including: Loan impairment losses, net	-	-	(27,663)	-	-	-	(27,663)
Including: Impairment losses on investment assets	(1,134)	10	(3,836)	(1,274)	-	(127)	(6,361)
Including: Impairment losses on receivables and others	(150)	(17)	(862)	(1,228)	14	2	(2,241)
Foreign exchange gains/(losses)	356	(16)	700	(273)	(25)	(199)	543
General and administrative expenses	(10,087)	(318)	(24,312)	(6,353)	(6,192)	7,127	(40,135)
Changes in insurance premium reserves	-	(144)	-	-	-	-	(144)
Interest expenses on non-banking operations	(3,911)	(754)	-	(9,519)	(103)	1,880	(12,407)
Including: Financial costs	(2,094)	(449)	-	(8,998)	(103)	1,893	(9,751)
Including: Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	(1,817)	(305)	-	(521)	-	(13)	(2,656)
Other expenses	(15,757)	(195)	(26)	(6,164)	(1,868)	5,455	(18,555)
Total expenses	(164,340)	(154,136)	(112,741)	(25,713)	(8,174)	14,920	(450,184)
Profit before tax	49,271	10,644	31,933	3,666	2,310	(1,874)	95,950
Income tax	(2,936)	(1,359)	(6,546)	(1,690)	(2)	9	(12,524)
Profit for the period	46,335	9,285	25,387	1,976	2,308	(1,865)	83,426
– Attributable to owners of the parent	45,121	9,242	14,714	1,412	1,793	(2,441)	69,841

5. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2022 is as follows:

(in RMB million)	Life and health insurance (Restated, unaudited)	Property and casualty insurance (Restated, unaudited)	Banking (Unaudited)	Asset management (Unaudited)	Technology business (Unaudited)	Other businesses and elimination (Restated, unaudited)	Total (Restated, unaudited)
Insurance revenue	117,934	144,647	–	–	–	(454)	262,127
Interest revenue from banking operations	–	–	112,789	–	–	(49)	112,740
Fees and commission revenue from non-insurance operations	–	–	19,602	6,111	–	(1,533)	24,180
Including: Inter-segment fees and commission revenue from non-insurance operations	–	–	1,402	150	–	(1,552)	–
Interest revenue from non-banking operations	45,943	3,835	–	8,932	255	(984)	57,981
Including: Inter-segment interest revenue from non-banking operations	132	34	–	1,108	43	(1,317)	–
Investment income	810	1,835	9,443	2,246	(629)	(1,703)	12,002
Including: Inter-segment investment income	1,523	131	(12)	94	34	(1,770)	–
Including: Operating lease income from investment properties	3,647	199	26	24	–	(755)	3,141
Share of profits and losses of associates and joint ventures	2,463	527	–	957	4,153	(2,000)	6,100
Other revenues and other gains/(losses)	11,860	550	305	18,211	9,662	(9,707)	30,881
Including: Inter-segment other revenues	5,024	10	11	1,660	2,959	(9,664)	–
Including: Non-operating gains	74	35	29	21	(1)	(12)	146
Total revenue	179,010	151,394	142,139	36,457	13,441	(16,430)	506,011

5. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2022 is as follows (continued):

(in RMB million)	Life and health insurance (Restated, unaudited)	Property and casualty insurance (Restated, unaudited)	Banking (Unaudited)	Asset management (Unaudited)	Technology business (Unaudited)	Other businesses and elimination (Restated, unaudited)	Total (Restated, unaudited)
Insurance service expenses	(66,903)	(136,044)	–	–	–	82	(202,865)
Allocation of reinsurance premiums paid	(1,850)	(6,080)	–	–	–	648	(7,282)
Less: Amount recovered from reinsurer	1,360	4,406	–	–	–	(278)	5,488
Net insurance finance expenses for insurance contracts issued	(49,286)	(2,869)	–	–	–	26	(52,129)
Less: Net reinsurance finance income for reinsurance contracts held	51	272	–	–	–	(14)	309
Interest expenses on banking operations	–	–	(48,730)	–	–	586	(48,144)
Fees and commission expenses on non-insurance operations	–	–	(3,540)	(1,279)	–	20	(4,799)
Net impairment losses on financial assets and other assets	(139)	19	(38,845)	(721)	(34)	17	(39,703)
Including: Loan impairment losses, net	–	–	(29,831)	–	–	–	(29,831)
Including: Impairment losses on investment assets	(69)	19	(9,025)	(142)	2	16	(9,199)
Including: Impairment losses on receivables and others	(70)	–	11	(579)	(36)	1	(673)
Foreign exchange gains/(losses)	(460)	(110)	2,182	(462)	20	(28)	1,142
General and administrative expenses	(6,384)	(295)	(25,216)	(8,052)	(6,502)	5,998	(40,451)
Changes in insurance premium reserves	–	(135)	–	–	–	–	(135)
Interest expenses on non-banking operations	(2,105)	(621)	–	(9,953)	(158)	1,090	(11,747)
Including: Financial costs	(1,060)	(445)	–	(9,452)	(158)	1,115	(10,000)
Including: Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	(1,045)	(176)	–	(501)	–	(25)	(1,747)
Other expenses	(9,286)	(229)	(207)	(7,794)	(1,870)	5,805	(13,581)
Total expenses	(135,002)	(141,686)	(114,356)	(28,261)	(8,544)	13,952	(413,897)
Profit before tax	44,008	9,708	27,783	8,196	4,897	(2,478)	92,114
Income tax	328	(1,066)	(5,695)	(2,958)	(22)	(503)	(9,916)
Profit for the period	44,336	8,642	22,088	5,238	4,875	(2,981)	82,198
– Attributable to owners of the parent	43,940	8,602	12,802	4,400	4,480	(3,499)	70,725

5. SEGMENT REPORTING (CONTINUED)

The segment assets, liabilities and equity analysis as at 30 June 2023 is as follows:

(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Asset management (Unaudited)	Technology business (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Segment assets	**4,538,978**	**463,246**	**5,500,524**	**947,111**	**146,825**	**(129,107)**	**11,467,577**
Segment liabilities	**4,135,940**	**336,264**	**5,048,451**	**814,966**	**31,985**	**(139,764)**	**10,227,842**
Segment equity	**403,038**	**126,982**	**452,073**	**132,145**	**114,840**	**10,657**	**1,239,735**
– Attributable to owners of the parent	**335,468**	**126,203**	**233,037**	**114,271**	**95,804**	**13,362**	**918,145**

Other information of life and health insurance segment subject to general model as at 30 June 2023 is as follows:

Other segment information

(in RMB million)	Life and health insurance (Unaudited)
Accumulated changes in the fair value and credit risks provision of debt financial assets at fair value through other comprehensive income, net of tax	**55,731**
Accumulated insurance finance expenses for insurance contracts issued in other comprehensive income that may be reclassified subsequently to profit or loss, net of tax	**(56,777)**

5. SEGMENT REPORTING (CONTINUED)

The segment assets, liabilities and equity analysis as at 31 December 2022 is as follows:

(in RMB million)	Life and health insurance (Restated, unaudited)	Property and casualty insurance (Restated, unaudited)	Banking (Audited)	Asset management (Audited)	Technology business (Audited)	Other businesses and elimination (Restated, unaudited)	Total (Restated, unaudited)
Segment assets	4,263,511	447,987	5,321,514	966,947	141,792	(131,811)	11,009,940
Segment liabilities	3,880,123	329,449	4,886,834	828,077	28,044	(128,583)	9,823,944
Segment equity	383,388	118,538	434,680	138,870	113,748	(3,228)	1,185,996
– Attributable to owners of the parent	317,494	117,799	222,956	117,143	94,937	(1,138)	869,191

Other information of life and health insurance segment subject to general model as at 31 December 2022 is as follows:

Other segment information

(in RMB million)	Life and health insurance (Restated, unaudited)
Accumulated changes in the fair value and credit risks provision of debt financial assets at fair value through other comprehensive income, net of tax	37,378
Accumulated insurance finance expenses for insurance contracts issued in other comprehensive income that may be reclassified subsequently to profit or loss, net of tax	(28,830)

6. INSURANCE REVENUE

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Insurance contracts not measured under the premium allocation approach		
Insurance revenue relating to the changes in the liability for remaining coverage		
Amount of contractual service margin recognized in profit or loss	**41,229**	42,942
Change in the risk adjustment for non-financial risk	**3,756**	3,777
Expected insurance service expenses incurred in the period	**46,368**	49,084
Others	**59**	16
Amortization of insurance acquisition cash flows	**23,499**	22,831
Subtotal	**114,911**	118,650
Insurance contracts measured under the premium allocation approach	**154,394**	143,477
	269,305	262,127

7. NET INTEREST INCOME FROM BANKING OPERATIONS

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Unaudited)
Interest revenue from banking operations		
Due from the Central Bank	**1,915**	1,799
Due from and placements with banks and other financial institutions and financial assets purchased under reverse repurchase agreements	**4,104**	2,023
Loans and advances to customers (including discounted bills)	**94,734**	92,828
Financial investments	**15,674**	16,090
Subtotal	**116,427**	112,740
Interest expenses on banking operations		
Due to the Central Bank	**1,970**	1,989
Due to and placements from banks and other financial institutions and assets sold under agreements to repurchase	**6,100**	4,173
Customer deposits	**36,869**	31,458
Bonds payable	**8,356**	10,524
Subtotal	**53,295**	48,144
Net interest income from banking operations	**63,132**	64,596

8. INTEREST REVENUE FROM NON-BANKING OPERATIONS

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Financial assets at amortized cost	**15,992**	15,938
Debt financial assets at fair value through other comprehensive income	**43,716**	42,043
	59,708	57,981

9. NET FEES AND COMMISSION INCOME FROM NON-INSURANCE OPERATIONS

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Unaudited)
Fees and commission revenue from non-insurance operations		
Brokerage commission	**4,600**	3,430
Underwriting commission	**509**	330
Trust service fees	**661**	964
Fees and commission from the banking business	**16,544**	18,200
Others	**1,589**	1,256
Subtotal	**23,903**	24,180
Fees and commission expenses on non-insurance operations		
Brokerage commission	**1,227**	1,168
Fees and commission on the banking business	**2,908**	3,540
Others	**233**	91
Subtotal	**4,368**	4,799
Net fees and commission income from non-insurance operations	**19,535**	19,381

10. INVESTMENT INCOME

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Net investment income	**39,896**	45,521
Realized gains/(losses)	**(18,779)**	(43,943)
Unrealized gains/(losses)	**18,752**	10,424
Total investment income	**39,869**	12,002

(1) NET INVESTMENT INCOME

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Financial assets at fair value through profit or loss	**29,820**	34,124
Equity financial assets at fair value through other comprehensive income	**6,866**	8,256
Operating lease income from investment properties	**3,210**	3,141
	39,896	45,521

10. INVESTMENT INCOME (CONTINUED)

(2) REALIZED GAINS/(LOSSES)

