PING AN
Finance · Technology

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

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

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2019

The Board of Directors of Ping An Insurance (Group) Company of China, Ltd. (the "Company") hereby announces the unaudited results of the Company and its subsidiaries for the six months ended June 30, 2019. This announcement, containing the full text of the 2019 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 (the "HKEX") in relation to the information to accompany preliminary announcements of interim results.

This results announcement, which is prepared in accordance with the International Financial Reporting Standards, is simultaneously available on the websites of HKEX (www.hkexnews.hk) and the Company (www.pingan.cn). The printed version of the Company's 2019 Interim Report will be delivered to the holders of H shares of the Company and available for viewing on the websites of HKEX (www.hkexnews.hk) and the Company (www.pingan.cn) before early September 2019.

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

Shenzhen, PRC, August 15, 2019

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

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Cautionary Statements Regarding Forward-Looking Statements

To the extent any statements made in this report contain information that is not historical, these statements are essentially forward-looking. These forward-looking statements include but are not limited to projections, targets, estimates and business plans that the Company expects or anticipates will or may occur in the future. These forward-looking statements are subject to known and unknown risks and uncertainties that may be general or specific. Certain statements, such as those including the words or phrases "potential", "estimates", "expects", "anticipates", "objective", "intends", "plans", "believes", "will", "may", "should", and similar expressions or variations on such expressions may be considered forward-looking statements.

Readers should be cautioned that a variety of factors, many of which are beyond the Company's control, affect the performance, operations and results of the Company, and could cause actual results to differ materially from the expectations expressed in any of the Company's forward-looking statements. These factors include, but are not limited to, exchange rate fluctuations, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions and other risks and factors beyond our control. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. In addition, the Company undertakes no obligation to publicly update or revise any forward-looking statement that is contained in this report as a result of new information, future events or otherwise. None of the Company, or any of its employees or affiliates is responsible for, or is making, any representations concerning the future performance of the Company.

Introduction

Ping An strives to become a world-leading technology-powered retail financial services group. Under the "finance + technology" and "finance + ecosystem" strategies, Ping An focuses on two major industries of pan financial assets and pan health care. Ping An applies new technologies to traditional financial businesses and five ecosystems, namely financial services, health care, auto services, real estate services, and smart city services. Ping An is empowering financial services with technologies, empowering ecosystems with technologies, and empowering financial services with ecosystems. Ping An exploits local advantages while adhering to global corporate governance standards. Ping An provides 196 million retail customers and 576 million internet users with financial products and services under an integrated financial business model of "one customer, multiple products, and one-stop services."

- In the first half of 2019, the Group's operating profit attributable to shareholders of the parent company rose 23.8% year on year to RMB73,464 million. The unannualized operating ROE was 12.3%. The net profit attributable to shareholders of the parent company rose 68.1% year on year to RMB97,676 million.
- With strong operating profit growth, Ping An continues to increase cash dividends. An interim dividend of RMB0.75 per share will be paid in cash, up 21.0% year on year.
- Customer development yielded strong results. Operating profit of retail business rose by 32.1% year on year to RMB66,576 million, accounting for 90.6% of operating profit attributable to shareholders of the parent company. Retail customers grew by 6.6% from the beginning of 2019 to 196 million. In the first half of 2019, the Company acquired 20.09 million new customers, 33.8% of whom were sourced from internet users within the Group's five ecosystems. Operating profit per customer gained 20.9% year on year to about RMB340. As of June 30, 2019, contracts per customer rose by 0.05 from the beginning of 2019 to 2.58. About 69.37 million retail customers held multiple contracts with different subsidiaries, an increase of 9.0% from the beginning of 2019. These customers accounted for 35.4% of total customers, up 0.8 pps from the beginning of 2019.
- Operating profit after tax of the life and health insurance business rose 36.1% year on year to RMB48,433 million. Benefiting from our transformation toward high-value business and the improved business portfolio, our new business value (NBV) margin rose 5.7 pps year on year to 44.7% and NBV grew by 4.7% year on year. Our technology-powered transformation continued. AI was applied to 100% of sales agent recruitment interviews. Our smart chatbot AskBob answers agents' inquiries with an accuracy rate of 95%.
- Ping An Property & Casualty's operating profit grew by 69.5% year on year to RMB10,039 million. The combined ratio was 96.6%, indicating excellent business quality. Ping An Property & Casualty is the industry leader for online claims services. We developed AI-powered image-based loss assessment and precise customer profiling technologies. Capitalizing on these technologies, we launched the "Ping An Motor Insurance Trust Claim" service for auto owners with safe driving behaviors. Through this service, we settle a claim within an average of 168 seconds with no back-end manual operation involved.

Introduction

- Ping An Bank maintained stable, healthy business growth. The Bank realized a net profit of RMB15,403 million, up 15.2% year on year due to steady increases in net interest margin (NIM) and net non-interest revenue. Ping An Bank furthered its retail transformation. Retail banking accounted for 56.9% of revenue (up 5.7 pps year on year) and 70.2% of net profit (up 2.3 pps year on year). The balance of retail deposits increased by 17.2% from the beginning of 2019. Ping An Bank continues to de-risk itself. Both the non-performing loan ratio and the percentage of special mention loans dropped by 0.07 pps and 0.25 pps respectively from the beginning of 2019.
- Ping An continued to develop technological strengths. As of June 30, 2019, Ping An's technology patent applications increased by 5,779 from the beginning of the year to 18,050, more than most international financial institutions. The applications include 3,959 filed under the Patent Cooperation Treaty (PCT) and abroad. Our technological strengths received further global recognition as we have won awards in the fields including financial services, health care and smart city services.
- With increasing brand value, the Company ranked 29th on the Fortune Global 500 list, 7th on the Forbes Global 2000 list, 40th on the BrandZ™ Top 100 Most Valuable Global Brands list, and again 1st among global insurance conglomerates.
- We proactively fulfill our responsibilities to all stakeholders. Regarding sustainable development as a strategy of the Group, Ping An has fully integrated ESG (Environment, Social and Governance) standards into business operations and established the ESG policy regime to ensure long-term steady growth. Also, we have furthered the Ping An Rural Communities Support comprising the Village Officer Program, Village Doctor Program and Village Teacher Program for smart poverty alleviation via industry promotion, health care and education support. As of June 30, 2019, we had implemented the Ping An Rural Communities Support in 13 provinces or autonomous regions across China. We had input RMB10,373 million for poverty alleviation, built or upgraded 622 rural clinics and 607 rural schools, and trained 6,926 village doctors and 5,898 village teachers.

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

Basic Operating EPS *(in RMB)*

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

Embedded Value *(in RMB million)*

Total Revenue *(in RMB million)*

Total Assets *(in RMB million)*

New Business Value(1) *(in RMB million)*

Interim Dividend per Share *(in RMB)*

Note: (1) The assumptions and method used for 2018 year-end NBV are applied to calculation of the NBV for the first half of 2018. If the 2018 interim valuation's assumptions and method were used, the NBV for the first half of 2018 would be RMB38,757 million.

Financial Highlights

(in RMB million)	For the six months ended June 30, 2019/ As at June 30, 2019	For the six months ended June 30, 2018/ As at December 31, 2018	Change
CUSTOMER DEVELOPMENT			
Number of internet users (in million)	**575.78**	538.43	6.9%, YTD
Number of retail customers (in million)	**196.04**	183.96	6.6%, YTD
Number of contracts per customer (contract)	**2.58**	2.53	2.0%, YTD
Operating profit per customer (in RMB)	**339.60**	280.86	20.9%, YoY
Proportion of customers holding multiple contracts with different subsidiaries (%)	**35.4**	34.6	0.8 pps, YTD
Proportion of the Group's new customers from internet users within the Group's five ecosystems (%)	**33.8**	32.7	1.1 pps, YoY
GROUP			
Operating return on embedded value (not annualized, %)	**11.2**	13.5	-2.3 pps, YoY
Embedded value	**1,113,181**	1,002,456	11.0%, YTD
Operating profit attributable to shareholders of the parent company	**73,464**	59,339	23.8%, YoY
Operating ROE (not annualized, %)	**12.3**	11.9	0.4 pps, YoY
Basic operating earnings per share (in RMB)	**4.12**	3.33	23.7%, YoY
Interim dividend per share (in RMB)	**0.75**	0.62	21.0%, YoY
Equity attributable to shareholders of the parent company	**625,327**	556,508	12.4%, YTD
Net profit attributable to shareholders of the parent company	**97,676**	58,095	68.1%, YoY
Group comprehensive solvency margin ratio (%)	**223.9**	216.4	7.5 pps, YTD
LIFE AND HEALTH INSURANCE BUSINESS			
Operating return on embedded value (not annualized, %)	**14.2**	17.6	-3.4 pps, YoY
Embedded value	**713,191**	613,223	16.3%, YTD
Value of first half year's new business	**41,052**	39,209	4.7%, YoY
Operating profit	**48,433**	35,595	36.1%, YoY
Residual margin	**867,390**	786,633	10.3%, YTD
Comprehensive solvency margin ratio – Ping An Life (%)	**228.0**	218.8	9.2 pps, YTD
PROPERTY AND CASUALTY INSURANCE BUSINESS			
Operating profit	**10,039**	5,924	69.5%, YoY
Combined ratio (%)	**96.6**	95.8	0.8 pps, YoY
Comprehensive solvency margin ratio (%)	**255.3**	223.8	31.5 pps, YTD
BANKING BUSINESS			
Net profit	**15,403**	13,372	15.2%, YoY
Net interest margin (annualized, %)	**2.62**	2.26	0.36 pps, YoY
Cost-to-income ratio (%)	**29.46**	29.66	-0.20 pps, YoY
Non-performing loan ratio (%)	**1.68**	1.75	-0.07 pps, YTD
Provision coverage ratio for loans more than 90 days overdue (%)	**194.37**	159.45	34.92 pps, YTD
Core tier 1 capital adequacy ratio (%)	**8.89**	8.54	0.35 pps, YTD
ASSET MANAGEMENT BUSINESS			
Net profit of trust business	**1,874**	1,694	10.6%, YoY
Net profit of securities business	**1,252**	956	31.0%, YoY
TECHNOLOGY BUSINESS			
Operating profit	**3,274**	4,607	-28.9%, YoY

Note: Certain figures have been reclassified or restated to conform to relevant periods' presentation.

Chairman's Statement

The first half of 2019 has passed in the blink of an eye. With a sincere and thankful heart, we report to you on our performance in core financial businesses, technology business, and fulfillment of our corporate social and environmental sustainability responsibilities in the first half of 2019.

The year 2019 is critical to Ping An's strategic transformation. Under the "finance + technology" and "finance + ecosystem" strategies, we focus on two major industries of pan financial assets and pan health care. We apply innovative technologies to our traditional financial businesses and five ecosystems, namely financial services, health care, auto services, real estate services, and smart city services. Internally, we continue to promote data-driven smart operations. Externally, we empower open platforms to boost our main financial businesses.

In the first half of 2019, amid rising business environment uncertainties arising from a weakening global economy and continued economic and trade frictions, we delivered satisfactory results by following national strategies, managing risks, optimizing our business portfolio, and seeking sustainable growth. Our brand value continued to rise. We now rank 29th in the Fortune Global 500 and 7th in the Forbes Global 2000. Moreover, we rank 40th on the BrandZ™ Top 100 Most Valuable Global Brands list, again 1st among global insurance conglomerates. In the first half of 2019, we achieved an operating profit attributable to shareholders of the parent company of RMB73,464 million, up 23.8% year on year. The unannualized operating ROE was 12.3%. The net profit attributable to shareholders of the parent company rose 68.1% year on year to RMB97,676 million. We provided 196 million retail customers and 576 million internet users with financial products and services under an integrated financial business model of "one customer, multiple products, and one-stop services." The retail operating profit rose 32.1% year on year to RMB66,576 million. Retail customers holding multiple contracts with different subsidiaries increased by 9.0% from the beginning of 2019 to 69.37 million. We continue to increase cash dividends and will pay an interim dividend of RMB0.75 per share in cash, up 21.0% year on year.

As financial macro-control tightens, China is shifting the economic focus to high-quality development. Remaining true to our original aspiration, we boosted business value and achieved robust growth of core financial businesses through technology-powered transformation. In the first half of 2019, the operating profit of the life and health insurance business increased by 36.1% year on year to RMB48,433 million. Thanks to the improved business portfolio, our new business value (NBV) margin rose 5.7 pps year on year to 44.7%. We continued to upgrade our business through technologies. We applied an AI interview robot to 100% of sales agent recruitment interviews. Our smart chatbot AskBob answers agents' inquiries with an accuracy rate of 95%. Ping An Property & Casualty achieved an operating profit of RMB10,039 million, up 69.5% year on year. The combined ratio was 96.6%, indicating excellent business quality. Ping An Property & Casualty is the industry leader for online claims services. We developed AI-powered image-based loss assessment and precise customer profiling technologies. On the basis of these technologies, we launched the online one-stop "Ping An Motor Insurance Trust Claim" service for auto owners with safe driving behaviors. Through this service, we settle a claim within an average of 168 seconds, with no back-end manual operation involved. Ping An Bank maintained stable, healthy business growth in the first half of 2019, increasing the net profit by 15.2% year on year to RMB15,403 million. As Ping An Bank furthered the retail transformation, retail banking as a percentage of revenue and net profit increased by 5.7 pps and 2.3 pps respectively. The proportions of retail deposits and loans rose by 1.4 pps and 1.0 pps respectively from the beginning of 2019. Ping An Bank continued to de-risk itself. Both the non-performing loan ratio and the percentage of special mention loans dropped by 0.07 pps and 0.25 pps respectively from the beginning of 2019.

Pursuing growth via innovation is at the core of our development. We continued to develop our technological strengths, and scored multiple achievements in basic research and applied technologies. As of June 30, 2019, Ping An's technology patent applications increased by 5,779 from the beginning of the year to 18,050, more than most international financial institutions. The applications include 3,959 filed under the Patent Cooperation Treaty (PCT) and abroad. Our technological strengths received further global recognition as we won multiple awards in fields including financial services, health care, and smart city services. In financial services, our AI-based document reading technology won No.1 in the Robust Reading Challenge on Scanned Receipts Optical Character Recognition and Information Extraction (SROIE). OneConnect secured a virtual banking license in Hong Kong. In health care, we published the world's first top medical research paper on AI-based disease prediction. We built the world's first AI-based optical coherence tomography (OCT) retinal disease screening system, on which a multi-center clinical trial was completed.

The “i Shenzhen” app developed by Ping An for accessing services of Shenzhen Municipal Government went live on January 11, 2019.

We implement our ecosystem strategy steadfastly. We develop our technology business rapidly by building open platforms for pan financial assets and pan health care. Lufax Holding seeks innovations in wealth management, retail lending, and government finance while ensuring legal and regulatory compliance. As of June 30, 2019, Lufax Holding had 42.74 million registered users, up 5.9% from the beginning of 2019. OneConnect constantly increases investment in technology and remains a leader in developing and applying technologies including blockchain and AI. As of June 30, 2019, OneConnect had provided services to 3,707 domestic institutions, and had provided services for or signed cooperation agreements with 27 institutions from 10 overseas countries or regions. Ping An Good Doctor provides diverse health care and health management services for over 289 million registered users. In the first half of 2019, Ping An Good Doctor’s revenue grew to RMB2,273 million, up 102.4% year on year. Ping An HealthKonnect won the bids for the macro-decision making big data subsystem and the operation monitoring subsystem of the National Healthcare Security Administration. Ping An HealthKonnect has also provided social health insurance (SHI) management and member services for SHI fund managers in over 200 cities.

The year 2019 marks the 70th anniversary of the founding of the People’s Republic of China and is the beginning of Ping An’s fourth decade. Ping An’s success is attributable to China’s reform and opening-up as well as support from its shareholders and customers. Supporting the national strategy, we have continued to implement the Ping An Rural Communities Support, comprising the Village Officer Program, Village Doctor Program and Village Teacher Program, for smart poverty alleviation via technology-powered industry development, health care support and education support. As of June 30, 2019, we had implemented the Ping An Rural Communities Support in 13 provinces or autonomous regions across China. We had input RMB10,373 million for poverty alleviation, built or upgraded 622 rural clinics and 607 rural schools, and trained 6,926 village doctors and 5,898 village teachers.

“We are at the cusp of dawn in the east and we should never say we are setting out too early. Crossing these blue hills, we still remain young and are able to admire the marvelous landscape.” Despite current global economic complexities, we firmly believe that China’s economy will grow strongly in the long run. Under the “finance + technology” and “finance + ecosystem” strategies, we will adhere firmly to our original aspiration, strengthen our core financial businesses, and fulfill our duties as an insurer. We will give back to society by empowering villages through the Ping An Rural Communities Support. We will promote data-driven smart operations, grow our technology business, and develop innovative ecosystem services including smart city services. We will grasp customer needs, and optimize customer experiences by offering better one-stop integrated financial services. We will continue to create value for customers and shareholders by delivering sustainable business growth, and take steady steps to become a world-leading technology-powered retail financial services group.

Senior executives of Ping An’s technology business gave technology lessons to pupils at Yangtou Primary School in Heyuan, Guangdong Province on May 9, 2019.

Chairman and Chief Executive Officer

Shenzhen, China
August 15, 2019

Customer Development

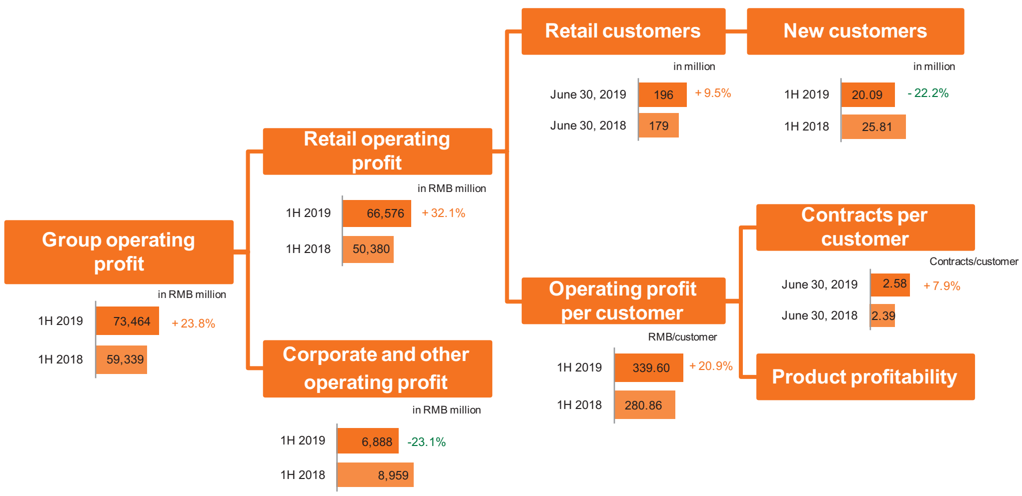
- In the first half of 2019, the Group's operating profit from retail business rose 32.1% year on year to RMB66,576 million. Retail business accounted for 90.6% of the Group's operating profit attributable to shareholders of the parent company, up 5.7 pps year on year.
- As of June 30, 2019, the Group's retail customers(1) grew by 6.6% from the beginning of 2019 to 196 million. In the first half of 2019, the Company acquired 20.09 million new customers, 33.8% of whom were sourced from internet users within the Group's five ecosystems. Operating profit per customer gained 20.9% year on year to about RMB340. As of June 30, 2019, contracts per customer rose by 0.05 from the beginning of 2019 to 2.58.
- The Group's internet users(2) increased 6.9% from the beginning of 2019 to 576 million. The number of yearly active users(3) reached 269 million. On average, each internet user used 2.49 online services.
- Cross-selling within Ping An Group continued to improve. Retail customers holding multiple contracts with different subsidiaries increased by 9.0% from the beginning of 2019 to 69.37 million. They accounted for 35.4% of total customers, up 0.8 pps from the beginning of 2019.

CUSTOMER DEVELOPMENT STRATEGY

Focusing on retail customers, Ping An is committed to becoming a world-leading technology-powered retail financial services group. Ping An adheres to the philosophy of "one customer, multiple products, and one-stop services." Under the "finance + technology" and "finance + ecosystem" strategies, Ping An focuses on five ecosystems, namely financial services, health care, auto services, real estate services, and smart city services. Moreover, Ping An provides customers with diverse, excellent products and services by empowering financial services with technologies, empowering ecosystems with technologies, and empowering financial services with ecosystems. Retail business has become a strong growth driver as its operating profit grew steadily thanks to increasing retail customers, contracts per customer, and product profitability.

Notes: (1) Retail customers refer to retail customers holding valid financial products with core financial companies of the Group.
(2) Internet users refer to unique registered users with accounts on internet service platforms (including webpage platforms and mobile apps) of the technology companies and core financial companies of the Group.
(3) The number of yearly active users refers to the number of active users in the 12 months to the end of the Reporting Period.

Core drivers of the Group's operating profit growth



Note: Group operating profit is the operating profit attributable to shareholders of the parent company.

SCALE: THE GROUP'S RETAIL CUSTOMERS AND INTERNET USERS INCREASED STEADILY

We continued to optimize our products, channels, and scenarios to deliver excellent customer experiences. As of June 30, 2019, the Group had 196 million retail customers, up 6.6% from the beginning of 2019. In the first half of 2019, the Company acquired 20.09 million new customers, 6.80 million or 33.8% of whom were sourced from internet users within the Group's five ecosystems. Ping An continued to promote migration and conversion between customers and users by improving service experiences across online platforms. The proportion of customers who were also internet users increased steadily.

Retail customer structure

(in million)	June 30, 2019	December 31, 2018	Change (%)
Life insurance[1]	**63.44**	60.70	4.5
Auto insurance[1]	**49.02**	46.43	5.6
Retail banking	**64.60**	60.10	7.5
Credit card	**51.78**	47.33	9.4
Securities, fund and trust	**42.19**	38.17	10.5
Others[2]	**51.61**	45.51	13.4
The Group	**196.04**	183.96	6.6

Notes: (1) The numbers of customers of insurance companies are based on holders of policies which have not expired.

(2) Others include technology, other lending, and other insurance product lines.

(3) The numbers of accumulated customers and new customers do not add up to the total due to elimination of duplicate customers.

(4) The number of customers as of June 30, 2019 is not equal to the sum of customers as at the end of 2018 and new customers in the Reporting Period due to customer attrition.

Online customers

	June 30, 2019		December 31, 2018	
(in million)	Persons	% of customers	Persons	% of customers
Number of customers who were also internet users	**170.98**	**87.2**	157.00	85.3
Number of customers who were also app users	**165.85**	**84.6**	151.66	82.4

Ping An provides internet users with one-stop services, constantly improves online user experiences, and aligns services more closely with user needs. As of June 30, 2019, the Group had 576 million internet users, up 6.9% from the beginning of 2019. App users increased to 509 million, up 7.4% from the beginning of 2019. On average, each internet user used 2.49 online services from Ping An. Meanwhile, both user activity and stickiness increased, and yearly active users reached 269 million due to efficient internet user development.

Number of internet users

(in million)	June 30, 2019	December 31, 2018	Change (%)
Internet users	**575.78**	538.43	6.9
Technology companies	**515.99**	477.10	8.2
Core financial companies	**346.60**	313.58	10.5
App users	**508.97**	473.88	7.4
Technology companies	**321.00**	305.51	5.1
Core financial companies	**326.83**	293.60	11.3

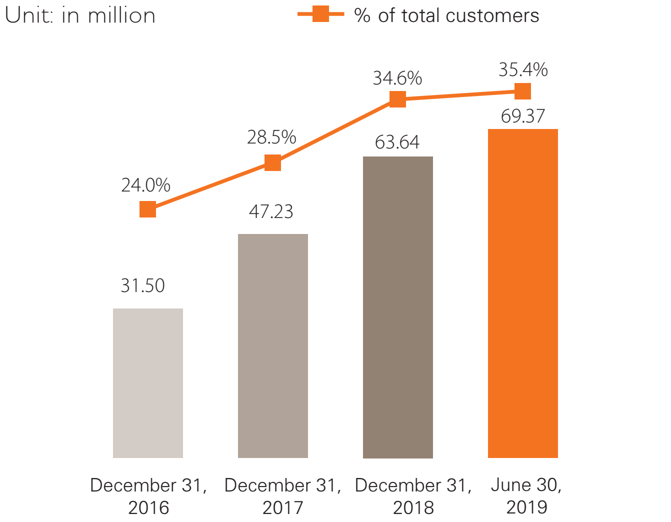
Note: Internet users and app users of the Group include users of technology companies and core financial companies, excluding duplicates.

VALUE: STEADY INCREASE IN CUSTOMER VALUE AND REMARKABLE RESULTS OF CUSTOMER MIGRATION

Ping An promotes cross-selling under an integrated financial business strategy. As a result, contracts per customer and customer value increase year by year. As of June 30, 2019, 19.98 million customer migrations happened among core financial companies of Ping An. About 69.37 million retail customers held multiple contracts with different subsidiaries, accounting for 35.4% of total customers, up 0.8 pps from the beginning of 2019. Each customer held 2.58 contracts on average, 2.0% more than at the beginning of 2019. In the first half of 2019, the Group's operating profit per customer was about RMB340, up 20.9% year on year.

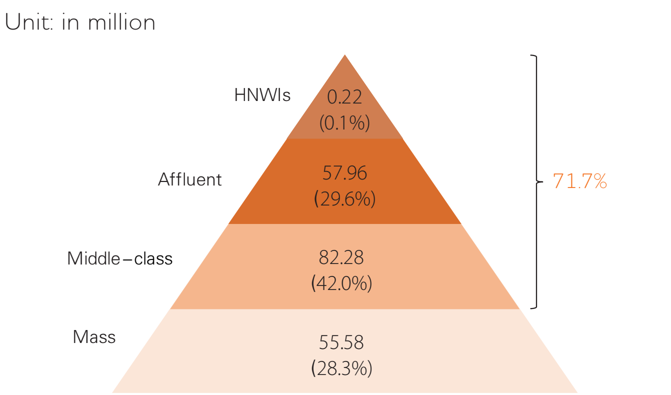
Customer Development

Number of customers holding multiple contracts with different subsidiaries



We have gained better insights into customers from our long-term customer development: The wealthier customers are, the more contracts they hold and the more valuable they are. As of June 30, 2019, the Group had 140 million middle-class or higher-level customers, accounting for 71.7% of the total. On average, each high net worth individual (HNWI) held 11.87 contracts, far more than affluent customers.

Customer wealth structure and proportion



Customers and contracts per customer by segment

	Number of customers (in million)	Contracts per customer
HNWIs	0.22	11.87
Affluent	57.96	3.84
Middle-class	82.28	2.27
Mass	55.58	1.69
The Group	**196.04**	**2.58**

Notes: (1) Mass customers are those with annual income below RMB100,000, middle-class customers RMB100,000-240,000, and affluent customers above RMB240,000. HNWIs have personal assets of RMB10 million or more.

(2) Figures may not match totals due to rounding.

Cross-selling between insurance businesses continued to grow strongly. In the first half of 2019, new premium income of Ping An Property & Casualty, Ping An Annuity and Ping An Health from the agent channel rose by 14.6% year on year to RMB28,347 million.

New premium income from cross-selling by Ping An Life agents

For the six months ended June 30 (in RMB million)	2019 Channel Contribution Amount	2019 Channel Contribution Percentage (%)	2018 Channel Contribution Amount	2018 Channel Contribution Percentage (%)
Ping An Property & Casualty	**21,501**	**16.5**	19,364	16.3
Short-term group insurance business of Ping An Annuity	**4,830**	**41.4**	4,368	43.8
Ping An Health	**2,016**	**66.1**	993	56.7

Going forward, we will continue to focus on retail customers, strengthen technological capabilities, and use innovative products and better services to improve customer experiences. In this way, we will boost both retail customer value and corporate value.

Technology-Powered Business Transformation

- As of June 30, 2019, Ping An's technology patent applications increased by 5,779 from the beginning of 2019 to 18,050, including 3,959 filed under the Patent Cooperation Treaty (PCT) and abroad.
- We published the world's first top medical research paper on AI-based disease prediction. We built the world's first AI-based optical coherence tomography (OCT) retinal disease screening system, on which a multi-center clinical trial was completed. Our healthtech ranked first in the Recognizing Question Entailment (RQE) test in the 2019 MEDIQA challenge sponsored by the international Association of Computational Linguistics (ACL). We also won a championship in the Data Analytics Challenge on Missing Data Imputation (DACMI) held by the Institute of Electrical and Electronics Engineers (IEEE). Our AI-based document reading technology won No.1 in the Robust Reading Challenge on Scanned Receipts OCR and Information Extraction (SROIE).
- Ping An is on *MIT Technology Review's* first 50 Smartest Companies list based on the concept of "China fulcrum."

MANAGEMENT DISCUSSION AND ANALYSIS

THE GROUP'S "FINANCE + TECHNOLOGY" AND "FINANCE + ECOSYSTEM" STRATEGIES

Ping An continues to increase technological R&D investments and export technologies

We adhere to the "finance + technology" and "finance + ecosystem" strategies. We invest heavily in R&D to build leading technological capabilities. Our technologies have been widely applied in areas including financial services, health care, and smart city services. We develop the technologies to support our five ecosystems, namely financial services, health care, auto services, real estate services, and smart city services. We apply an array of technologies to diverse scenarios to increase efficiency, cut costs, enhance risk management, and offer excellent products and services. Moreover, we export leading innovative products and services to empower various industries with advanced technologies.

Ping An attaches great importance to developing core technologies and securing proprietary intellectual property rights, and has constantly increased technological R&D investments. As of June 30, 2019, we had built a first-class technology team of 101,000 technology employees, 32,000 R&D employees, and 2,200 scientists. Moreover, we have established eight research institutes and partnered with the best universities and research institutes including Peking University, Tsinghua University, and Fudan University to pursue technological researches. As of June 30, 2019, our technology patent applications increased by 5,779 from the beginning of 2019 to 18,050, more than most other international financial institutions. The applications include 3,959 filed under the Patent Cooperation Treaty (PCT) and abroad.

In the first half of 2019, Ping An won over 20 authoritative awards for the breakthroughs in technology. We won three international championships in medical imaging: Automatic Cancer Detection and Classification in Whole-slide Lung Histopathology (ACDC), Endoscopic Artefact Detection (EAD) and Pathologic Myopia Challenge (PALM). We published the world's first top medical research paper on AI-based disease prediction. We built the world's first AI-based optical coherence tomography (OCT) retinal disease screening system, on which a multi-center clinical trial was completed. We won a championship in the Recognizing Question Entailment (RQE) test in the 2019 MEDIQA challenge sponsored by the international Association of Computational Linguistics (ACL). We also won a championship in the Data Analytics Challenge on Missing Data Imputation (DACMI) held by the Institute of Electrical and Electronics Engineers (IEEE). Our AI translation technology won

Technology-Powered Business Transformation

a championship in the English-Chinese translation category in the international translation contest of Workshop on Machine Translation (WMT) 2019. Our AI-based document reading technology won No.1 in the Robust Reading Challenge on Scanned Receipts OCR and Information Extraction (SROIE). Ping An is on *MIT Technology Review*'s first 50 Smartest Companies list based on the concept of "China fulcrum." In the Stanford Question Answering Dataset (SQuAD) 2.0 challenge, Ping An ranked first with a score of 88.6, defeating the human performance of 86.8. In Stanford's deep learning competition DAWNBench, Ping An ranked first with a 1-example inference latency of 7.5790 milliseconds.