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Financial assets at fair value through profit or loss	**(18,816)**	(45,874)
Debt financial assets at fair value through other comprehensive income	**140**	(394)
Financial assets at amortized cost	**(296)**	(312)
Derivative financial instruments	**(1,192)**	151
Gains on disposals of loans and advances at fair value through other comprehensive income	**1,247**	2,337
Precious metal transactions investment gains	**167**	16
Investment in subsidiaries, associates and joint ventures	**(29)**	133
	(18,779)	(43,943)

(3) UNREALIZED GAINS/(LOSSES)

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Financial assets at fair value through profit or loss		
Bonds	**5,507**	(925)
Funds	**4,887**	(4,031)
Stocks	**748**	15,228
Wealth management investments, debt schemes and other investments	**5,068**	(1,281)
Financial liabilities at fair value through profit or loss	**1,276**	381
Derivative financial instruments	**1,266**	1,052
	18,752	10,424

11. OTHER REVENUES AND OTHER GAINS/(LOSSES)

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Sales revenue	**15,367**	10,935
Expressway toll fee	**433**	415
Annuity management fee	**882**	973
Management fee and consulting fee income	**3,791**	5,219
Finance lease income	**8,422**	8,429
Others	**5,718**	4,910
	34,613	30,881

12. INSURANCE SERVICE EXPENSES

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Insurance contracts not measured under the premium allocation approach		
Incurred claims and other expenses	**46,258**	50,816
Amortization of insurance acquisition cash flows	**23,499**	22,831
Losses on onerous contracts and reversal of those losses	**749**	(563)
Changes to the fulfilment cash flows relating to liabilities for incurred claims	**578**	(1,093)
Subtotal	**71,084**	71,991
Insurance contracts measured under the premium allocation approach		
Incurred claims and other expenses	**110,092**	99,146
Amortization of insurance acquisition cash flows	**35,297**	31,332
Losses on onerous contracts and reversal of those losses	**4,379**	2,449
Changes to the fulfilment cash flows relating to liabilities for incurred claims	**(6,942)**	(2,053)
Subtotal	**142,826**	130,874
	213,910	202,865

13. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Accounts receivable	**147**	(63)
Loans and advances to customers	**27,663**	29,831
Debt financial assets at fair value through other comprehensive income	**638**	677
Financial assets at amortized cost	**(1,709)**	1,211
Finance lease receivable	**144**	572
Placements with banks and other financial institutions	**1,373**	1,152
Credit commitments	**6,044**	5,129
Due from banks and other financial institutions	**(452)**	1,404
Others	**2,024**	(162)
	35,872	39,751

14. PROFIT BEFORE TAX

(1) PROFIT BEFORE TAX IS ARRIVED AT AFTER CHARGING THE FOLLOWING ITEMS:

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
General and administrative expenses (Note 14.(2))	**40,135**	40,451
Other expenses (Note 14.(3))	**18,555**	13,581
Net impairment losses on financial assets (Note 13)	**35,872**	39,751
Net impairment losses on other assets	**393**	(48)

(2) GENERAL AND ADMINISTRATIVE EXPENSES

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Employee costs	**39,862**	39,040
Including: Wages, salaries and bonuses	**30,522**	30,360
Retirement benefits, social security contributions and welfare benefits	**8,410**	7,754
Property and equipment costs	**9,831**	10,045
Including: Depreciation of property and equipment	**3,654**	3,511
Amortization of intangible assets	**1,204**	1,022
Depreciation of right-of-use assets	**2,418**	3,077
Operation expenses and regulatory charges	**27,498**	25,106
Administrative costs	**1,425**	1,639
Taxes and surcharges	**1,823**	1,640
Others	**3,787**	3,576
	84,226	81,046
Less: Expenses directly attributable to insurance contracts		
Insurance acquisition cash flows recognized in liabilities for remaining coverage	**(27,035)**	(24,479)
Amounts recognized in insurance service expenses	**(17,056)**	(16,116)
	(44,091)	(40,595)
	40,135	40,451

(3) OTHER EXPENSES

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Cost of sales	**9,052**	5,420
Depreciation of investment properties	**2,343**	1,770
Interest expenses on finance lease operations	**3,440**	3,290
Others	**3,720**	3,101
	18,555	13,581

15. INCOME TAX

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Restated, unaudited)
Current income tax	**11,102**	17,252
Deferred income tax	**1,422**	(7,336)
	12,524	9,916

Certain subsidiaries enjoy tax preferential treatments. These subsidiaries are not material to the Group. Except for those subsidiaries enjoying tax preferential treatments, the applicable corporate income tax rate of the Group for 2023 was 25%.

16. DIVIDENDS

For the six-month period ended 30 June (in RMB million)	2023 (Unaudited)	2022 (Unaudited)
2022 final dividend – RMB1.50 (2021: RMB1.50) per ordinary share(i)	**27,161**	27,161
2023 interim dividend – RMB0.93 (2022: RMB0.92) per ordinary share(ii)	**16,840**	16,659

(i) On 15 March 2023, the Board of Directors of the Company approved the Profit Distribution Plan of the Company for 2022, agreeing to declare a cash dividend in the amount of RMB1.50 (tax inclusive) per share. The total amount of the cash dividend for 2022 was RMB27,161 million (tax inclusive).

On 12 May 2023, the above profit distribution plan was approved by the shareholders of the Company at the annual general meeting.

(ii) On 29 August 2023, the Board of Directors of the Company approved the Profit Distribution Plan of the Company for Interim Dividend of 2023, and declared an interim cash dividend of RMB0.93 (tax inclusive) per share. Pursuant to the *Shanghai Stock Exchange's Guidelines for Self-regulation of Listed Companies No.7 – Repurchase of Shares* and other applicable regulations, the Company's A shares in the Company's repurchased securities account after trading hours on the record date of A shareholders will not be entitled to the interim dividend distribution. The actual total amount of the interim dividend distribution is subject to the total number of shares that will be entitled to the dividend distribution on the record date of A shareholders. The total amount of the interim dividend distribution in 2023 is estimated at RMB16,840,107,055.35 (tax inclusive) based on the total share capital of 18,210,234,607 shares less the 102,592,612 A shares of the Company in the repurchased securities account as of 30 June 2023, which was not recognized as a liability as at 30 June 2023.

17. EARNINGS PER SHARE

(1) BASIC

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the six-month period ended 30 June 2023 excluding ordinary shares purchased by the Group.

For the six-month period ended 30 June	2023 (Unaudited)	2022 (Restated, unaudited)
Profit attributable to owners of the parent (in RMB million)	**69,841**	70,725
Weighted average number of ordinary shares in issue (million shares)	**17,704**	17,471
Basic earnings per share (in RMB)	**3.94**	4.05

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17. EARNINGS PER SHARE (CONTINUED)

(2) DILUTED

Diluted earnings per share was computed by dividing the adjusted profit attributable to owners of the parent based on assuming conversion of all dilutive potential shares for the period by the adjusted weighted average number of ordinary shares in issue. The shares granted by the Company under the Key Employee Share Purchase Plan (Note 32) and Long-term Service Plan (Note 33) have a potential dilutive effect on the earnings per share.

For the six-month period ended 30 June	**2023 (Unaudited)**	2022 (Restated, unaudited)
Earnings (in RMB million)		
Profit attributable to owners of the parent	**69,841**	70,725
Weighted average number of ordinary shares (million shares)		
Weighted average number of ordinary shares in issue	**17,704**	17,471
Adjustments for:		
Assumed vesting of Key Employee Share Purchase Plan	**27**	24
Assumed vesting of Long-term Service Plan	**310**	213
Weighted average number of ordinary shares for diluted earnings per share in issue (million shares)	**18,041**	17,708
Diluted earnings per share (in RMB)	**3.87**	3.99

18. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	**30 June 2023 (Unaudited)**	31 December 2022 (Restated, unaudited)
Cash on hand	**3,506**	4,165
Term deposits	**242,196**	284,645
Due from banks and other financial institutions	**355,467**	352,110
Placements with banks and other financial institutions	**141,341**	133,921
	742,510	774,841

18. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

Details of placements with banks and other financial institutions are as follows:

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Measured at amortized cost		
Placements with banks	**52,868**	64,520
Placements with other financial institutions	**91,816**	68,952
Gross	**144,684**	133,472
Less: Provision for impairment losses	**(3,792)**	(2,328)
Net	**140,892**	131,144
Measured at fair value through profit or loss		
Placements with other financial institutions	**449**	–
Measured at fair value through other comprehensive income		
Placements with other financial institutions	**–**	2,777
Total	**141,341**	133,921

As at 30 June 2023, there is no provision for impairment losses of placements with banks and other financial institutions measured at fair value through other comprehensive income (31 December 2022: RMB91 million).

As at 30 June 2023, cash and amounts due from banks and other financial institutions of RMB7,119 million (31 December 2022: RMB10,919 million) were restricted from use.

19. BALANCES WITH THE CENTRAL BANK

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Statutory reserve deposits with the Central Bank for banking operations	**231,473**	240,380
Including: Statutory reserve deposits with the Central Bank for banking operations – RMB	**228,492**	234,851
Statutory reserve deposits with the Central Bank for banking operations – foreign currencies	**2,981**	5,529
Surplus reserve deposits with the Central Bank	**99,684**	40,467
Fiscal deposits with the Central Bank	**221**	268
	331,378	281,115

In accordance with relevant regulations, subsidiaries of the Group engaged in bank operations are required to place mandatory reserve deposits with the People's Bank of China for customer deposits in both local currency and foreign currencies. As at 30 June 2023, the mandatory deposits are calculated at 7.25% (31 December 2022: 7.5%) of customer deposits denominated in RMB and 6.0% (31 December 2022: 6.0%) of customer deposits denominated in foreign currencies. Mandatory reserve deposits are not available for use by the Group in its day-to-day operations.

20. FINANCIAL ASSETS PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS

Classified by collateral:

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Restated, unaudited)
Bonds	**79,717**	84,920
Bills	**16,031**	2,676
Stocks and others	**4,056**	4,059
Gross	**99,804**	91,655
Less: Provision for impairment losses	**(212)**	(141)
Net	**99,592**	91,514

21. FINANCE LEASE RECEIVABLE

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Finance lease receivables, net of unrealized financial gains	**189,999**	192,444
Less: Provision for impairment losses	**(5,209)**	(5,586)
	184,790	186,858

The Group's finance lease receivables are the net amount offsetting the unrealized financial gains.

22. LOANS AND ADVANCES TO CUSTOMERS

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Measured at amortized cost		
Corporate customers		
Loans	**967,873**	945,687
Individual customers		
Xinyidai (Bailingdai included)	**153,138**	174,461
Credit card receivables	**553,680**	578,691
Mortgage loans and licensed mortgage loans	**841,648**	783,393
Auto loans	**316,645**	321,034
Others	**200,745**	189,811
Gross	**3,033,729**	2,993,077
Add: Interest receivable	**11,410**	11,016
Less: Provision for impairment losses	**(100,148)**	(97,919)
Net	**2,944,991**	2,906,174
Measured at fair value through other comprehensive income		
Corporate customers		
Loans	**193,843**	134,333
Discounted bills	**207,709**	197,547
Subtotal	**401,552**	331,880
Carrying amount	**3,346,543**	3,238,054

As at 30 June 2023, discounted bills with a carrying amount of RMB372 million (31 December 2022: RMB211 million) were pledged for amounts due to the Central Bank.

Loan impairment provision is as follows:

(in RMB million)	For the six-month period ended 30 June 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
Measured at amortized cost		
As at 1 January	**97,919**	89,256
Charge for the period/year	**28,070**	61,837
Write-off and transfer during the period/year	**(36,665)**	(65,136)
Recovery of loans written off previously	**10,860**	11,942
Unwinding of discount of impairment provisions recognized as interest income	**(30)**	(45)
Others	**(6)**	65
As at 30 June/31 December	**100,148**	97,919
Measured at fair value through other comprehensive income		
As at 1 January	**3,277**	946
Charge for the period/year	**(407)**	2,331
As at 30 June/31 December	**2,870**	3,277
As at 30 June/31 December	**103,018**	101,196

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Restated, unaudited)
Bonds		
Government bonds	**167,129**	135,150
Finance bonds	**306,393**	290,788
Corporate bonds	**103,324**	81,142
Funds	**503,862**	517,951
Stocks	**136,577**	83,995
Preferred shares	**24,082**	23,164
Unlisted equity investments	**134,505**	133,295
Debt schemes	**66,150**	60,698
Wealth management investments	**248,043**	238,092
Other investments	**79,444**	76,244
Total	**1,769,509**	1,640,519
Listed	**295,242**	198,459
Unlisted	**1,474,267**	1,442,060
	1,769,509	1,640,519

24. FINANCIAL ASSETS AT AMORTIZED COST

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Restated, unaudited)
Bonds		
Government bonds	**834,513**	767,761
Finance bonds	**32,117**	32,047
Corporate bonds	**53,098**	53,131
Debt schemes	**15,242**	16,102
Wealth management investments	**133,487**	147,424
Other investments	**125,649**	148,373
Gross	**1,194,106**	1,164,838
Less: Provisions for impairment losses	**(39,267)**	(40,803)
Net	**1,154,839**	1,124,035
Listed	**68,340**	61,208
Unlisted	**1,086,499**	1,062,827
	1,154,839	1,124,035

25. DEBT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Restated, unaudited)
Bonds		
Government bonds	**1,898,480**	1,733,996
Finance bonds	**355,211**	380,170
Corporate bonds	**70,770**	78,393
Debt schemes	**115,636**	114,289
Margin accounts receivable	**52,972**	49,126
Wealth management investments	**127,142**	144,816
Total	**2,620,211**	2,500,790
Listed	**344,364**	375,826
Unlisted	**2,275,847**	2,124,964
	2,620,211	2,500,790

As at 30 June 2023, the total provision for impairment losses recognized in debt financial assets at fair value through other comprehensive income is RMB9,178 million (31 December 2022: RMB8,557 million).

26. EQUITY FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Restated, unaudited)
Stocks	**192,473**	174,047
Preferred shares	**80,605**	85,784
Other equity investments	**5,288**	4,940
Total	**278,366**	264,771
Listed	**273,078**	259,831
Unlisted	**5,288**	4,940
	278,366	264,771

27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in the principal associates and joint ventures as at 30 June 2023 are as follows:

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Associates		
Veolia Water (Kunming) Investment Co., Ltd.	**317**	309
Veolia Water (Yellow River) Investment Co., Ltd.	**155**	140
Veolia Water (Liuzhou) Investment Co., Ltd.	**154**	147
Shanxi Taichang Expressway Co., Ltd.	**1,111**	1,032
Beijing-Shanghai High-Speed Railway Equity Investment Scheme	**10,145**	9,489
Massive Idea Investments Limited	**1,157**	1,131
Guangzhou Jinglun Property Development Co., Ltd.	**653**	637
Lufax Holding Ltd. ("Lufax Holding")	**53,038**	52,845
Ping An Healthcare and Technology Co., Ltd. ("Ping An Health")	**18,663**	18,739
HealthKonnect Medical and Health Technology Management Company Limited ("Ping An HealthKonnect")	**3,119**	2,988
OneConnect Financial Technology Co., Ltd. ("OneConnect")	**2,015**	2,079
Shenzhen China Merchants-Ping An Asset Management Co., Ltd.	**1,036**	1,098
ZhongAn Online P&C Insurance Co., Ltd.	**1,560**	1,499
Beijing Beiqi Penglong Automobile Service Co., Ltd.	**1,784**	1,807
China Yangtze Power Co., Ltd.	**16,287**	15,882
China Traditional Chinese Medicine Holdings Co., Ltd.	**2,819**	2,790
China Fortune Land Development Co., Ltd.	**2,184**	2,522
China Jinmao Holding Group Co., Ltd.	**6,839**	7,139
Ping An Consumer Finance Co., Ltd.	**1,480**	1,386
Vivid Synergy Limited	**10,394**	10,070
Shanghai Yibin Property Co., Ltd.	**13,330**	13,338
Guangzhou Futures Exchange Co., Ltd.	**486**	465
Others	**36,516**	38,047
Subtotal	**185,242**	185,579
Joint ventures		
Beijing Zhaotai Property Development Co., Ltd.	**1,288**	1,619
Wuhan DAJT Property Development Co., Ltd.	**463**	468
Founder Meiji Yasuda Life Insurance Co., Ltd.	**2,745**	2,795
Others	**84,635**	90,332
Subtotal	**89,131**	95,214
Total	**274,373**	280,793

The Group has no significant contingent liabilities relating to the associates and joint ventures listed above.

28. STATUTORY DEPOSITS FOR INSURANCE OPERATIONS

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Ping An Life	**6,760**	6,760
Ping An Property & Casualty	**4,200**	4,200
Ping An Annuity	**2,422**	2,322
Ping An Health Insurance	**940**	940
Others	**18**	18
Subtotal	**14,340**	14,240
Less: Provision for impairment losses	**(6)**	(4)
Add: Interest receivable	**432**	208
Total	**14,766**	14,444

Statutory deposits for insurance operations are placed with PRC national commercial banks in accordance with the *Insurance Law* and relevant regulations issued by regulatory authorities based on 20% of the registered capital for the insurance company subsidiaries and 5% of the registered capital for insurance sales agency subsidiaries within the Group, respectively. Statutory deposits for insurance operations can only be utilized to settle liabilities during liquidation of insurance companies, insurance sales agency companies and insurance brokerage companies.

29. OTHER ASSETS

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Restated, unaudited)
Other receivables	**91,599**	90,806
Foreclosed assets	**1,916**	2,070
Prepayments	**3,871**	3,927
Precious metals held for trading	**10,147**	16,834
Dividends receivable	**942**	1,060
Amounts in the processing clearance and settlement	**33,974**	29,680
Others	**19,429**	20,509
Gross	**161,878**	164,886
Less: Impairment provisions	**(9,694)**	(8,423)
Including: Other receivables	**(6,544)**	(5,056)
Foreclosed assets	**(1,642)**	(1,699)
Precious metals held for trading	**(411)**	(279)
Others	**(1,097)**	(1,389)
Net	**152,184**	156,463

30. SHARE CAPITAL

(million shares)	Domestic listed A shares, par value RMB1.00 per share	Overseas listed H shares, par value RMB1.00 per share	Total
30 June 2023 (Unaudited)	**10,762**	**7,448**	**18,210**
31 December 2022 (Audited)	10,832	7,448	18,280

In June 2023, the Company canceled 70,006,803 A shares repurchased under the 2019 A Share Repurchase Plan, and the total share capital of the Company was changed from 18,280,241,410 shares to 18,210,234,607 shares.

31. RESERVES, RETAINED PROFITS AND NON-CONTROLLING INTERESTS

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance, banking, trust, securities, futures and fund businesses. The Group's respective entities engaged in such businesses would need to make appropriations for such reserves based on their respective year-end profit or risk assets, the companies operating in insurance should make appropriations for general reserves based on 10% of net profit, the company operating in banking should make appropriations based on 1.5% of risk assets, the company operating in securities should make appropriations based on 10% of net profit, the companies operating in trust should make appropriations based on 5% of trust claim reserves, the companies operating in futures should make appropriations based on 10% of net profit, and the companies operating in fund should make appropriations based on 10% of fund management fees as determined in accordance with PRC Accounting Standards, and based on the applicable PRC financial regulations, in their annual financial statements. Such reserves are not available for dividend distribution or transfer to share capital.

In accordance with the relevant regulations, the net profit after tax of the Company for profit distribution is deemed to be the lower of (i) the retained profits determined in accordance with PRC Accounting Standards and (ii) the retained profits determined in accordance with IFRSs.

The Group's subsidiaries consolidated certain asset management schemes that were managed by third parties. These asset management schemes invested in the insurance index shares which included the Company's shares. As such the Group indirectly hold the Company's shares. The consideration paid by the consolidated asset management schemes in purchasing the Company's shares from the market, including any directly attributable incremental cost, is debited to "Share premium" under "Reserves." No gain or loss shall be recognized in profit or loss on the sale of those shares, the consideration received is credited to "Share premium" under "Reserves." As at 30 June 2023, these assets management schemes have been liquidated, there is no consolidated assets management scheme that holds shares of the Company (as at 31 December 2022, 261 million shares of the Company were held by these consolidated assets management schemes).

32. KEY EMPLOYEE SHARE PURCHASE PLAN

The Company has adopted a Key Employee Share Purchase Plan for the key employees (including executive directors and senior management) of the Company and its subsidiaries. Shares shall be vested and awarded to the key employees approved for participation in the plan, subject to the achievement of certain performance targets.

Movement of reserves relating to the Key Employee Share Purchase Plan is as follows:

For the six-month period ended 30 June 2023 (in RMB million)	**Cost of shares held for Key Employee Share Purchase Plan (Unaudited)**	**Value of employee services (Unaudited)**	**Total (Unaudited)**
As at 1 January	**(1,137)**	**767**	**(370)**
Purchased[(i)]	**(694)**	**–**	**(694)**
Share-based compensation expenses[(ii)]	**–**	**304**	**304**
Exercised	**515**	**(515)**	**–**
Lapsed	**55**	**–**	**55**
As at 30 June	**(1,261)**	**556**	**(705)**

For the six-month period ended 30 June 2022 (in RMB million)	Cost of shares held for Key Employee Share Purchase Plan (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	(1,439)	984	(455)
Purchased[(i)]	(596)	–	(596)
Share-based compensation expenses[(ii)]	–	292	292
Exercised	790	(790)	–
Lapsed	108	–	108
As at 30 June	(1,137)	486	(651)

(i) During the period from 16 March 2023 to 23 March 2023, 15,030,180 ordinary A shares were purchased from the market. The average price of shares purchased was RMB46.13 per share. The total purchasing cost was RMB694 million (transaction expenses included).

During the period from 18 March 2022 to 25 March 2022, 12,518,547 ordinary A shares were purchased from the market. The average price of shares purchased was RMB47.56 per share. The total purchasing cost was RMB596 million (transaction expenses included).