Empowering main financial businesses with technologies

We relied on technologies to strengthen the end-to-end service capabilities of our core financial businesses. In sales, we applied AI to recruitment interviews of Ping An Life's sales agents as well as training and sales support for them. We have applied an expert-level AI interview robot to over 3.4 million or 100% of agent recruitment interviews totaling over 290,000 hours. Through the AI-based profiling of Ping An Life's sales agents, we precisely divided the agents' lifecycles, and provided customized sales support and personal development plans on training, activity management and other dimensions. In operations, by virtue of technologies, we optimized our financial processes, and improved the operational efficiency and customer experience. Ping An Property & Casualty leveraged robots, optical character recognition (OCR) and other technologies to realize the automatic, smart operations of quotation, policy information entry, endorsement, printing and delivery, which have saved us about RMB100 million. As high as 90% of the auto insurance quotes were made by robots. Moreover, as Ping An Property & Casualty optimized the policy issuance process, 95% of the auto insurance policies for retail customers were issued within one minute, increasing the efficiency by 80%. Our self-developed speech robot has been widely used in banking, insurance and other areas. So far, the speech robot has provided services over 200 million times, saving us about RMB50 million. As to customer services, the service efficiency was improved by 20%, and the net promoter score (NPS) was raised by 3 pps. As to sales, the speech robot has been used by telemarketing representatives to improve productivity.

DEVELOPMENT OF THE GROUP'S FIVE ECOSYSTEMS

Financial Services Ecosystem

Ping An has built multiple financial innovation platforms including Lufax Holding, OneConnect, and E-wallet, linking assets to funds through "open platforms + open marketplaces."

Lufax Holding is a world-leading online wealth management and retail lending technology platform, and also provides financial institutions and local governments with comprehensive financial solutions. Lufax Holding has accumulated over 42 million registered users, established extensive asset partnerships with over 300 institutions, and provided over 11 million active investor users with over 5,000 products and customized financial services. In retail lending, Lufax Holding provides lending services to micro-, small and medium-sized business owners as well as retail borrowers. As of June 30, 2019, Lufax Holding's balance of loans under management amounted to RMB407,855 million. The proportion of loans more than 30 days overdue was 2.2%.

OneConnect is China's leading technology-as-a-service platform for financial institutions. OneConnect provides comprehensive end-to-end solutions for various financial institutions including banks, insurers, and investment managers by integrating extensive financial service experience with cutting-edge technologies. In this way, OneConnect empowers financial institutions to increase revenues, manage risks, boost efficiency, improve services, lower costs, and pursue digital transformations. As of June 30, 2019, OneConnect had served over 3,700 institutions, including 100% of large banks, 99% of urban commercial banks, and 44% of insurers in China. Through these institutions, OneConnect reaches hundreds of millions of end customers.

With excellent payment technologies, E-wallet provides businesses and consumers with leading solutions for accounts, payments and loyalty programs. In the first half of 2019, E-wallet processed a total transaction volume of RMB1.85 trillion. As of June 30, 2019, E-wallet reached 234 million consumers and 1.59 million offline businesses.

Health Care Ecosystem

As to portals, Ping An Good Doctor provides over 289 million users with a one-stop health service platform. Through a proprietary AI-based diagnosis/treatment support system, Ping An Good Doctor provides health care services and diverse one-stop member services including 24/7 online consultation, referral, registration, online drug purchase, and 1-hour drug delivery. Ping An Good Doctor remains China's No.1 online health care portal. As of June 30, 2019, Ping An Good Doctor had served over 289 million users and processed an average of 656 thousand medical consultations per day. Ping An Good Doctor proactively conducts R&D of deep learning, natural language processing, and knowledge graphs. We constantly improve our AI-based diagnosis/treatment support system, and apply it to our in-house medical team and offline medical partners to increase service efficiency. In addition, Ping An Good Doctor empowers ecosystem partners with excellent resources including technologies and management experience to realize win-win situations. As of June 30, 2019, Ping An Good Doctor had partnered with over 3,000 hospitals, more than 1,400 of which are 3A hospitals. Ping An Good Doctor now has over 32,000 partner pharmacies. Ping An Good Doctor's offline health care network covers over 50,000 medical institutions including traditional Chinese medicine clinics, checkup centers, clinics, dental clinics, and medical cosmetic institutions. This enables users to access comprehensive, convenient offline health care services.

In the smart city business, our smart health care team provides regulators and medical service providers with an end-to-end smart integrated platform covering all the steps before, during and after medical services. Ping An has partnered with over 20 provincial/municipal health commissions, and provided smart services for over 3,000 medical institutions in over 100 cities of China and Singapore. We provide the government, medical institutions and patients with full services including an integrated regulatory platform, AI-based disease prediction, medical image recognition, and smart clinical decision support system AskBob (including smart medical assistance, a health think tank, medical follow-ups and patient education). Over 40 AI-based disease prediction models have gone live, with an accuracy rate of over 90%. Our 50 plus smart medical image recognition models cover radiographic, pathological, and retinal images of nine human body systems, with an accuracy rate of over 90%. With these models, we have read over 50 million images. AskBob now supports consultation and treatment of over 1,500 diseases, with an accuracy rate of over 95% for common diseases. AskBob's encyclopedia functionality contains encyclopedia entries of over 30,000 diseases. AskBob has been deployed at over 1,200 medical institutions. Empirical evidence shows that AskBob can save doctors nearly 30% of time of diagnosis/treatment, with an effective response rate of about 95%.

As to payments, centering on the integrated Smart Social Health Insurance (SHI) platform, Ping An HealthKonnect serves SHI fund managers and insured members. Ping An HealthKonnect empowers SHI fund managers on the basis of industry-leading health care management experience. As of June 30, 2019, Ping An HealthKonnect had won two bids for the macro-decision big data application subsystem and operation monitoring subsystem of National Healthcare Security Administration. So far, Ping An HealthKonnect has provided robust SHI management and member services for SHI fund managers in over 200 cities.

Technology-Powered Business Transformation

Auto Services Ecosystem

Ping An provides auto services through companies including Autohome, Ping An Bank, Ping An Property & Casualty, and Ping An Financial Leasing. Moreover, Ping An empowers auto assembly plants and service providers by building a comprehensive auto services ecosystem covering auto showcasing, purchase, and use. As to retail customers, Ping An provides auto owners with excellent services. In June 2019, the "Autohome" app had a daily average of 37.80 million unique visitors. In the first half of 2019, leads generated increased by 24% year on year. Ping An Property & Casualty's "Ping An Auto Owner" app had over 70 million registered users. As to businesses, Ping An now covers over 90% of major service providers across China on the car dealer cloud platform, the automaker cloud, new car and second-hand car trading cloud platforms, and spare part cloud platform. Ping An is working closely with over 90 auto assembly plants, over 20,000 new car dealers, and over 40,000 second-hand car dealers. The number of Autohome's paying dealers exceeded 20,000, nearly 15,000 of which bought data products. In auto finance, Autohome facilitated RMB11.2 billion worth of auto finance and insurance transactions during the Reporting Period. In the first half of 2019, Ping An Bank's new auto loans reached RMB68.4 billion while Ping An Financial Leasing's auto lease business volume amounted to RMB10.4 billion.

Real Estate Services Ecosystem

Ping An develops the real estate services ecosystem through Ping An Urban-Tech. Ping An Urban-Tech focuses on building a "1+1+3+N" open, end-to-end product portfolio. Ping An Urban-Tech is committed to "leading China's smart construction and empowering urban asset operations with technologies."

In smart city services, Ping An Urban-Tech established a collaborative services platform. Ping An Urban-Tech has established a collaborative services platform to push forward urban planning, real estate trading, design and construction, operations and maintenance, and residents' house purchasing in a digital, smart and visualized manner. This platform integrates construction, trading, and services–the three key components of the real estate services ecosystem. This service platform connects the industry collaboration network with the government regulation, approval and services platforms. Ping An Urban-Tech focuses on the smart construction industry chain which covers development, design, construction and supply chains, the real estate circulation and operation industry chain, and the operations and maintenance of facilities and equipment. By doing so, Ping An Urban-Tech empowers urban construction, management, operations and services.

Going forward, Ping An Urban-Tech will continue to help local governments break down data silos, increase service efficiency, and digitize the construction industry. As of June 30, 2019, Ping An Urban-Tech had signed contracts with 60 cities. The real estate registration platform built by Ping An Urban-Tech for Wuxi Municipal Government has realized "one accepting counter and integrated services" and "city-wide processing upon acceptance via the real estate registration platform." Thanks to the platform, the average turnover time has reduced from five days to one hour. Ping An Urban-Tech signed a strategic cooperation framework agreement with the Housing and Construction Bureau of Shenzhen Municipality, by which Ping An Urban-Tech will fully leverage its technological competitiveness to conduct top-level design of a "smart housing and construction" application system tailored for Shenzhen.

Smart City Ecosystem

We serve the country and society in government services, economic development, and people's livelihood through our smart city business, which covers over 100 cities across China. Ping An is committed to empowering China's smart city initiative and addressing issues in social development. Under our three philosophies of "smart planning & decision, smart management & operation, and smart impact assessment," we strive to serve the country, society and public.

In government services, Ping An builds an integrated business credit platform to further China's reforms to "delegate power, streamline administration and optimize government services." Empowered by leading technologies including AI and blockchain, the platform adopts an innovative regulation process comprising ex-ante registration and approval, in-the-process market regulation, and ex-post law enforcement. The platform has enabled government departments to improve approval efficiency, predict risks, and give risk alerts. The platform covers over three million business entities, with an accuracy rate of 90% in identifying enterprises with abnormal credit profiles. With the platform, we won the "Technology Innovation Award of 2019 Chinese Government's Information Product" from China Information Industry Association.

In economic development, Ping An has built a smart agricultural traceability platform across multiple provinces, cities and regions. Through benchmark smart agriculture projects, we ensure food safety by helping local governments increase efficiency of regulation and helping companies and farmers improve quality of agricultural products. These projects include a "Hog Risk Management & Traceability Project" under an innovative "technology + finance" model. Through this project, we facilitate 100% full-chain traceability by applying AI and blockchain to surveillance of hog raising, slaughter and the pork supply chain. The project provides diverse financial products to meet producers' funding needs and reduce financing costs by 20%. The project also gives consumers access to 100% food safety insurance coverage and ensures food quality and safety. The project won the "Best Application Award" in the China Blockchain Development Contest held by the Ministry of Industry and Information Technology.

In people's livelihood, Ping An has built a smart integrated traffic management platform and a smart government service platform to improve traffic management and citizen services. Our smart integrated traffic management platform has scored satisfying achievements in facilitating smooth traffic, traffic safety, vehicle management, and traffic management in over 20 cities across China. In cities where our integrated traffic management platform was adopted, their traffic accident rates dropped by 10%, and the time of traffic jams on key roads and the proportion of traffic law enforcement cases submitted for review dropped by 30% and over 25% respectively. Through the smart government service platform, we have implemented benchmark projects in multiple provinces and cities across China to help government departments combine the internet with government services. In this way, we facilitate "sharing more data, running fewer errands" and "visiting government departments no more than once" for citizens. Through citizen service apps, we provide citizens with over 3,000 services in fields including government services, social security, health services, government-citizen interaction, housing security, transportation, culture, sports and education. The efficient, convenient, uniform and standard administrative approval services save an average of two hours for each citizen, with the service efficiency improved by 70%. We won the "2019 China Informatization (Digital Government) Practice Award" for smart government service solutions and practices.

Business Analysis
Performance Overview

- In the first half of 2019, Ping An Group achieved an operating profit attributable to shareholders of the parent company of RMB73,464 million, up 23.8% year on year. The unannualized operating ROE was 12.3%.
- In the first half of 2019, the net profit attributable to shareholders of the parent company rose 68.1% year on year to RMB97,676 million. The unannualized ROE was 16.3%. Under the former accounting standards for financial instruments, our net profit attributable to shareholders of the parent company would have risen 39.5% year on year to RMB87,045 million.
- In the first half of 2019, the Group's basic operating earnings per share rose 23.7% year on year to RMB4.12. The unannualized ROEV was 11.2%.

CONSOLIDATED RESULTS

We offer a wide range of financial products and services via various distribution channels under a uniform brand. We engage in three core financial businesses of insurance, banking and asset management through companies including Ping An Life, Ping An Property & Casualty, Ping An Annuity, Ping An Health, Ping An Bank, Ping An Trust, Ping An Securities, Ping An Asset Management, and Ping An Financial Leasing. We engage in the technology business through companies including Lufax Holding, OneConnect, Ping An Good Doctor, Ping An HealthKonnect, and Autohome.

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Operating profit attributable to shareholders of the parent company	**73,464**	59,339	23.8
Basic operating earnings per share (in RMB)	**4.12**	3.33	23.7
Operating ROE (not annualized, %)	**12.3**	11.9	0.4 pps
Net profit attributable to shareholders of the parent company	**97,676**	58,095	68.1
ROE (not annualized, %)	**16.3**	11.6	4.7 pps
Operating ROEV of the Group (not annualized, %)	**11.2**	13.5	-2.3 pps
Operating ROEV of the life and health insurance business (not annualized, %)	**14.2**	17.6	-3.4 pps

OPERATING PROFIT OF THE GROUP

Due to the long-term nature of the main part of the life and health insurance business, the measure of operating profit has been applied to more appropriately evaluate business performance. Operating profit after tax is based on net profit from financial statements, excluding items that are of short-term, volatile or one-off nature, including:

- Short-term investment variance, which is the variance between the actual investment return of the life and health insurance business and the EV ultimate investment return assumption, net of associated relevant impact on insurance and investment contract liability. The investment return of the life and health insurance business is locked at 5% after excluding the short-term investment variance;
- The impact of discount rate[1] change is the effect on insurance contract liability of the life and health insurance business due to changes in the discount rate;
- Impacts of one-off non-operating items are material items that management considered to be non-operating income and expenses, which in the first half of 2019 refers to the one-off impact of the decrease in income tax for 2018 factored into the income tax for 2019 as a result of the Company's insurance subsidiaries implementing the *Circular on Pre-tax Deduction of Fee and Commission Expense for Insurers (the "Circular")* issued by the Ministry of Finance and the State Administration of Taxation on May 29, 2019.

Note: (1) Refer to "Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements in the Company's 2018 Annual Report for information about the discount rate.

The operating profit after tax which excludes fluctuations of the above non-operating items can provide a clearer and more objective representation of the Company's business performance and trend.

In the first half of 2019, the Group's operating profit attributable to shareholders of the parent company grew 23.8% year on year to RMB73,464 million. The basic operating earnings per share was RMB4.12, up 23.7% year on year. The life and health insurance business's operating profit attributable to shareholders of the parent company rose 36.9% year on year to RMB47,958 million.

	2019								
For the six months ended June 30 (in RMB million)	Life and health insurance business	Property and casualty insurance business	Banking business	Trust business	Securities business	Other asset management business	Technology business	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	**70,322**	**11,837**	**8,934**	**1,871**	**1,199**	**3,913**	**2,802**	**(3,202)**	**97,676**
Net profit attributable to non-controlling interests	707	58	6,469	3	53	489	472	(189)	8,062
Net profit (A)	**71,029**	**11,895**	**15,403**	**1,874**	**1,252**	**4,402**	**3,274**	**(3,391)**	**105,738**
Excluding:									
Short-term investment variance[1] (B)	13,000	-	-	-	-	-	-	-	13,000
Impact of discount rate change (C)	999	-	-	-	-	-	-	-	999
Impact of one-off material non-operating items(D)	8,597	1,856	-	-	-	-	-	-	10,453
Operating profit (E=A-B-C-D)	**48,433**	**10,039**	**15,403**	**1,874**	**1,252**	**4,402**	**3,274**	**(3,391)**	**81,286**
Operating profit attributable to shareholders of the parent company	**47,958**	**9,990**	**8,934**	**1,871**	**1,199**	**3,913**	**2,802**	**(3,202)**	**73,464**
Operating profit attributable to non-controlling interests	475	49	6,469	3	53	489	472	(189)	7,822

For the six months ended June 30 (in RMB million)	2018 Life and health insurance business	Property and casualty insurance business	Banking business	Trust business	Securities business	Other asset management business	Technology business	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	33,791	5,896	7,756	1,693	918	5,954	4,204	(2,117)	58,095
Net profit attributable to non-controlling interests	537	28	5,616	1	38	178	403	(126)	6,675
Net profit (A)	34,328	5,924	13,372	1,694	956	6,132	4,607	(2,243)	64,770
Excluding:									
Short-term investment variance(1) (B)	(1,233)	–	–	–	–	–	–	–	(1,233)
Impact of discount rate change (C)	(35)	–	–	–	–	–	–	–	(35)
Impact of one-off material non-operating items (D)	–	–	–	–	–	–	–	–	–
Operating profit (E=A-B-C-D)	35,595	5,924	13,372	1,694	956	6,132	4,607	(2,243)	66,038
Operating profit attributable to shareholders of the parent company	35,035	5,896	7,756	1,693	918	5,954	4,204	(2,117)	59,339
Operating profit attributable to non-controlling interests	560	28	5,616	1	38	178	403	(126)	6,699

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

(2) The life and health insurance business represents results of Ping An Life, Ping An Annuity, and Ping An Health. The property and casualty insurance business represents results of Ping An Property & Casualty. The banking business represents results of Ping An Bank. The trust business represents results of Ping An Trust and Ping An New Capital. The securities business represents results of Ping An Securities. The other asset management business represents results of companies that engage in asset management business including Ping An Asset Management, Ping An Financial Leasing, and Ping An Overseas Holdings. The technology business represents results of companies that engage in technology business including Lufax Holding, OneConnect, Ping An Good Doctor, Ping An HealthKonnect, and Autohome. Eliminations include offsets against cross-shareholding among business lines. In late 2018, the Company reviewed the presentation of cross-shareholding within the Company based on the operations of various business lines to provide clearer and more concise information. The data for 2018 were restated for comparison purposes.

(3) Figures may not match totals due to rounding.

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

(in RMB million)	June 30, 2019	December 31, 2018	Change (%)
Life and health insurance business	**250,268**	178,824	40.0
Property and casualty insurance business	**84,622**	77,014	9.9
Banking business	**148,830**	139,224	6.9
Asset management business	**98,254**	88,854	10.6
Including: Trust business	**19,834**	17,717	11.9
Securities business	**29,052**	27,976	3.8
Other asset management business	**49,368**	43,161	14.4
Technology business	**82,395**	79,541	3.6
Other businesses and elimination	**(39,042)**	(6,949)	461.8
The Group	**625,327**	556,508	12.4

OPERATING ROE (NOT ANNUALIZED)

For the six months ended June 30 (%)	2019	2018	Change (pps)
Life and health insurance business	**21.9**	20.6	1.3
Property and casualty insurance business	**12.4**	8.3	4.1
Banking business	**6.3**	6.1	0.2
Asset management business	**7.0**	9.8	(2.8)
Including: Trust business	**9.9**	8.7	1.2
Securities business	**4.2**	3.4	0.8
Other asset management business	**7.6**	14.5	(6.9)
Technology business	**3.7**	7.1	(3.4)
Other businesses and elimination	**N/A**	N/A	N/A
The Group	**12.3**	11.9	0.4

Business Analysis
Life and Health Insurance Business

- In the first half of 2019, new business value (NBV) of the life and health insurance business rose 4.7% year on year to RMB41,052 million. Agent channel NBV rose 2.5% year on year driven by an 8.5% year-on-year rise in average NBV per agent partially offset by a 5.5% year-on-year decrease in average agents per month. Overall NBV margin reached 44.7%, up 5.7 pps year on year on the back of a 9.9 pps year-on-year agent channel NBV margin expansion to 58.9%.
- In the first half of 2019, operating profit after tax of the life and health insurance business rose 36.1% year on year to RMB48,433 million. The residual margin stood at RMB867,390 million, up 10.3% from the beginning of 2019. The unannualized operating ROE was 21.9%.
- The Company continues to upgrade its technology applications. We applied an expert-level AI interview robot to 100% of sales agent recruitment interviews. Since the interview robot went live in May 2018, AI-based interviews had exceeded 290,000 hours. Our smart chatbot AskBob answers agents' inquiries with an accuracy rate of 95%. AskBob's business inquiry and smart processing functionalities cover 90% of frequent requirements of agents, and its sales scenario-based drill functionality covers 100% of agents.

BUSINESS OVERVIEW

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

In the first half of 2019, international economic and trade frictions heightened again, fueling uncertainties to global economic growth. The Chinese economy grew steadily in a complicated and volatile external economic environment. The structural transformation was accelerated, and the financial reform and opening-up achieved positive results, creating favorable conditions for the insurance industry. On the basis of compliance and risk control and with customer development at our heart, we achieved steady growth in value through the "product +" and "technology+" strategies. In the first half of 2019, NBV of the life and health insurance business grew by 4.7% year on year to RMB41,052 million. The NBV margin was up 5.7 pps year on year due to our prioritization of high-value, high-protection products.

Key indicators of the life and health insurance business

(in RMB million)	For the six months ended June 30, 2019/ June 30, 2019	For the six months ended June 30, 2018/ December 31, 2018	Change (%)
NBV[1]	**41,052**	39,209	4.7
NBV margin (%)	**44.7**	39.0	5.7 pps
Embedded value	**713,191**	613,223	16.3
Operating ROEV (not annualized, %)	**14.2**	17.6	-3.4 pps
Operating profit	**48,433**	35,595	36.1
Operating ROE (not annualized, %)	**21.9**	20.6	1.3 pps
Net profit	**71,029**	34,328	106.9

Note: (1) In the table above, the assumptions and method used for 2018 year-end NBV are applied to calculation of the NBV for the first half of 2018. If the 2018 interim valuation's assumptions and method were used, the NBV for the first half of 2018 would be RMB38,757 million.

CHANNEL DEVELOPMENT

Ping An Life provides customers with life insurance products through its nationwide service network of 42 branches (including seven telemarketing centers) and over 3,300 business outlets.

Life agent channel development. In the first half of 2019, Ping An Life continued to strengthen its agent channel management by tightening agent recruitment criteria through AI and other measures, and implementing stringent appraisal and dismissal mechanisms. Meanwhile, Ping An Life proactively applied technologies to agent recruitment, training, and customer development to enhance management, attract high quality talent, and improve agent productivity. As of June 30, 2019, sales agents decreased by 9.3% from the beginning of 2019 to 1.286 million. That said, agent productivity has shown vast improvements with average NBV per agent rising 8.5% year on year, driving the agent channel NBV to rise 2.5% year on year to RMB36,197 million in the first half of 2019. The NBV margin of the agent channel reached 58.9%, up 9.9 pps year on year.

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Agent productivity and income			
Agent channel NBV[1]	**36,197**	35,321	2.5
Average number of agents per month (in million)	**1.235**	1.307	(5.5)
NBV per agent (RMB per agent per six months)	**29,314**	27,027	8.5
Activity rate of agents[2] (%)	**61.8**	65.0	-3.2 pps
New individual life insurance policies per agent (policies per agent per month)	**1.30**	1.29	0.8
Agent income (RMB per agent per month)	**6,617**	6,870	(3.7)
Including: Income from Ping An Life's products (RMB per agent per month)	**5,901**	5,915	(0.2)

	June 30, 2019	December 31, 2018	Change (%)
Number of individual life insurance sales agents	**1,286,250**	1,417,383	(9.3)

Notes: (1) In the table above, the assumptions and method used for 2018 year-end NBV are applied to calculation of the NBV for the first half of 2018. If the 2018 interim valuation's assumptions and method were used, the agent channel NBV for the first half of 2018 would be RMB34,649 million.

(2) Activity rate of agents = annual total of monthly agents who issued policies/annual total of monthly agents on board.

Development of other channels. While ensuring healthy development of the agent channel, the Company pursued development of the bancassurance, telemarketing, internet and other channels. In the first half of 2019, the total NBV of channels other than the agent channel grew by 24.9% year on year to RMB4,855 million. The Company's bancassurance channel transformed the regular premium business in an orderly manner. While achieving rapid growth in regular premium policies, the bancassurance channel raised the proportions of protection products and long-term savings hybrid products, driving the NBV up 76.8% year on year. The NBV margin of the bancassurance channel continued to improve, up 3.9 pps year on year. The telemarketing channel maintained its dominant market share position. Relying on a smart scenario-based product framework, the internet channel satisfied diverse customer needs to fuel fast business growth.

PING AN LIFE'S PRODUCT STRATEGIES

Ping An Life continuously upgraded and innovated protection products and long-term savings hybrid products to underpin high-value business growth under the "product+" strategy. Regarding protection products, Ping An Life built its flagship critical illness insurance products into protection products with more extensive coverage, and launched widely recognized premium-return accident insurance products that meet mass customers' needs in the accident insurance market. Moreover, Ping An Life designed exclusive insurance products for its existing customers, with higher sums insured. Regarding long-term savings hybrid products, Ping An Life stepped up efforts to promote insurance products with long premium payment periods to cater for customers' diverse needs. Ping An Life will further develop protection products to satisfy customers' needs for protection and related services. Ping An Life will fully tap the critical illness insurance and accident insurance markets, and proactively explore emerging, high-potential markets including nursing, education and pension. Ping An Life will also focus on protection needs of different segments, and integrate insurance products with closely related services through the "product +" strategy.

Business Analysis
Life and Health Insurance Business

PING AN LIFE'S TECHNOLOGY APPLICATIONS

Ping An Life is transforming itself from a traditional life insurance company to a technology-powered one under the "technology+" strategy. In team management, Ping An Life transformed its team development and management with technologies. In agent interviews, Ping An Life continued to expand the AI-based interview scenarios, and applied an expert-level AI interview robot to 100% of sales agent recruitment interviews. Since the interview robot went live in May 2018, the number of AI-based interviews had exceeded 3.4 million, and the total interview time reached over 290,000 hours. In training, Ping An Life identified agents' growth potential through precise agent profiling. While saving training costs, Ping An Life provided personalized 24/7 online training for agents. The monthly average online learning volume reached 35.70 million person-times. In sales assistance, Ping An Life developed a smart chatbot, AskBob, to provide sales agents with services including answering agents' inquiries, task inquiry and processing, and sales scenario-based drills. AskBob answers agents' inquiries with an accuracy rate of 95%. AskBob's task inquiry and smart processing functionalities cover 90% of frequent requirements of agents, and its sales scenario-based drill functionality covers 100% of agents. In customer development, the "Jin Guan Jia" app continued to improve its smart operation capabilities, and optimized the one-stop human-computer interaction solutions for smart guidance and interaction. As of June 30, 2019, the "Jin Guan Jia" app had 200 million registered users and nearly 30 million monthly active users. In customer services, as of June 30, 2019, the Smart Customer Services system has provided online services over 60 million times in over 600 days since it went live. The turnaround time was shortened from three days under the traditional approach to one minute at the shortest. The customer satisfaction level toward online services was 99%. In risk management, Ping An Life established a smart risk management model which has safeguarded over 20 million smart customer service cases and identified 99.86% of high-risk cases. Moreover, Ping An Life launched the image-based body mass index (BMI) measurement model which could identify non-disclosure risks in insurance applications with an accuracy rate of 90%. In operation and management, Ping An Life upgraded its management systems to enhance online, automatic, smart management capabilities.

For the six months ended June 30	2019	2018	Change (pps)
13-month persistency ratio (%)	**90.6**	94.3	(3.7)
25-month persistency ratio (%)	**91.3**	90.9	0.4

ANALYSIS OF OPERATING PROFIT AND PROFIT SOURCES

Due to the long-term nature of the main part of the life and health insurance business, the Company introduced the measure of operating profit to more appropriately evaluate business performance. Operating profit after tax is based on net profit from financial statements, excluding items that are of short-term, volatile or one-off nature, including:

- Short-term investment variance, which is the variance between actual investment return of the life and health insurance business and the EV ultimate investment return assumption, net of associated relevant impact on insurance and investment contract liability. The investment return of the life and health insurance business is locked at 5% after excluding the short-term investment variance;
- The impact of discount rate[1] change is the effect on insurance contract liability of the life and health insurance business due to changes in the discount rate;
- Impacts of one-off non-operating items are material items that management considered to be non-operating income and expenses, which in the first half of 2019 refers to the one-off impact of the decrease in income tax for 2018 factored into the income tax for 2019 as a result of the Company's insurance subsidiaries implementing the *Circular on Pre-tax Deduction of Fee and Commission Expense for Insurers (the "Circular")* issued by the Ministry of Finance and the State Administration of Taxation on May 29, 2019.

Note: (1) Refer to "Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements in the Company's 2018 Annual Report for information about the discount rate.

The operating profit after tax which excludes fluctuations of the above non-operating items could provide a clearer and more objective representation of the Company's business performance and trend.

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Release of residual margin (A)	**35,840**	29,559	21.2
Return on net worth[1] (B)	**5,216**	4,310	21.0
Spread income[2] (C)	**1,628**	2,800	(41.9)
Operating variance and others (D)	**12,219**	11,168	9.4
Operating profit before tax (E=A+B+C+D)	**54,903**	47,838	14.8
Income tax (F)	**(6,470)**	(12,243)	(47.2)
Operating profit after tax (G=E+F)	**48,433**	35,595	36.1
Short-term investment variance (H)	**13,000**	(1,233)	N/A
Impact of discount rate change (I)	**999**	(35)	N/A
Impact of one-off material non-operating items (J)	**8,597**	–	N/A
Net profit (K= G+H+I+J)	**71,029**	34,328	106.9

Notes: (1) Return on net worth is the investment return on shareholder equity based on the EV ultimate investment return assumption (5%).

(2) Spread income is the expected investment return from assets backing contract liability based on the EV ultimate investment return assumption (5%) exceeding the interest required on contract liability.

(3) Figures may not match totals due to rounding.

The spread income decreased by 41.9% year on year as we lowered spread charges on our participating and universal insurance products to maintain their long-term interest settlement competitiveness in response to volatile capital markets in 2018. The impact continued into 2019, weighing on the spread income in the short term.

Income tax decreased by 47.2% year on year due to a lower effective tax rate attributable to the *Circular on Pre-tax Deduction of Fee and Commission Expense for Insurers* issued by the Ministry of Finance and the State Administration of Taxation on May 29, 2019.

(in RMB million)	June 30, 2019	June 30, 2018	Change (%)
Opening residual margin	**786,633**	616,319	27.6
Contribution from new business	**87,318**	92,455	(5.6)
Expected interest growth	**16,350**	13,590	20.3
Release of residual margin	**(35,840)**	(29,559)	21.2
Lapse variances and others	**12,929**	17,227	(25.0)
Closing residual margin	**867,390**	710,032	22.2

Note: Figures may not match totals due to rounding.

Lapse variances and others declined by 25.0% year on year as the short-term volatility in the policy persistency ratio has certain impacts on growth of lapse variances and others.

MANAGEMENT DISCUSSION AND ANALYSIS

SOLVENCY MARGIN

As of June 30, 2019, the solvency margin ratios of Ping An Life, Ping An Annuity and Ping An Health met regulatory requirements. The solvency margin ratios of Ping An Life, Ping An Annuity and Ping An Health changed from the beginning of 2019 mainly due to net profit realization, dividend distribution, and business development.

(in RMB million)	Ping An Life			Ping An Annuity			Ping An Health		
	June 30, 2019	December 31, 2018	Change (%)	**June 30, 2019**	December 31, 2018	Change (%)	**June 30, 2019**	December 31, 2018	Change (%)
Core capital	**864,900**	741,727	16.6	**9,771**	8,677	12.6	**1,932**	1,690	14.3
Actual capital	**879,900**	764,727	15.1	**9,771**	8,677	12.6	**1,932**	1,690	14.3
Minimum capital	**385,949**	349,513	10.4	**3,867**	3,473	11.3	**754**	553	36.3
Core solvency margin ratio (%) (regulatory requirement ≥50%)	**224.1**	212.2	11.9 pps	**252.7**	249.8	2.9 pps	**256.2**	305.5	-49.3 pps
Comprehensive solvency margin ratio (%) (regulatory requirement ≥100%)	**228.0**	218.8	9.2 pps	**252.7**	249.8	2.9 pps	**256.2**	305.5	-49.3 pps

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

(2) For details of subsidiaries' solvency margin, please visit the Company's website (www.pingan.cn).

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

OTHER MAJOR FINANCIAL AND REGULATORY INFORMATION

Income Statement of the Life and Health Insurance Business

For the six months ended June 30
(in RMB million)

	2019	2018
Written premium	**369,951**	351,999
Less: Premium deposits of policies without significant insurance risk transfer	**(1,964)**	(1,876)
Less: Premium deposits separated out from universal life and investment-linked products	**(52,213)**	(61,003)
Premium income	**315,774**	289,120
Reinsurance premium income	**887**	139
Gross written premium	**316,661**	289,259
Net earned premium	**309,705**	283,170
Claims and policyholders' benefits	**(259,775)**	(214,898)
Commission expenses of insurance operations	**(44,421)**	(45,970)
Administrative expenses(1)	**(25,350)**	(22,710)
Total investment income(2)	**93,862**	46,895
Other net revenue and expenses(3)	**(453)**	(339)
Profit before tax	**73,568**	46,148
Income tax	**(2,539)**	(11,820)
Net profit	**71,029**	34,328

Notes: (1) Administrative expenses include the administrative expenses, taxes and surcharges on investment operations and impairment losses on receivables and others under the segmented income statement.

(2) Total investment income includes interest revenue from non-banking operations, investment income, share of profits and losses of associates and jointly controlled entities, impairment losses on investment assets, and interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions under the segmented income statement.

(3) Other net revenue and expenses include the reinsurance commission revenue, other revenues and other gains, foreign exchange gains and losses, investment expenses net of taxes and surcharges on investment operations, finance costs, and other expenses.

Written premium

The written premium of the life and health insurance business is analyzed below by policyholder type and channel:

For the six months ended June 30 (in RMB million)	2019	2018
Retail business	**356,399**	339,662
New business	**87,770**	94,458
Agent channel	**71,722**	81,190
Including: regular premium	**66,758**	77,909
Bancassurance channel	**4,275**	3,288
Including: regular premium	**3,678**	2,625
Telemarketing, internet and others	**11,773**	9,980
Including: regular premium	**6,324**	6,228
Renewed business	**268,629**	245,204
Agent channel	**244,945**	225,493
Bancassurance channel	**7,451**	6,435
Telemarketing, internet and others	**16,233**	13,276
Group business	**13,552**	12,337
New business	**13,488**	12,304
Renewed business	**64**	33
Total	**369,951**	351,999

The written premium of the life and health insurance business is analyzed below by product type:

For the six months ended June 30 (in RMB million)	2019	2018
Participating insurance	**133,563**	155,896
Universal insurance	**61,189**	70,036
Traditional life insurance	**60,437**	50,591
Long-term health insurance	**54,689**	44,691
Accident & short-term health insurance	**27,570**	24,431
Annuity	**31,644**	5,436
Investment-linked insurance	**859**	918
Total	**369,951**	351,999

The written premium of the life and health insurance business is analyzed below by region:

For the six months ended June 30 (in RMB million)	2019	2018
Guangdong	**63,986**	62,268
Shandong	**21,927**	21,416
Jiangsu	**20,236**	19,484
Henan	**19,748**	17,939
Zhejiang	**19,638**	19,730
Subtotal	**145,535**	140,837
Total	**369,951**	351,999

Business Analysis
Life and Health Insurance Business

Claims and Policyholders' Benefits

For the six months ended June 30 (in RMB million)	2019	2018
Surrenders	**13,110**	11,604
Surrender rate(1) (%)	**0.77**	0.78
Claim expenses of insurance contracts		
Claims paid	**9,060**	6,918
Annuities	**5,785**	19,072
Maturity and survival benefits	**17,292**	12,884
Death, injury and medical care benefits	**14,242**	11,239
Reinsurer's share of claim expenses of insurance contracts	**(2,025)**	(1,168)
Policyholder dividends	**13,776**	10,506
Net increase in insurance reserves	**171,158**	132,827
Interest credited to policyholder contract deposits	**17,377**	11,016
Total	**259,775**	214,898

Note: (1) Surrender rate = surrenders/(opening balance of life insurance reserve + opening balance of long-term health insurance reserve + long-term insurance premium income).

Claims paid grew by 31.0% year on year, primarily due to continued growth in the short-term health insurance business.

Annuity payments decreased by 69.7% year on year as the payments peaked when many products matured in 2018.

Maturity and survival benefits increased by 34.2% year on year because some insurance products matured.

Death, injury and medical care benefits were 26.7% higher year on year, driven by growth in the traditional life insurance and long-term health insurance businesses.

Policyholder dividends climbed 31.1% year on year as a result of the increased business scale and dividend distribution of participating insurance policies.

Net increase in insurance reserves increased by 28.9% year on year, mostly due to business growth and movement of the benchmarking yield curve for measuring reserves for insurance contracts.

Interest credited to policyholder contract deposits was up 57.7% year on year due to the increased business scale and higher investment income in the first half of 2019.

Commission Expenses of Insurance Operations

In the first half of 2019, the commission expense of the insurance business (mainly paid to the Company's sales agents) decreased by 3.4% year on year due to the improved business portfolio.

For the six months ended June 30 (in RMB million)	2019	2018
Health insurance	**16,455**	16,611
Accident insurance	**3,203**	3,861
Life insurance and others	**24,763**	25,498
Total	**44,421**	45,970

Administrative Expenses

For the six months ended June 30 (in RMB million)	2019	2018
Operating expenses	**24,911**	22,263
Tax and surcharges	**433**	434
Impairment losses on receivables and others	**6**	13
Total	**25,350**	22,710

Total Investment Income

In the first half of 2019, the annualized net investment yield of the life and health insurance business was 4.5%, up 0.3 pps year on year, mainly due to the year-on-year increases in returns on fixed income assets and dividend income from equity investments. In the first half of 2019, the fair value gains and losses became more volatile due to fluctuating domestic and international capital markets. As a result, the total investment income grew by 100.2% year on year and the annualized total investment yield grew 1.6 pps year on year to 5.6%.

For the six months ended June 30 (in RMB million)	2019	2018
Net investment income[1]	**66,708**	52,355
Realized gains[2]	**(100)**	5,468
Fair value gains and losses	**26,932**	(10,873)
Impairment losses on investment assets	**322**	(55)
Total investment income	**93,862**	46,895
Net investment yield[3] (annualized, %)	**4.5**	4.2
Total investment yield[3] (annualized, %)	**5.6**	4.0

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

(2) Realized gains include realized capital gains from securities investments.

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

Income Tax

In the first half of 2019, the income tax of the life and health insurance business decreased sharply year on year mainly due to the following: According to the *Circular on Pre-tax Deduction of Fee and Commission Expense for Insurers (No. 72, 2019) (the "Circular")* issued by the Ministry of Finance and the State Administration of Taxation on May 29, 2019, the maximum proportion of pre-tax deduction of fee and commission expense for insurers has been raised to 18% (inclusive) of the balance of premium income less surrenders for the current year, and the excess may be carried forward to the following year. Insurers shall compute and pay their income tax for 2018 in accordance with the Circular. Regarding our life and health insurance business, the impact of the Circular on income tax for 2018 is RMB8,597 million, which has been deducted from the income tax for 2019.

Business Analysis
Property and Casualty Insurance Business

- In the first half of 2019, Ping An Property & Casualty's operating profit grew by 69.5% year on year to RMB10,039 million. We achieved an unannualized operating ROE of 12.4%. The combined ratio was 96.6%, indicating excellent business quality.
- Ping An Property & Casualty applies new technologies to online customer development and improves the service system. As of June 30, 2019, the "Ping An Auto Owner" app had over 70 million registered users, over 46 million of whom had linked their auto use with the app. In June 2019, the app had over 16 million monthly active users, topping the list of auto service apps in China.
- Ping An Property & Casualty is the industry leader for online claims services. We developed AI-powered image-based loss assessment and precise customer profiling technologies. Capitalizing on these technologies, we launched the "Ping An Motor Insurance Trust Claim" service for auto owners with safe driving behaviors. Through this service, we shortened the average turnaround time of a single claim to 168 seconds, with no back-end manual operation involved.

BUSINESS OVERVIEW

The Company conducts property and casualty insurance business mainly through Ping An Property & Casualty. The business scope of Ping An Property & Casualty covers all lawful property and casualty insurance businesses including auto insurance, corporate property and casualty insurance, engineering insurance, cargo insurance, liability insurance, guarantee insurance, credit insurance, home contents insurance, accident and health insurance, as well as international reinsurance business.

In the first half of 2019, Ping An Property & Casualty recorded a premium income of RMB130,466 million, up 9.7% year on year and corresponding to a market share of 19.5%. Ping An Property & Casualty is the second largest property and casualty insurance company in China by premium income. Through robust corporate management and risk screening, Ping An Property & Casualty maintained excellent business quality, with a better-than-industry combined ratio of 96.6% in the first half of 2019. Operating profit rose 69.5% year on year to RMB10,039 million due to a higher year-on-year total investment income driven by recovering capital markets and a lower year-on-year income tax attributable to declining commission rates.

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Profit before tax	**12,703**	10,038	26.5
Net profit	**11,895**	5,924	100.8
Operating profit	**10,039**	5,924	69.5
Operating ROE (not annualized, %)	**12.4**	8.3	4.1 pps
Expense ratio(1) (%)	**37.4**	38.4	-1.0 pps
Loss ratio(2) (%)	**59.2**	57.4	1.8 pps
Combined ratio (%)	**96.6**	95.8	0.8 pps
Premium income	**130,466**	118,878	9.7
Including: Auto insurance	**92,338**	84,717	9.0
Non-auto insurance	**31,928**	29,716	7.4
Accident and health insurance	**6,200**	4,445	39.5
Market share(3) (%)	**19.5**	19.7	-0.2 pps
Including: auto insurance (%)	**23.3**	22.3	1.0 pps

	June 30, 2019	December 31, 2018	Change (%)
Comprehensive solvency margin ratio (%) (regulatory requirement ≥ 100%)	**255.3**	223.8	31.5 pps

Notes: (1) Expense ratio = (commission expenses of insurance business + administrative expenses – reinsurance commission revenue)/net earned premiums.

(2) Loss ratio = claim expenses/net earned premiums.

(3) The market share was calculated on the basis of the PRC insurance industry data published by the CBIRC.

Analysis of Profit Sources

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Premium income	**130,466**	118,878	9.7
Net earned premiums	**111,611**	103,016	8.3
Claim expenses	**(66,045)**	(59,112)	11.7
Commission expenses of insurance operations	**(19,002)**	(25,740)	(26.2)
Administrative expenses(1)	**(26,158)**	(17,373)	50.6
Reinsurance commission revenue	**3,442**	3,504	(1.8)
Underwriting profit	**3,848**	4,295	(10.4)
Combined ratio (%)	**96.6**	95.8	0.8 pps
Total investment income(2)	**9,366**	5,778	62.1
Average investment assets	**267,877**	240,088	11.6
Total investment yield (not annualized, %)	**3.5**	2.4	1.1 pps
Total investment yield (annualized, %)	**5.2**	4.2	1.0 pps
Other net revenue and expenses	**(511)**	(35)	1,360.0
Profit before tax	**12,703**	10,038	26.5
Income tax	**(808)**	(4,114)	(80.4)
Net profit (A)	**11,895**	5,924	100.8
Impact of one-off material non-operating items(3) (B)	**1,856**	–	N/A
Operating profit (C=A-B)	**10,039**	5,924	69.5

Notes: (1) Administrative expenses include administrative expenses and impairment losses on receivables and others under the segmented income statement.

(2) Total investment income includes interest revenue from non-banking operations, investment income, share of profits and losses of associates and jointly controlled entities, impairment losses on investment assets, and interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions under the segmented income statement.

(3) In the first half of 2019, we recognized a one-off material impact of the decrease in income tax for 2018 factored into the income tax for 2019 as a result of Ping An Property & Casualty implementing the *Circular on Pre-tax Deduction of Fee and Commission Expense for Insurers (the "Circular")* issued by the Ministry of Finance and the State Administration of Taxation on May 29, 2019.

OPERATING DATA BY PRODUCT TYPE

Among all the insurance products offered by Ping An Property & Casualty in the first half of 2019, the top five sources of premium income were auto insurance, guarantee insurance, liability insurance, accidental injury insurance, and corporate property and casualty insurance. Premium income of these five insurance segments accounted for 94.7% of Ping An Property & Casualty's total premium income in the first half of 2019. Auto insurance and guarantee insurance accounted for 82.5%.

Auto Insurance

Our premium income from the auto insurance business grew by 9.0% year on year. The combined ratio increased by 0.5 pps year on year. Underwriting profit was RMB2,000 million. In the first half of 2019, we increased investment in technologies and customer services. Net earned premium grew slower due to changes in the expense structure. As a result, the combined ratio rose in the short run. However, the combined ratio of auto insurance for the first half of 2019 was still at a better-than-industry level of 97.7%, indicating industry-leading profitability.

Guarantee Insurance

Ping An Property & Casualty provides credit guarantee insurance to individuals and owners of small and micro-sized enterprises referred by other member companies of the Group. Moreover, we share advantages with other member companies of the Group through cross-checks and multi-dimensional risk reviews. In the first half of 2019, our premium income from the guarantee insurance business declined by 5.6% year on year. The combined ratio rose 5.7 pps year on year. The underwriting profit was RMB790 million. As the domestic economic and financial environment changed, we proactively optimized our customer structure and enhanced risk management. However, some in-force policies written last year have impacted the current claim expenses to some extent. In the first half of 2019, the combined ratio was 93.2%, still indicating strong profitability.

For the six months ended June 30, 2019 (in RMB million)	Insured amount	Premium income	Net earned premium	Claim expenses	Underwriting profit	Combined ratio	Reserve liabilities
Auto insurance	**30,324,851**	**92,338**	**85,492**	**50,365**	**2,000**	**97.7%**	**139,738**
Guarantee insurance	**183,470**	**15,261**	**11,672**	**9,118**	**790**	**93.2%**	**48,880**
Liability insurance	**527,055,547**	**6,672**	**4,574**	**2,078**	**249**	**94.6%**	**10,528**
Accidental injury insurance	**285,892,631**	**5,678**	**5,018**	**1,587**	**860**	**82.9%**	**7,025**
Corporate property & casualty insurance	**10,843,023**	**3,651**	**1,479**	**844**	**146**	**90.1%**	**7,334**

PING AN PROPERTY & CASUALTY'S TECHNOLOGY APPLICATIONS

Under the Group's "finance + technology" and "finance + ecosystem" strategies, Ping An Property & Casualty differentiated its core competencies with its competitors by applying technologies to online customer development and improving the service system. For nine years in a row, Ping An Property & Casualty has been honored as the "No.1 Brand" in China's auto insurance and property and casualty insurance markets.

In auto insurance, Ping An Property & Casualty provides customers with one-stop auto use services and diverse auto aftermarket services through the "Ping An Auto Owner" app. As of June 30, 2019, the "Ping An Auto Owner" app had over 70 million registered users. Over 46 million of them had linked their auto use with the app, including about 35.50 million auto insurance customers of Ping An Property & Casualty. In June 2019, the app had over 16 million monthly active users, topping the list of auto service apps in China. Ping An Property & Casualty is the industry leader for online claims services. We developed AI-powered image-based loss assessment and precise customer profiling technologies. Capitalizing on these technologies, we launched the "Ping An Motor Insurance Trust Claim" service for auto owners with safe driving behaviors. Through this service, we shortened the average turnaround time of a single claim to 168 seconds, with no back-end manual operation involved. Moreover, we provide full online service support on claim settlement and inquiry services to more than 80% of claimants. Under the philosophy of "sharing + openness," we embedded the AI-powered image-based loss assessment technology in the "Ping An Auto Owner" app to facilitate free self-assessment of external damage. We also recommend reliable garages to users. In this way, we have built a closed loop of auto owner services.

In property and casualty insurance, we initiated a KYR (Know Your Risk) enterprise risk management consultant project to offer diverse risk management services under an innovative "risk control + insurance" model. In the first half of 2019, we provided 10,519 corporate customers and key engineering projects with disaster/loss prevention services, including 370 thousand alert text messages. By developing a government-insurer risk management cloud platform, we help local governments improve their level of control over production safety, environmental protection, and building quality management within their own jurisdictions.

CUSTOMERS AND DISTRIBUTION NETWORK

Ping An Property & Casualty distributes insurance products mainly through a network of 43 branches and over 2,720 central sub-branches, sub-branches, sales service outlets, and business outlets across China. Main distribution channels include in-house sales representatives, insurance agents and brokers at all levels, telemarketing, online marketing, and cross-selling.

	June 30, 2019	December 31, 2018	Change (%)
Number of customers (in thousand)			
Retail	**66,900**	60,577	10.4
Corporate	**2,132**	1,959	8.8
Total	**69,032**	62,536	10.4
Distribution network			
Number of direct sales representatives	**9,653**	9,272	4.1

SOLVENCY MARGIN

As of June 30, 2019, Ping An Property & Casualty's solvency margin ratios changed mainly due to the combined effect of realization of net profit, the issuance of capital supplement bonds, and business development.

(in RMB million)	June 30, 2019	December 31, 2018	Change (%)
Core capital	**84,985**	77,057	10.3
Actual capital	**103,485**	85,557	21.0
Minimum capital	**40,536**	38,236	6.0
Core solvency margin ratio (%) (regulatory requirement ≥50%)	**209.7**	201.5	8.2 pps
Comprehensive solvency margin ratio (%) (regulatory requirement ≥100%)	**255.3**	223.8	31.5 pps

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

(2) For details of Ping An Property & Casualty's solvency margin, please refer to the Company's website (www.pingan.cn).

OTHER MAJOR FINANCIAL AND REGULATORY INFORMATION

Premium Income

Below is a breakdown of the premium income from our property and casualty insurance business by channel:

For the six months ended June 30 (in RMB million)	2019	2018
Car dealers	**30,406**	26,768
Agencies	**29,120**	25,852
Cross-selling	**27,607**	22,761
Direct selling	**20,967**	19,162
Telemarketing and online channels	**9,509**	13,157
Others	**12,857**	11,178
Total	**130,466**	118,878

Below is a breakdown of the premium income from our property and casualty insurance business by region:

For the six months ended June 30 (in RMB million)	2019	2018
Guangdong	**22,042**	20,827
Jiangsu	**9,031**	8,278
Zhejiang	**7,680**	6,738
Shanghai	**7,226**	6,269
Shandong	**6,955**	6,734
Subtotal	**52,934**	48,846
Total	**130,466**	118,878

Reinsurance Arrangements

Ping An Property & Casualty adopts a prudent approach to reinsurance policy to scale up underwriting, diversify operating risks, and ensure healthy growth. Moreover, we exploit the dynamic reinsurance market through close long-standing relationships with reinsurance brokers and reinsurers as well as continued attempts to empower reinsurance with technologies. Our reinsurance business has received strong support in major reinsurance markets around the world, including Europe, the U.S., Bermuda, and Asia. We have built wide, close relationships with nearly 100 reinsurers and reinsurance brokers worldwide, including China Property & Casualty Re, Swiss Re, Munich Re, and Hannover Re.

For the six months ended June 30 (in RMB million)	2019	2018
Ceded premium	**9,147**	8,416
Auto insurance	**3,468**	3,105
Non-auto insurance	**5,626**	5,272
Accident and health insurance	**53**	39
Inward reinsurance premium	**51**	36
Non-auto insurance	**51**	36

Claim Expenses

In the first half of 2019, claim expenses rose by 11.7% year on year, mainly due to sustained insurance business growth.

For the six months ended June 30 (in RMB million)	2019	2018
Auto insurance	**50,365**	47,869
Non-auto insurance	**13,530**	9,815
Accident and health insurance	**2,150**	1,428
Total	**66,045**	59,112

Commission Expenses of Insurance Operations

In the first half of 2019, commission expenses of insurance operations decreased by 26.2% year on year, while their proportion in premium income declined by 7.1 pps year on year mainly due to the year-on-year premium income growth and adjusted expense structure.

For the six months ended June 30 (in RMB million)	2019	2018
Auto insurance	**14,049**	22,593
Non-auto insurance	**3,165**	2,029
Accident and health insurance	**1,788**	1,118
Total	**19,002**	25,740
Commission expenses as a percentage of premium income (%)	**14.6**	21.7

Administrative Expenses

In the first half of 2019, administrative expenses rose by 50.6% year on year, mainly driven by sustained insurance business growth and greater investment in technology.

For the six months ended June 30 (in RMB million)	2019	2018
Operating expenses	**24,721**	15,865
Tax and surcharges	**648**	612
Impairment losses on receivables and others	**789**	896
Total	**26,158**	17,373

Total Investment Income

In the first half of 2019, the annualized net investment yield of the property and casualty insurance business was 4.5%, up 0.2 pps year on year. The increase was driven by higher income from fixed income assets and higher dividend income from equity investments. In the first half of 2019, the fair value gains and losses became more volatile due to recovering capital markets. As a result, the total investment income grew by 62.1% year on year and the annualized total investment yield was 5.2%, up 1.0 pps year on year.

For the six months ended June 30 (in RMB million)	2019	2018
Net investment income(1)	**7,661**	6,009
Realized income(2)	**1,029**	506
Fair value gains and losses	**599**	(757)
Impairment losses on investment assets	**77**	20
Total investment income	**9,366**	5,778
Net investment yield(3) (annualized, %)	**4.5**	4.3
Total investment yield(3) (annualized, %)	**5.2**	4.2

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

(2) Realized income includes capital gains from securities investments.

(3) Net exchange gains or losses on investment assets denominated in foreign currencies are excluded from computing of investment yields. Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method. In computing 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 and losses were not annualized.

Income Tax

In the first half of 2019, the income tax of Ping An Property & Casualty decreased sharply year on year mainly due to the following: According to the *Circular on Pre-tax Deduction of Fee and Commission Expense for Insurers* (No. 72, 2019) (the "Circular") issued by the Ministry of Finance and the State Administration of Taxation on May 29, 2019, the maximum proportion of pre-tax deduction of fee and commission expense for insurers has been raised to 18% (inclusive) of the balance of premium income less surrenders for the current year, and the excess may be carried forward to the following year. Insurers shall compute and pay their income tax for 2018 in accordance with the Circular. Regarding Ping An Property & Casualty, the impact of the Circular on income tax for 2018 is RMB1,856 million, which has been deducted from the income tax for 2019.

Business Analysis
Investment Portfolio of Insurance Funds

- As of June 30, 2019, the Company's investment portfolio of insurance funds grew by 5.8% from the beginning of 2019 to RMB2.96 trillion.
- In the first half of 2019, the portfolio's annualized net investment yield was 4.5% and annualized total investment yield was 5.5%.
- The Company maintained robust asset-liability management, lengthened asset duration, and continued to narrow the duration gap between assets and liabilities. The Company improved investment risk management mechanisms, further refined risk limits, increased the monitoring frequency, and enhanced early warning and risk screening efforts to ensure that overall investment risks are controllable.

OVERVIEW OF INVESTMENT PORTFOLIO OF INSURANCE FUNDS

The Company's investment portfolio of insurance funds is comprised of investable funds from the life and health insurance business and the property and casualty insurance business.

In the first half of 2019, China's economy faced downward pressure while the world's major economies showed slackening growth. The Chinese government upheld a new development philosophy, unswervingly pursued high-quality development, furthered the supply-side structural reform, and carried out countercyclical regulation through macro-economic policies. As a result, the quality of China's economic growth improved with major macro-economic indicators staying within an acceptable range. Although influenced by factors such as overseas market fluctuations and international economic and trade frictions, the Chinese government shored up market confidence through policies. China's stock market increased overall, while interest rates fluctuated at low levels.

We continued to optimize the asset allocation of insurance funds. The Company conducted in-depth macro-economic research, tracked hot issues and analyzed market rates. Based on these efforts, we increased our allocation to tax-exempt bonds including central and local government bonds as well as long-duration low-risk bonds including financial bonds issued by policy banks. We further narrowed the duration gap between assets and liabilities to optimize asset/liability matching. Meanwhile, we dynamically adjusted our exposure to equity investments, and diversified our portfolio to reduce the impact of equity market volatility.

We constantly improved internal controls for investment risk management. First, the Company strengthened risk management under the C-ROSS, reviewed and enhanced risk appetite management, and optimized control mechanisms of market risks and credit risks. We are proactively participating in development of C-ROSS Phase II and optimizing our solvency management system. Second, we carried out asset-liability risk management, improved the asset-liability management mechanism, and estimated and managed the asset-liability mismatch risk. Third, we continued to implement the framework for managing and monitoring insurance fund operations, and strictly conducted special risk management including five-category asset classification to ensure compliance of insurance fund utilization. Fourth, we explored AI technologies and applied smart early warning and knowledge graphs to investment risk management procedures for efficient, effective investment risk early warning and monitoring.

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT PORTFOLIO (BY CATEGORY)

(in RMB million)	June 30, 2019 Carrying value	June 30, 2019 Percentage (%)	December 31, 2018 Carrying value	December 31, 2018 Percentage (%)
Cash and cash equivalents	**112,066**	**3.8**	116,532	4.1
Term deposits	**211,951**	**7.2**	201,251	7.2
Debt financial assets				
Bond investments	**1,318,205**	**44.6**	1,270,765	45.4
Bond funds	**47,149**	**1.6**	43,541	1.6
Preferred stocks	**95,316**	**3.2**	79,881	2.9
Policy loans	**127,860**	**4.3**	111,219	4.0
Debt schemes	**138,448**	**4.7**	156,501	5.6
Wealth management products(1)	**307,361**	**10.4**	285,663	10.2
Equity financial assets				
Stocks	**263,298**	**8.9**	231,801	8.3
Equity funds	**63,275**	**2.1**	44,276	1.6
Wealth management products(1)	**36,035**	**1.2**	32,183	1.2
Unlisted equities	**51,902**	**1.8**	49,757	1.8
Long-term equity stakes	**103,697**	**3.5**	93,225	3.3
Investment properties	**54,657**	**1.8**	53,356	1.9
Other investments(2)	**25,575**	**0.9**	24,669	0.9
Total investments	**2,956,795**	**100.0**	2,794,620	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.

INVESTMENT PORTFOLIO (BY ACCOUNTING MEASUREMENT)

(in RMB million)	June 30, 2019 Carrying value	June 30, 2019 Percentage (%)	December 31, 2018 Carrying value	December 31, 2018 Percentage (%)
Financial assets carried at fair value through profit or loss	**551,554**	**18.7**	515,114	18.5
Fixed income	**312,436**	**10.6**	310,886	11.2
Stocks	**88,755**	**3.0**	78,757	2.8
Equity funds	**63,275**	**2.1**	44,276	1.6
Other equity financial assets	**87,088**	**3.0**	81,195	2.9
Financial assets carried at fair value through other comprehensive income	**431,109**	**14.6**	411,074	14.7
Financial assets measured at amortized cost	**1,815,751**	**61.4**	1,721,808	61.6
Others(1)	**158,381**	**5.3**	146,624	5.2
Total investments	**2,956,795**	**100.0**	2,794,620	100.0

Note: (1) Others include long-term equity stakes and investment properties.

Investment Portfolio of Insurance Funds

INVESTMENT INCOME

In the first half of 2019, the portfolio's annualized net investment yield was 4.5%, up 0.3 pps year on year. This was mainly due to the year-on-year increase in investment income in recovering capital markets. The Company's annualized total investment yield was 5.5%, up 1.5 pps year on year. To allow comparison with peers, under the former accounting standards for financial instruments, the portfolio's annualized total investment yield would be 4.5%.

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Net investment income[1]	**73,734**	58,424	26.2
Realized gains[2]	**928**	5,969	(84.5)
Fair value gains and losses	**27,531**	(11,624)	N/A
Impairment losses on investment assets	**400**	(31)	N/A
Total investment income	**102,593**	52,738	94.5
Total investment income under the former accounting standards for financial instruments	**73,649**	65,141	13.1
Net investment yield[3] (annualized, %)	**4.5**	4.2	0.3 pps
Total investment yield[3] (annualized, %)	**5.5**	4.0	1.5 pps
Total investment yield under the former accounting standards for financial instruments[3] (annualized, %)	**4.5**	4.5	-

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

(2) Realized gains include capital gains from securities investments.

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

CORPORATE BONDS IN CAPITAL MARKETS

As of June 30, 2019, the Company held RMB122,051 million worth of corporate bonds, accounting for 4.1% of the investment assets. The overall credit rating has improved compared with the end of 2018. About 94% of the corporate bonds have AA and higher ratings while about 85% have AAA ratings. In terms of credit default losses, the risks are small and controllable. For investment in corporate bonds, the Company carried out comprehensive risk management covering asset allocation, admission management and dynamic monitoring. The Company conducted strict rating and admission management, and reviewed and adjusted ratings to ensure that credit ratings reasonably reflect the credit profiles of bond issuers. Moreover, the Company conducted ex-ante monitoring of corporate bonds with potential risks on the basis of a name list, and established a rapid response mechanism to deal with negative opinions. The Company effectively identified and reported high-risk corporate bonds to enhance early warning and risk management.

DEBT SCHEMES AND DEBT WEALTH MANAGEMENT PRODUCTS

As of June 30, 2019, our investment in debt schemes and debt wealth management products totaled RMB445,809 million, accounting for 15.1% of the investment assets. We manage risks in debt schemes and debt wealth management products at three levels. The first level is asset allocation. We have developed a set of effective, robust asset allocation models. While keeping the overall risk within the risk appetite, we formulated a strategic asset allocation plan for each account, and set upper and lower limits on proportions of asset allocation. In tactical asset allocation, we gave opinions on capital allocation to non-standard debt instruments according to funds in each account, the return and liquidity demands, and similar assets' relative attractiveness. The second level is asset selection. The selection of assets is subject to strict internal and external requirements as well as the approval by clients. When selecting assets, we prefer projects located in developed areas and industry leaders encouraged by China's industry policies. The third level is post-investment management. Our post-investment management team closely monitors the assets. We have established a multi-dimensional risk warning framework covering all investment areas, assets, and instruments to ensure that overall investment risks are thoroughly assessed and controllable.