(ii) The share-based compensation expenses of the Key Employee Share Purchase Plan and the total value of employee services were RMB304 million during the six-month period ended 30 June 2023 (six-month period ended 30 June 2022: RMB292 million).

33. LONG-TERM SERVICE PLAN

The Company has adopted a Long-term Service Plan for the employees of the Company and its subsidiaries. Shares shall be vested and awarded to the employees participated in the Long-term Service Plan, subject to the confirmation of their applications made when they retire from the Company.

Movement of reserves relating to the Long-term Service Plan is as follows:

For the six-month period ended 30 June 2023 (in RMB million)	**Cost of shares held for Long-term Service Plan (Unaudited)**	**Value of employee services (Unaudited)**	**Total (Unaudited)**
As at 1 January	**(16,886)**	**970**	**(15,916)**
Purchased(i)	**(4,451)**	**–**	**(4,451)**
Share-based compensation expenses(ii)	**–**	**214**	**214**
Exercised	**8**	**(8)**	**–**
As at 30 June	**(21,329)**	**1,176**	**(20,153)**

For the six-month period ended 30 June 2022 (in RMB million)	Cost of shares held for Long-term Service Plan (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	(12,465)	662	(11,803)
Purchased(i)	(4,439)	–	(4,439)
Share-based compensation expenses(ii)	–	161	161
Exercised	16	(16)	–
As at 30 June	(16,888)	807	(16,081)

(i) From 16 March 2023 to 23 March 2023, 96,608,364 ordinary A shares were purchased from the market. The average price of shares purchased was RMB46.06 per share. The total purchasing cost was RMB4,451 million (transaction expenses included).

From 18 March 2022 to 25 March 2022, 93,314,482 ordinary A shares were purchased from the market. The average price of shares purchased was RMB47.56 per share. The total purchasing cost was RMB4,439 million (transaction expenses included).

(ii) The share-based compensation expenses and the total value of employee services of the Long-term Service Plan were RMB214 million during the six-month period ended 30 June 2023 (six-month period ended 30 June 2022: RMB161 million).

34. TREASURY SHARES

(in RMB million)	**30 June 2023 (Unaudited)**	31 December 2022 (Audited)
Treasury shares	**5,001**	10,996

35. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	**30 June 2023 (Unaudited)**	31 December 2022 (Audited)
Deposits from other banks and financial institutions	**530,870**	457,688
Due to the Central Bank	**137,883**	191,916
Short-term borrowings	**116,680**	121,945
Long-term borrowings	**149,558**	151,539
	934,991	923,088

36. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Bonds	**246,804**	262,798
Others	**20,932**	8,939
	267,736	271,737

As at 30 June 2023, bonds with a carrying amount of RMB187,481 million (31 December 2022: RMB168,705 million) were pledged as collateral for financial assets sold under agreements to repurchase resulted from repurchase transactions entered into by the Group in the inter-bank market. The collaterals are restricted from trading during the period of the repurchase transactions.

As at 30 June 2023, the carrying amount of bonds deposited in the collateral pool was RMB297,485 million (31 December 2022: RMB321,996 million). The collaterals are restricted from trading during the period of the repurchase transactions. The Group can withdraw the exchange-traded bonds from the collateral pool in short time provided that the value of the bonds is no less than the balance of related repurchase transactions.

For bonds repurchase transactions through stock exchange, the Group is required to deposit certain exchange traded bonds and/or bonds transferred under new pledged repurchase transactions with fair value converted at a standard rate pursuant to stock exchange's regulation no less than the balance of related repurchase transactions into a collateral pool.

37. INSURANCE CONTRACT LIABILITIES

(1) The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows:

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Restated, unaudited)
Insurance contract liabilities		
Liabilities for remaining coverage	**3,783,491**	3,481,988
Including: Excluding loss component	**3,772,599**	3,470,987
Loss component	**10,892**	11,001
Liabilities for incurred claims	**197,351**	189,189
	3,980,842	3,671,177

(2) The analysis by measurement component of contracts not measured under the premium allocation approach is as follows:

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Restated, unaudited)
Insurance contract liabilities		
Estimates of the present value of future cash flows	**2,756,280**	2,455,742
Risk adjustment for non-financial risk	**146,601**	144,589
Contractual service margin	**822,714**	823,222
	3,725,595	3,423,553

37. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(3) The effect on the measurement components of insurance contacts arising from the initial recognition of contracts not measured under the premium allocation approach that were initially recognized in the period is as follows:

	For the six-month period ended 30 June 2023 (Unaudited)		
(in RMB million)	**Onerous contracts**	**Others**	**Total**
Insurance acquisition cash flows	**1,700**	**30,061**	**31,761**
Other cash outflows	**7,544**	**194,554**	**202,098**
Estimates of the present value of future cash outflows	**9,244**	**224,615**	**233,859**
Estimates of the present value of future cash inflows	**(8,979)**	**(255,959)**	**(264,938)**
Risk adjustment for non-financial risk	**239**	**1,374**	**1,613**
Contractual service margin	**–**	**29,970**	**29,970**
Losses recognized on initial recognition	**504**	**–**	**504**

	For the six-month period ended 30 June 2022 (Restated, unaudited)		
(in RMB million)	Onerous contracts	Others	Total
Insurance acquisition cash flows	942	25,147	26,089
Other cash outflows	4,783	172,751	177,534
Estimates of the present value of future cash outflows	5,725	197,898	203,623
Estimates of the present value of future cash inflows	(5,668)	(227,272)	(232,940)
Risk adjustment for non-financial risk	198	2,536	2,734
Contractual service margin	–	26,838	26,838
Losses recognized on initial recognition	255	–	255

38. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current and savings accounts		
Corporate customers	**933,208**	842,380
Individual customers	**289,056**	297,141
Term deposits		
Corporate customers	**1,275,032**	1,415,106
Individual customers	**875,210**	751,544
Subtotal	**3,372,506**	3,306,171
Payables to brokerage customers		
Individual customers	**118,335**	96,810
Corporate customers	**20,161**	29,018
Subtotal	**138,496**	125,828
Total	**3,511,002**	3,431,999

As at 30 June 2023, bonds classified as financial assets carried at amortized costs with a carrying amount of RMB34,684 million (31 December 2022: RMB22,945 million) were pledged as main collaterals for term deposit with the Central Bank.

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39. BONDS PAYABLE

The information of the Group's main bonds payable is as follows:

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	**30 June 2023 (Unaudited)**	31 December 2022 (Audited)
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	2,474	2019	Fixed	3.00%-3.45%	**2,510**	2,518
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	2,750	2020	Fixed	3.88%-4.02%	**2,789**	2,799
Ping An Financial Leasing	Corporate bonds	None	4 years	End of the second year	718	2020	Fixed	3.00%-3.10%	**728**	731
Ping An Financial Leasing	Corporate bonds	None	2-4 years	End of the second year	2,400	2021	Fixed	3.87%-4.40%	**2,434**	3,155
Ping An Financial Leasing	Corporate bonds	None	3-5 years	End of the third year	1,700	2021	Fixed	3.89%-4.08%	**1,724**	1,730
Ping An Financial Leasing	Corporate bonds	None	3-4 years	End of the second year	8,800	2022	Fixed	3.09%-3.65%	**8,926**	8,957
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	1,500	2022	Fixed	3.33%-3.80%	**1,521**	1,527
Ping An Financial Leasing	Corporate bonds	None	2 years	End of the first year	3,200	2022	Fixed	2.60%-3.60%	**3,246**	3,257
Ping An Financial Leasing	Corporate bonds	None	4 years	End of the second year	3,900	2023	Fixed	3.75%-4.35%	**3,956**	-
Ping An Financial Leasing	Corporate bonds	None	2 years	End of the first year	1,900	2023	Fixed	2.75%-3.62%	**1,927**	-
Ping An Financial Leasing	Private corporate bonds	None	5 years	End of the third year	2,710	2018	Fixed	4.20%-4.30%	**-**	2,758
Ping An Financial Leasing	Private corporate bonds	None	5 years	End of the third year	629	2019	Fixed	3.70%	**638**	640
Ping An Financial Leasing	Private corporate bonds	None	4 years	End of the second year	2,700	2019	Fixed	4.10%-4.18%	**2,231**	2,748
Ping An Bank	Tier-2 Capital bonds	None	10 years	End of the fifth year	30,000	2019	Fixed	4.55%	**30,221**	30,908
Ping An Bank	Financial bonds	None	3 years	None	30,000	2020	Fixed	2.30%	**-**	30,414
Ping An Bank	Financial bonds	None	3 years	None	20,000	2021	Fixed	3.45%	**20,282**	20,629
Ping An Bank	Tier-2 Capital bonds	None	10 years	End of the fifth year	30,000	2021	Fixed	3.69%	**30,701**	30,151
Ping An Bank	Financial bonds	None	3 years	None	20,000	2022	Fixed	2.45%	**20,341**	20,099
Ping An Bank	Financial bonds	None	3 years	None	5,000	2022	Fixed	2.45%	**5,081**	5,020
Ping An Bank	Financial bonds	None	3 years	None	5,000	2022	Fixed	2.45%	**5,081**	5,020
Ping An Bank	Financial bonds	None	3 years	None	20,000	2022	Fixed	2.45%	**20,311**	20,070
Ping An Bank	Financial bonds	None	3 years	None	30,000	2023	Fixed	2.77%	**30,180**	-
Ping An Life	Capital supplement bonds	None	10 years	End of the fifth year	20,000	2020	Fixed	First 5 years: 3.58% Next 5 years: 4.58% (if not redeemed)	**20,461**	20,767
Ping An Property & Casualty	Capital supplement bonds	None	10 years	End of the fifth year	10,000	2019	Fixed	First 5 years: 4.64% Next 5 years: 5.64% (if not redeemed)	**10,283**	10,487

39. BONDS PAYABLE (CONTINUED)

The information of the Group's main bonds payable is as follows (continued):