Industry and yield distribution of debt schemes and debt wealth management products

Industry	Investment proportion (%)	Nominal yield (%)	Maturity (year)	Remaining maturity (year)
Infrastructure	**32.0**	**5.77**	**8.94**	**5.20**
Expressway	13.5	5.90	10.02	5.37
Electric power	4.7	5.58	6.54	3.80
Infrastructure and development zones	8.0	5.66	9.01	6.33
Others (water supply, environmental protection, railway...)	5.8	5.78	8.26	4.39
Non-banking financial services(2)	**36.1**	**5.76**	**6.60**	**3.13**
Real estate	**21.2**	**6.20**	**5.09**	**1.92**
Coal mining	**2.1**	**5.94**	**7.79**	**2.73**
Others	**8.6**	**5.72**	**6.77**	**3.76**
Total	**100.0**	**5.86**	**7.07**	**3.58**

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) Some industries have been grouped into "others" as they account for small proportions.

There has been no default on the debt schemes and debt wealth management products held by Ping An, and overall risks are controllable. Over 98% of the debt schemes and trust plans held by Ping An have AAA external ratings, and about 2% of them have AA+ external ratings. While some high-credit entities do not need credit enhancement for their financing, most of the assets have guarantees or collateral. In terms of industry and geographic distribution, we avoid high-risk industries and regions. Our target assets are mainly in the non-banking financial services, real estate, and expressway sectors in developed and coastal areas including Beijing, Shanghai and Guangdong. In terms of investment timing and returns, Ping An seized time windows of large supplies of high-quality assets to boost overall portfolio yields.

EQUITY WEALTH MANAGEMENT PRODUCTS

As of June 30, 2019, our investment in equity wealth management products totaled RMB36,035 million, accounting for 1.2% of the investment assets. The equity wealth management products held by Ping An are mainly products from insurance asset management companies. The underlying assets of these products are mainly tradeable shares of domestic and foreign high-quality companies, indicating no significant liquidity risk. Private equity funds account for a tiny proportion; the exposure to them is limited, and their underlying assets are mainly from the central and local governments' partnerships, with risks being controllable.

Business Analysis
Banking Business

- Ping An Bank maintained stable and healthy business growth. Ping An Bank realized revenues of RMB67,829 million, up 18.5% year on year, and a net profit of RMB15,403 million, up 15.2% year on year, aided by steady increases in the net interest margin (NIM) and net non-interest revenue.
- Ping An Bank furthered the retail transformation. In the first half of 2019, retail banking accounted for 56.9% and 70.2% of Ping An Bank's revenue and net profit, up 5.7 pps and 2.3 pps year on year respectively. The proportions of retail deposits and loans rose by 1.4 pps and 1.0 pps from the beginning of 2019 to 23.1% and 58.8% respectively.
- Ping An Bank continues to de-risk itself. The non-performing loan ratio dropped by 0.07 pps from the beginning of 2019. The proportions of special mention loans and loans more than 90 days overdue dropped by 0.25 pps and 0.12 pps respectively from the beginning of 2019. The provision coverage ratios for non-performing loans and loans more than 90 days overdue rose by 27.29 pps and 34.92 pps respectively from the beginning of 2019. Ping An Bank's deviation of non-performing loans was 94%, down 3 pps from the beginning of 2019.
- In the first half of 2019, Ping An Bank issued RMB26 billion worth of A share convertible corporate bonds and RMB30 billion worth of tier 2 capital bonds. The core tier 1 capital adequacy ratio and capital adequacy ratio rose by 0.35 pps and 1.12 pps from the end of 2018 respectively.

BUSINESS OVERVIEW

In the first half of 2019, Ping An Bank continued to implement the strategy of "technology-driven breakthroughs in retail banking and enhancement of corporate banking." The Bank continued to build the "AI bank" and strengthen risk management. By empowering non-state-owned enterprises and small and micro-businesses, and conducting poverty alleviation via financial services, the Bank has improved its ability to serve the real economy.

Key Indicators

Ping An Bank maintained stable and healthy business growth. In the first half of 2019, the Bank's revenue increased by 18.5% year on year to RMB67,829 million. Net profit rose by 15.2% year on year to RMB15,403 million.

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Operating results			
Net profit	**15,403**	13,372	15.2
Operational efficiency			
Cost-to-income ratio(1) (%)	**29.46**	29.66	-0.20 pps
Profitability			
Average return on total assets (annualized, %)	**0.88**	0.81	0.07 pps
Weighted average ROE (annualized, %)	**12.63**	12.36	0.27 pps
Net interest margin(2) (annualized, %)	**2.62**	2.26	0.36 pps

Notes: (1) Cost-to-income ratio = general and administrative expenses/total revenue.

(2) Net interest margin = net interest revenue/average balance of interest-earning assets.

(in RMB million)	June 30, 2019	December 31, 2018	Change (%)
Deposits and loans[(1)]			
Total loans and advances	**2,081,896**	1,997,529	4.2
Including: Retail loans	**1,224,908**	1,154,013	6.1
Corporate loans	**856,988**	843,516	1.6
Deposits	**2,343,179**	2,128,557	10.1
Including: Retail deposits	**540,779**	461,591	17.2
Corporate deposits	**1,802,400**	1,666,966	8.1
Asset quality			
Non-performing loan ratio (%)	**1.68**	1.75	-0.07 pps
Provision coverage ratio (%)	**182.53**	155.24	27.29 pps
Deviation of non-performing loans[(2)] (%)	**94**	97	-3 pps
Capital adequacy ratio			
Core tier 1 capital adequacy ratio (%) (regulatory requirement ≥7.5%)	**8.89**	8.54	0.35 pps

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

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

Analysis of Profit Sources

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Net interest revenue	**43,639**	37,436	16.6
Average balance of interest-earning assets	**3,358,110**	3,342,036	0.5
Net interest margin (not annualized, %)	**1.30**	1.12	0.18 pps
Net interest margin (annualized, %)	**2.62**	2.26	0.36 pps
Net non-interest revenue	**24,190**	19,805	22.1
Including:			
Net fee and commission revenue	**18,391**	17,939	2.5
Other net non-interest revenue	**5,799**	1,866	210.8
Revenue	**67,829**	57,241	18.5
General and administrative expenses	**(19,981)**	(16,980)	17.7
Cost-to-income ratio (%)	**29.46**	29.66	-0.20 pps
Loan impairment loss	**(23,597)**	(21,044)	12.1
Average balance of loans (including discounted bills)	**2,042,092**	1,778,740	14.8
Credit cost[(1)] (not annualized, %)	**1.16**	1.18	-0.02 pps
Credit cost (annualized, %)	**2.31**	2.37	-0.06 pps
Other expenses	**(4,248)**	(1,850)	129.6
Profit before tax	**20,003**	17,367	15.2
Income tax	**(4,600)**	(3,995)	15.1
Net profit	**15,403**	13,372	15.2

Note: (1) Credit cost = loan impairment loss/average balance of loans (including discounted bills).

Net Interest Margin

In the first half of 2019, retail loans with higher average yields increased in terms of both scale and proportion, and the yields on interest-earning assets became higher as Ping An Bank further optimized its business portfolio. Moreover, interest-bearing liabilities' cost rates further dropped due to the increase in deposits with a lower average cost rate and ample liquidity in the market. As a result, Ping An Bank's annualized net interest margin (NIM) up 0.36 pps year on year to 2.62%.

Net Non-interest Revenue

In the first half of 2019, Ping An Bank's net non-interest revenue was RMB24,190 million, an increase of RMB4,385 million or 22.1% compared with the same period of 2018, mainly due to increases in investment income on financial assets at fair value through profit or loss. Apart from net fee and commission revenue, net non-interest revenue is comprised of investment income, fair value gains and losses, foreign exchange gains and losses, other business revenue, asset disposal gains and other incomes.

OPERATING RESULTS

Retail Banking

In the first half of 2019, Ping An Bank furthered the retail transformation by formulating the comprehensive "3+2+1" strategy. Ping An Bank focused on three key businesses of basic retail banking, private banking and wealth management, and consumer finance, enhanced two core capabilities of risk management and cost control, and developed one AI-based retail banking platform. In the first half of 2019, retail banking accounted for RMB38,596 million or 56.9% of Ping An Bank's revenue, up 5.7 pps year on year, and RMB10,810 million or 70.2% of the Bank's net profit, up 2.3 pps year on year. As of June 30, 2019, the Bank's retail assets under management (AUM) rose by 23.9% from the beginning of 2019 to RMB1,755,045 million. The balance of retail loans increased by 6.1% from the beginning of 2019 to RMB1,224,908 million. The balance of retail deposits grew by 17.2% from the beginning of 2019 to RMB540,779 million. The integrated finance business model continued to propel high-quality retail banking growth. Customers referred by the cross-selling channels have lower non-performing loan ratios and much better asset quality than other customers.

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Operating results of retail banking			
Revenue from retail banking	**38,596**	29,316	31.7
% of revenue from retail banking	**56.9**	51.2	5.7 pps
Net profit from retail banking	**10,810**	9,079	19.1
% of net profit from retail banking	**70.2**	67.9	2.3 pps

	2019	
For the six months ended June 30	Cross-selling channel's contribution amount	Cross-selling channel's contribution percentage (%)
Cross-selling channel's contributions to retail banking		
Credit cards issued (in million)	**2.22**	**32.3**
Xin Yi Dai unsecured loans granted (in RMB million)	**29,210**	**55.6**
Auto loans granted (in RMB million)	**25,103**	**36.7**

	June 30, 2019	
(%)	Overall non-performing loan ratio	Cross-selling channel's non-performing loan ratio
Asset quality of the retail cross-selling channel		
Credit card receivables	**1.37**	**1.16**
Xin Yi Dai unsecured loans	**1.13**	**0.53**
Auto loans	**0.62**	**0.54**

Ping An Bank pays close attention to risk management while developing its business. Risks in the entire consumer finance industry were on the rise against the backdrop of uncertainties in the global and domestic economic landscape, the rising joint-debt risk, declining auto sales and other external factors. As of June 30, 2019, the retail non-performing loan ratio was 1.09%, up a modest 0.02 pps from the beginning of 2019, while overall risk remained at a relatively low level. The non-performing asset ratios of credit card receivables and Xin Yi Dai unsecured loans stood at 1.37% and 1.13%, up 0.05 pps and 0.13 pps respectively from the beginning of 2019. The non-performing loan ratio of Ping An Bank's auto finance business was 0.62%, up 0.08 pps from the beginning of 2019. Since the end of 2017, Ping An Bank has adjusted its risk policies proactively to prevent the joint-debt risk and effectively reduce the proportion of customers who face joint-debt risk, have high liabilities or are in high-risk areas. Measures include imposing quotas and tightening facility granting. The quality of new loans continued to improve steadily. According to a vintage analysis of loans granted at different time points, in 2018 cardholders' loans more than 30 days overdue as at the end of a six-month period following credit card issuance accounted for 0.29%, down 0.06 pps compared with 2017. In 2018, new Xin Yi Dai unsecured loans more than 30 days overdue as at the end of a six-month period following granting reached 0.17%, down 0.03 pps compared with 2017. In 2018, new auto loans more than 30 days overdue as at the end of a six-month period following granting dropped by 0.01 pps compared with 2017 to 0.17%.

	Loan granting period			
(%)	2018	2017	2016	2015
The proportion of loans more than 30 days overdue as at the end of the 6-month vintage period				
Credit card receivables	**0.29**	0.35	0.45	0.48
Xin Yi Dai unsecured loans	**0.17**	0.20	0.16	0.27
Auto loans	**0.17**	0.18	0.12	0.12

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 proportion 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 2018 disclosed in the Company's 2018 Annual Report shows quality of loans for the first seven months of 2018 only. As of June 30, 2019, the vintages of loans granted/credit cards issued in 2018 have all reached six months, which means data for vintage analysis disclosed in the above table shows quality of all loans granted in 2018.

Retail deposits increased steadily on effective strategy. Ping An Bank increased customer assets by providing diverse product allocation strategies. The Bank also raised settlement deposits by developing payroll, batch business and acquiring services. As of June 30, 2019, the balance of retail deposits increased 17.2% from the beginning of 2019 to RMB540,779 million.

In the first half of 2019, Ping An Bank proactively pressed forward implementation of the private banking strategy. Ping An Bank continued to provide quality products and benefits by integrating internal and external resources. Leveraging the AI technology and Ping An Group's integrated financial service model, Ping An Bank established a professional, intelligent robo-advisory services team. Adopting the three business models of "branches," "private banking centers" and "integrated financial services," Ping An Bank strengthened its private banking customer development and asset allocation. Under the product management committee mechanism, the Bank sourced diverse quality assets, and strengthened its risk management team to meticulously control asset risk. As of June 30, 2019, the number of qualified private banking customers (the criterion for a qualified private banking customer is over RMB6 million in daily average assets for any one of the recent three months) reached 38.4 thousand, up 27.9% from the beginning of 2019. The AUM of qualified private banking customers stood at RMB612,245 million, up 33.7% from the beginning of 2019.

	June 30, 2019	December 31, 2018	Change (%)
Customer structure			
Number of retail customers[1] (in million)	**90.19**	83.90	7.5
Contribution to the number of the Group's retail customers (%)	**46.0**	45.6	0.4 pps
Number of customers holding products from other members of the Group (in million)	**51.88**	47.75	8.6
Number of customers holding Ping An Life's products (in million)	**20.29**	19.23	5.5
Retail assets under management (AUM, in RMB million)	**1,755,045**	1,416,796	23.9
Retail loans (in RMB million)	**1,224,908**	1,154,013	6.1
Number of credit cards in circulation (in million)	**55.79**	51.52	8.3

Note: (1) Retail customers include debit cardholders and credit cardholders, with duplicates removed.

Corporate Banking

Ping An Bank enhanced corporate banking. As of June 30, 2019, the balance of corporate deposits rose 8.1% from the beginning of 2019 to RMB1,802.4 billion; the balance of corporate demand deposits increased by 10.2% from the beginning of 2019 to RMB587,899 million. Ping An Bank takes a customer-centric approach to strengthen its business gradually. In the first half of 2019, Ping An established the "3+2+1" framework for corporate banking, featuring "three pillars" of "industry-specific banking + transaction banking + integrated finance," "two customer segments" of strategic customers and small and micro-business customers, and "one bottom line" of ensuring asset quality. In addition, Ping An Bank fully leveraged technologies including AI, blockchain and the Internet of Things (IOT) to empower business innovation. As of June 30, 2019, Ping An Bank provided 928 platform enterprises with internet payment and settlement services; in the first half of 2019, the trading volume rose 37.8% year on year to RMB1.75 trillion. The "Ping An Pocket Finance" app is a one-stop integrated financial services platform for corporate customers. As of June 30, 2019, the "Ping An Pocket Finance" app had about 301,000 registered users that contributed a trading volume of RMB1,413,668 million. Through the cloud-based supply chain accounts receivable service platform, Ping An Bank provides core enterprises and upstream suppliers with accounts receivable-related integrated financial services including online transfer, financing, management and settlement. In the first half of 2019, transactions on the platform reached RMB17,234 million. The platform has provided financial services for 220 core enterprises and upstream suppliers. As of June 30, 2019, Ping An Bank had served 21,638 customers through "Know Your Business (KYB) for Small Enterprises." The Bank granted KYB loans of RMB9,037 million in the first half of 2019.

By empowering non-state-owned companies and small and micro-businesses, Ping An Bank vigorously served the real economy while developing business. In the first half of 2019, the proportion of credit lines granted to key industries[1] stood at 48%. As of June 30, 2019, new loans granted to non-state-owned enterprises accounted for 76.3% of corporate loans.

Ping An Bank vigorously developed market making business and agency business. To promote electronic transformation and upgrading of the financial market, Ping An Bank introduced the world's leading technologies for fixed income trading. In the first half of 2019, the bond trading volume rose 207.9% year on year to RMB1,389,554 million; the interest rate swap volume increased by 380.5% year on year to RMB1,451,026 million. According to data released by China Foreign Exchange Trade System, Ping An Bank ranked first by market making for interest rate swaps in the second quarter of 2019. Ping An Bank furthered the transformation of interbank and investment banking business by expanding or optimizing product types and portfolio. As of June 30, 2019, ET-Bank, the Bank's integrated financial asset trading platform, had cooperated with 2,134 corporate customers. In the first half of 2019, the interbank institutional sales volume reached RMB232,448 million, up 177.3% year on year.

Note: (1) Key industries are those encouraged by Ping An Bank's risk policy for 2018, including health care, environmental protection, clean energies, transportation, infrastructure, people's livelihood, warehousing and logistics, electronic information, culture and education, real estate, and others.

Technology Applications

Technology-driven business yielded impressive results. Taking "technology-driven business" as its primary strategy, Ping An Bank deployed new technologies to improve customer experiences, optimize risk management and operational efficiency, and promote smart management.

In the first half of 2019, Ping An Bank made greater investments in technologies. IT capital expenditure and expenses grew by 36.9% year on year. In addition, Ping An Bank strengthened research and application of core technologies, and focused on building leading technology platforms to empower business. Firstly, Ping An Bank established the AI middle office. To build a leading AI bank, Ping An Bank planned or implemented several AI middle office projects including the Marketing Robot, the Intelligent Advertising Robot, the AI Training Robot, and the Customer Service Robot. This fully enhanced Ping An Bank's smart application and services. Secondly, Ping An Bank established the data middle office to improve its data governance system which covers consolidation and sharing of bankwide data and provision of uniform data to front office applications to maximize the use of data value. Thirdly, Ping An Bank established a private cloud and a distributed Platform as a Service (PaaS), and accelerated the transformation toward a distributed cloud architecture. We sharply cut procurement and maintenance costs with advanced architectures and technologies. Fourthly, Ping An Bank continued to promote applications of fintech. For example, we applied AI technologies including Smart Customer Services and Smart Application Assistant to the auto supply chain finance business to effectively address pain points including complex lending processes and long waiting time. Moreover, we built an IOT-based middle system to facilitate 100% online operations and smart management of vehicles and logistics and reduce monitoring costs.

Ping An Bank continued to make its outlets smarter and improved their geographic distribution. As of June 30, 2019, Ping An Bank had 84 branches and 1,053 business outlets. The Bank has opened or renovated 211 new retail stores.

ASSET QUALITY

Asset quality improved markedly. Ping An Bank adjusted its business portfolio to tackle external risks proactively. As of June 30, 2019, the non-performing loan ratio stood at 1.68%, down 0.07 pps from the beginning of 2019; special mention loans accounted for 2.48%, down 0.25 pps from the beginning of 2019. The balance of loans more than 90 days overdue accounted for 1.58%, down 0.12 pps from the beginning of 2019. The provision coverage ratio of loans more than 90 days overdue grew by 34.92 pps from the beginning of 2019 to 194.37%. The Bank's deviation of non-performing loans was 94%, down 3 pps from the beginning of 2019. Meanwhile, Ping An Bank strengthened the recovery and disposal of non-performing assets. In the first half of 2019, Ping An Bank recovered non-performing assets of RMB13,752 million, up 11.6% year on year; 88% of the recovered amount was collected in cash, while the rest was in kind.

In the first half of 2019, Ping An Bank strengthened risk management. Firstly, Ping An continued to "pursue breakthroughs in retail banking." New resources were mainly invested in retail banking with good asset quality. Ping An Bank ensured retail loan quality by setting higher access standards and management requirements for retail customers. Secondly, the Bank enhanced its corporate banking, with new business centering on industries that have good growth potential and comply with the national strategy. In addition, Ping An Bank allocated resources to high-quality, high-potential customers, and maintained a satisfying risk profile of new customers. The Bank facilitated the development of upstream and downstream supply chains, industrial chains or ecosystem customers. In addition, the Bank continued to de-risk itself by adjusting the legacy asset structure and strengthening recovery of non-performing assets.

(in RMB million)	June 30, 2019	December 31, 2018	Change (%)
Loan quality			
Pass	**1,995,395**	1,908,072	4.6
Special mention	**51,576**	54,552	(5.5)
Non-performing loans	**34,925**	34,905	0.1
Sub-standard	**11,862**	17,955	(33.9)
Doubtful	**9,146**	4,509	102.8
Loss	**13,917**	12,441	11.9
Total loans and advances	**2,081,896**	1,997,529	4.2
Non-performing loan ratio (%)	**1.68**	1.75	-0.07 pps
Deviation of non-performing loans[(1)] (%)	**94**	97	-3 pps
Balance of loans more than 90 days overdue	**32,797**	33,984	(3.5)
Percentage of loans more than 90 days overdue (%)	**1.58**	1.70	-0.12 pps
Percentage of special mention loans (%)	**2.48**	2.73	-0.25 pps
Impairment provision balance	**(63,748)**	(54,187)	17.6
Loan loss provision ratio (%)	**3.06**	2.71	0.35 pps
Provision coverage ratio (%)	**182.53**	155.24	27.29 pps
Provision coverage ratio for loans more than 90 days overdue (%)	**194.37**	159.45	34.92 pps

Note: (1) Deviation of non-performing loans = Balance of loans more than 90 days overdue/balance of non-performing loans.

CAPITAL ADEQUACY RATIO

Ping An Bank enhanced its financial strength by replenishing capital. Ping An Bank furthered the reform in capital management, and conducted robust capital management. As of June 30, 2019, the core tier 1 capital adequacy ratio and capital adequacy ratio were 8.89% and 12.62%, up 0.35 pps and 1.12 pps from the end of 2018 respectively. In addition to stable internal sources of capital including retained earnings, Ping An Bank issued RMB26 billion worth of A share convertible corporate bonds on January 25, 2019. The bonds will supplement Ping An Bank's core tier 1 capital upon conversion. On April 25, 2019, the Bank issued RMB30 billion worth of tier 2 capital bonds in the interbank bond market to improve its capital adequacy.

(in RMB million)	June 30, 2019	December 31, 2018	Change (%)
Capital adequacy ratio			
Net core tier 1 capital	**214,789**	199,782	7.5
Net tier 1 capital	**234,742**	219,735	6.8
Net capital	**305,111**	269,115	13.4
Total risk weighted assets	**2,417,189**	2,340,236	3.3
Core tier 1 capital adequacy ratio (%) (regulatory requirement ≥7.5%)	**8.89**	8.54	0.35 pps
Tier 1 capital adequacy ratio (%) (regulatory requirement ≥8.5%)	**9.71**	9.39	0.32 pps
Capital adequacy ratio (%) (regulatory requirement ≥10.5%)	**12.62**	11.50	1.12 pps

Note: Capital requirements regarding credit risk, market risk and operational risk are measured by the weighted method, standard method, and basic indicator method respectively.

Business Analysis
Asset Management Business

- Ping An Trust strengthened risk management, and proactively implemented new strategies to further business transformation.
- Ping An Securities is committed to developing a smart securities services platform under the Group's integrated financial business strategy. In the first half of 2019, the net profit of Ping An Securities increased by 31.0% year on year.
- Apart from business in the leasing market of mature industries, Ping An Financial Leasing developed leading innovative businesses including Ping An Healthcare Diagnostics Center, auto finance and microfinance. In the first half of 2019, the net profit of Ping An Financial Leasing increased by 42.4% year on year.
- Ping An Asset Management maintained steady business growth. As of June 30, 2019, the investment assets under management (AUM) exceeded RMB3.12 trillion, up 8.1% from the beginning of the year. Ping An Asset Management was honored as the Asset Management Company of the Year (Insurance) in The Asset Triple A Asian Awards 2019 for its excellent performance.

BUSINESS OVERVIEW

The Company conducts asset management business through companies including Ping An Trust, Ping An Securities, Ping An Financial Leasing, and Ping An Asset Management. In the first half of 2019, the asset management business recorded a net profit of RMB7,528 million, down 14.3% year on year, mainly attributable to the less strong performance of the other asset management business.

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Net profit			
Trust business	**1,874**	1,694	10.6
Securities business	**1,252**	956	31.0
Other asset management business	**4,402**	6,132	(28.2)
Including: Ping An Financial Leasing	**2,025**	1,422	42.4
Ping An Asset Management	**1,444**	1,318	9.6
Total	**7,528**	8,782	(14.3)

TRUST BUSINESS

The Company provides trust services through Ping An Trust and its subsidiary Ping An New Capital.

In the first half of 2019, China's economy remained stable and the economic structure improved. Committed to responsible investment, Ping An Trust carried out the trust supply-side reform and fully leveraged the advantages of trust services to better serve the real economy. Ping An Trust optimized its business portfolio and implemented new strategies, focused on "financial services, infrastructure investment, private equity, and investment banking." Ping An Trust also enhanced its product, investment and risk management capabilities. In financial services, Ping An Trust accelerated channel transformations and optimized services for business customers. In infrastructure investment, Ping An Trust focused on industries including urban infrastructure, transportation and energy to support the Belt and Road Initiative, the Guangdong-Hong Kong-Macau Greater Bay Area, and the Yangtze River Economic Belt. In private equity business,

Business Analysis
Asset Management Business

Ping An Trust focused on consumption upgrade, health care, modern services, cutting-edge technologies, and advanced manufacturing. In investment banking services, Ping An Trust provided small and medium-sized financial institutions with innovative asset-backed securitization and supply chain financial services. In addition, Ping An Trust further enhanced its technology-powered smart risk management platform to manage risks and empower business. In the first half of 2019, the net profit of the trust business grew by 10.6% year on year mainly due to the year-on-year increases in fair value gains and losses and other revenues. As of June 30, 2019, Ping An Trust had RMB17,970 million in net capital. The ratio of net capital to total risk capital was 210.8% (regulatory requirement ≥100%), and the ratio of net capital to net assets was 80.0% (regulatory requirement ≥40%), meeting regulatory requirements.

ANALYSIS OF PROFIT SOURCES

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Fees and commission revenue	**2,012**	2,104	(4.4)
Monthly average assets held in trust	**516,154**	623,272	(17.2)
Fee rate of assets held in trust[1] (%)	**0.39**	0.34	0.05 pps
Fees and commission expenses	**(75)**	(33)	127.3
Net fees and commission revenue	**1,937**	2,071	(6.5)
Administrative expenses[2]	**(430)**	(513)	(16.2)
Total investment income[3]	**683**	541	26.2
Other net revenue and expenses	**197**	75	162.7
Profit before tax	**2,387**	2,174	9.8
Income tax	**(513)**	(480)	6.9
Net profit	**1,874**	1,694	10.6

Notes: (1) Fee rate of assets held in trust = fees and commission revenue/monthly average assets held in trust.

(2) Administrative expenses include administrative expenses, and impairment losses on receivables and others under the segmented income statement.

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

Assets Held in Trust

Ping An Trust proactively adjusted its strategy and optimized its business portfolio in response to macro-environment changes and new asset management regulations. As of June 30, 2019, Ping An Trust had RMB507,246 million in assets held in trust, 5.0% lower than at the beginning of 2019, a smaller decline compared with 2018.

(in RMB million)	June 30, 2019	December 31, 2018	Change (%)
Investment category	**95,224**	100,829	(5.6)
Capital market investment	**50,662**	46,767	8.3
Financial institutions' investment	**10,311**	11,644	(11.4)
Other investments[1]	**34,251**	42,418	(19.3)
Financing category[2]	**180,472**	185,870	(2.9)
Infrastructure industry financing	**22,767**	25,736	(11.5)
Real estate financing	**106,082**	92,930	14.2
Corporate loans	**46,501**	59,598	(22.0)
Pledge and other financing[3]	**5,122**	7,606	(32.7)
Administrative category[4]	**231,550**	247,425	(6.4)
Total	**507,246**	534,124	(5.0)

Notes: (1) Other investments refer to investments other than the above, including structured equity investment, industrial investment, and other investment businesses.

(2) In the first half of 2019, Ping An Trust optimized its product classification, reclassified the industries of the assets held in trust, and restated the data as of December 31, 2018.

(3) Pledge and other financing refers to financing other than the above, including financing by pledging or acquiring securities, financial assets and other debts.

(4) An administrative trust refers to a trust scheme under which a trust company, acting as the trustee, assumes the administrative function to provide the trustor (beneficiary) with administrative and executive services for specified purposes.

Fees and Commission Revenue

In the first half of 2019, the fees and commission revenue from trust business declined by 4.4% year on year, mainly due to a year-on-year decrease in floating fees and commission revenue of the investment business.

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Fees and commission revenue	**2,012**	2,104	(4.4)
Investment category	**591**	978	(39.6)
Financing category	**1,195**	844	41.6
Administrative category	**226**	282	(19.9)
Fee rate of assets held in trust (not annualized, %)	**0.39**	0.34	0.05 pps
Investment category (not annualized, %)	**0.59**	0.74	-0.15 pps
Financing category (not annualized, %)	**0.66**	0.49	0.17 pps
Administrative category (not annualized, %)	**0.10**	0.09	0.01 pps

SECURITIES BUSINESS

The Company provides securities brokerage, futures brokerage, investment banking, asset management, and financial advisory services through Ping An Securities and its subsidiaries including Ping An Futures, Ping An Caizhi, Ping An Securities (Hong Kong), and Ping An Pioneer Capital.

In the first half of 2019, capital markets saw a good start as China furthered its financial reform. However, markets fluctuated due to international economic and trade frictions, bringing both opportunities and challenges to the securities industry. Ping An Securities is committed to developing a smart securities services platform under the Group's integrated financial business strategy. In the first half of 2019, the net profit of Ping An Securities increased by 31.0% year on year. In brokerage business, Ping An Securities upgraded its customer acquisition models to acquire customers of better quality. Ping An Securities produced and disseminated online contents to customers through various channels including apps to cater for their investment demands, and enhanced internal and external cooperation to acquire wealth management customers. Ping An Securities also improved investment advisory services and provided differentiated customer services so as to enhance customer service quality. Our market share by brokerage trading volume grew by 0.37 pps year on year to 3.33%. In investment banking business, Ping An Securities improved the efficiency and quality of acquisition and delivery as well as sales services, being among the top-tier securities firms by the number of bonds and ABS underwritten. In trading business, Ping An Securities achieved excellent investment returns by developing a cross-market trading system and trading strategies as well as seizing opportunities. In asset management, Ping An Securities strengthened active management capabilities, launched net asset value-based fixed income products, and developed innovative equity, FOF (Fund of Funds) and MOM (Manager of Managers) businesses. The product portfolio was further diversified and the assets under management (AUM) continued to increase.

Business Analysis
Asset Management Business

Analysis of Profit Sources

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Fees and commission revenue	**2,744**	2,112	29.9
Fees and commission expenses	**(577)**	(434)	32.9
Net fees and commission revenue	**2,167**	1,678	29.1
Total investment income[1]	**2,948**	2,374	24.2
Other revenue[2]	**2,335**	1,365	71.1
Revenue	**7,450**	5,417	37.5
Administrative expenses[3]	**(2,109)**	(1,781)	18.4
Cost-to-income ratio[4] (%)	**46.4**	51.8	-5.4 pps
Finance costs	**(895)**	(499)	79.4
Other expenses[5]	**(2,907)**	(1,981)	46.7
Profit before tax	**1,539**	1,156	33.1
Income tax	**(287)**	(200)	43.5
Net profit	**1,252**	956	31.0

Notes: (1) Total investment income includes interest revenue from non-banking operations, investment income, and share of profits and losses of associates and jointly controlled entities under the segmented income statement. Investment income excludes operating lease income from investment properties.

(2) Other revenue includes other revenues and other gains, foreign exchange gains or losses, and operating lease income from investment properties under the segmented income statement. Other revenue and other gains exclude non-operating gains.

(3) Administrative expenses include administrative expenses and impairment losses on receivables and others under the segmented income statement.

(4) Cost-to-income ratio = administrative expenses/ (revenue – other expenses).

(5) Other expenses include interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions, other expenses, impairment losses on investment assets, and non-operating gains under the segmented income statement.

(6) We restated comparable data for 2018 in accordance with the *Circular on Releasing Financial Report Formats for Financial Companies for 2018* (Cai Kuai [2018] No.36) issued by the Ministry of Finance in December 2018.

Fees and Commission Revenue

In the first half of 2019, the brokerage fees and commission revenue rose by 49.1% year on year due to the higher trading volume. The underwriting fees and commission revenue grew by 35.7% year on year due to the soaring bond and ABS underwriting volumes. The asset management fees and commission revenue dropped by 14.2% year on year due to the declines in the business scale and fee ratios affected by the market environment.

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Fees and commission revenue			
Brokerage business	**1,847**	1,239	49.1
Underwriting business	**452**	333	35.7
Asset management business	**235**	274	(14.2)
Others	**210**	266	(21.1)
Total	**2,744**	2,112	29.9

OTHER ASSET MANAGEMENT BUSINESSES

The other asset management business represents results of companies including Ping An Financial Leasing, Ping An Asset Management, and Ping An Overseas Holdings.

Ping An Financial Leasing

Ping An Financial Leasing seeks expertise-based innovations and empowers business with leading technology. Taking advantage of the Group's capital strength and strong brand, Ping An Financial Leasing centers on five major ecosystems of the Group, creates synergies with the Group's financial services ecosystem, and focuses on the health care ecosystem and auto services ecosystem. Ping An Financial Leasing aims to become an expert leader in serving small and medium-sized enterprises (SMEs) and specialized markets with unique commercial vitality and scalability.

Ping An Financial Leasing gives full play to the industry's characteristics of "financing and leasing." Ping An Financial Leasing has vigorously served the real economy and led many segments of the leasing market including health care, energy, metallurgy, engineering, education, culture, manufacturing and processing. Moreover, Ping An Financial Leasing has developed various innovative business models including Ping An Healthcare Diagnostics Center, auto finance, and microfinance. Ping An Financial Leasing has become an industry leader and innovation pioneer by increasing the depth and width of leasing business and extending the business models.

In the first half of 2019, the net profit of Ping An Financial Leasing increased by 42.4% year on year, mainly due to stable and healthy development of its mature businesses and breakthroughs in innovative businesses. Affected by the macro-environment and tightened regulation of several industries, as of June 30, 2019, the non-performing asset ratio of Ping An Financial Leasing increased slightly from the beginning of 2019, but remained low compared to its peers. Ping An Financial Leasing continued to enhance asset risk management, and adjusted management measures according to the risk profile in a timely manner to ensure that risks are controllable.

Results of Operation

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Revenue	**9,852**	6,905	42.7
Net profit	**2,025**	1,422	42.4

(in RMB million)	June 30, 2019	December 31, 2018	Change (%)
Total assets	**255,562**	234,657	8.9
Non-performing asset ratio (%)	**1.02**	0.89	0.13 pps

Ping An Asset Management

Ping An Asset Management is responsible for domestic investment management business of the Company. Entrusted with the insurance funds of the Company, Ping An Asset Management also provides investment products and third-party asset management services to other investors through various channels.

Amid macro-economic changes and capital market fluctuations, Ping An Asset Management always upholds the philosophies of value investing and prudence. In response to market risks and opportunities, Ping An Asset Management continued to create value for customers through its investment management services for insurance funds. In line with the government's major strategies and high-quality economic growth objectives, Ping An Asset Management became an industry leader by the scale of alternative investment and served the real economy more efficiently. Amid new trends in the industry, Ping An Asset Management gave full play to its advantages in active management, and based its business on expertise and markets. The third-party asset management business maintained steady growth. Ping An Asset Management was honored as the Asset Management Company of the Year (Insurance) in The Asset Triple A Asian Awards 2019. We are the only Chinese insurance asset manager to have won this honor this year. In the first half of 2019, the net profit of Ping An Asset Management increased by 9.6% year on year, mainly due to steady AUM growth. As one of China's largest asset managers, Ping An Asset Management will continue to improve its investment capability, risk management, and customer services through technologies to create value for customers. Ping An Asset Management will increase investment in fintech, and leverage new technologies to enhance its core investment capabilities and customer experience. Ping An Asset Management will further technological innovation to become China's leading technology-powered asset manager.

Results of Operation

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Net profit	**1,444**	1,318	9.6
Revenue from third-party asset management	**842**	898	(6.2)

(in RMB million)	June 30, 2019	December 31, 2018	Change (%)
Assets under management	**3,122,960**	2,889,616	8.1
Including: AUM of third-party asset management	**295,580**	268,718	10.0

Business Analysis
Technology Business

- Lufax Holding maintained steady profit growth and an industry-leading market share by seeking innovations in businesses including wealth management, retail lending and government finance. The balance of loans grew steadily while the credit quality remained excellent.
- OneConnect is China's leading technology-as-a-service platform for financial institutions. OneConnect provides comprehensive end-to-end solutions for 3,707 financial institutions. In May 2019, OneConnect secured a virtual banking license from the Hong Kong Monetary Authority (HKMA).
- In the first half of 2019, Ping An Good Doctor (Stock Code: 01833.HK) recorded a year-on-year increase of 102.4% in its revenue to RMB2,273 million, driven by rapid growth of its core online health care business. As of June 30, 2019, paying members of its online health care services hit 1,438.6 thousand. As operating efficiency improved, net loss continued to narrow to RMB274 million in the first half of 2019, down 38.3% year on year.
- Ping An HealthKonnect won the bids for the macro-decision making big data application subsystem and the operation monitoring subsystem of the National Healthcare Security Administration. Ping An HealthKonnect has provided social health insurance (SHI) management and member services for SHI fund managers in over 200 cities.

BUSINESS OVERVIEW

The Company conducts technology business via companies including Lufax Holding, OneConnect, Ping An Good Doctor, Ping An HealthKonnect, and Autohome. The Company continued to explore innovative fintech and healthtech business models. In the first half of 2019, the technology business realized total revenue(1) of RMB38,431 million, up 33.6% year on year. As of June 30, 2019, the total valuation(2) of our technology companies was about USD70,000 million.

LUFAX HOLDING

Lufax Holding is a world-leading comprehensive online wealth management and retail lending technology platform, and also provides financial institutions and local governments with comprehensive financial solutions. In the first half of 2019, Lufax Holding maintained steady business growth in wealth management, retail lending and government finance by seeking innovations in line with the philosophy of empowering traditional financial services with technologies. Lufax Holding proactively seized opportunities amid new policies, and flexibly adjusted business and product strategies. With increasingly brand value, Lufax Holding maintained steady business growth. Lufax Holding received "Golden Shell Award—2019 Excellent Internet-based Wealth Management Platform" from *21st Century Business Herald*, and was honored as one of the "China Leading Fintech 50" companies by KPMG. Moreover, Lufax Holding ranked 26th on the BrandZ™ 2019 Top 100 Most Valuable Chinese Brands list with a brand value of USD6.89 billion, being the first fintech company on the list.

In wealth management, Lufax Holding provides the middle class with diverse and personalized products and services. Lufax Holding has provided over 11 million active investor users with 5,000 plus products and personalized financial services through partnerships with over 300 institutions. In the first half of 2019, Lufax Holding developed customer lifetime value models through technologies including machine learning. Lufax Holding achieved precise customer reach and smart matching by dynamically assessing customer demands on multiple dimensions including risk, channel, time and method. In this way, Lufax Holding improved customer quality, unlocked customer value, and increased the customer

Notes: (1) Total revenue of the technology business is the sum of revenues of technology companies in our technology segment, without considering the shareholding proportions.
(2) Total valuation of technology companies is the sum of valuations of technology companies in our technology segment, without considering the shareholding proportions. The valuations of listed companies are computed based on their valuations as of closing on June 30, 2019, while the valuations of private companies are computed based on their most recent post-money valuations.

retention rate and operation efficiency. Currently, more than half of the customer assets on Lufax Holding's platform are from customers with assets of over RMB500,000. By leveraging AI technologies, Lufax Holding developed a process integrating customer acquisition, conversion and development, and a multi-scenario smart interactive service system for product management before, during and after investment. Lufax Holding's smart service robots have covered over four million platform customers and facilitated a total investment of over RMB100 billion. As of June 30, 2019, Lufax Holding had 42.74 million registered users on its platform, up 5.9% from the beginning of 2019. Customer assets dropped by 0.5% from the beginning of 2019 to RMB367,394 million due to the asset structure adjustment and restrictions on some products. The trading volume fell by 47.3% year on year as we optimized the product portfolio by reducing the proportion of products with high-frequency trading but unsatisfactory profitability.

In retail lending, as a leading O2O (Offline to Online) non-bank retail lending service platform in China, Lufax Holding serves borrowers with high-quality resources in the financial services ecosystem. With 15 years' experience in credit business, Lufax Holding provided 11.24 million micro-, small and medium-sized business owners and retail customers with O2O lending services from offline consultation to online application. In risk management, Lufax Holding proactively applied AI technology to select high-quality borrowers, and carried out regular stress testing and risk monitoring by business region and industry to prevent risks. Adapting to the changing market, Lufax Holding enhanced risk management. In addition, Lufax Holding diversified the sources of institutional funds to flexibly respond to market and industry changes. Lufax Holding now partners with 32 institutional fund providers. As of June 30, 2019, Lufax Holding's balance of loans under management reached RMB407,855 million, up 8.8% from the beginning of 2019; the ratio of loans more than 30 days overdue[(1)] was 2.2%.

In government finance, Lufax Holding continued to promote the Smart Fiscal Cloud by developing more standard products and broadening and deepening its cooperation with cities to empower smart city development. As of June 30, 2019, Lufax Holding had launched Smart Fiscal Cloud projects in nine provinces and cities across China.

Note: (1) The ratio of loans more than 30 days overdue refers to the proportion of loans more than 30 days (inclusive) overdue to the balance of loans under management.

Number of Users

(in million)	June 30, 2019	December 31, 2018	Change (%)
Lufax's registered users	**42.74**	40.35	5.9
Active investor users[(1)]	**11.58**	11.17	3.7
Accumulated borrowers	**11.24**	10.28	9.3

Note: (1) Active investor users refer to users who made an investment or had a positive account balance in the past 12 months.

Assets under Management

(in RMB million)	June 30, 2019	December 31, 2018	Change (%)
Customer assets	**367,394**	369,414	(0.5)
Consumer finance	**169,507**	186,916	(9.3)
Standard products[(1)]	**178,621**	175,089	2.0
Business ecosystem[(2)]	**19,266**	7,409	160.0
Balance of loans under management	**407,855**	375,006	8.8

Notes: (1) The standard products refer to products distributed by the wealth management business, including publicly offered funds, privately offered funds, and asset management products from insurance asset managers and securities firms.
(2) The business ecosystem refers to balances of investments made by wealth management customers at partner financial institutions through Lufax Holding's technology-powered system.

Trading Volume

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Wealth management	**487,327**	924,923	(47.3)
New loans	**227,859**	176,672	29.0

ONECONNECT

OneConnect is China's leading technology-as-a-service platform for financial institutions. OneConnect provides comprehensive end-to-end solutions for various financial institutions including banks, insurers, and investment managers by integrating extensive financial service experience with cutting-edge technologies. In this way, OneConnect empowers financial institutions to increase revenues, manage risks, boost efficiency, improve services, lower costs, and pursue digital transformations.

As of June 30, 2019, OneConnect had provided services for 3,707 domestic institutions, including 615 banks, 81 insurers and 3,011 other institutions. In the first half of 2019, OneConnect scored remarkable achievements in technology application, ecosystem development and overseas business, under the "technology + business" model. As of June 30, 2019, OneConnect had filed 3,070 technology patent applications, 98.4% of which are for inventions.

Business Analysis
Technology Business

OneConnect remained a leader in developing and providing blockchain technologies to financial institutions. OneConnect won the Best Blockchain or Distributed Ledger Technology Award from *The Asian Banker*, and is on the first list of blockchain information services registered with the Cyberspace Administration of China. OneConnect and Tianjin Port jointly launched the first cross-border trade blockchain verification pilot project in China, achieving one-click customs declaration and smart verification. OneConnect ranked first in SemEval-2019 Task 3: EmoContext, a world-class contest of contextual emotion detection in text. OneConnect vigorously implemented the platform strategy to provide institutions with optimum products, services and solutions. OneConnect launched one-stop, systematic core solutions that cover financial institutions' core systems, mobile banking, retail risk management, and financing for small and medium-sized enterprises (SMEs). OneConnect unveiled the Gamma O platform that provides open access to technologies, customers and scenarios, and connects the demanders, suppliers and regulators of technologies and scenarios. OneConnect has established the Supply Chain Finance Committee under China Association of Small and Medium Enterprises to develop a smart supply chain financial services platform. In addition, we continued to build our presence overseas. OneConnect's subsidiary in Hong Kong secured a virtual banking license from the HKMA, and is preparing for its business launch. The subsidiary aims to develop inclusive finance in Hong Kong. OneConnect has established a Japanese joint venture with SBI Neo Financial Services to help local financial institutions with digital transformation. In Southeast Asia, apart from the Singapore branch, OneConnect has opened a branch in Jakarta, Indonesia. As of June 30, 2019, OneConnect had provided services for or signed cooperation agreements with 27 institutions in 10 countries or regions.

For the six months ended June 30	2019	2018	Change (%)
Business/consumer transactions[1] (in RMB billion)	**215.5**	105.7	103.9
Institutional transactions[2] (in RMB billion)	**11,533.9**	9,236.3	24.9
Risk management product use (million times)	**721**	474	52.1
Smart Quick Claim use (million times)	**5.15**	2.73	88.6

Notes: (1) Business/consumer transactions refer to the scale of corporate business and retail business transactions processed on OneConnect's fintech platform which helps partners improve efficiency, increase revenues, and reduce risks.
(2) Institutional transactions refer to the scale of interbank business transactions processed on OneConnect's fintech platform which helps partners improve efficiency, increase revenues, and reduce risks.

	June 30, 2019	December 31, 2018	Change (%)
Number of partners[1]	**3,707**	3,536	4.8
Including:			
Banks	**615**	597	3.0
Insurers	**81**	70	15.7
Others	**3,011**	2,869	4.9

Note: (1) OneConnect optimized the definition of partners and restated the data for 2018 to provide a more objective representation.

PING AN GOOD DOCTOR

Ping An Good Doctor (Stock Code: 01833.HK) provides users with timely, high-quality online heath care services through its in-house medical staff and AI-based diagnosis/treatment system. These services include 24/7 online consultation, prescription, referral, registration, second medical opinions, and 1-hour drug delivery. Through an improving global medical network, Ping An Good Doctor provides extensive health care and health management services for users.

As the most critical part of the Group's health care ecosystem, Ping An Good Doctor expands its user base externally while leveraging the Group's resources. As of June 30, 2019, Ping An Good Doctor had over 289 million registered users, including 62.70 million monthly active users in June 2019. Therefore, Ping An Good Doctor is the largest online health care services platform in China. As of June 30, 2019, Ping An Good Doctor had 1,193 in-house medical staff members. Ping An Good Doctor partners with over 3,000 hospitals, more than 1,400 of which are 3A hospitals. The number of partner pharmacies grew by 16 thousand from the beginning of 2019 to over 32,000 in 200 plus cities across China. The health care service provider network covers 400 clinics of traditional Chinese medicine, over 1,600 checkup centers, over 1,700 dental clinics, over 150 medical cosmetic institutions, and over 47,000 clinics.

Ping An Good Doctor improved its AI-based diagnosis/treatment system on the basis of over 526 million cumulative consultations and the expertise of its in-house medical staff members. In the first half of 2019, apart from Ping An Good Doctor's in-house medical staff, nearly 150 hospitals began to use this system for more efficient consultation and treatment. In the first half of 2019, Ping An Good Doctor received 656 thousand consultations per day on average, up 23.5% year on year.

Enhancing cooperation on the open platform, Ping An Good Doctor provides policy holders with health care membership services covering disease prevention, medical treatment and rehabilitation, and helps insurance companies improve risk management. In the first half of 2019, Ping An Good Doctor enhanced cooperation with the Group, and continued to partner with more insurers. In June 2019, Ping An Good Doctor signed strategic cooperation agreements with PKU Founder Life and Pearl River Life to provide their customers with comprehensive, high-quality health care services. This is a solid step toward the goal of developing an open health care ecosystem. In June 2019, Ping An Good Doctor launched "Private Doctor", a brand-new strategic product targeting paying members, to provide customers with comprehensive, high-quality and customized online-merge-offline health care services. As of June 30, 2019, Ping An Good Doctor had 1,438.6 thousand paying members of its online health care services.

	June 30, 2019	December 31, 2018	Change (%)
Registered users (in million)	**289.34**	265.19	9.1
Cumulative consultations (in million)	**526.01**	407.06	29.2

	2019	2018	Change (%)
Monthly active users in June[(1)] (in million)	**62.70**	48.58	29.1

Note: (1) Monthly active users refer to users who access Ping An Good Doctor's service or product platform via apps, WAP (Wireless Application Protocol) or plug-ins at least once in any given month.

For the six months ended June 30 (in RMB million)	**2019**	2018	Change (%)
Revenue	**2,273**	1,123	102.4
Including: Revenue of online health care business	**336**	186	80.6
Cost	**(1,781)**	(814)	118.8
Gross profit	**492**	309	59.2
Net profit	**(274)**	(444)	(38.3)

PING AN HEALTHKONNECT

Ping An HealthKonnect is committed to becoming a smart technology company fully empowering the health care ecosystem. With industry-leading experience in SHI, medical, health and disease management, Ping An HealthKonnect develops an integrated "Smart SHI" platform with four professional services to fully empower SHI fund managers. Core technologies including cloud computing, blockchain and AI, as well as five leading health care knowledge bases, were applied to the platform development. Ping An HealthKonnect also provides one-stop smart information services for commercial health insurance (CHI) companies and medical service providers, and smart "internet + health management" services for insured members.

As of June 30, 2019, Ping An HealthKonnect had provided SHI management services for SHI fund managers in over 200 cities, covering over 800 million insured members. Ping An HealthKonnect also won the bids for the macro-decision making big data application subsystem and the operation monitoring subsystem of the National Healthcare Security Administration's healthcare security information platform.

AUTOHOME

Autohome (Stock Code: ATHM), a leading internet-based auto service platform in China, is committed to developing a smart auto ecosystem under the strategy of "auto-content, auto-transaction, auto-finance and auto-lifestyle." In this ecosystem centering on data and technology, Autohome provides auto consumers with diverse products and services.

In the first half of 2019, Autohome recorded rapid business growth with revenue totaling RMB3,921 million, up 24.2% year on year. Online marketplace business accounted for 16.0% of total revenue, up 6.7 pps year on year. Autohome's net profit[(1)] was RMB1,556 million, up 23.1% year on year. By optimizing user experiences, Autohome realized steady traffic growth. In June 2019, the "Autohome" app had an average of 37.80 million daily unique visitors, up 48.0% year on year. These achievements have solidified Autohome's leading role among auto service apps in China. In auto dealing, Autohome created synergies with partners. In auto finance, Autohome proactively facilitates financing transactions, which consist of lending, financial leasing and insurance services to consumers and dealers. In addition, Autohome continued to attract users via its contents platform, provided users with diverse customized contents, tools and services, and created unique value for partners including automakers, dealers and financial institutions.

Autohome has also developed other competitive businesses, including data-based business, through which Autohome helps automakers and dealers to increase conversion rates.

Note: (1) Net profit refers to Autohome's Non-GAAP adjusted net income.

Analysis of Embedded Value

- As of June 30, 2019, the embedded value of the Company was RMB1,113,181 million (up by 11.0% YTD).
- The operating ROEVs of Group and of L&H (not annualized) in the first half were 11.2% and 14.2% respectively.
- NBV of the life and health insurance business in the first half of 2019 was RMB41,052 million (up by 4.7% YoY).
- As of June 30, 2019, the residual margin of L&H was RMB867,390 million (up by 10.3% YTD). The release of residual margin of L&H in the first half was up by 21.2% YoY.
- The operating profit after tax attributable to shareholders of the parent company in the first half of 2019 was RMB73,464 million (up by 23.8% YoY). The L&H operating profit after tax attributable to shareholders of the parent company was up by 36.9% YoY.

KEY DATA SUMMARY

(in RMB million)	**For the six months ended June 30, 2019/ As at June 30, 2019**	For the six months ended June 30, 2018/ As at December 31, 2018	Change (%)
EV of Group	**1,113,181**	1,002,456	11.0
Operating Return on EV (Operating ROEV) of Group (not annualized)	**11.2%**	13.5%	-2.3 pps
Group operating profit after tax attributable to shareholders of the parent company	**73,464**	59,339	23.8
EV of L&H	**713,191**	613,223	16.3
Operating ROEV of L&H (not annualized)	**14.2%**	17.6%	-3.4 pps
Value of first half year's new business after cost of capital of L&H (NBV)	**41,052**	39,209	4.7
L&H operating profit after tax attributable to shareholders of the parent company	**47,958**	35,035	36.9
Residual margin of L&H	**867,390**	786,633	10.3
Ultimate investment return rate	**5.0%**	5.0%	–
Risk discount rate	**11.0%**	11.0%	–

ANALYSIS OF EMBEDDED VALUE

In order to provide investors with an additional tool to understand our economic value and business performance results, the Company has disclosed information regarding embedded value ("EV") in this section. 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 ("L&H") 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 PricewaterhouseCoopers Consultants (Shenzhen) 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, 2019.

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 2019 in accordance with the Standards and China Risk Oriented Solvency System (C-ROSS).

Components of Economic Value

(in RMB million)	June 30, 2019	December 31, 2018
Adjusted net asset value (ANA)	**665,808**	602,155
Including: Adjusted net asset value of L&H	**265,819**	212,922
Value of in-force insurance business written prior to June 1999	**18,084**	17,051
Value of in-force insurance business written since June 1999	**466,488**	418,534
Cost of capital	**(37,200)**	(35,284)
EV of Group	**1,113,181**	1,002,456
Including: EV of L&H	**713,191**	613,223

(in RMB million)	June 30, 2019	December 31, 2018
Value of one year's new business	**88,520**	88,889
Cost of capital	**(14,382)**	(16,596)
Value of one year's new business after cost of capital	**74,138**	72,294
Value of first half year's new business after cost of capital	**41,052**	39,209

Note: Figures may not match totals 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. The values placed on certain assets have been adjusted to the market value.

Analysis of Embedded Value

Key Assumptions

The assumptions used in the interim embedded value calculation in 2019 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 were 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 value of new business 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 the investment-linked fund, 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 condition, 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 12% in the next year and to be increased by 2% annually up to 16%.

4. **Mortality**
   The experience mortality rates have been based on the China Life (2010-2013) tables 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% and 100% for short-term accident and health insurance business.

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.

Value of New Business

The new business volumes measured by first year premium (FYP) and its new business value by segment for the first half of the year are:

For the six months ended June 30 (in RMB million)	FYP used to calculate value of new business 2019	2018	Change(%)	Value of new business 2019	2018	Change(%)
Retail business	**73,692**	82,897	(11.1)	**40,797**	39,049	4.5
Agency	**61,472**	72,089	(14.7)	**36,197**	35,321	2.5
Long-term protection	**25,419**	27,779	(8.5)	**24,727**	26,384	(6.3)
Protection & Saving hybrid (short-PPP)	**27,593**	37,145	(25.7)	**6,752**	5,977	13.0
Protection & Saving hybrid (long-PPP)	**5,109**	3,632	40.7	**3,257**	1,606	102.8
Short-term	**3,351**	3,532	(5.1)	**1,461**	1,354	7.9
Tele, internet and others	**8,307**	8,006	3.8	**3,867**	3,313	16.7
Bancassurance	**3,913**	2,802	39.6	**733**	415	76.8
Group business	**18,217**	17,647	3.2	**256**	160	59.8
Total	**91,908**	100,544	(8.6)	**41,052**	39,209	4.7

Notes: (1) Figures may not match totals due to rounding.

(2) "PPP" stands for Premium Payment Period.

(3) Long-term protection products cover whole-life, term life, critical illness and long term accident insurance. Protection & Saving products (short-PPP) cover endowment and annuity products with PPP below 10 years. Protection & Saving products (long-PPP) cover endowment and annuity products with PPP of 10 years and above.

(4) In the table above, the assumptions and method used to calculate the value of the first half year's new business in 2018 are the same as assumptions and method used for 2018 year-end valuation. If the 2018 interim valuation's assumptions and method were used, the value of first half year's new business in 2018 would be RMB38,757 million.

(5) Tele, internet and others include telemarketing, internet marketing and Ping An Health's retail business.

(6) The differences between FYP used to calculate value of new business and FYP disclosed in Management Discussion and Analysis (MD&A) are explained in the appendix.

The profit margin of new business by segment:

For the six months ended June 30	By FYP 2019	2018	By ANP 2019	2018
Retail business	**55.4%**	47.1%	**57.0%**	47.7%
Agency	**58.9%**	49.0%	**61.1%**	49.9%
Long-term protection	**97.3%**	95.0%	**97.0%**	94.9%
Protection & Saving hybrid (short-PPP)	**24.5%**	16.1%	**26.9%**	16.7%
Protection & Saving hybrid (long-PPP)	**63.7%**	44.2%	**63.3%**	44.2%
Short-term	**43.6%**	38.3%	**43.6%**	38.5%
Tele, internet and others	**46.5%**	41.4%	**44.9%**	40.8%
Bancassurance	**18.7%**	14.8%	**19.5%**	15.2%
Group business	**1.4%**	0.9%	**1.7%**	1.1%
Total	**44.7%**	39.0%	**47.4%**	40.9%

Note: ANP (Annualized new premium) is calculated as the sum of 100 per cent of annualized first year premiums and 10 per cent of single premiums.

Analysis of Embedded Value

Embedded Value Movement

The table below shows how the Company's embedded value changed from the opening balance of RMB1,002,456 million as of December 31, 2018 to the closing balance of RMB1,113,181 million as of June 30, 2019.

(in RMB million)		2019	Note
Opening EV of L&H	[1]	**613,223**	
Expected return on opening EV	[2]	28,025	Expected embedded value growth
Including: Unwinding of in-force value		24,127	Unwinding of opening value of in-force and NBV of the Reporting Period calculated via prudent risk discount rate of 11%
ANA return		3,899	
NBV post-risk diversified	[3]	49,405	
Including: NBV pre-risk diversified		41,052	Business written during the Reporting Period, cost of capital calculated at policy level
Diversification effects within new business		4,028	Diversification effects within NB lower cost of capital
Diversification effects with in-force		4,324	Diversification effects between NB and in-force lower cost of capital
Operating assumptions and model changes	[4]	937	
Operating variances and others	[5]	8,750	Favorable operating experience, mostly from variance in mortality spread gain
EV operating profit of L&H	[6]=[2+…+5]	**87,117**	
Economic assumptions changes	[7]	-	
Market value adjustment	[8]	(816)	Change in market value adjustment of free surplus during the Reporting Period
Investment return variance	[9]	15,762	
Non-operating one-off item	[10]	8,540	Impact of the income tax reduction of 2018 from L&H attributable to the parent company
EV profit of L&H	[11]=[6+…+10]	**110,603**	
Shareholder dividends		(9,048)	Dividends paid by Ping An Life to the Company
Employee stock ownership plan		(1,587)	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
Closing EV of L&H		**713,191**	

(in RMB million)		2019	Note
Opening ANA of other business	[12]	**389,233**	
Operating profit of other business	[13]	25,506	
Non-Operating profit of other business		1,847	Impact of the income tax reduction of 2018 from Ping An Property & Casualty attributable to the parent company
Market value adjustment and other variances		856	
Closing ANA of other business before capital changes		**417,442**	
Dividends received		9,048	Dividends received from Ping An Life
Dividends payout		(20,108)	Dividends paid by the Company to shareholders
Employee stock ownership plan		(2,971)	Long-term Service Plan and Key Employee Share Purchase Plan, as well as the offset effect for the amortization during the Reporting Period
Shares repurchase		(3,421)	Repurchase of A Shares of Ping An Group
Closing ANA of other business		**399,990**	
Closing EV		**1,113,181**	
Closing EV per share (in RMB)		**60.90**	

Note: Figures may not match totals due to rounding.

EV operating profit of Group in the first half of 2019 was RMB112,623 million, which was comprised of RMB87,117 million of EV operating profit of L&H and RMB25,506 million of operating profit of other business. The main source of EV operating profit of L&H was NBV and expected return on opening EV.

For the six months ended June 30 (in RMB million)		2019	2018
EV operating profit of Group	[14]=[6]+[13]	**112,623**	111,747
EV operating profit of L&H	[6]	**87,117**	87,443
Operating ROEV of Group (not annualized)	[15]=[14]/([1]+[12])	**11.2%**	13.5%
Operating ROEV of L&H (not annualized)	[16]=[6]/[1]	**14.2%**	17.6%

Note: Figures may not match totals 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 fair value of equity asset

Analysis of Embedded Value

Sensitivity of EV of Group to investment return and risk discount rate

	Risk discount rate		
(in RMB million)	10.5%	11.0%	11.5%
Investment return increased by 50 bps per annum	1,184,743	1,164,634	1,146,049
Central case	1,130,509	1,113,181	1,097,145
Investment return decreased by 50 bps per annum	1,076,048	1,061,507	1,048,028

Sensitivity of EV of L&H to investment return and risk discount rate

	Risk discount rate		
(in RMB million)	10.5%	11.0%	11.5%
Investment return increased by 50 bps per annum	784,753	764,644	746,059
Central case	730,520	713,191	697,156
Investment return decreased by 50 bps per annum	676,058	661,517	648,038

Sensitivity of NBV to investment return and risk discount rate

	Risk discount rate		
(in RMB million)	10.5%	11.0%	11.5%
Investment return increased by 50 bps per annum	85,688	81,629	77,842
Central case	77,781	74,138	70,733
Investment return decreased by 50 bps per annum	69,846	66,620	63,598

Sensitivity to other assumptions

(in RMB million)	EV of Group	EV of L&H	NBV
Central case	1,113,181	713,191	74,138
10% increase in mortality, morbidity and accident rates	1,091,076	691,086	67,969
10% increase in policy discontinuance rates	1,103,901	703,911	71,317
10% increase in maintenance expenses	1,110,014	710,024	73,568
5% increase in the policyholders' dividend payout ratio	1,103,916	703,926	73,895
10% decrease in fair value of equity asset	1,092,692	697,054	N/A

ANALYSIS OF OPERATING PROFIT

This section contains the Group Operating Profit and Source of Earning and Residual Margin Analysis of L&H. The Company has engaged PricewaterhouseCoopers Consultants (Shenzhen) Limited to review the reasonableness of the methodology and the calculation results of the Analysis of Operating Profit as of June 30, 2019.

Operating profit of the Group

Due to the long-term nature of the majority insurance business of life and health, the measure of operating profit has been applied to more appropriately evaluate business performance. Operating profit after tax is based on net profit from financial statements, excluding items that are of short-term, volatile or one-off nature, including:

- Short-term investment variance, which is the variance between actual investment return of L&H and the EV ultimate investment return assumption, net of associated relevant impact on insurance and investment contract liability. The life and health insurance business operating profit is based on a 5% investment return assumption after excluding the short-term investment variance;

- Impact of discount rate(1) change is the effect on insurance contract liability of L&H due to changes in discount rate;

- Impact of one-off non-operating items are significant items that management considered to be non-operating income and expenses, which in the first half of 2019 refers to the one-off impact of the decrease in income tax of 2018 factored into the income tax in 2019 as a result of the Company's insurance subsidiaries implementing the *Circular on Pre-tax Deduction of Fee and Commission Expense for Insurers (the "Circular")* issued by the Ministry of Finance and the State Administration of Taxation on May 29, 2019.