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Ping An Securities	Corporate bonds	None	5 years	End of the third year	100	2018	Fixed	3.00%	**102**	100
Ping An Securities	Corporate bonds	None	5 years	End of the third year	1,500	2020	Fixed	3.40%	**-**	1,548
Ping An Securities	Private corporate bonds	None	3 years	None	3,000	2020	Fixed	3.19%	**-**	3,077
Ping An Securities	Corporate bonds	None	3 years	None	4,000	2020	Fixed	3.58%	**4,134**	4,062
Ping An Securities	Corporate bonds	None	3 years	None	2,550	2020	Fixed	3.70%	**2,613**	2,566
Ping An Securities	Corporate bonds	None	3 years	None	3,000	2021	Fixed	3.40%	**3,008**	3,059
Ping An Securities	Corporate bonds	None	3 years	None	2,400	2021	Fixed	3.48%	**2,404**	2,445
Ping An Securities	Corporate bonds	None	3 years	None	1,200	2021	Fixed	3.50%	**1,200**	1,221
Ping An Securities	Corporate bonds	None	2 years	None	2,000	2021	Fixed	3.35%	**-**	2,034
Ping An Securities	Corporate bonds	None	3 years	None	1,800	2021	Fixed	3.25%	**1,854**	1,825
Ping An Securities	Corporate bonds	None	3 years	None	3,000	2021	Fixed	3.05%	**3,080**	3,034
Ping An Securities	Corporate bonds	None	5 years	None	2,000	2021	Fixed	3.47%	**2,059**	2,024
Ping An Securities	Corporate bonds	None	3 years	None	2,600	2021	Fixed	3.37%	**2,660**	2,616
Ping An Securities	Private corporate bonds	None	2 years	None	2,000	2021	Fixed	3.25%	**2,042**	2,009
Ping An Securities	Private corporate bonds	None	2 years	None	1,500	2021	Fixed	3.20%	**1,524**	1,501
Ping An Securities	Private corporate bonds	None	2 years	None	1,500	2022	Fixed	3.07%	**1,521**	1,544
Ping An Securities	Corporate bonds	None	3 years	None	2,300	2022	Fixed	3.00%	**2,313**	2,348
Ping An Securities	Corporate bonds	None	5 years	None	500	2022	Fixed	3.42%	**503**	512
Ping An Securities	Subordinated corporate bonds	None	3 years	None	1,900	2022	Fixed	3.10%	**1,907**	1,936
Ping An Securities	Subordinated corporate bonds	None	5 years	None	1,100	2022	Fixed	3.56%	**1,104**	1,124
Ping An Securities	Corporate bonds	None	3 years	None	3,000	2022	Fixed	2.80%	**3,076**	3,034
Ping An Securities	Corporate bonds	None	9 months	None	2,000	2022	Fixed	1.95%	**-**	2,015
Ping An Securities	Corporate bonds	None	3 years	None	500	2022	Fixed	2.75%	**512**	505
Ping An Securities	Corporate bonds	None	5 years	None	1,000	2022	Fixed	3.22%	**1,028**	1,011
Ping An Securities	Corporate bonds	None	3 years	None	2,500	2022	Fixed	2.65%	**2,551**	2,518
Ping An Securities	Corporate bonds	None	6 months	None	500	2022	Fixed	2.80%	**-**	501
Ping An Securities	Corporate bonds	None	5 years	None	1,800	2023	Fixed	3.60%	**1,822**	-
Ping An Securities	Corporate bonds	None	3 years	None	1,200	2023	Fixed	3.33%	**1,204**	-
Ping An Securities	Corporate bonds	None	5 years	None	750	2023	Fixed	3.60%	**758**	-
Ping An Securities	Corporate bonds	None	3 years	None	500	2023	Fixed	3.39%	**505**	-
Ping An Securities	Corporate bonds	None	3 years	None	1,000	2023	Fixed	3.15%	**1,005**	-
Ping An Securities	Corporate bonds	None	2 years	None	2,000	2023	Fixed	3.02%	**2,010**	-
Ping An Securities	Corporate bonds	None	3 years	None	1,000	2023	Fixed	3.03%	**1,003**	-
Ping An Securities	Corporate bonds	None	2 years	None	1,500	2023	Fixed	2.90%	**1,504**	-

39. BONDS PAYABLE (CONTINUED)

The information of the Group's main bonds payable is as follows (continued):

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Ping An Securities	Corporate bonds	None	3 years	None	2,000	2023	Fixed	2.95%	**2,004**	-
Ping An Securities	Corporate bonds	None	2 years	None	1,000	2023	Fixed	2.78%	**1,002**	-
Ping An Real Estate Co., Ltd. ("Ping An Real Estate")	Corporate bonds	None	7 years	End of the fifth year	750	2019	Fixed	4.40%	**782**	765
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	940	2019	Fixed	4.30%	**976**	957
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	244	2016	Fixed	3.28%	**251**	245
Shenzhen Ping An Financial Technology Consulting Co., Ltd. ("Ping An Financial Technology")	Private corporate bonds	None	5 years	End of the third year	120	2019	Fixed	3.85%	**-**	121
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	2,000	2020	Fixed	3.40%	**-**	2,046
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	150	2020	Fixed	4.00%	**150**	3,063
Ping An Financial Technology	Private corporate bonds	None	3 years	End of the second year	950	2020	Fixed	3.60%	**973**	956
Ping An Financial Technology	Private corporate bonds	None	2 years	End of the second year	1,400	2023	Fixed	4.00%	**1,410**	-

39. BONDS PAYABLE (CONTINUED)

The information of the Group's main bonds payable is as follows (continued):

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Lianxin (Shenzhen) Investment Management Co., Ltd. ("Lianxin Investment")	Private corporate bonds	None	5 years	End of the third year	2,000	2020	Fixed	5.40%	**2,057**	2,003
Lianxin Investment	Private corporate bonds	None	3 years	End of the second year	1,000	2021	Fixed	4.50%	**-**	1,031
Founder Securities Co., Ltd. ("Founder Securities")	Corporate bonds	None	2 years	None	1,000	2022	Fixed	3.49%	**1,008**	1,025
Founder Securities	Corporate bonds	None	366 days	None	800	2022	Fixed	3.18%	**-**	817
Founder Securities	Corporate bonds	None	2 years	None	700	2022	Fixed	3.40%	**704**	716
Founder Securities	Corporate bonds	None	2 years	None	600	2022	Fixed	3.18%	**602**	611
Founder Securities	Corporate bonds	None	3 years	None	1,000	2022	Fixed	2.95%	**1,021**	1,007
Founder Securities	Corporate bonds	None	2 years	None	700	2022	Fixed	2.75%	**712**	702
Founder Securities	Corporate bonds	None	3 years	None	1,300	2022	Fixed	2.94%	**1,323**	1,304
Founder Securities	Corporate bonds	None	2 years	None	400	2022	Fixed	4.30%	**408**	400
Founder Securities	Corporate bonds	None	2 years	None	1,600	2023	Fixed	3.56%	**1,619**	-
Founder Securities	Subordinated corporate bonds	None	3 years	None	1,200	2023	Fixed	4.10%	**1,209**	-
Founder Securities	Subordinated corporate bonds	None	2 years	None	1,500	2023	Fixed	3.68%	**1,505**	-
Founder Securities	Subordinated corporate bonds	None	3 years	None	500	2023	Fixed	3.80%	**502**	-

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39. BONDS PAYABLE (CONTINUED)

The information of the Group's main bonds payable is as follows (continued):

As at 30 June 2023, the original terms of Interbank certificates of deposit and certificates of deposit issued by Ping An Bank, but unmatured were from 3 months to 1 year, and the annual interest rates were from 1.68% to 5.32% (31 December 2022: the original terms were from 1 month to 1 year, and the annual interest rates were from 1.65% to 3.01%). The carrying amount was RMB538,638 million (31 December 2022: RMB529,764 million).

As at 30 June 2023, the original terms of short-term financial bonds issued by Ping An Securities, but unmatured were from 92 days to 274 days, and the annual interest rates were from 2.09% to 2.70% (31 December 2022: the original terms were from 92 days to 365 days, and the annual interest rates were from 1.84% to 2.66%). The carrying amount was RMB10,057 million (31 December 2022: RMB11,109 million).

As at 30 June 2023, the original terms of short-term financial bonds issued by Ping An Financial Leasing, but unmatured were from 88 days to 365 days, and the annual interest rates were from 2.14% to 4.10% (31 December 2022: the original terms were from 63 days to 365 days, and the annual interest rates were from 2.64% to 4.10%). The carrying amount was RMB11,867 million (31 December 2022: RMB3,970 million).

As at 30 June 2023, the original term of short-term financial bonds issued by Ping An Real Estate, but unmatured was 160 days, and the annual interest rate was 5.50% (31 December 2022: the original term was 210 days, and the annual interest rate was 3.38%). The carrying amount was RMB1,516 million (31 December 2022: RMB1,520 million).

As at 30 June 2023, the original terms of short-term financial bonds issued by Founder Securities, but unmatured were from 144 days to 365 days, and the annual interest rates were from 2.95% to 3.50% (31 December 2022: the original terms were from 175 days to 365 days, and the annual interest rates were from 3.05% to 4.20%). The carrying amount was RMB9,335 million (31 December 2022: RMB8,999 million).

As at 30 June 2023, the original term of income certificates issued by Ping An Securities, but unmatured was 14 days, and the annual interest rates were from 4.88% to 5.10% (31 December 2022: the original term was 14 days, and the annual interest rates were from 4.48% to 5.11%). The carrying amount was RMB129 million (31 December 2022: RMB81 million).

As at 30 June 2023, the original terms of income certificates issued by Founder Securities, but unmatured were from 366 days to 733 days, and the annual interest rates were from 3.20% to 4.40% (31 December 2022: the original terms were from 366 days to 733 days, and the annual interest rates were from 3.20% to 4.45%). The carrying amount was RMB6,195 million (31 December 2022: RMB5,569 million).

40. FIDUCIARY ACTIVITIES

(in RMB million)	**30 June 2023 (Unaudited)**	31 December 2022 (Audited)
Assets under trust schemes	**448,474**	537,178
Assets under annuity investments and annuity schemes	**721,656**	669,251
Assets under asset management schemes	**1,910,226**	1,790,619
Entrusted loans of banking operations	**169,691**	178,386
Entrusted investments of banking operations	**883,554**	886,840
	4,133,601	4,062,274

41. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments mainly consist of cash and amounts due from banks and other financial institutions, term deposits, bonds, funds, stocks, loans, borrowings, deposits from other banks and financial institutions, customer deposits and payables to brokerage customers, etc.

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table sets out the carrying amount and fair value of the Group's major financial instruments by classification:

	Carrying amount		Fair value	
(in RMB million)	**30 June 2023 (Unaudited)**	31 December 2022 (Restated, unaudited)	**30 June 2023 (Unaudited)**	31 December 2022 (Restated, unaudited)
Financial assets				
Cash and amounts due from banks and other financial institutions	**742,510**	774,841	**742,510**	774,841
Balances with the Central Bank and statutory deposits for insurance operations	**346,144**	295,559	**346,144**	295,559
Financial assets purchased under reverse repurchase agreements	**99,592**	91,514	**99,592**	91,514
Accounts receivable	**33,197**	36,118	**33,197**	36,118
Derivative financial assets	**74,830**	29,278	**74,830**	29,278
Finance lease receivable	**184,790**	186,858	**184,790**	186,858
Loans and advances to customers	**3,346,543**	3,238,054	**3,346,543**	3,238,054
Financial assets at fair value through profit or loss	**1,769,509**	1,640,519	**1,769,509**	1,640,519
Financial assets at amortized cost	**1,154,839**	1,124,035	**1,182,287**	1,142,252
Debt financial assets at fair value through other comprehensive income	**2,620,211**	2,500,790	**2,620,211**	2,500,790
Equity financial assets at fair value through other comprehensive income	**278,366**	264,771	**278,366**	264,771
Other assets	**120,733**	117,472	**120,733**	117,472
Financial liabilities				
Due to banks and other financial institutions	**934,991**	923,088	**934,991**	923,088
Financial liabilities at fair value through profit or loss	**90,893**	84,659	**90,893**	84,659
Derivative financial liabilities	**76,300**	39,738	**76,300**	39,738
Assets sold under agreements to repurchase	**267,736**	271,737	**267,736**	271,737
Accounts payable	**9,392**	10,349	**9,392**	10,349
Customer deposits and payables to brokerage customers	**3,511,002**	3,431,999	**3,511,002**	3,431,999
Bonds payable	**935,583**	931,098	**934,447**	927,784
Other liabilities	**250,302**	269,338	**250,302**	269,338

41. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY

The methods used to determine fair value of financial assets and liabilities and the breakdown of fair value hierarchy are disclosed in the 2022 annual report of the Group. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The main quoted market price used for financial assets held by the Group is the current closing price. Financial instruments included in Level 1 comprise primarily equity investments, fund investments and bond investments traded on stock exchanges and open-ended mutual funds;

Level 2: either directly (such as price) or indirectly (such as calculated based on price) other than quoted prices included within Level 1 that are observable for the asset or liability. This valuation method maximizes the use of observable market data and minimizes the use of unobservable inputs;

Level 3: inputs which are based on parameters other than observable market data (unobservable inputs).