The operating profit after tax which excludes fluctuations of above non-operating related items can provide a clearer and more objective representation of business performance and trend.

Note: (1) Refer to the significant accounting policies in the notes of the Company's 2018 Annual Report for the relative information about the discount rate.

The group operating profit after tax attributable to shareholders of the parent company in the first half of 2019 was RMB73,464 million, which was up by 23.8% year on year. The L&H operating profit after tax attributable to shareholders of the parent company was RMB47,958 million, which was up by 36.9% year on year.

Analysis of Embedded Value

Operating profit after tax attributable to shareholders of the parent company

For the six months ended June 30 (in RMB million)	2019	2018	Change(%)
Life and health insurance business	**47,958**	35,035	36.9
Property and casualty insurance business	**9,990**	5,896	69.4
Banking business	**8,934**	7,756	15.2
Asset management business	**6,983**	8,565	(18.5)
Including: Trust business	**1,871**	1,693	10.5
Securities business	**1,199**	918	30.6
Other asset management business	**3,913**	5,954	(34.3)
Technology business	**2,802**	4,204	(33.3)
Other businesses and elimination	**(3,202)**	(2,117)	51.3
The Group	**73,464**	59,339	23.8

Note: Figures may not match totals due to rounding.

For the six months ended June 30 (in RMB million)		Group		L&H business	
		2019	2018	2019	2018
Net profit	[1]	**105,738**	64,770	**71,029**	34,328
Excluding:					
Short-term investment variance of L&H[(1)]	[2]	**13,000**	(1,233)	**13,000**	(1,233)
Impact of discount rate change of L&H[(1)]	[3]	**999**	(35)	**999**	(35)
Impact of one-off material non-operating items	[4]	**10,453**	–	**8,597**	–
Operating profit after tax	[5]=[1-2-3-4]	**81,286**	66,038	**48,433**	35,595
Attributable to:					
– Owners of the parent		**73,464**	59,339	**47,958**	35,035
– Non-controlling interests		**7,822**	6,699	**475**	560

Notes: (1) The short-term investment variance and impact of discount rate change of L&H listed above is net of tax.

(2) Figures may not match totals due to rounding.

Source of Earning and Residual Margin Analysis of L&H

The breakdown by source of earning of L&H operating profit has been shown as below.

For the six months ended June 30 (in RMB million)		2019	2018	Note
Release of residual margin	[1]	**35,840**	29,559	
Return on net worth[1]	[2]	**5,216**	4,310	
Spread income[2]	[3]	**1,628**	2,800	We proactively lowered spread charges to maintain product competitiveness in response to volatile capital markets in 2018. The impact continued into 2019.
Operating variances and other	[4]	**12,219**	11,168	Favorable operating experiences
L&H operating profit before tax	[5]=[1+2+3+4]	**54,903**	47,838	
Income tax	[6]	**(6,470)**	(12,243)	Reduction in effective tax rate caused by the implementation of the "Circular"
L&H operating profit after tax	[7]=[5]+[6]	**48,433**	35,595	

Notes: (1) Return on net worth is the investment return on shareholder equity based on the EV ultimate investment return assumption (5%).

(2) Spread income is the expected investment return from assets backing contract liability based on the EV ultimate investment return assumption (5%) exceeding the interest required on contract liability.

(3) Figures may not match totals due to rounding.

Residual margin is the present value of future profits with release pattern locked in at the time of policy issuance, resulting in stable release and immunity to capital market volatility. As of June 30, 2019, residual margin of life and health insurance business was RMB867,390 million, which rose by 10.3% from the beginning of 2019 mainly due to contribution from new business. The movement of L&H residual margin has been illustrated below:

(in RMB million)		June 30, 2019	June 30, 2018	Note
Opening residual margin	[1]	**786,633**	616,319	
Contribution from new business	[2]	**87,318**	92,455	
Expected interest growth	[3]	**16,350**	13,590	
Release of residual margin	[4]	**(35,840)**	(29,559)	
Lapse variance and others	[5]	**12,929**	17,227	Short-term volatility in policy persistency resulted in lower lapse variance and others
Closing residual margin	[6]=[1+...+5]	**867,390**	710,032	

Note: Figures may not match totals due to rounding.

Analysis of Embedded Value

Appendix

The differences between FYP used to calculate value of new business and FYP disclosed in MD&A are explained below.

For the six months ended June 30, 2019 (in RMB million)	FYP used to calculate value of new business	FYP disclosed in MD&A	Difference	Reasons
Retail business	73,692	87,770	(14,078)	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 value of new business
Group business	18,217	13,488	4,729	In compliance with current accounting standards, group investment contracts are not included in FYP disclosed in MD&A, but included in FYP used to calculate value of new business due to their contribution to value of new business
Total	**91,908**	**101,258**	**(9,349)**	

Note: Figures may not match totals due to rounding.

Liquidity and Capital Resources

- The Company manages its liquidity and capital resources from the perspective of the Group as a whole.
- As of June 30, 2019, the solvency of the Group was adequate. The comprehensive solvency margin ratio rose by 7.5 pps from the beginning of 2019 to 223.9%, higher than the regulatory requirement (100%).

OVERVIEW

Liquidity refers to the availability of cash assets or cash supply to meet the financial requirements of the Company whenever such cash assets or cash supply are needed. The aim of the Group's liquidity management is to meet the liquidity requirements of its operating, investing and financing activities while maximizing shareholders' returns by optimizing its financial resources allocation and capital structure.

The Company manages its liquidity and capital resources from the perspective of the Group as a whole. The Budget Management Committee, Risk Management Executive Committee, and Investment Management Committee under the Group Executive Committee are overseeing these essentials at the group level. As the Group's liquidity management execution unit, the Treasury Department is responsible for the Group's treasury management functions including cash settlement management, cash flow management, funding management, and capital management.

Liquidity management of the Group comprises capital management and cash flow management. The Group has put in place a comprehensive capital management and decision-making mechanism. As part of this process, the Group's subsidiaries put forward their capital requirements 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 Group Executive Committee then determines a final capital plan based on the strategic plan of the Group before allocating capital accordingly.

All operating, investing and financing activities of the Group should meet the requirements of liquidity management. The parent company and its insurance subsidiaries implement separate management based on their operating cash inflows and outflows. Allocation and deployment of funds are centralized through the pooling of cash inflows and outflows. The parent company and its insurance subsidiaries are therefore able to monitor cash flow status in a timely manner.

(in RMB million)	June 30, 2019	December 31, 2018	Change (%)
Total assets	**7,562,398**	7,142,960	5.9
Total liabilities	**6,798,426**	6,459,317	5.2
Total liabilities to total assets ratio (%)	**89.9**	90.4	-0.5 pps

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

CAPITAL STRUCTURE

The Group's long-term capital stability stems from the profits continuously generated by its various businesses. Furthermore, in accordance with the capital plan, the Group ensures capital adequacy by issuing capital market instruments including equity securities, subordinated bonds, capital supplement bonds, hybrid capital debt instruments, tier 2 capital bonds, and convertible bonds to raise capital. Adjustments are made to surplus capital through dividend distribution. As of June 30, 2019, the Group's equity attributable to shareholders of the parent company was RMB625,327 million, up 12.4% from the beginning of 2019. The parent company's capital mainly comprises contributions from shareholders as well as proceeds from issuance of H shares and A shares.

Liquidity and Capital Resources

The following table shows the balances of subordinated bonds, capital supplement bonds, hybrid capital debt instruments, tier 2 capital bonds, and convertible bonds issued by the Group and main subsidiaries as of June 30, 2019:

Issuer	Type	Par value (in RMB million)	Coupon rate	Issuance year	Maturity
Ping An Life	Capital supplement bonds	5,000	First 5 years: 3.90% Next 5 years: 4.90% (If not redeemed)	2015	10 years
Ping An Life	Capital supplement bonds	10,000	First 5 years: 3.82% Next 5 years: 4.82% (If not redeemed)	2016	10 years
Ping An Property & Casualty	Capital supplement bonds	5,000	First 5 years: 4.79% Next 5 years: 5.79% (If not redeemed)	2015	10 years
Ping An Property & Casualty	Capital supplement bonds	3,500	First 5 years: 5.10% Next 5 years: 6.10% (If not redeemed)	2017	10 years
Ping An Property & Casualty	Capital supplement bonds	10,000	First 5 years: 4.64% Next 5 years: 5.64% (If not redeemed)	2019	10 years
Ping An Bank	Hybrid capital debt instrument	3,650	7.50%	2011	15 years
Ping An Bank	Tier 2 capital bonds	10,000	3.85%	2016	10 years
Ping An Bank	Convertible bonds	26,000	0.2%, 0.8%, 1.5%, 2.3%, 3.2% and 4.0% per year respectively	2019	6 years
Ping An Bank	Tier 2 capital bonds	30,000	4.55%	2019	10 years

FREE CASH OF THE PARENT COMPANY

The free cash of the parent company includes bonds, equity securities, bank deposits and cash equivalents that the parent company holds. They are mainly invested in subsidiaries or used in daily operations or for dividend distribution. As of June 30, 2019, the parent company's free cash amounted to RMB27,778 million, down RMB14,232 million compared with the beginning of the year.

(in RMB million)	June 30, 2019	June 30, 2018	Change (%)
Opening balance of free cash	**42,010**	38,332	9.6
Dividend from subsidiaries	**15,606**	24,891	(37.3)
Dividend out to shareholders	**(20,108)**	(12,999)	54.7
Share repurchase	**(3,421)**	-	N/A
Capital injection into subsidiaries	**(1,000)**	(6,360)	(84.3)
Subscription for Ping An Bank's convertible bonds	**(12,887)**	-	N/A
Others[1]	**7,578**	722	949.6
Closing balance of free cash	**27,778**	44,586	(37.7)

Note: (1) Other impacts mainly include short-term borrowings.

The major cash outflows were the dividend of RMB20,108 million to A and H shareholders, repurchase of RMB3,421 million worth of the Company's A shares, capital injection of RMB1,000 million into subsidiaries, and subscription for RMB12,887 million worth of Ping An Bank's convertible bonds. The major cash inflow was the dividend of RMB15,606 million from subsidiaries as detailed below:

For the six months ended June 30 (in RMB million)	2019
Ping An Life	**9,048**
Ping An Property & Casualty	**5,324**
Ping An Bank	**1,234**
Total	**15,606**

DIVIDEND DISTRIBUTION

According to Article 217 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 any three consecutive years shall not be less than 30% of the yearly average distributable profit realized in the three years, provided that the annual distributable profit of the Company (namely profit after tax of the Company after covering the 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 take into account its profit, cash flow, solvency, operation and business development requirements. The Board of Directors of the Company shall be 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 growth in the future while maintaining financial flexibility.

Given the sustained operating profit growth and confidence in our prospect, the Board of Directors proposed to increase the 2019 interim cash dividend per share by 21.0% year on year to RMB0.75.

CAPITAL ALLOCATION

Under an integrated financial business model, the Company's ultimate goals are to support the Group's strategies and maximize capital efficiency. The Company follows three core principles in capital allocation: 1) to ensure capital levels of the Group's subsidiaries meet their respective business development needs and regulatory requirements; 2) to support mature, high-return businesses, boost performance, and create value; and 3) to explore innovative businesses, seize new growth drivers and opportunities, and realize sustainable growth in the future.

Liquidity and Capital Resources

GROUP SOLVENCY MARGIN

The insurance group solvency margin represents the consolidated solvency margin calculated as if all the members of the insurance group were a single reporting entity. The group solvency margin ratios are important regulatory measures for assessing an insurance group's capital adequacy.

The following table shows solvency data of the Group:

(in RMB million)	June 30, 2019	December 31, 2018	Change (%)
Core capital	**1,408,793**	1,258,768	11.9
Actual capital	**1,442,293**	1,290,268	11.8
Minimum capital	**644,058**	596,238	8.0
Core solvency margin ratio (%) (regulatory requirement ≥50%)	**218.7**	211.1	7.6 pps
Comprehensive solvency margin ratio (%) (regulatory requirement ≥100%)	**223.9**	216.4	7.5 pps

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

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

A stable solvency margin ratio ensures that the Company meets capital requirements specified by external institutions including regulators and rating agencies, and supports the Company in developing business and creating value for shareholders.

Stress test results about impacts of declines in interest rates and equity assets on Ping An Group, Ping An Life and Ping An Property & Casualty's solvency margin ratios as of June 30, 2019 are disclosed below:

	Comprehensive solvency margin ratio (%)		
	Ping An Group	Ping An Life	Ping An Property & Casualty
Central case	223.9	228.0	255.3
50 bps decline in interest rate	216.0	213.6	255.9
30% decrease in fair value of equity assets	213.9	214.6	251.5

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.

To meet domestic and international regulatory requirements including those for the Global Systemically Important Insurers (G-SIIs) and those under the China Risk Oriented Solvency System (C-ROSS), the Group has developed and regularly updated the Liquidity Risk Management Plan of Ping An Insurance (Group) Company of China, Ltd. (LRMP). The Group has also established a robust liquidity risk management framework covering risk appetites and limits, risk strategies, risk monitoring, stress testing, emergency management, appraisal and accountability, and relevant policies. Ping An has constantly improved its management procedures and processes for better identification, evaluation, and management of the liquidity risk for the Group and its members.

Under the Group's principles and guidelines for liquidity risk management, the subsidiaries have developed their own liquidity risk appetites, risk indicators, and risk limits according to the applicable regulations, industry practices, and features of their business activities. The Group and its subsidiaries have established robust liquidity risk information systems and liquidity monitoring and reporting procedures for adequate identification, accurate measurement, continuous monitoring, and effective control of the liquidity risk in various business activities. The Group and its subsidiaries regularly evaluate liquid assets and maturing debts, conduct stress tests of cash flows, and carry out forward-looking analyses of the liquidity risk for a certain period in the future to identify the potential liquidity risk and take measures to control liquidity gaps.

The Group and its subsidiaries have established liquidity reserve policies and maintained stable, convenient, and diverse sources of financing to ensure that they have adequate liquidity to tackle possible impacts from adverse situations. Moreover, the Group and its subsidiaries have developed robust liquidity contingency plans for handling any significant liquidity events. The Group has set up internal firewalls to prevent intra-group contagion of the liquidity risk.

Cash Flow Analysis

For the six months ended June 30 (in RMB million)	2019	2018	Change (%)
Net cash flows from operating activities	**181,853**	138,936	30.9
Net cash flows from investing activities	**(122,956)**	(41,090)	199.2
Net cash flows from financing activities	**(65,447)**	(36,349)	80.1

Net cash flows from operating activities increased year on year mainly due to year-on-year increases in net cash inflows from operating activities of Ping An Life.

Net cash outflows from investing activities increased year on year mainly due to year-on-year increases in net cash outflows from investing activities of Ping An Bank.

Net cash outflows from financing activities increased year on year mainly due to year-on-year increases in net cash outflows from financing activities of subsidiaries including Ping An Life.

Cash and Cash Equivalents

(in RMB million)	June 30, 2019	December 31, 2018	Change (%)
Cash	**267,386**	219,959	21.6
Bonds of original maturities within 3 months	**45**	2,534	(98.2)
Financial assets purchased under reverse repurchase agreements of original maturities within 3 months	**34,344**	85,531	(59.8)
Total cash and cash equivalents	**301,775**	308,024	(2.0)

The Company believes that the liquid assets 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

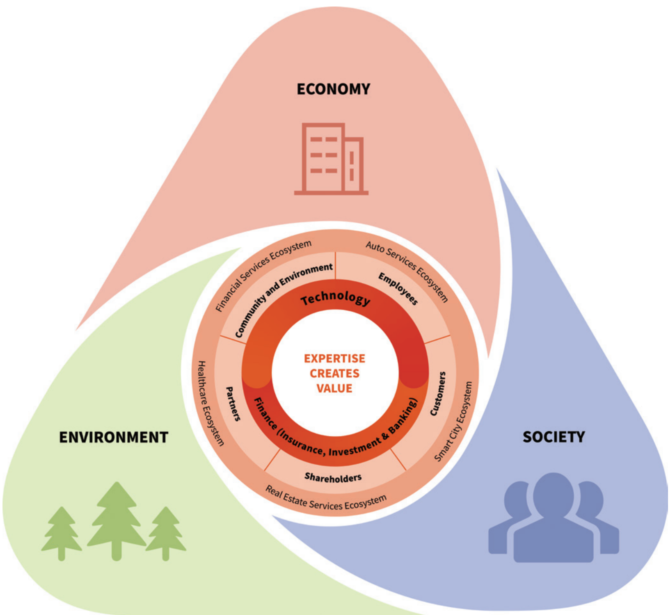
- To achieve sustainable development, the Company has integrated environmental, social and governance (ESG) criteria into business operations to effectively manage ESG risks and identify corresponding business opportunities.

SUSTAINABLE DEVELOPMENT PHILOSOPHY AND MANAGEMENT

While influencing society through financial services and technologies, Ping An creates value for our shareholders, customers, employees and partners, as well as the community and the environment. Ultimately, Ping An aims to achieve mutual, sustainable development with all of our stakeholders.

Sustainable Development Commitment

Ping An adheres to the philosophy that "expertise creates value." Driven by "finance + technology," Ping An join hands with all stakeholders through the five ecosystems of the Group to support a green environment, a harmonious society, and a sustainable economy.



Sustainable Development Model

Economic Impact

"Expertise creates value" is the core value on which we base our sustainable development strategy. We continuously impact society under our professional business models.

Environmental Impact

Ping An Group responds to global warming by reducing carbon emissions and energy consumption. We strive toward environmental sustainability through low-carbon businesses and green operations.

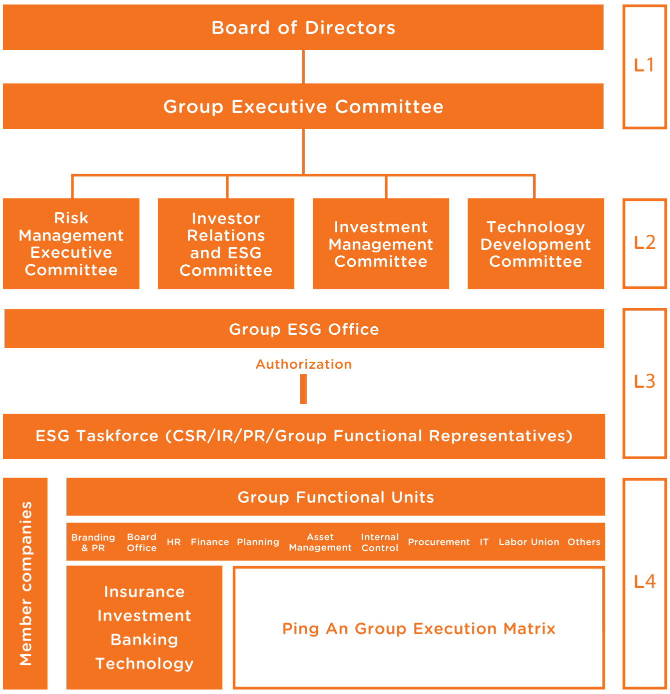
Social Impact

Ping An is committed to building a harmonious and fair society, and achieve the United Nations' Sustainable Development Goals (SDGs) through diverse businesses. Ping An has also followed the national strategy of targeted poverty alleviation by implementing the Ping An Rural Communities Support to contribute to rural vitalization and realization of the Chinese Dream.

Organizational Structure and Management

Incorporating sustainability as a part of our strategy, we continuously instruct all functional departments and members of the Group to enhance corporate governance based on business practices in a more methodical, professional, and systematic manner.

The Board of Directors (L1) has oversight of all ESG issues. The IR (Investor Relations) and ESG Committee (L2), along with other committees, are responsible for identifying ESG risks, formulating plans and policies, setting objectives, and appraising performance. The Group ESG Office and other functional departments of the Group (L3) act as the taskforce responsible for coordination of ESG issues in and outside the Group. The matrix consisting of the Group's functional units and members (L4) is responsible for ESG execution. Our overall work plan is governed by clear management objectives, clear responsibilities and a clear appraisal mechanism, and continuous improvements in the management of ESG issues and risks. Regular reporting to directors and senior executives on ESG risk management, objectives, plans, implementation and progress ensures effective ESG management.



ESG Governance Structure

CORE SUSTAINABLE DEVELOPMENT TOPICS

We have devised nine core topics on three dimensions according to our operating practices, the capital market environment, and requirements of stakeholders.

Business Code of Conduct

As a leading integrated financial services group, the Company has always observed a strict business code of conduct. We have formulated relevant policies in accordance with laws and regulations, industry standards, actual conditions, and sustainable development requirements. Our well-established business code of conduct and disclosure system always remind the Company and our employees to base corporate governance on protecting the interests of customers, increasing shareholder engagement, supporting employee development, and ensuring a win-win situation with partners, with positive impacts on the environment, communities and business.

Business Ethics Statement

Ping An pays great attention to the effect of business ethics, and strictly complies with laws and regulations in all industries and regions where we operate. To improve standard management and information transparency, the Company has formulated strict rules and regulations including the *Articles of Association*, the *Whistle-blowing Management Procedure*, and the *Procurement Management Procedure*, and pledges the following:

- Tax policy: The Company complies with all tax regulations in all aspects of operations, proactively cooperates with governments in implementing tax policies, duly performs tax duties, analyzes potential tax risks carefully, discloses tax information under law, and prevents tax dodging, evasion and illegal avoidance.

- Anti-monopoly: The Company believes that fair, just and open competition can maximize benefits for our customers, partners, and society. Therefore, the Company observes anti-monopoly laws and regulations, strictly scrutinizes all merger and acquisition transactions, and meets all disclosure requirements.

- Anti-money laundering, anti-terrorist financing, and sanctions compliance: The Company shall abide by applicable local laws and regulations as well as the Company's *Anti-money Laundering Management Policy* and *Guidelines on Anti-money Laundering List-based Monitoring and Sanctions Compliance Management* to prevent, detect, and tackle financial crimes. The Company shall perform anti-money laundering and anti-terrorist financing duties, maintain strong compliance and risk awareness, and develop a robust anti-money laundering system to effectively manage money laundering and sanctions compliance risks.

- Fairness and interests: The Company protects legitimate interests of all employees both in internal management and businesses. The Company also calls on partners to protect their employees' legitimate interests, oppose gender, regional and age discrimination, and not to use child labor or forced labor.

- Whistle-blowing procedure: The Company allows employees to voice their concerns through proper approaches. The Company deals with whistle-blowing issues in a legal, objective, fair and timely manner to ensure fairness and justness for whistle-blowers, and implement an effective and reasonable whistle-blowing procedure.

Statement on Employee Code of Conduct

The Company pays great attention to combating fraud, corruption and commercial bribery, and supervising other business conduct. We have developed systematic internal management rules and procedures, including the *Employee Interest Conflict Management Policy*, the *Anti-fraud Procedure* and the *Anti-money Laundering Management Procedure*, as well as the business code of conduct in the following aspects:

- Information management: Employees are required to keep insider information confidential. The Company regularly conducts internal and external audits of information security management and data privacy protection, and establishes business risk management and other platforms to protect customer information.

- Insider trading and conflict of interests: Employees shall understand and comply with the Company's rules and regulations on conflict of interests. The Company prevents and punishes improper business dealings in line with the principle of "risk coverage, self-declaration, conflict avoidance, and zero tolerance", laying stress on prevention.

- Bribery, corruption and fraud: Employees and partners shall not engage in any illegal or improper activities in exchange for personal benefits, or damage the Company's legitimate economic interests and reputation. If such an activity is found and verified by the Company, the employees at fault will be punished accordingly.

For details, please refer to the *Business Code of Conduct of Ping An Group* in the Sustainability section on the Company's website.

Integration of Sustainable Business

Responsible Investment

Ping An promotes the development of responsible investment in various aspects including the organizational structure and policies, the responsible investment principle, and investment applications, in accordance with the *United Nations-supported Principles for Responsible Investment (UNPRI)*, and relevant guidelines issued by Chinese regulators (including the *Guidelines for Establishing the Green Financial System* of the former China Banking Regulatory Commission, the *Guidelines for Green Investment* of the Asset Management Association of China (AMAC), and the *Guidelines for Green Bonds* of the National Development and Reform Commission (NDRC)).

Organizational Structure and Policies

The Group IR and ESG Committee under the Group Executive Committee is in charge of the overall management of the Group's sustainable development. Under the supervision of the Group IR and ESG Committee, the Group ESG Office and investment departments have established a team of experts to work on the Group's responsible investment and provide necessary guidance and support.

The Group has formulated responsible investment policies while members of the Group design corresponding investment strategies according to asset classes and investment activities.

Responsible Investment Principle

We proactively respond to regulators' call and benchmark ourselves against international best practices. We have built the responsible investment principle into investment activities in line with the UNPRI.

Strategy	Asset class		
	Equities	Fixed-income	Other equity assets
Exclusion	√	√	√
ESG integration	√	√	√
Active ownership			√
Norm-based screening	√	√	√
Positive screening	√	√	√
Sustainability-themed investing	√	√	√
Impact investing			√

Investment Applications

In terms of investment risk management, we have integrated ESG risk management into our investment risk management system. We classify ESG risks from climate change and social risk perspectives, and set criteria for risk assessment according to the industries or regions the Group's asset portfolios invest in. In terms of investment products, we have established a primary ESG investment product system based on the ESG investment strategy framework. Below are the Group's ESG investments:

	As at June 30, 2019				
(in RMB million)	Equities	Bonds	Financial products	Mutual funds	Lease receivables
Green investment(2)	13,578	14,263	10,191	262	508
Social and inclusive investment(3)	25,031	554,198	495,485	1,378	120,328

Notes: (1) Responsible investments refer to green, social and inclusive financial products. The investment data covers all financial products of the Group as a fund provider and product issuer.

(2) Green products are projects recommended by the NDRC's *Guidelines for Green Bonds* and the AMAC's *Guidelines for Green Investment*.

(3) Social and inclusive investment covers infrastructure, small and micro-business support, old-age care and health care, education and culture, poverty alleviation for agriculture, farmers and rural areas, shanty area reconstruction and so on.

As an integrated financial services group, the Company continuously bolsters sustainable economic growth by granting credit. As of June 30, 2019, Ping An Bank granted green credit lines of RMB62,404 million and the balance of loans reached RMB26,069 million; the balance of social and inclusive loans was RMB357,857 million. Lufax Holding provides professional lending services for small and micro-business owners, sole proprietorships and self-employed people, and vigorously supports poverty alleviation. As of June 30, 2019, Lufax Holding had provided inclusive credit services for 564,900 customers by granting RMB133,207 million in loans, with a balance of RMB221,263 million. In rural areas, we granted RMB15,758 million in loans to 126,500 customers.

The Company is promoting responsible investment across the Group in line with the UNPRI. For details, please refer to the *Responsible Investment Policies of Ping An Group* in the Sustainability section on the Company's website.

Sustainable Insurance

As a responsible insurance conglomerate, the Company is committed to embedding ESG criteria into the insurance business, mainly through risk management (insurance product risk pricing and risk management of the insured businesses) and the sustainable insurance product mix. For details, please refer to the *Sustainable Insurance System of Ping An Group* in the Sustainability section on the Company's website.

Insurance Risk Management

Ping An continues to research and monitor global climate change risks (including climate warming and extreme weather disasters) and social change risks (including demographic changes, population aging, and high incidence of diseases). In this way, Ping An can ensure reasonable ESG risk pricing for insurance products, and manage and prevent risks in enrollment. Ping An has integrated ESG risk management into actuarial and pricing processes, and adjusted scheduled incidence rates and the risk premium in the pure premium to properly price the insurance. At the same time, Ping An researched the climate change risks and established a risk management system for potential risks. For example, we manage business risks associated with climate change by using the Digital Risk System (DRS) to assess risk levels of nine natural disasters leveraging on our own competitive edge in data technology.

Sustainability

Sustainable Insurance Product System

ESG-related risks will give rise to new insurance products or stronger market demand. For example, catastrophe insurance provides protection against property losses caused by extreme weather. The demographic changes and population aging caused by urbanization in China will bring new development space for insurance products for the elderly and certain groups. We are committed to developing inclusive insurance products to provide protection for disadvantaged groups.

We have developed a sound sustainable insurance product system to fulfill our environmental and social responsibilities. This system promoted our business growth while serving our customers. At present, we are studying with peers and industry experts to increase the breadth and depth of sustainable insurance.

The performance of our sustainable insurance product system in the first half of 2019 was as follows:

For the six months ended June 30, 2019 (in RMB million)	Climate insurance[1]	Social insurance[2]	Inclusive insurance[3]
Premium income	40	42,557	50,469
Insured amount	6,159	34,053,327	1,838,296

Notes: (1) Climate insurance includes environmental liability insurance, catastrophe insurance, and so on.
(2) Social insurance includes serious illness insurance for rural and non-working urban residents, critical illness insurance, and so on.
(3) Inclusive insurance includes agricultural insurance, insurance for rural areas, insurance for farmers, insurance for the disadvantaged groups, and so on.

Information Security and AI Governance

AI technology is developing rapidly, highlighting the increased importance of personal data protection and ethical review.

Information Security and Privacy Protection

Ping An strictly abides by the information security requirements pursuant to state laws, regulations, and industry norms and codes. To ensure the confidentiality, integrity and availability of information, we constantly improve our information security management system. We have formulated the information security management rules, and established a data security governance model which focuses on customer data protection to ensure data security before, during and after a risk event.

Privacy protection is our top priority in our information security management system, and also the bottom line of our management. We have developed the *Data Management Measures, External Data Cooperation Management Measures* and other procedures to ensure that the personal data is captured, transmitted, stored and used in a compliant, safe manner. The member companies of the Group developed and implemented their own detailed implementation rules. These member companies have taken a series of data leakage prevention measures, including desensitization of sensitive information and authorization under the principle of "least privilege." Ping An undertakes to protect customer information and the privacy rights of customers and employees in the business activities. For further details, please refer to the *Information Security Management Policy of Ping An Group* and the *Privacy Protection Statement of Ping An Group* in the Sustainability section on the Company's website.

AI Governance

Currently, we apply AI in finance, health care, government services, transportation, and legal affairs scenarios. We are committed to applying AI in line with the five ethical principles of "human-oriented, human autonomous, secure and controllable, fair and just, and open and transparent," in order to keep AI application under ethical review.

Ping An has built an AI governance framework based on clear ethic goals for data, algorithms and applications. Internally, we are building a complete management system and ethical review standards. Externally, we proactively engaged in global AI governance to strength exchanges with other players and track development and release of industry standards. For further details, please refer to the *AI Governance Statement and Policies of Ping An Group* in the Sustainability section on the Company's website.

Responsible Product

Responsible Product Commitment

As an integrated financial services group, Ping An offers a wide range of products and services covering insurance, banking, investment and technology. During the life cycle of the products and services, we adhere to the principles of compliance, fairness, inclusiveness, and environmental protection. We undertake that all our products and services are offered based on the principles of environmental protection, fairness and legality. We will not provide products and services involving individual right violations, freedom of speech violations, and political repression, nor involving high emissions, high pollution, ecological destruction, and animal right violations. We will not participate in monopoly, unfair competition, pyramid sales, or terrorism. We will make every effort to avoid violation of laws, regulations, and code of ethics.