The level of fair value measurement is determined by the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.

Valuation methods for Level 2 and Level 3 financial instruments

For Level 2 financial instruments, valuations are generally using observable market inputs, or recent quoted market prices. The valuation providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from public valuation service providers. The fair value of debt investments denominated in RMB is determined based upon the valuation results by the China Central Depository & Clearing Co., Ltd. All significant inputs are observable in the market.

For Level 3 financial instruments, the consideration of being classified as Level 3 is mainly based on the significance of the unobservable factors to the overall fair value measurement.

41. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY (CONTINUED)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	30 June 2023 (Unaudited)			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	**17,263**	**558,535**	**1,048**	**576,846**
Funds	**330,433**	**169,759**	**3,670**	**503,862**
Stocks	**134,611**	**1,543**	**423**	**136,577**
Wealth management investments, debt schemes and other investments	**643**	**356,682**	**194,899**	**552,224**
	482,950	**1,086,519**	**200,040**	**1,769,509**
Derivative financial assets				
Interest rate swaps	**-**	**16,262**	**-**	**16,262**
Currency forwards and swaps	**-**	**56,414**	**-**	**56,414**
Others	**-**	**2,051**	**103**	**2,154**
	-	**74,727**	**103**	**74,830**
Debt financial assets at fair value through other comprehensive income				
Bonds	**147,261**	**2,176,469**	**731**	**2,324,461**
Wealth management investments, debt schemes and other investments	**-**	**239,010**	**56,740**	**295,750**
	147,261	**2,415,479**	**57,471**	**2,620,211**
Equity financial assets at fair value through other comprehensive income				
Stocks	**192,473**	**-**	**-**	**192,473**
Preferred shares	**-**	**80,605**	**-**	**80,605**
Other equity investments	**-**	**2,006**	**3,282**	**5,288**
	192,473	**82,611**	**3,282**	**278,366**
Placements with banks and other financial institutions measured at fair value through profit or loss	**449**	**-**	**-**	**449**
Loans and advances to customers measured at fair value through other comprehensive income	**-**	**401,552**	**-**	**401,552**
Total financial assets	**823,133**	**4,060,888**	**260,896**	**5,144,917**
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	**-**	**14,154**	**-**	**14,154**
Currency forwards and swaps	**-**	**56,856**	**-**	**56,856**
Others	**-**	**5,204**	**86**	**5,290**
	-	**76,214**	**86**	**76,300**
Placements from banks and other financial institutions measured at fair value through profit or loss	**5,520**	**-**	**-**	**5,520**
Financial liabilities at fair value through profit or loss	**3,214**	**85,487**	**2,192**	**90,893**
Total financial liabilities	**8,734**	**161,701**	**2,278**	**172,713**

41. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY (CONTINUED)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy (continued):

	31 December 2022 (Restated, unaudited)			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	19,264	486,952	864	507,080
Funds	309,260	203,987	4,704	517,951
Stocks	82,343	1,154	498	83,995
Wealth management investments, debt schemes and other investments	134	333,878	197,481	531,493
	411,001	1,025,971	203,547	1,640,519
Derivative financial assets				
Interest rate swaps	–	11,893	–	11,893
Currency forwards and swaps	–	15,602	–	15,602
Others	–	1,718	65	1,783
	–	29,213	65	29,278
Debt financial assets at fair value through other comprehensive income				
Bonds	179,509	2,012,284	766	2,192,559
Wealth management investments, debt schemes and other investments	–	257,845	50,386	308,231
	179,509	2,270,129	51,152	2,500,790
Equity financial assets at fair value through other comprehensive income				
Stocks	174,046	1	–	174,047
Preferred shares	–	85,784	–	85,784
Other equity investments	–	1,949	2,991	4,940
	174,046	87,734	2,991	264,771
Placements with banks and other financial institutions measured at fair value through other comprehensive income	–	2,777	–	2,777
Loans and advances to customers measured at fair value through other comprehensive income	–	331,880	–	331,880
Total financial assets	764,556	3,747,704	257,755	4,770,015
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	–	10,062	–	10,062
Currency forwards and swaps	–	23,498	–	23,498
Others	–	6,128	50	6,178
	–	39,688	50	39,738
Placements from banks and other financial institutions measured at fair value through profit or loss	4,111	–	–	4,111
Financial liabilities at fair value through profit or loss	2,747	78,093	3,819	84,659
Total financial liabilities	6,858	117,781	3,869	128,508

41. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY (CONTINUED)

During the six months ended 30 June 2023 and the six months ended 30 June 2022, there were no significant transfers between Level 1 and Level 2 fair value measurements.

42. RISK AND CAPITAL MANAGEMENT

(1) INSURANCE RISK

Type of insurance risk

Insurance risk refers to the risk that actual indemnity might exceed expected indemnity due to the frequency and severity of insurance accidents, as well as the possibility that insurance surrender rates are being underestimated. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance contract liabilities. This could occur due to any of the following factors:

- Occurrence risk – the possibility that the number of insured events will differ from those expected.
- Severity risk – the possibility that the cost of the events will differ from those expected.
- Development risk – the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategies and guidelines.

The insurance business of the Group mainly comprises long-term life insurance contracts, property and casualty and short-term life insurance contracts. For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyles and natural disasters, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continuing improvement in medical science and social conditions that would increase longevity. For property and casualty insurance contracts, claims are often affected by natural disasters, calamities, terrorist attacks, etc.

These risks currently do not vary significantly in relation to the location of the risk insured by the Group whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

There would be no significant mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed and guaranteed benefits and fixed future premiums. However, for contracts with discretionary participation features, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

Insurance risk is also affected by the policyholders' rights to terminate the contract, pay reduced premiums, refuse to pay premiums or exercise annuity conversion option, etc. Thus, the resultant insurance risk is subject to policyholders' behaviour and decisions.

42. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Concentration of insurance risks

The Group runs its insurance business primarily within the PRC. Hence the geographical insurance risk is concentrated primarily within the PRC.

Assumptions

(a) Long-term life insurance contracts

Significant judgements are required in determining and choosing discount rates/investment return, mortality, morbidity, lapse rates, policy dividend, and expenses assumptions relating to long-term life insurance contracts.

(b) Property and casualty and short-term life insurance contracts

The principal assumptions underlying the estimates includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year which are determined based on the Group's past claim experiences. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include delays in settlement, etc.

(c) Reinsurance

The Group limits its exposure to losses from insurance operations mainly through participation in reinsurance arrangements. The majority of the business ceded is placed on the quota share basis and the surplus basis with retention limits varying by product lines. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statement of financial position as reinsurance contract assets or liabilities.

Even though the Group may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

42. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK

Market risk is the risk of changes in fair value of financial instruments and future cash flows from fluctuation of market prices, which includes three types of risks from volatility of foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk).

(a) Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk facing the Group mainly comes from movements in the USD/RMB and HKD/RMB exchange rates. The Group sets limitation to its position of foreign currency, monitors the size of foreign currency position, and limits the foreign currency position within the threshold set by utilizing hedging strategy.

(b) Price risk

The Group's price risk exposure relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), which mainly include listed equity securities and security investment funds classified as equity financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The above investments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market.

The Group manages price risks by diversification of investments, setting limits for investments in different securities, etc.

(c) Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. Interest on floating rate instruments is repriced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity.

42. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK

Credit risks refer to the risk of losses incurred by the inabilities of debtors or counterparties to fulfill their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, loans and advances to customers, financial assets at amortized cost and debt financial assets at fair value through other comprehensive income, reinsurance arrangement with reinsurers, policy loans, margin financing, financial guarantee contracts and loan commitments, etc. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

Credit risk management

Credit risk of banking business

The banking business of the Group has formulated a set of credit management processes and internal control mechanisms, so as to carry out the whole process management of credit business. Credit management procedures for its corporate and individual loans of comprise credit origination, credit review, credit approval, disbursement, post credit management. In addition, the banking business of the Group has formulated procedure manuals for credit management, which clarifies the duties of each part in the credit management processes, effectively monitoring credit risk and enhancing credit compliance.

Credit risks arising from credit commitments are similar to those of loans and advances. Therefore, financial guarantees and loan commitments are also subject to the same application, post credit management and collateral requirements as loan and advances business.

Credit risk of investment business

As to debt investment, the Group rates these investments by internal credit rating policies, selects counterparties with high credit quality and sets strict entry criteria.

The Group's debt investment mainly includes domestic government bonds, the Central Bank bills, financial institution bonds, corporate bonds and debt investment schemes, wealth management investments, etc. The Group manages the credit risk for these investments mainly through controlling the investment scales, selecting counterparties within the financial institutions with appropriate credit quality prudently, balancing the credit risks and rate of return of investment and considering the internal and external credit rating information comprehensively.

Credit risk of insurance business

The Group evaluated the credit rating of the reinsurance companies before signing the reinsurance contracts, and chose the reinsurance companies with higher credit quality to reduce the credit risk.

The limits of policy loans are based on the cash values of valid insurance policies, with appropriate discounts, and the validity periods of policy loans are within the validity periods of insurance policies. The credit risk associated with policy loans did not have material impact on the Group's consolidated financial statements.

42. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

The following table presents the credit risk exposure of the financial assets under the scope of expected credit loss. Without considering guarantee or any other credit enhancement measures, for on-balance sheet assets, the maximum credit risk exposure is presented as the net carrying amount of the financial assets:

	30 June 2023 (Unaudited)			
Carrying amount (in RMB million)	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure
Cash and amounts due from banks and other financial institutions	**742,061**	**-**	**-**	**742,061**
Balances with the Central Bank and statutory deposits for insurance operations	**346,144**	**-**	**-**	**346,144**
Financial assets purchased under reverse repurchase agreements	**99,205**	**-**	**387**	**99,592**
Accounts receivable	**33,014**	**113**	**70**	**33,197**
Finance lease receivable	**178,915**	**5,212**	**663**	**184,790**
Loans and advances to customers	**3,246,162**	**89,756**	**10,625**	**3,346,543**
Financial assets at amortized cost	**1,103,087**	**9,189**	**42,563**	**1,154,839**
Debt financial assets at fair value through other comprehensive income	**2,614,444**	**1,000**	**4,767**	**2,620,211**
Other assets	**117,075**	**284**	**3,374**	**120,733**
Subtotal	**8,480,107**	**105,554**	**62,449**	**8,648,110**
Credit commitments	**1,792,975**	**5,526**	**215**	**1,798,716**
Total	**10,273,082**	**111,080**	**62,664**	**10,446,826**

	31 December 2022 (Restated, unaudited)			
Carrying amount (in RMB million)	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure
Cash and amounts due from banks and other financial institutions	774,841	-	-	774,841
Balances with the Central Bank and statutory deposits for insurance operations	295,559	-	-	295,559
Financial assets purchased under reverse repurchase agreements	91,109	-	405	91,514
Accounts receivable	35,909	169	40	36,118
Finance lease receivable	179,398	6,695	765	186,858
Loans and advances to customers	3,152,071	74,444	11,539	3,238,054
Financial assets at amortized cost	1,071,718	15,145	37,172	1,124,035
Debt financial assets at fair value through other comprehensive income	2,497,506	1,000	2,284	2,500,790
Other assets	114,610	271	2,591	117,472
Subtotal	8,212,721	97,724	54,796	8,365,241
Credit commitments	1,826,854	6,193	147	1,833,194
Total	10,039,575	103,917	54,943	10,198,435

42. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK

Liquidity risk is the risk of not having access to sufficient funds or being unable to realize an asset in a timely manner at a reasonable price to meet the Group's obligations as they become due.

The Group is exposed to liquidity risk on insurance policies that permit surrender, withdrawal or other forms of early termination. The Group seeks to manage its liquidity risk by matching to the extent possible the duration of its investment assets with the duration of its insurance policies and to ensure that the Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis.

The banking business of the Group is exposed to potential liquidity risk. The Group utilizes multiple regulatory methods, establish comprehensive liquidity risk management framework, effectively recognize, measure, monitor and control liquidity risk, maintain sufficient liquidity level to satisfy various funds requirement and to face adverse market status. In case of monitoring liquidity risks effectively, the Group pays attention to the funds resources and diversified utilization, keeps relatively high liquidity assets consistently. The Group monitors the sourcing and usage of funds, deposit to loan ratio, and quick ratio on a daily basis. Moreover, when adopting various benchmarks for management of liquidity risk, the Group compares the expected results against the ones derived from stress tests, critically assesses the potential impact to the future liquidity risk, and formulates remedial actions according to specific situations. The Group seeks to mitigate the liquidity risk of the banking business by optimizing the assets and liabilities structure, and maintaining stable deposits, etc.

42. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

The table below summarizes the remaining contractual maturity profile of the financial assets, financial liabilities, insurance contract liabilities and reinsurance contract liabilities of the Group based on undiscounted contractual cash flows/expected cash flows:

	30 June 2023 (Unaudited)						
(in RMB million)	Undated	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and amounts due from banks and other financial institutions	-	320,461	113,058	160,664	139,740	4,297	738,220
Balances with the Central Bank and statutory deposits for insurance operations	231,400	99,978	223	819	14,976	-	347,396
Financial assets purchased under reverse repurchase agreements	-	633	96,228	2,821	-	-	99,682
Accounts receivable	-	2,761	8,009	15,836	7,561	-	34,167
Reinsurance contract assets	-	(3,565)	2,224	9,294	11,847	48,230	68,030
Finance lease receivable	-	1,428	31,477	76,452	97,841	595	207,793
Loans and advances to customers	-	14,990	724,771	1,051,704	1,283,765	774,593	3,849,823
Financial assets at fair value through profit or loss	945,456	10,823	55,103	148,147	398,161	336,781	1,894,471
Financial assets at amortized cost	-	29,594	64,287	221,399	502,828	621,462	1,439,570
Debt financial assets at fair value through other comprehensive income	-	1,117	76,232	215,340	676,457	3,200,452	4,169,598
Equity financial assets at fair value through other comprehensive income	278,366	-	-	-	-	-	278,366
Other assets	-	75,883	30,399	32,079	5,441	920	144,722
	1,455,222	554,103	1,202,011	1,934,555	3,138,617	4,987,330	13,271,838
Due to banks and other financial institutions	-	293,772	249,521	329,326	77,901	1,457	951,977
Financial liabilities at fair value through profit or loss	670	3,521	83,243	3,366	129	-	90,929
Assets sold under agreements to repurchase	-	-	263,786	3,880	206	-	267,872
Accounts payable	-	4,054	954	3,714	670	-	9,392
Insurance contract liabilities	-	58,233	57,009	3,723	(29,586)	8,316,853	8,406,232
Reinsurance contract liabilities	-	-	344	72	(466)	(63)	(113)
Customer deposits and payables to brokerage customers	-	1,384,413	696,707	556,220	957,687	99	3,595,126
Bonds payable	-	-	295,321	417,545	215,721	41,666	970,253
Lease liabilities	-	932	1,389	3,335	7,148	434	13,238
Other liabilities	-	65,996	46,962	62,715	94,036	12,891	282,600
	670	1,810,921	1,695,236	1,383,896	1,323,446	8,373,337	14,587,506
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	(38)	158	2,001	(221)	111	2,011
Derivative financial instruments settled on a gross basis							
Cash inflow	-	4,241	1,106,149	1,431,623	246,495	-	2,788,508
Cash outflow	-	(5,966)	(1,105,766)	(1,437,662)	(246,054)	-	(2,795,448)
	-	(1,725)	383	(6,039)	441	-	(6,940)

42. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

	31 December 2022 (Restated, unaudited)						
(in RMB million)	Undated	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and amounts due from banks and other financial institutions	-	300,236	160,910	130,437	180,290	9	771,882
Balances with the Central Bank and statutory deposits for insurance operations	240,279	40,836	598	1,618	13,577	-	296,908
Financial assets purchased under reverse repurchase agreements	-	905	85,849	5,412	-	-	92,166
Accounts receivable	-	6,239	7,303	16,156	7,447	1	37,146
Reinsurance contract assets	-	(3,029)	3,812	9,831	8,291	50,965	69,870
Finance lease receivable	-	2,055	32,166	81,560	93,346	494	209,621
Loans and advances to customers	-	16,163	734,127	991,547	1,208,446	811,056	3,761,339
Financial assets at fair value through profit or loss	892,336	15,394	40,912	156,246	394,406	246,982	1,746,276
Financial assets at amortized cost	-	23,361	101,005	212,871	501,325	546,966	1,385,528
Debt financial assets at fair value through other comprehensive income	-	1,149	79,815	246,178	684,115	3,004,409	4,015,666
Equity financial assets at fair value through other comprehensive income	264,771	-	-	-	-	-	264,771
Other assets	-	69,351	29,775	32,111	7,031	1,176	139,444
	1,397,386	472,660	1,276,272	1,883,967	3,098,274	4,662,058	12,790,617
Due to banks and other financial institutions	-	280,241	351,876	217,595	86,734	1,544	937,990
Financial liabilities at fair value through profit or loss	260	2,231	76,451	3,434	2,501	-	84,877
Assets sold under agreements to repurchase	-	-	267,495	4,065	330	-	271,890
Accounts payable	-	4,387	1,152	4,204	612	-	10,355
Insurance contract liabilities	-	1,738	57,742	51,194	(75,153)	8,013,239	8,048,760
Reinsurance contract liabilities	-	-	210	(14)	(55)	(19)	122
Customer deposits and payables to brokerage customers	-	1,284,564	805,516	593,162	824,090	-	3,507,332
Bonds payable	-	-	232,385	448,189	241,987	42,764	965,325
Lease liabilities	-	259	1,232	3,959	8,678	539	14,667
Other liabilities	-	61,261	38,291	66,424	101,343	15,746	283,065
	260	1,634,681	1,832,350	1,392,212	1,191,067	8,073,813	14,124,383
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	(38)	(100)	(456)	604	11	21
Derivative financial instruments settled on a gross basis							
Cash inflow	-	8,006	1,277,050	762,245	129,244	-	2,176,545
Cash outflow	-	(8,885)	(1,281,920)	(767,601)	(129,054)	-	(2,187,460)
	-	(879)	(4,870)	(5,356)	190	-	(10,915)

(4) LIQUIDITY RISK (CONTINUED)

The table below summarizes the remaining contractual maturity profile of the credit commitments of the Group:

(in RMB million)	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
30 June 2023						
Credit commitments (Unaudited)	**106,456**	**243,539**	**570,954**	**476,996**	**407,355**	**1,805,300**
31 December 2022						
Credit commitments (Audited)	93,804	203,173	679,558	486,699	363,726	1,826,960

Management expects the credit commitments will not be entirely used during the commitment period.

(5) MISMATCHING RISK OF ASSETS AND LIABILITIES

The objective of the Group's asset and liability management is to match the maturity and interest rates of assets and liabilities. Under the current constraints of the shortage of long-term interest rate bond market, however, the Group does not have sufficient long-duration assets for investment to match the duration of insurance and investment contract liabilities. As permitted by law regulations and market conditions, the Group actively invests in preferred stocks and other broad-term duration assets, and continuously improves the allocation of long-duration assets, considering the requirements for asset-liability duration matching and revenue-cost matching.

(6) OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failure of proper internal controls on business processes, employees and systems or from uncontrollable external events. Operational risk in this context includes legal risk, but does not include strategic risk and reputational risk. The Group is exposed to many types of operational risks in the conduct of its business. The Group manages operational risk by establishing and continuously improving risk management framework, formalizing policies and standards, using management tools and reporting mechanism, strengthening staff education and training.

(7) CAPITAL MANAGEMENT

The Group's capital requirements are primarily dependent on the scale, products of insurance business, and the type of business that it undertakes, as well as the industry and geographic location in which it operates. The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and to maintain healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital requirements by assessing shortfalls, if any, between the reported and the required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to ordinary shareholders or issue capital securities.

Pursuant to the *Notice on the Implementation of Regulatory Rules on Solvency of Insurance Companies (II)* issued by China Banking and Insurance Regulatory Commission, the Group computes solvency margin ratios and recognizes, assesses and manages related risks from 2022 in accordance with the *Regulatory Rules on Solvency of Insurance Companies (II)*. As at 30 June 2023, the Group was compliant with the regulatory authorities' requirements for solvency margin ratios.

43. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following items (original maturities within three months):

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Restated, unaudited)
Cash		
Cash and amounts due from banks and other financial institutions		
Cash on hand	**3,506**	4,165
Term deposits	**10,307**	11,357
Due from banks and other financial institutions	**189,996**	240,091
Placements with banks and other financial institutions	**67,171**	58,175
Balances with the Central Bank	**99,653**	40,450
Subtotal	**370,633**	354,238
Cash equivalents		
Bonds	**5,942**	5,225
Financial assets purchased under reverse repurchase agreements	**92,744**	84,739
Subtotal	**98,686**	89,964
Total	**469,319**	444,202

44. SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY'S SHARE ARE AS SET OUT BELOW:

Name of related parties	Relationship with the Company
Charoen Pokphand Group Co., Ltd. ("CP Group")	Parent of shareholders
Shenzhen Investment Holdings Co., Ltd. ("SIHC")	Shareholder

As at 30 June 2023, CP Group indirectly held 6.12% (31 December 2022: 6.52%) equity interests in the Company and is the largest shareholder of the Company.