Product Compliance Management

Ping An's product management is divided into three phases: product design, product development and launch preparation, and sales and after-sales. Ping An has established a policy regime governing all products and services, including the *Product Sales Management Measures*, the *Product Development and Design Standards*, and the *Red, Yellow, and Blue Card Punishment Procedure*. We manage all products and services throughout their entire life cycles to avoid possible violation of laws and regulations.

Sustainable Supply Chain

ESG management and risks not only involve the company itself, but also the suppliers. The goal of "a sustainable supply chain" is to achieve long-term cooperation and win-win situations for all parties involved through end-to-end management of the cooperation.

Ping An has extensive and diverse cooperation with its partners. As our business development and the external cooperation deepen, upstream and downstream relationships of the entire supply chain will become more complicated. In light of this, Ping An has formulated policies to reduce the risks in the supply chain. Moreover, Ping An has integrated ESG requirements into the closed-loop supply chain management from supplier selection, cooperation approval, process management, throughout to tracking and feedback. Ping An focuses on suppliers' performance in ESG including environmental protection and employees' rights.

Ping An has defined the ESG requirements in the existing supplier management policies, including the *Management Measures for Suppliers in Procurement*, *the Procurement Management Procedure* and the *Suppliers Inspection Rules*. For further details, please refer to the *Sustainable Supply Chain Policy of Ping An Group* in the Sustainability section on our Company's website.

Ping An also provides various education programs on product quality, skills, and employee rights protection for partners to constantly improve our supply chain.

Ping An manages the suppliers based on the principles of integrity, transparency, and compliance, and has established clear disciplinary actions and complaint mechanisms to maintain integrity and fairness.

Employee Rights and Welfare

Employee Rights

Ping An complies with requirements in the eight core sections under the International Labor Conventions and the relevant agreements approved by the country where the business is located. We attach great importance to every employee's legitimate rights and released anti-discrimination rules to eliminate unfair treatment. We organize various activities to advocate a diverse and friendly office environment in which our employees can unleash their maximum potential with a strong sense of responsibilities. We have established multiple channels to collect employees' opinions to guarantee their freedom of expression. Moreover, we do not interfere with the right of employees to participate in any legal association or formation of any associations.

Sustainability

We recognize the international individual rights conventions, and support individual rights protection worldwide. We pay special attention to the disadvantaged groups, oppose any discrimination, bullying, and harassment, and prohibit forced labor.

Employee Welfare

Each employee has the right to participate in various forms of training for further progress and development. Employees are entitled to corresponding health care benefits and insurance coverages. We regularly conduct employee satisfaction surveys and improve existing conditions based on the survey results to create a better corporate environment. We undertake that we will withdraw no less than 2.5% of the total taxable salary annually as education funds for employee training. For further details, please refer to the *Employee Right Statement of Ping An Group* in the Sustainability section on our Company's website.

Community and Environment

Green Businesses and Operations

Pursuing the low-carbon policy, Ping An has included environmental protection in strategies for businesses and operations.

Green Businesses

Ping An avoids any business that may be detrimental to the environment, and continues to develop and promote innovative green products, including insurance, investment, and credit products, to increase diversity, coverage, and accessibility of our offerings.

Green Operations

Ping An avoids direct negative impact on the environment and realizes energy conservation and emission reduction by conducting energy efficient renovations, developing eco-friendly habits, building smart offices, and adopting electronic business processes. As of June 30, 2019, Ping An's carbon emissions reached 1,261,220.01 tCO_2e, with carbon emissions reduction potential (through electronic operations) of 31,878.88 tCO_2e. Ping An developed the following goals for reducing carbon emissions:

- Carbon emission intensity: Taking 2018 as the base year, we will reduce carbon emission intensity by 5%, 10% and 20% by 2020, 2025 and 2030 respectively.
- Paper use intensity: Taking 2016 as the base year, we will reduce paper use intensity by 50%, 60% and 80% over the next three, five and ten years respectively.
- Carbon emissions reduction potential: Taking 2016 as the base year, we will increase carbon emissions reduction by 60% and 80% over the next three and five years respectively, and ultimately routinize electronic operations.
- Green building: Ping An pledges that all new buildings of Ping An Group will reach China's Green Building Label (2-star) or equivalent LEED certification. Ping An will renovate buildings of headquarters and obtain green building certificates by 2020.

For details, please refer to the *Policy of Ping An Group on Low-Carbon Businesses and Operations* in the Sustainability section on our Company's website.

Sustainable Ecosystem (Sustainable Development Goals)

The United Nations' Sustainable Development Goals (SDGs) seek to solve social, economic and environmental problems in a systematic manner to pursue sustainable development. Addressing global social issues, SDGs provide a guiding framework and objectives for sustainable development. By attaining these SDGs, Ping An endeavors to promote sustainable development of the Group and the whole world.

Under the SDGs framework, Ping An's businesses, products and services have positive impacts on society. Details are as follows:

Category	SDGs
Insurance	3, 10, 11, 12, 13, 17
Technology	1, 5, 8, 10, 12, 13, 16
Finance	2, 3, 6, 7, 9, 11, 17
Smart City	3, 4, 9, 11, 12, 13, 16, 17
Healthcare	3, 9, 11, 17
Ping An Rural Communities Support	1, 2, 3, 4, 7, 8, 9, 10, 17

Note: Sustainable Development Goals (SDGs): (1) no poverty; (2) zero hunger; (3) good health and well-being; (4) quality education; (5) gender equality; (6) clean water and sanitation; (7) affordable and clean energy; (8) decent work and economic growth; (9) industry, innovation and infrastructure; (10) reduced inequalities; (11) sustainable cities and communities; (12) responsible production and consumption; (13) climate action; (14) life below water; (15) life on land; (16) peace, justice and strong institutions; and (17) partnerships for the goals.

With a large customer base, Ping An has cooperated with many partners in the five ecosystems, namely financial services, health care, auto services, real estate services, and smart city services. We hope to make positive changes in society and environment, and ensure sustainable development of Ping An's ecosystems by following the SDGs.

For details, please refer to the *Community Impact of Ping An Group* in the Sustainability section on our Company's website.

Ping An Rural Communities Support

Adhering to the philosophy of "impact investment" that takes social efficiency and corporate profit into account, the Company launched Ping An Rural Communities Support in 2018 to fully support the national strategy. Ping An Rural Communities Support is intended for boosting industries, healthcare and education in rural areas. The project comprises the Village Officer Program, the Village Doctor Program, and the Village Teacher Program.

Through Ping An Rural Communities Support, we have enhanced Ping An's influence and brand image. The project boosted Ping An's businesses, including agriculture loans, water and electricity loans, and agriculture insurance. In addition, Ping An Rural Communities Support has laid the foundation for Ping An's "impact investment" model, and set a benchmark for China's industry-oriented poverty alleviation.

As of June 30, 2019, the Company had implemented the Ping An Rural Communities Support in 13 provinces or autonomous regions across China. We had input RMB10,373 million for poverty alleviation, built or upgraded 622 rural clinics and 607 rural schools, and trained 6,926 village doctors and 5,898 village teachers.

The Ping An Volunteers Association, established in 2018, has branches in 19 regions across the country, and covers over 20 member companies of the Group. As of June 30, 2019, the "San Cun Hui" public welfare app had 1,587 thousand registered users, 436 thousand of whom were employees and agents of Ping An. The app has launched over 30 thousand "public welfare" initiatives, attracting a total of 2,518 thousand participants.

We will continue to support rural industrial upgrade, strengthen health care in poor areas, and improve rural education, thus contributing to the sustainable development of socialism with Chinese characteristics.

For details, please refer to the Sustainability section on the website of Ping An Group.

Changes in the Share Capital and Shareholders' Profile

CHANGES IN SHARE CAPITAL

There was no change in the total number of shares and shareholding structure of the Company during the six months ended June 30, 2019 (the "Reporting Period").

	As at January 1, 2019		Changes during the Reporting Period					As at June 30, 2019	
Unit: Shares	Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Transfer from reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Shares subject to selling restrictions	-	-	-	-	-	-	-	-	-
II. Floating shares not subject to selling restrictions									
1 RMB ordinary shares	10,832,664,498	59.26	-	-	-	-	-	10,832,664,498	59.26
2 Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3 Overseas listed foreign shares	7,447,576,912	40.74	-	-	-	-	-	7,447,576,912	40.74
4 Others	-	-	-	-	-	-	-	-	-
Subtotal	18,280,241,410	100.00	-	-	-	-	-	18,280,241,410	100.00
III. Total number of shares	18,280,241,410	100.00	-	-	-	-	-	18,280,241,410	100.00

SHAREHOLDERS' INFORMATION

Number of Shareholders

Unit: Shareholder	As at June 30, 2019
Total number of shareholders	462,737 (including 458,153 domestic shareholders)

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)[2]	Changes during the Reporting Period (shares)	Type of shares	Number of shares subject to selling restrictions held (shares)	Number of pledged or frozen shares (shares)
Hong Kong Securities Clearing Company Nominees Limited[3]	Overseas legal person	33.51	6,126,186,861[4]	+134,518,831	H Share	-	Unknown
Shenzhen Investment Holdings Co., Ltd.	State	5.27	962,719,102	-	A Share	-	341,740,000 pledged shares
Hong Kong Securities Clearing Company Limited[5]	Others	4.41	806,983,018	+96,441,761	A Share	-	-
New Orient Ventures Limited	Overseas legal person	3.91	714,663,997	-	H Share	-	714,663,997 pledged shares
Business Fortune Holdings Limited	Overseas legal person	3.19	583,285,136	-134,021,460	H Share	-	475,940,908 pledged shares
China Securities Finance Corporation Limited	Others	2.99	547,459,336	-	A Share	-	-
Central Huijin Asset Management Ltd.	State-owned legal person	2.65	483,801,600	-	A Share	-	-
Shum Yip Group Limited	State-owned legal person	1.41	257,728,008	-	A Share	-	-
Dacheng Fund-Agricultural Bank of China-Dacheng Zhongzheng Financial Asset Management Plan	Others	1.10	201,948,582	-	A Share	-	-
Huaxia Fund-Agricultural Bank of China-Huaxia Zhongzheng Financial Asset Management Plan	Others	1.09	199,511,462	-	A Share	-	-

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

(2) As the shares of the Company could be used as underlying securities for margin financing and securities lending, the shareholdings of the shareholders are the aggregate of all the shares and interests held in ordinary securities accounts and credit securities accounts.

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

(4) New Orient Ventures Limited and Business Fortune Holdings Limited are indirect wholly-owned subsidiaries of CP Group Ltd., and the shares owned by these two companies have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by the above two companies have been deducted from the shares held by HKSCC Nominees Limited.

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

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

New Orient Ventures Limited and Business Fortune Holdings Limited are indirect wholly-owned subsidiaries of CP Group Ltd., and they are presumed to be acting in concert with each other since they are under the common control of CP Group Ltd. As of June 30, 2019, CP Group Ltd., through the above two companies and other subsidiaries, indirectly held 1,652,683,721 H shares of the Company in total, representing approximately 9.04% of the total share capital of the Company.

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

Particulars of Controlling Shareholder and De Facto Controller

The shareholding structure of the Company is relatively scattered. There is no controlling shareholder, nor de facto controller.

Directors, Supervisors and Senior Management

APPOINTMENT OR REMOVAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Term of office
NG Sing Yip(1)	Newly-appointed Independent Non-executive Director	July 2019 – 2021 election
CHU Yiyun(1)	Newly-appointed Independent Non-executive Director	July 2019 – 2021 election
LIU Hong(1)	Newly-appointed Independent Non-executive Director	July 2019 – 2021 election
YIP Dicky Peter(1)	Retired Independent Non-executive Director	May 2018 – July 2019
WONG Oscar Sai Hung(1)	Retired Independent Non-executive Director	May 2018 – July 2019
SUN Dongdong(1)	Retired Independent Non-executive Director	May 2018 – July 2019
CAO Shifan(2)	Retired Senior Executive	April 2007 – January 2019

Notes: (1) As the 6-year term of office of Mr. Yip Dicky Peter, Mr. Wong Oscar Sai Hung and Mr. Sun Dongdong as the Independent Non-executive Directors of the Company expired, the 2018 Second Extraordinary General Meeting was held by the Company on December 14, 2018 to deliberate and approve the resolutions regarding the appointments of Mr. Ng Sing Yip, Mr. Chu Yiyun and Mr. Liu Hong as the Independent Non-executive Directors of the Company. The qualifications of Mr. Ng Sing Yip, Mr. Chu Yiyun and Mr. Liu Hong as the Directors of the Company were approved by CBIRC on July 17, 2019, on which day their appointments as the Independent Non-executive Directors of the Company to replace Mr. Yip Dicky Peter, Mr. Wong Oscar Sai Hung and Mr. Sun Dongdong became effective.

(2) Mr. Cao Shifan ceased to serve as the Company's Senior Vice President with effect from January 29, 2019.

SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Change in the Number of Shares Held in the Company

As of June 30, 2019, 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 Report* issued by the CSRC were as follows:

Name	Position	Capacity	H/A shares	Number of shares held at the beginning of the period (shares)	Number of shares 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	Chairman and CEO	Beneficial owner	A	1,120,555	1,364,608	+244,053	Key Employee Share Purchase Plan	Long position	0.01260	0.00746
SUN Jianyi	Senior Vice Chairman and Executive Vice President	Beneficial owner	A	4,273,639	4,555,060	+281,421	Key Employee Share Purchase Plan	Long position	0.04205	0.02492
LEE Yuansiong	Executive Director, Co-CEO, Executive Vice President and Chief Insurance Business Officer	Beneficial owner	A	141,915	282,120	+140,205	Key Employee Share Purchase Plan	Long position	0.00260	0.00154
REN Huichuan	Executive Director and President	Beneficial owner	A	597,961	841,205	+243,244	Key Employee Share Purchase Plan	Long position	0.00777	0.00460
YAO Jason Bo	Executive Director, Executive Vice President, Chief Financial Officer and Chief Actuary	Beneficial owner	A	175,655	321,378	+145,723	Key Employee Share Purchase Plan	Long position	0.00297	0.00176
		Beneficial owner	H	24,000	24,000	-	-	Long position	0.00032	0.00013
CAI Fangfang	Executive Director and Chief Human Resources Officer	Beneficial owner	A	75,866	145,101	+69,235	Key Employee Share Purchase Plan	Long position	0.00134	0.00079
WANG Zhiliang	Employee Representative Supervisor	Beneficial owner	A	27,505	37,446	+9,941	Key Employee Share Purchase Plan	Long position	0.00035	0.00020
PAN Zhongwu	Employee Representative Supervisor	Beneficial owner	A	15,220	21,012	+5,792	Key Employee Share Purchase Plan	Long position	0.00019	0.00011
XIE Yonglin	Co-CEO and Senior Vice President	Beneficial owner	A	62,680	159,518	+96,838	Key Employee Share Purchase Plan	Long position	0.00147	0.00087
TAN Sin Yin	Co-CEO, Executive Vice President, Chief Information Officer and Chief Operating Officer	Beneficial owner	A	62,680	164,835	+102,155	Key Employee Share Purchase Plan	Long position	0.00152	0.00090
IP So Lan	Senior Vice President, Chief Internal Auditor, Compliance Officer and Person-in-charge of Audit	Beneficial owner	A	134,959	268,191	+133,232	Key Employee Share Purchase Plan	Long position	0.00248	0.00147
CHEN Kexiang	Senior Vice President	Beneficial owner	A	176,164	272,538	+96,374	Key Employee Share Purchase Plan	Long position	0.00252	0.00149
SHENG Ruisheng	Secretary of the Board and Joint Company Secretary	Beneficial owner	A	85,823	162,774	+76,951	Key Employee Share Purchase Plan	Long position	0.00150	0.00089
CAO Shifan	Retired Senior Vice President	Beneficial owner	A	136,836	239,613	+102,777	Key Employee Share Purchase Plan	Long position	0.00221	0.00131

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.

Save as disclosed above, as of June 30, 2019, the interests and short positions of the Directors 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 HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors, or chief executives of the Company are taken as or deemed to have under such provisions of the SFO, or which are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise required to be notified by the Directors, and chief executives to the Company and the HKEX pursuant to the Model Code, were as follows:

Name	Position	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	Chairman and CEO	Interest of his spouse	H	20,000	20,000	-	-	Long position	0.00027	0.00011
		Others[(1)]	A	-	252,762	+252,762	Others[(1)]	Long position	0.00233	0.00138
SUN Jianyi	Senior Vice Chairman and Executive Vice President	Others[(1)]	A	-	126,381	+126,381	Others[(1)]	Long position	0.00117	0.00069
LEE Yuansiong	Executive Director, Co-CEO, Executive Vice President and Chief Insurance Business Officer	Others[(1)]	A	-	189,571	+189,571	Others[(1)]	Long position	0.00175	0.00104
REN Huichuan	Executive Director and President	Others[(1)]	A	-	126,381	+126,381	Others[(1)]	Long position	0.00117	0.00069
YAO Jason Bo	Executive Director, Executive Vice President, Chief Financial Officer and Chief Actuary	Interest of his spouse	H	64,000	64,000	-	-	Long position	0.00086	0.00035
		Others[(1)]	A	-	126,381	+126,381	Others[(1)]	Long position	0.00117	0.00069
CAI Fangfang	Executive Director and Chief Human Resources Officer	Others[(1)]	A	-	126,381	+126,381	Others[(1)]	Long position	0.00117	0.00069

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.* approved at the 2nd Extraordinary General Meeting for 2018.

Change in the Number of Shares Held in Associated Corporations of the Company

As of June 30, 2019, none of the Directors 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 HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the Directors and chief executives to the Company and the HKEX pursuant to the Model Code.

Directors, Supervisors and Senior Management

CHANGES IN INFORMATION ON DIRECTORS AND SUPERVISORS

1. Mr. Ren Huichuan, an Executive Director of the Company, has ceased to serve as the Chairman of Ping An Trust since June 2019.

2. Ms. Cai Fangfang, an Executive Director of the Company, has ceased to serve as a director of OneConnect since May 2019.

3. Mr. Soopakij Chearavanont, a Non-executive Director of the Company, has been designated as the Chairman of C.P. Pokphand Co. Ltd. (previously the Vice Chairman) since May 2019, has served as the Chairman of Charoen Pokphand Foods Public Company Limited since May 2019, has served as the Chairman of CP All Public Company Limited since June 2019, and has ceased to serve as a director of True Corporation Public Company Limited since June 2019.

4. Mr. Yang Xiaoping, a Non-executive Director of the Company, has served as the Co-Chairman of the board of directors of China Minsheng Investment Group since February 2019, and has served as the Vice Chairman and CEO of CPG Overseas since April 2019.

5. Mr. Wang Yongjian, a Non-executive Director of the Company, has ceased to serve as a director of Guotai Junan Securities Co., Ltd. since May 2019, and has ceased to serve as a representative of managing partner of Shenzhen Investment Holdings Shenzhen Bay Equity Investment Fund Partnership (Limited Partnership) since June 2019.

6. Mr. Gu Liji, an Independent Supervisor of the Company, has ceased to serve as an independent non-executive director of Shenzhen Changhong Technology Co., Ltd. since May 2019.

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

Significant Events

IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

The 2018 profit distribution plan of the Company was deliberated and approved at the 2018 Annual General Meeting, pursuant to which the Company paid in cash the 2018 final dividend of RMB1.10 (tax inclusive) per share, based on its total share capital of 18,280,241,410 shares. As at the date of this report, the implementation of the distribution plan had been completed.

INTERIM RESULTS AND PROFIT DISTRIBUTION

The Group's results for the first half of 2019 are set out in the section headed "FINANCIAL STATEMENTS." The Board of Directors hereby declares that the 2019 interim dividend of RMB0.75 per share (tax inclusive) in cash will be distributed to the shareholders of the Company. Pursuant to *the Detailed Rules for Implementation of Share Repurchase by Listed Companies* promulgated by the SSE and the applicable regulations, the Company's A shares in the Company's repurchased securities account (if any) after trading hours on the record date of A shareholders for the dividend will not be entitled to the dividend distribution. At present, it is difficult to predict the total number of shares that will be entitled to the dividend distribution on the record date of A shareholders (the "Actual Number of Shares Entitled to the Dividend Distribution"). Therefore, we cannot determine the actual total amount of the dividend payment now. The total amount of the interim dividend payment for 2019 is estimated at RMB13,680,163,877.25 (tax inclusive) based on the total share capital of 18,280,241,410 shares less the 40,022,907 A shares of the Company in the repurchased securities account as of June 30, 2019. The actual total amount of dividend payment is subject to the Actual Number of Shares Entitled to the Dividend Distribution. The dividend payment will have no material impact on the Group's solvency margin ratios. After the dividend payment, 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, and had fully protected the legitimate interests of minority shareholders. All the Independent Non-executive Directors of the Company have independently opined that they agree with the profit distribution plans.

GENERAL ANALYSIS OF EXTERNAL INVESTMENT

Ping An is an integrated financial services group, and investment is one of its core businesses. The investment of insurance funds represents a majority of the equity investment of the Company. The investment of insurance funds is subject to relevant laws and regulations. For details of the asset allocation of the investment portfolio of insurance funds, please refer to the section headed "Management Discussion and 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 43 to the consolidated 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.

MAJOR SUBSIDIARIES AND ASSOCIATES OF THE COMPANY

Details of major subsidiaries and associates of the Company are set out in Note 3.(3) and Note 28 to the consolidated financial statements respectively.

STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

There is no significant change in the details of Structured Entities controlled by the Company compared with the year of 2018.

IMPLEMENTATION OF THE KEY EMPLOYEE SHARE PURCHASE PLAN OF THE COMPANY

Key Employee Share Purchase Plan

As deliberated at the 16th Meeting of the 9th Board of Directors held on October 28, 2014 and approved at the 1st Extraordinary General Meeting for 2015 held on February 5, 2015, the Key Employee Share Purchase Plan (the "Plan") of the Company has been officially implemented.

As at the end of the Reporting Period, five phases of the Plan had been implemented.

Implementation of the Key Employee Share Purchase Plan in 2015

The lock-up period in respect of all the shares under the Plan for 2015 had expired as at the end of 2018. For employees who did not qualify for the vesting, shares were forfeited in accordance with the Plan.

Implementation of the Key Employee Share Purchase Plan in 2016

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

From March 17, 2016 to March 21, 2016, 14,803,850 A shares of the Company in total were purchased in the secondary market for a total price of RMB481,733,046.11 (expenses inclusive) and an average price of RMB32.53 per share, accounting for approximately 0.081% of the total share capital of the Company at that time. These shares were subject to a lock-up period from March 23, 2016 to March 22, 2017. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase under the 2016 Key Employee Share Purchase Plan published by the Company on the websites of the HKEX and the SSE on March 22, 2016 and March 23, 2016 respectively.

During the Reporting Period, the lock-up period in respect of one third of the shares under the Plan for this phase expired and all such shares were vested in batches to 640 employees. As to the remaining 40 employees who did not qualify for the vesting, 202,022 shares were forfeited. And shares under the Plan for this phrase was unlocked.

Implementation of the Key Employee Share Purchase Plan in 2017

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

From March 23, 2017 to March 27, 2017, 16,419,990 A shares of the Company in total were purchased in the secondary market for a total price of RMB603,498,822.25 (expenses inclusive) and an average price of RMB36.74 per share, accounting for approximately 0.090% of the total share capital of the Company at that time. These shares were subject to a lock-up period from March 29, 2017 to March 28, 2018. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase under the 2017 Key Employee Share Purchase Plan published by the Company on the websites of the HKEX and the SSE on March 28, 2017 and March 29, 2017 respectively.

During the Reporting Period, the lock-up period in respect of one third of the shares under the Plan for this phase expired and all such shares were vested in batches to 1,049 employees. As to the remaining 55 employees who did not qualify for the vesting, 280,906 shares were forfeited.

Implementation of the Key Employee Share Purchase Plan in 2018

The participants were 1,296 key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding were legitimate incomes and performance bonuses of the employees.

As of April 27, 2018, 9,666,900 A shares of the Company in total were purchased in the secondary market for a total price of RMB592,698,901.19 (expenses inclusive) and an average price of RMB61.29 per share, accounting for approximately 0.053% of the total share capital of the Company at that time. These shares are subject to a lock-up period from May 2, 2018 to May 1, 2019. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase under the 2018 Key Employee Share Purchase Plan published by the Company on the websites of the HKEX and the SSE on May 1, 2018 and May 2, 2018 respectively.

During the Reporting Period, the lock-up period in respect of one third of the shares under the Plan for this phase expired and all such shares were vested in batches to 1,231 employees. As to the remaining 65 employees who did not qualify for the vesting, 299,511 shares were forfeited.

Implementation of the Key Employee Share Purchase Plan in 2019

The participants were 1,267 key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding were legitimate incomes and performance bonuses of the employees.

From March 25, 2019 to March 27, 2019, 8,078,395 A shares of the Company in total were purchased in the secondary market for a total price of RMB588,197,823.00 (expenses inclusive) and an average price of RMB72.79 per share, accounting for approximately 0.044% of the total share capital of the Company at that time. These shares are subject to a lock-up period from March 29, 2019 to March 28, 2020. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase under the 2019 Key Employee Share Purchase Plan published by the Company on the websites of HKEX and SSE on March 28, 2019 and March 29, 2019 respectively. During the Reporting Period, there was no vesting or other change in equity under the Plan for 2019.

The manager of the Plan was not changed during the Reporting Period.

The Long-Term Service Plan

As deliberated at the 3rd Meeting of the 11th Board of Directors held on October 29, 2018 and approved at the 2nd Extraordinary General Meeting for 2018 held on December 14, 2018, the Long-term Service Plan of the Company has been officially implemented.

As at the end of the Reporting Period, one phase of the Long-term Service Plan had been implemented.

Implementation of the Long-term Service Plan in 2019

The participants were 31,026 key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The source of funding was the payroll payable.

From May 7, 2019 to May 14, 2019, 54,294,720 A shares of the Company in total were purchased in the secondary market for a total price of RMB4,296,112,202.60 (expenses inclusive) and an average price of RMB79.10 per share, accounting for approximately 0.297% 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 2019 Long-term Service Plan published by the Company on the websites of HKEX and SSE on May 15, 2019 and May 16, 2019 respectively. During the Reporting Period, there was no vesting or other change in equity under the Long-term Service Plan for 2019.

The manager of the Long-term Service Plan was not changed during the Reporting Period.

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

AMENDED AND RESTATED 2016 SHARE INCENTIVE PLAN OF AUTOHOME INC. ("AUTOHOME 2016 SHARE INCENTIVE PLAN")

The general meeting held by the Company on June 16, 2017 deliberated and approved the Autohome 2016 Share Incentive Plan with respect to the grant of options ("Autohome Options") to the directors, consultants, and employees of Autohome Inc. to purchase Class A ordinary shares of Autohome Inc. ("Autohome Shares"), restricted shares or restricted stock units and share appreciation rights.

As of June 30, 2019, the Autohome Options granted pursuant to the Autohome 2016 Share Incentive Plan were as follows:

			The Number of Options				
Type of grantees	Exercise period	Exercise price (per Autohome Share, US$)	Balance as at January 1, 2019	Granted during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Balance as at June 30, 2019
Employee	Not exceeding 10 years from the date of grant	22.19~83.27	893,282	–	125,000	115,382	652,900

Autohome, as a company listed on the New York Stock Exchange, files its quarterly financial results with the U.S. Securities and Exchange Commission under the relevant regulatory rules of the U.S. Considering the consistency of information disclosure, the Company would not replicate the disclosure of the value of the Autohome Options granted to the participants during the Reporting Period in this report.

SHARE INCENTIVE SCHEME OF SHANGHAI JAHWA OF 2018 ("SHANGHAI JAHWA SHARE INCENTIVE SCHEME")

The general meeting held by the Company on May 23, 2018 deliberated and approved the Shanghai Jahwa Share Incentive Scheme, involving the grant of options ("Shanghai Jahwa Options") to, or for the benefit of, specified participants to subscribe for ordinary shares of Shanghai Jahwa ("Shanghai Jahwa Shares").

As of June 30, 2019, the details and movements of the Shanghai Jahwa Share Incentive Scheme in relation to the Shanghai Jahwa Options were as follows:

			The Number of Options				
Type of grantees	Exercise period	Exercise price (per Shanghai Jahwa Share, RMB)	Balance as at January 1, 2019	Granted during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Balance as at June 30, 2019
Employee	Not exceeding 68 months from the date of grant	35.57	3,400,000	–	–	–	3,400,000

For details of the value of Shanghai Jahwa Options and related accounting policies, please refer to the announcement published by Shanghai Jahwa on the website of SSE (www.sse.com.cn) dated July 25, 2018.

Significant Events

DAY-TO-DAY RELATED PARTY TRANSACTIONS

The 2nd meeting of the 11th Board of Directors was convened on August 21, 2018 by the Company, during which the Resolution regarding Continuing Day-to-day Related Party Transactions between Ping An Group and Related Parties was deliberated and approved. Pursuant to the Resolution, the Group was authorized to enter into related party transactions at fair market price with Ping An Good Doctor, OneConnect, Ping An HealthKonnect, Lufax Holding and the related parties under their control ("Related Parties") respectively during its ordinary course of business. The annual aggregated amount of related party transactions entered into between the Group and the Related Parties shall not exceed 5% of the latest audited net assets of the Group for the year. A transaction that falls within the scope of the authorization is not required to comply with any additional approval or disclosure requirements. For details, please refer to Continuing Day-to-day Related Party Transactions Announcement published by the Company on Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily and the website of SSE (www.sse.com.cn) on August 22, 2018.

The above day-to-day related party transactions do not constitute a related party transaction of the Company as defined under the HKEX Listing Rules.

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	40
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	44,180

	Total guarantee of the Company (including the guarantee in favor of its subsidiaries)
Total guarantee	44,180
Total guarantee as a percentage of the Company's net assets (%)	7.1
Including: Direct or indirect guarantee for the companies with a total liabilities to total assets ratio over 70% (as at June 30, 2019)	40,497
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 Ping An Bank (the controlled subsidiary) and other subsidiaries of the Company 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 RMB14,981 million less the guarantee repayment of RMB14,941 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 the normal business scope. For details of the Company's entrusted asset management and entrusted lending, refer to the notes to the Interim Condensed Consolidated Financial Information.

MATERIAL LITIGATION AND ARBITRATION

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

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

Details of changes in accounting policies and accounting estimates of the Company during the Reporting Period are set out in Note 3.(1) and Note 3.(2) to the Interim Condensed Consolidated Financial Information.

During the Reporting Period, there was no material accounting mistake made by the Company.

FOREIGN EXCHANGE RISK

Foreign currency-denominated assets and liabilities held by the Group are exposed to foreign exchange risks. These assets include deposits, bonds, stocks, funds and derivatives denominated in foreign currencies. The Group's foreign currency-denominated liabilities include monetary liabilities including borrowings, customers' deposits and claim reserves, as well as non-monetary liabilities measured at fair value.