(2) OTHER MAJOR RELATED PARTIES

Name of related parties	Relationship with the Company
Lufax Holding	Associate of subsidiaries
Ping An Health	Associate of subsidiaries
Ping An HealthKonnect	Associate of subsidiaries
OneConnect	Associate of subsidiaries

44. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(3) THE SUMMARY OF SIGNIFICANT MAJOR RELATED PARTY TRANSACTIONS IS AS FOLLOWS:

For the six-month period ended 30 June (in RMB million)	**2023** **(Unaudited)**	2022 (Unaudited)
CP Group		
Premiums received	**14**	34
Claims paid	**2**	–
Rental revenue from	**13**	13
Other revenues from	**2**	–
SIHC		
Premiums received	**2**	2
Interest revenue from	**10**	6
Interest expenses to	**22**	47
Other expenses to	**3**	–
Lufax Holding		
Interest revenue from	**11**	5
Interest expenses to	**282**	335
Other revenues from	**1,105**	1,528
Other expenses to	**916**	2,052
Ping An Health		
Interest expenses to	**46**	85
Other revenues from	**302**	197
Other expenses to	**687**	676
Ping An HealthKonnect		
Interest revenue from	**13**	16
Interest expenses to	**25**	5
Other revenues from	**81**	168
Other expenses to	**4**	19
OneConnect		
Interest revenue from	**–**	3
Interest expenses to	**4**	5
Other revenues from	**741**	883
Other expenses to	**1,001**	1,201

44. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(4) THE SUMMARY OF BALANCES OF THE GROUP WITH MAJOR RELATED PARTIES IS AS FOLLOWS:

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
CP Group		
Customer deposits	**101**	101
SIHC		
Customer deposits	**3,442**	3,266
Loans and advances to customers	**820**	590
Lufax Holding		
Customer deposits	**11,974**	14,316
Loans and advances to customers	**–**	821
Derivative financial assets	**110**	–
Derivative financial liabilities	**–**	447
Accounts payable and other payables	**2,952**	4,457
Accounts receivable and other receivables	**227**	4,304
Ping An Health		
Customer deposits	**5,256**	4,083
Accounts payable and other payables	**1,183**	2,885
Accounts receivable and other receivables	**106**	82
Ping An HealthKonnect		
Customer deposits	**1,502**	1,286
Loans and advances to customers	**896**	818
Accounts payable and other payables	**188**	213
Accounts receivable and other receivables	**730**	5,289
OneConnect		
Customer deposits	**681**	788
Derivative financial assets	**–**	10
Derivative financial liabilities	**60**	56
Accounts payable and other payables	**1,722**	1,511
Accounts receivable and other receivables	**1,122**	1,110

In addition to transactions and balances stated above, the Group transferred 100% shareholding of Gem Alliance Limited to Lufax Holding, which issued convertible bonds amounting to USD1,953.8 million to the Group as the consideration in 2016, and pays interest to the Group every six months at an annual rate of 0.7375%. In December 2022, Lufax Holding entered into an amended and supplemental agreement with the Group pursuant to which the maturity date of 50% of the outstanding principal amount of the convertible bonds was extended from October 2023 to October 2026 and the remaining 50% outstanding principal amount was redeemed. As at 30 June 2023, the par value of these convertible bonds held by the Group amounted to USD976.9 million.

45. COMMITMENTS

(1) CAPITAL COMMITMENTS

The Group had the following capital commitments relating to investments and property development projects:

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Contracted, but not provided for	**10,621**	10,031
Authorized, but not contracted for	**8,027**	9,517
	18,648	19,548

(2) CREDIT COMMITMENTS

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Bank acceptances	**570,380**	703,902
Guarantees issued	**104,112**	111,005
Letters of credit issued	**169,468**	122,487
Subtotal	**843,960**	937,394
Unused limit of credit cards	**961,340**	889,566
Total	**1,805,300**	1,826,960
Credit risk weighted amounts of credit commitments	**535,566**	506,034

Credit commitments disclosed in the table above do not include the financial guarantees accounted for as insurance contracts by the Group.

(3) INVESTMENT COMMITMENTS

The Group's investment commitments to associates and joint ventures are as follows:

(in RMB million)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Contracted but not provided for	**11,117**	11,784

46. CONTINGENT LIABILITIES

Owing to the nature of the insurance, bank and other financial services business, the Group is involved in contingencies and legal proceedings in the ordinary course of business, including, but not limited to, being the plaintiff or the defendant in litigations and arbitrations. Legal proceedings mostly involve claims on the Group's insurance policies and other claims. Provision has been made for probable losses to the Group, including those claims where management can reasonably estimate the outcome of the lawsuits taking into account any applicable legal advice.

No provision has been made for pending assessments, lawsuits or possible violations of contracts when the outcome cannot be reasonably estimated or management believes the probability is low or remote. For pending lawsuits, management also believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group or any of its subsidiaries.

47. EVENTS AFTER THE REPORTING PERIOD

On 29 August 2023, the Board of Directors of the Company approved the Profit Distribution Plan of the Company for Interim Dividend of 2023, and declared an interim cash dividend of RMB0.93 (tax inclusive) per share for 2023 as disclosed in Note 16.

48. COMPARATIVE FIGURES

As stated in Note 3.(1), due to the adoption of IFRS 17, the accounting treatment and presentation of certain items and balances in the interim condensed consolidated financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been restated to conform with the current period's presentation and accounting treatment.

49. APPROVAL OF THE FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorized for issue by the Board of Directors of the Company on 29 August 2023.

Glossary

In this Report, unless the context otherwise indicates, the following expressions shall have the following meanings:

Ping An, Company, the Company, Group, the Group, Ping An Group	Ping An Insurance (Group) Company of China, Ltd.
Ping An Life	Ping An Life Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Health Insurance	Ping An Health Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Annuity	Ping An Annuity Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Property & Casualty	Ping An Property & Casualty Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Bank	Ping An Bank Co., Ltd., a subsidiary of the Company
SDB, Shenzhen Development Bank	Shenzhen Development Bank Co., Ltd., an associate of the Company since May 2010, became a subsidiary of the Company in July 2011. It was renamed "Ping An Bank Co., Ltd." on July 27, 2012
Ping An Wealth Management	Ping An Wealth Management Co., Ltd., a subsidiary of Ping An Bank
Ping An Trust	Ping An Trust Co., Ltd., a subsidiary of the Company
Ping An Securities	Ping An Securities Co., Ltd., a subsidiary of Ping An Trust
Ping An Financial Leasing	Ping An International Financial Leasing Co., Ltd., a subsidiary of the Company
Ping An Asset Management	Ping An Asset Management Co., Ltd., a subsidiary of the Company
Ping An Overseas Holdings	China Ping An Insurance Overseas (Holdings) Limited, a subsidiary of the Company
Ping An Financial Technology	Shenzhen Ping An Financial Technology Consulting Co., Ltd., a subsidiary of the Company
Ping An Technology	Ping An Technology (Shenzhen) Co., Ltd., a subsidiary of Ping An Financial Technology
Ping An Finserve	Shenzhen Ping An Finserve Co., Ltd., a subsidiary of Ping An Financial Technology
Lufax Holding	Lufax Holding Ltd., an associate of Ping An Financial Technology
Lufax	Shanghai Lufax Information Technology Co., Ltd., a subsidiary of Lufax Holding

Glossary

E-wallet	Ping An E-wallet Electronic Commerce Co., Ltd., a subsidiary of Ping An Financial Technology
Ping An Health	Ping An Healthcare and Technology Company Limited, an associate of Ping An Financial Technology
OneConnect	OneConnect Financial Technology Co., Ltd., an associate of Ping An Financial Technology
Autohome	Autohome Inc., a subsidiary of the Company
New Founder Group	New Founder Holding Development Company Limited, a subsidiary of Ping An Life
Founder Securities	Founder Securities Co., Ltd., a subsidiary of New Founder Group
CP Group Ltd.	Charoen Pokphand Group Company Limited, the flagship company of CP Group
RMB	Chinese Renminbi unless otherwise specified
CAS	The *Accounting Standards for Business Enterprises* and other relevant regulations issued by the Ministry of Finance of the People's Republic of China
IFRS	The *International Financial Reporting Standards* issued by the International Accounting Standards Board
Written premium	All premiums received from the polices underwritten by the Company, which are prior to the significant insurance risk testing and separation of hybrid risk contracts
HKEX	Hong Kong Exchanges and Clearing Limited
SEHK	The Stock Exchange of Hong Kong Limited
SEHK Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
SSE Listing Rules	The Rules Governing the Listing of Stocks on Shanghai Stock Exchange
Corporate Governance Code	The Corporate Governance Code as contained in Appendix 14 to the SEHK Listing Rules
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	The Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the SEHK Listing Rules

Articles of Association	The Articles of Association of Ping An Insurance (Group) Company of China, Ltd.
PBC	The People's Bank of China
Ministry of Finance	The Ministry of Finance of the People's Republic of China
CBIRC	The former China Banking and Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission

Corporate Information

REGISTERED NAMES

Full name of the Company (Chinese/English)

中國平安保險（集團）股份有限公司
Ping An Insurance (Group) Company of China, Ltd.

Short name of the Company (Chinese/English)

中國平安
Ping An

LEGAL REPRESENTATIVE

Ma Mingzhe

TYPES OF SECURITIES AND LISTING PLACES

A share	The Shanghai Stock Exchange
H share	The Stock Exchange of Hong Kong Limited

STOCK SHORT NAMES AND CODES

A share	中國平安	601318
H share	Ping An	2318 (HKD counter)
	Ping An-R	82318 (RMB counter)

AUTHORIZED REPRESENTATIVES

Tan Sin Yin
Sheng Ruisheng

SECRETARY OF THE BOARD OF DIRECTORS

Sheng Ruisheng

COMPANY SECRETARY

Sheng Ruisheng

REPRESENTATIVE OF SECURITIES AFFAIRS

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POSTAL CODE

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COMPANY WEBSITE

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DESIGNATED MEDIA FOR A-SHARE INFORMATION DISCLOSURE

China Securities Journal
Shanghai Securities News
Securities Times
Securities Daily

WEBSITES FOR PUBLICATION OF REGULAR REPORTS

www.sse.com.cn
www.hkexnews.hk

LOCATION OF REGULAR REPORTS AVAILABLE FOR INSPECTION

Board Office of the Company

CONSULTING ACTUARIES

Ernst & Young (China) Advisory Limited

AUDITORS AND PLACES OF BUSINESS

Domestic Auditor

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Names of Certified Public Accountants

Huang Yuedong
Wu Cuirong

International Auditor

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LEGAL ADVISER

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H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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AMERICAN DEPOSITARY SHARES REGISTRAR

The Bank of New York Mellon