The Group conducts sensitivity analysis to assess its risk exposure. The sensitivity to foreign exchange risk is calculated by assuming a simultaneous and uniform 5% rate of depreciation 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:

As at June 30, 2019 (in RMB million)	Decrease in equity before tax
Net exposure to fluctuations in exchange rates assuming a simultaneous and uniform 5% depreciation rate of all foreign currency denominated monetary assets and liabilities and non-monetary assets and liabilities measured at fair value against the Renminbi	3,047

CORPORATE GOVERNANCE

Significant Events

USE OF PROCEEDS

An aggregate of 594,056,000 new H Shares were successfully allotted and issued by the Company under the general mandate on December 8, 2014 and the gross proceeds raised from the placing were HKD36,831,472,000. As of June 30, 2019, HKD3,981,742,342.12 had not been used; the difference between the unutilized proceeds and the balance of the specific fund-raising account (HKD4,115,191,419.87) came mainly as a result of interest earned on the proceeds. Details of use of proceeds during the six months ended June 30, 2019 are as follows:

Total proceeds raised from the issue	Balance of unutilized proceeds as at January 1, 2019	Intended use of the proceeds as previously disclosed	Proceeds used during the Reporting Period	Balance of unutilized proceeds as at June 30, 2019	Utilization plan for the unutilized proceeds
HKD36,831,472,000	HKD3,981,742,342.12	To develop the Company's main businesses and replenish its equity and working capital	–	HKD3,981,742,342.12	No concrete utilization plan currently. Utilized in line with business development.

APPOINTMENT OF AUDITOR

According to the resolutions of the 2018 Annual General Meeting of the Company, the Company appointed PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors of the Company's financial statements under CAS and IFRS respectively for the year 2019. The Company's interim financial reports are unaudited.

PENALTIES AND RECTIFICATIONS

During the Reporting Period, neither the Company nor the Directors, Supervisors, or senior management of the Company were investigated by competent authorities, subjected to coercive measures by judicial authorities or disciplinary authorities, transferred to judicial authorities or investigated for criminal liabilities, penalized, barred from the market or disqualified by the CSRC, subjected to major administrative punishments by environmental protection, work safety, tax or other administrative authorities, or denounced by any stock exchanges publicly.

INTEGRITY CONDITIONS OF THE COMPANY

During the Reporting Period, the Company did not fail to abide by any effective judicial ruling.

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

The 2018 annual general meeting, the 2019 first A shareholders' class meeting and the 2019 first H shareholders' class meeting were held by the Company on April 29, 2019 to deliberate and approve the Resolution Regarding the A Share Repurchase Plan by Means of Centralized Bidding Transactions. As of June 30, 2019, a total of 40,022,907 A shares of the Company were purchased by the Company by means of centralized bidding transaction via the system of the SSE, representing 0.21894% of the total share capital of the Company. The total amount of funds paid was RMB3,420,205,332.63 (excluding transaction fees)/ RMB3,420,786,778.96 (transaction fees included). The lowest transaction price was RMB79.85/share and the highest transaction price was RMB88.09/share. The repurchased A Shares of the Company will be reserved exclusively for the employee stock ownership plan of the Company, including but not limited to the Long-term Service Plan which has been deliberated and approved at the general meeting of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from January 1, 2019 to June 30, 2019.

CORPORATE GOVERNANCE

The Company strives to implement corporate governance measures in strict compliance with applicable laws including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, applicable regulations, and principles set out in the Corporate Governance Code, taking into account the Company's specific needs and circumstances. The general meetings, the Board of Directors, the supervisory committee and the executive committee of the Company served their respective roles and performed their functions conferred by the Articles of Association.

General Meetings

General meetings are effective channels for communication between the Company and the shareholders. Through listening to their opinions and advice, the Company ensures that its shareholders are able to exercise their information rights, participation rights and voting rights on the significant events of the Company. During the Reporting Period, the notice, convocation and procedures for convening and voting at the general meetings of the Company complied with the requirements of the *Company Law of the People's Republic of China* and the *Articles of Association*. The detailed information is as follows:

General meeting	Date of the meeting	Date of publication of resolutions	Designated media for information disclosure of A share
2018 Annual General Meeting	April 29, 2019	April 30, 2019	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
2019 First A Shareholders' Class Meeting	April 29, 2019	April 30, 2019	
2019 First H Shareholders' Class Meeting	April 29, 2019	April 30, 2019	

The resolutions of the above general meetings 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 of the Company 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 period from January 1, 2019 to June 30, 2019 save as disclosed below.

Chairman of the Board and the Chief Executive Officer of the Company

Code Provision A.2.1 of the Corporate Governance Code provides that the roles of the Chairman and Chief Executive Officer shall be separate and may not be performed by the same individual. However, after considering the relevant principle under Code Provision A.2.1 of the Corporate Governance Code and examining the management structure of the Company, the Board is of the view that:

1. Since the Company brought in international strategic investors (namely, The Goldman Sachs Group, Inc. and Morgan Stanley) in 1994, the Company has built up a Board structure in line with international standards. The Board is diversified and is composed of directors with international exposure and professional expertise. The Board has also established a very structured and strict operation system and a set of meeting procedure and protocols. The Chairman, as a convener and chairperson of the Board meetings, does not have any special powers different from those of other directors in the decision-making process.

2. In the day-to-day operations of the Company, the Company has put in place a robust management system and structure, and has established various positions and committees including the Co-Chief Executive Officers (Co-CEOs), President, Executive Committee and management committees. Decisions on all major matters are subject to comprehensive and stringent deliberation and decision-making procedures in order to ensure that the Chief Executive Officer can perform his duties properly and effectively.

3. Since the establishment of the Company, the business and operating results have maintained continuous and fast growth, and the management model has been widely recognized. All along, the Chairman of the Board has assumed the role of the Chief Executive Officer of the Company. Under the leadership of Chairman of the Board and the Chief Executive Officer of the Company, Co-Chief Executive Officers practice unified leadership of the retail integrated financial business, the corporate integrated financial business and the technology business of the Company respectively, and allocate responsibilities professionally. This model has proven to be reliable, efficient and successful. Therefore, the continuity of this model will be beneficial to the future development of the Company.

4. There is clear division of responsibilities of the Board and the management as set out in the Articles of Association.

In light of the above, the Board is of the opinion that the Company's management structure is able to provide the Company with effective management and, at the same time, protect the shareholders' rights to the greatest extent. Accordingly, the Company does not intend to separate the roles of the Chairman of the Board and the Chief Executive Officer at the moment.

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 October 2018, on terms no less exacting than the required standard set out in the *Model Code*. Specific enquiry has been made to all Directors and Supervisors of the Company who have confirmed that they had complied with the required standards set out in the *Model Code* and the Code of Conduct for the period from January 1, 2019 to June 30, 2019.

INCOME TAX WITHHOLDING

Enterprise Income Tax Withholding of Overseas Non-Resident Enterprises

Pursuant to the relevant tax laws and regulations of China, 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 of shareholders, 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 and is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-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 PRC mainland qualified lawyer (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 Withholding of Overseas Individual Shareholders

Pursuant to the relevant tax laws and regulations of China, the individual resident shareholders outside the PRC 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% normally. However, if the tax 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 PRC 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 PRC 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 regulations and relevant provisions of the PRC.

Income Tax Withholding for H Shareholders via the Hong Kong Stock Connect Program

For 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 Renminbi. Pursuant to the relevant tax laws and regulations of China:

- For 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 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 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 Withholding for 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 relevant tax laws and regulations of China, the dividend will be paid in Renminbi 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 PRC 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 advisors for tax effects regarding their holding and disposing of the shares of the Company, involving the PRC, Hong Kong and other countries and regions.

PROGRESS ON INTERNAL CONTROL ASSESSMENT

The Company is committed to establishing internal controls in line with international standards and the applicable regulatory requirements, and improving internal controls in response to changes in types and levels of risks. While we strictly comply with local laws and regulations, we implement corporate governance in line with international standards. We uphold the compliance philosophy of "Laws + 1" and constantly enhance risk management to ensure that the Group and its subsidiaries abide by laws and regulations in business activities. We keep single and accumulated residual risks at levels acceptable to the Company. By doing so, we promote sustainable growth of the insurance, banking, investment and technology businesses as well as the Group.

Regarding the management framework for internal controls, the Company has a robust and well-staffed internal control management system in place with clearly defined roles and responsibilities in line with applicable laws and regulations as well as business and risk management requirements. The Board is responsible for establishment, improvement, and implementation of internal controls. The Audit and Risk Management Committee under the Board monitors and assesses the implementation of internal controls, coordinates audits of internal controls, and oversees other relevant work. The Supervisory Committee supervises the establishment and implementation of internal controls. The Risk Management Executive Committee under the Group Executive Committee (the management) sets risk management targets, basic policies and rules, monitors risk exposures and available capital, and supervises risk management systems of subsidiaries and business units. The Company has established robust internal control policies and procedures, and specified the internal control targets, responsibilities and mechanisms to provide guidelines for business management and operations. PricewaterhouseCoopers Zhong Tian LLP has audited the effectiveness of the Company's internal controls over financial reporting for 2018, and has issued the Internal Control Audit Report, opining that the Company has maintained effective internal controls over financial reporting in all material aspects in accordance with the *Basic Norms for Internal Controls of Enterprises* and relevant guidelines.

In the first half of 2019, regarding internal control operations and assessment, we continued to act in accordance with the *Basic Norms for Internal Controls of Enterprises* and relevant guidelines, meet regulatory requirements, and improve our governance structure, firewall management, related party transaction management, anti-money laundering management, operational risk management and other procedures. The Group and its members improved risk management through data, technologies and management approaches. We developed or imported data analytics models for risk monitoring and targeted compliance review. We urged departments concerned to remedy issues and risk events identified, draw inferences from one instance, and achieve risk information transfer and risk management jointly with the first line of defense. While using AI to empower business, we also applied AI to risk management. We promoted robotic process automation (RPA) in internal control processes, expanded sampling scopes and randomness, reduced manual workloads, and improved the efficiency of internal control tests. We realized online smart review of contracts, procedures and businesses, which is linked to AI-based risk management components to facilitate ex-ante risk management. Regarding information security, we built a smart terminal security dashboard, strengthened risk monitoring and warning, and enhanced the precision of terminal security management. In line with the *Guidelines for Internal Controls over Operations of Insurance Funds* and its supplementary guidelines, the Company reviewed risks in operations of insurance funds and relevant internal controls, strengthened the internal control framework for operations of insurance funds, and improved internal controls over operations of insurance funds. In addition, the Company continued to optimize internal controls by improving procedures and processes, building systems, providing training, and conducting performance appraisal to strengthen the day-to-day operations in which "everyone is involved in internal controls, everyone is responsible for compliance, and internal controls have been integrated into businesses and processes."

Significant Events

Regarding anti-money laundering (AML) management, the Company upholds the philosophy of "being risk-based and technology-powered, with legal person being responsible." Keeping abreast of domestic and global AML developments, the Company thoroughly identified and rectified weak links in line with policies, regulations and the Fourth Round Mutual Evaluation Report (MER) of the Financial Action Task Force (FATF). The AML management covered all businesses and operations of the Company. The Company continued its comprehensive review of and upgrade for the AML management system, implemented new regulations, and improved AML internal controls. The Company strengthened AML data governance and integration as well as AML management of overseas businesses, promoted centralized monitoring of the sanctions compliance risk, and included money laundering risk management in the Company's enterprise risk management system. The Company continued to empower AML management with technologies, including AI tools such as Know-Your-Customer (KYC), smart modeling, smart reporting, smart alerts, money laundering risk assessment and smart dashboards. Meanwhile, the Company proactively carried out internal training and external exchanges on best practices with peers on AML, built up the AML expert team, and improved money laundering risk prevention and management.

Regarding internal audit and supervision, the Company continued to improve its risk-based internal audit and supervision system. Under the "finance + technology" strategy, the Company transformed its audit processes to keep up with the changes in the external environment and internal business strategies. The Company innovated audit and supervision approaches, and optimized audit rules and platforms, focusing on developing a smart risk monitoring system and AI application. We developed an integrated, smart online monitoring framework for internal audit risks and a smart internal audit system named "Ping An Shield" to better manage risks in key areas including investment and innovative technology businesses. We improved the anti-money laundering, anti-embezzlement, and anti-fraud mechanism and the fraud prevention framework, and reinforced accountability to ensure robust risk management.

In the second half of 2019, the Company will test the effectiveness of internal controls, carry out independent audits and assessments, and remedy deficiencies identified in the internal control assessments. The Company will enhance compliance risk management of innovative businesses, optimize the internal control system, and upgrade management through technologies. The Company will further perform risk data mining and analysis, strengthen dynamic risk monitoring, and continue to implement compliance internal control assessments. Moreover, the Company will evaluate compliance management and internal controls to make internal control assessments more effective and valuable, thus improving the Company's internal controls.

CORPORATE SUSTAINABILITY AND ENVIRONMENTAL PROTECTION

During the Reporting Period, we proactively fulfilled our corporate social responsibilities, and were not recognized as a major pollutant discharging unit by the environmental protection authority of the PRC. For details, please refer to the section headed "Sustainability."

FULFILLMENTS OF UNDERTAKINGS

Undertakings in Respect of the Major Asset Restructuring with Shenzhen Development Bank

(1) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, and in respect of the businesses or commercial opportunities similar to those of Shenzhen Development Bank that the Company and the enterprises under its control intend to carry out or have substantially obtained whereby the assets and businesses arising from such businesses or commercial opportunities may possibly form potential competition with those of Shenzhen Development Bank, the Company and the enterprises under its control shall not engage in the businesses identical or similar to those carried out by Shenzhen Development Bank, so as to avoid direct or indirect competition with the operations of Shenzhen Development Bank.

(2) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and in respect of the transactions between the Company and the enterprises under its control and Shenzhen Development Bank which constitute related party transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into such transactions with Shenzhen Development Bank by following the principle of "openness, fairness and justness" at fair and reasonable market prices, and shall go through the decision-making process according to the requirements of the relevant laws and regulations and regulatory documents, and shall perform their obligations of information disclosure as required by law. The Company undertakes that the Company and the enterprises under its control shall not procure any illegal interests or make Shenzhen Development Bank undertake any illicit obligations through the transactions with Shenzhen Development Bank.

(3) The Company undertakes that, after the completion of the major asset restructuring and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, the Company shall maintain its independence from Shenzhen Development Bank and ensure that Shenzhen Development Bank is independent from the Company and the enterprises under its control in respect of personnel, assets, finance, organization and business.

As of June 30, 2019, the above undertakings were still being performed and there was no breach of the above undertakings.

Undertaking in Respect of the Issuance of Ping An Convertible Bonds

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

As of June 30, 2019, the above undertaking was still being performed and there was no breach of the above undertaking.

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, 2019, 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:

Interests and Short Positions of Substantial Shareholders Who Are Entitled to Exercise or Control the Exercise of 10% or More of the Voting Power at Any General Meetings of Shareholders of the Company

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)	1,837,644,036	Long position	24.67	10.05
		Party to s317 agreement	(1)	88,708,000	Long position	1.19	0.48
		Total:	(1), (2)	1,926,352,036		25.86	10.53
		Interest of controlled corporations	(1)	184,960,315	Short position	2.48	1.01
Dhanin Chearavanont	H	Party to s317 agreement	(2)	1,837,644,036	Long position	24.67	10.05
		Interest of controlled corporations	(2)	88,708,000	Long position	1.19	0.48
		Total:	(1), (2)	1,926,352,036		25.86	10.53
		Party to s317 agreement	(2)	184,960,315	Short position	2.48	1.01
King Ace International Limited	H	Party to s317 agreement	(2)	1,837,644,036	Long position	24.67	10.05
		Interest of controlled corporations	(2)	88,708,000	Long position	1.19	0.48
		Total:	(1), (2)	1,926,352,036		25.86	10.53
		Party to s317 agreement	(2)	184,960,315	Short position	2.48	1.01
UBS Group AG	H	Person having a security interest in shares		23,006,141	Long position	0.30	0.12
		Interest of controlled corporations	(3)	1,893,588,146	Long position	25.42	10.35
		Total:	(3)	1,916,594,287		25.73	10.48
		Interest of controlled corporations	(3)	1,958,462,868	Short position	26.29	10.71

Interests and Short Positions of Other Substantial Shareholders

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 (%)
JPMorgan Chase & Co.	H	Interest of controlled corporations	(4)	581,558,785	Long position	7.80	3.18
		Investment manager		318,122,826	Long position	4.27	1.74
		Person having a security interest in shares		5,040,131	Long position	0.06	0.02
		Trustee		42,434	Long position	0.00	0.00
		Approved lending agent	(4)	184,332,243	Lending pool	2.47	1.00
		Total:	(4)	1,089,096,419		14.62	5.95
		Interest of controlled corporations	(4)	389,261,779	Short position	5.22	2.12
		Investment manager		24,826,260	Short position	0.33	0.13
		Total:	(4)	414,088,039		5.56	2.26
BlackRock, Inc.	H	Interest of controlled corporations	(5)	395,612,534	Long position	5.31	2.16
			(5)	92,500	Short position	0.00	0.00
Citigroup Inc.	H	Person having a security interest in shares		1,482,146	Long position	0.01	0.00
		Interest of controlled corporations	(6)	67,465,473	Long position	0.90	0.36
		Approved lending agent	(6)	381,818,286	Lending Pool	5.12	2.08
		Total:	(6)	450,765,905		6.05	2.46
		Interest of controlled corporations	(6)	43,398,551	Short position	0.58	0.23
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		962,719,102	Long position	8.89	5.27

Notes: (1) According to the disclosure form filed by CP Group Ltd. on June 27, 2019, CP Group Ltd. was deemed to be interested in a total of 1,837,644,036 H shares (long position) and 184,960,315 H shares (short position) in the Company by virtue of its control over several wholly owned corporations.
The entire interests and short positions of CP Group Ltd. in the Company included 184,960,315 H shares (short position) held through unlisted derivatives which are physically settled. In addition, Charoen Pokphand Group Company Limited was also deemed to be interested in 88,708,000 H shares (long position) by virtue of section 317 of the SFO.

(2) Boom Dragon Limited and Long Growth Global Limited held 88,000,000 H shares (long position) and 708,000 H shares (long position) in the Company respectively; the two companies were wholly owned by King Ace International Limited, which was in turn wholly owned by Dhanin Chearavanont. In addition, King Ace International Limited and Dhanin Chearavanont were also deemed to be interested in 1,837,644,036 H shares (long position) and 184,960,315 H shares (short position) by virtue of section 317 of the SFO.

(3) According to the disclosure form filed by UBS Group AG on July 3, 2019, UBS Group AG was deemed to be interested in a total of 1,893,588,146 H shares (long position) and 1,958,462,868 H shares (short position) in the Company by virtue of its control over several wholly owned corporations, as well as a non-wholly owned corporation, UBS Hana Asset Management Company Ltd. (51% directly owned).
The entire interests and short positions of UBS Group AG in the Company included 1,779,614,567 H shares (long position) and 1,348,466,164 H shares (short position) were held through derivatives as follows:

CORPORATE GOVERNANCE

Derivatives	Nature of interest	Number of H shares
Listed derivatives – Physically settled	Long position	46,724,202
	Short position	40,239,505
Listed derivatives – Cash settled	Long position	1,417,700
	Short position	4,921,100
Unlisted derivatives – Physically settled	Long position	1,317,818,654
	Short position	834,231,584
Unlisted derivatives – Cash settled	Long position	413,654,011
	Short position	469,073,975

(4) According to the disclosure form filed by JPMorgan Chase & Co. on July 2, 2019, JPMorgan Chase & Co. was deemed to be interested in a total of 581,558,785 H shares (long position) and 389,261,779 H shares (short position) in the Company by virtue of its control over several wholly owned corporations, as well as non-wholly owned corporations including JF Asset Management Limited (99% indirectly owned) and China International Fund Management Co., Ltd (49% indirectly owned).
The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 184,332,243 H shares (long position). Besides, 598,395,310 H shares (long position) and 301,736,584 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives – Physically settled	Long position	47,813,500
	Short position	48,808,000
Listed derivatives – Cash settled	Long position	5,661,500
	Short position	34,568,950
Unlisted derivatives – Physically settled	Long position	521,878,932
	Short position	122,963,987
Unlisted derivatives – Cash settled	Long position	15,839,317
	Short position	32,607,293
Listed derivatives – Convertible instruments	Long position	7,202,061
	Short position	62,788,354

(5) According to the disclosure form filed by BlackRock, Inc. on June 28, 2019, BlackRock, Inc. was deemed to be interested in a total of 395,612,534 H shares (long position) and 92,500 H shares (short position) in the Company by virtue of its control over several wholly owned corporations, as well as non-wholly owned corporations including BlackRock Holdco 6, LLC (90% indirectly owned), BR Jersey International Holdings L.P. (86% indirectly owned), BlackRock Canada Holdings LP (99.9% indirectly owned), BlackRock Group Limited (90% indirectly owned) and BlackRock Mexico Operadora (99.9% indirectly owned).
The entire interests and short positions of BlackRock, Inc. in the Company included 411,000 H shares (long position) and 92,500 H shares (short position) which were held through unlisted derivatives which are cash settled.

(6) According to the disclosure form filed by Citigroup Inc. on May 28, 2019, Citigroup Inc. was deemed to be interested in a total of 67,465,473 H shares (long position) and 43,398,551 H shares (short position) in the Company by virtue of its control over several wholly owned corporations, as well as a non-wholly owned corporation, Citigroup Global Markets Holdings Bahamas Limited (90% indirectly owned).
The entire interests and short positions of Citigroup Inc. in the Company included a lending pool of 381,818,286 H shares (long position). In addition, 38,198,047 H shares (long position) and 43,398,551 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives – Physically settled	Long position	15,999,266
	Short position	26,240,000
Listed derivatives – Cash settled	Long position	0
	Short position	130,000
Unlisted derivatives – Physically settled	Long position	19,048,916
	Short position	14,446,078
Unlisted derivatives – Cash settled	Long position	2,968,358
	Short position	2,429,625
Listed derivatives – Convertible instruments	Long position	181,507
	Short position	152,848

(7) 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, 2019.

Save as disclosed above, to the best knowledge of the Directors and Supervisors, as of June 30, 2019, 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 further 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 mainland China with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 100 to 156, which comprises the interim consolidated statement of financial position of Ping An Insurance (Group) Company of China, Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2019 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 a summary of significant accounting policies and other 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 condensed consolidated 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 condensed consolidated financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review and to report our conclusion 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 condensed consolidated financial information of the Group is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong
15 August 2019

Interim Consolidated Income Statement

For the six-month period ended 30 June 2019

For the six-month period ended 30 June (in RMB million)	Notes	2019 (Unaudited)	2018 (Unaudited)
Gross written premiums	6	**446,481**	408,194
Less: Premiums ceded to reinsurers		**(11,623)**	(10,491)
Net written premiums	6	**434,858**	397,703
Change in unearned premium reserves		**(13,426)**	(11,417)
Net earned premiums		**421,432**	386,286
Reinsurance commission revenue		**3,667**	3,810
Interest revenue from banking operations	7	**86,583**	81,424
Interest revenue from non-banking operations	8	**49,402**	44,849
Fees and commission revenue from non-insurance operations	9	**26,861**	24,850
Investment income	10	**61,659**	15,680
Share of profits and losses of associates and jointly controlled entities		**12,164**	8,798
Other revenues and other gains	11	**28,478**	23,204
Total revenue		**690,246**	588,901
Gross claims and policyholders' benefits	12	**(330,945)**	(278,368)
Less: Reinsurers' share and policyholders' benefits	12	**5,209**	4,440
Claims and policyholders' benefits		**(325,736)**	(273,928)
Commission expenses on insurance operations		**(61,657)**	(70,323)
Interest expenses on banking operations	7	**(42,827)**	(44,198)
Fees and commission expenses on non-insurance operations	9	**(4,850)**	(3,637)
Net impairment losses on financial assets	13	**(30,003)**	(22,924)
Net impairment losses on other assets		**(979)**	(609)
Foreign exchange gains/(losses)		**457**	(769)
General and administrative expenses		**(83,054)**	(66,169)
Interest expenses on non-banking operations		**(9,756)**	(8,596)
Other expenses		**(15,602)**	(10,985)
Total expenses		**(574,007)**	(502,138)
Profit before tax	14	**116,239**	86,763
Income tax	15	**(10,501)**	(21,993)
Profit for the period		**105,738**	64,770
Attributable to:			
– Owners of the parent		**97,676**	58,095
– Non-controlling interests		**8,062**	6,675
		105,738	64,770

		RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:			
– Basic	17	**5.48**	3.26
– Diluted	17	**5.47**	3.25

Interim Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2019

For the six-month period ended 30 June (in RMB million)	Note	2019 (Unaudited)	2018 (Unaudited)
Profit for the period		**105,738**	64,770
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		**(230)**	4,407
Credit risks provision of debt instruments at fair value through other comprehensive income		**661**	(5)
Shadow accounting adjustments		**225**	(2,030)
Exchange differences on translation of foreign operations		**(130)**	403
Share of other comprehensive income of associates and jointly controlled entities		**137**	3
Items that will not be reclassified to profit or loss:			
Changes in the fair value of equity investments at fair value through other comprehensive income		**(584)**	(6,908)
Shadow accounting adjustments		**(893)**	4,260
Other comprehensive income for the period, net of tax		**(814)**	130
Total comprehensive income for the period		**104,924**	64,900
Attributable to:			
– Owners of the parent		**96,469**	57,874
– Non-controlling interests		**8,455**	7,026
		104,924	64,900

FINANCIAL STATEMENTS

Interim Consolidated Statement of Financial Position

As at 30 June 2019

(in RMB million)	Notes	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Assets			
Cash and amounts due from banks and other financial institutions	18	**527,631**	457,524
Balances with the Central Bank	19	**264,651**	273,513
Financial assets purchased under reverse repurchase agreements	20	**42,732**	92,951
Premium receivables	21	**76,238**	67,150
Accounts receivable		**26,056**	22,011
Derivative financial assets		**17,955**	21,911
Reinsurers' share of insurance liabilities		**18,401**	16,671
Policy loans		**127,846**	111,219
Finance lease receivables	22	**184,627**	165,214
Loans and advances to customers	23	**2,007,513**	1,929,842
Financial assets at fair value through profit or loss	24	**854,814**	824,939
Financial assets at amortized cost	25	**2,160,246**	2,075,151
Debt financial assets at fair value through other comprehensive income	26	**362,233**	310,901
Equity financial assets at fair value through other comprehensive income	27	**245,278**	222,639
Investments in associates and jointly controlled entities	28	**176,838**	154,895
Statutory deposits for insurance operations	29	**12,553**	12,446
Investment properties		**39,237**	38,242
Property and equipment		**47,692**	49,323
Intangible assets		**58,660**	58,450
Right-of-use assets		**17,390**	–
Deferred tax assets		**49,313**	45,187
Other assets	30	**202,751**	156,473
Policyholder account assets in respect of insurance contracts	31	**37,467**	32,344
Policyholder account assets in respect of investment contracts	31	**4,276**	3,964
Total assets		**7,562,398**	7,142,960

(in RMB million)	Notes	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Equity and liabilities			
Equity			
Share capital	32	**18,280**	18,280
Reserves	33	**198,967**	203,719
Treasury shares	36	**(3,421)**	–
Retained profits	33	**411,501**	334,509
Equity attributable to owners of the parent		**625,327**	556,508
Non-controlling interests	33	**138,645**	127,135
Total equity		**763,972**	683,643
Liabilities			
Due to banks and other financial institutions	37	**707,493**	803,154
Financial liabilities at fair value through profit or loss		**22,948**	16,975
Derivative financial liabilities		**24,607**	22,247
Assets sold under agreements to repurchase	38	**125,352**	189,028
Accounts payable		**5,053**	4,713
Income tax payable		**13,113**	31,416
Insurance payables		**97,714**	120,688
Policyholder dividend payable		**57,407**	52,591
Customer deposits and payables to brokerage customers	39	**2,345,878**	2,114,344
Bonds payable	40	**593,120**	556,875
Insurance contract liabilities	41	**2,455,753**	2,211,887
Investment contract liabilities for policyholders		**54,959**	52,747
Lease liabilities		**17,212**	–
Deferred tax liabilities		**25,630**	18,476
Other liabilities		**252,187**	264,176
Total liabilities		**6,798,426**	6,459,317
Total equity and liabilities		**7,562,398**	7,142,960

MA Mingzhe	**SUN Jianyi**	**YAO Jason Bo**
Director	*Director*	*Director*

Interim Consolidated Statement of Changes in Equity

For The six-month period ended 30 June 2019

(in RMB million)	Share capital (Unaudited)	Share premium (Unaudited)	Financial assets at FVOCI reserves (Unaudited)	Shadow accounting adjustments (Unaudited)	Others (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Treasury shares (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
	For the six-month period ended 30 June 2019											
		Reserves										
As at 31 December 2018	**18,280**	**111,598**	**8,247**	**(5,309)**	**19,718**	**12,164**	**55,794**	**1,507**	**-**	**334,509**	**127,135**	**683,643**
Profit for the period	-	-	-	-	-	-	-	-	-	97,676	8,062	105,738
Other comprehensive income for the period	-	-	(548)	(666)	137	-	-	(130)	-	-	393	(814)
Total comprehensive income for the period	-	-	(548)	(666)	137	-	-	(130)	-	97,676	8,455	104,924
Dividends declared (Note 16)	-	-	-	-	-	-	-	-	-	(20,108)	-	(20,108)
Appropriations to general reserves	-	-	-	-	-	-	576	-	-	(576)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,861)	(1,861)
Equity transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(16)	(16)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	112	112
Key Employee Share Purchase Plan (Note 34)	-	-	-	-	(271)	-	-	-	-	-	-	(271)
Long-term Service Plan (Note 35)	-	-	-	-	(4,287)	-	-	-	-	-	-	(4,287)
Acquisition of treasury shares (Note 36)	-	-	-	-	-	-	-	-	(3,421)	-	-	(3,421)
Other equity instruments issued by subsidiaries	-	-	-	-	-	-	-	-	-	-	4,517	4,517
Others	-	-	-	-	437	-	-	-	-	-	303	740
As at 30 June 2019	**18,280**	**111,598**	**7,699**	**(5,975)**	**15,734**	**12,164**	**56,370**	**1,377**	**(3,421)**	**411,501**	**138,645**	**763,972**

	For the six-month period ended 30 June 2018										
		Reserves									
(in RMB million)	Share capital (Unaudited)	Share premium (Unaudited)	Financial assets at FVOCI reserves (Unaudited)	Shadow accounting adjustments (Unaudited)	Others (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
As at 31 December 2017	18,280	111,598	46,089	(6,416)	9,114	12,164	44,964	368	237,190	114,566	587,917
Change in accounting policy	-	-	(36,513)	1,439	-	-	-	-	32,300	(2,021)	(4,795)
As at 1 January 2018	18,280	111,598	9,576	(4,977)	9,114	12,164	44,964	368	269,490	112,545	583,122
Profit for the period	-	-	-	-	-	-	-	-	58,095	6,675	64,770
Other comprehensive income for the period	-	-	(2,847)	2,220	3	-	-	403	-	351	130
Total comprehensive income for the period	-	-	(2,847)	2,220	3	-	-	403	58,095	7,026	64,900
Dividends declared (Note 16)	-	-	-	-	-	-	-	-	(21,936)	-	(21,936)
Appropriations to general reserves	-	-	-	-	-	-	383	-	(383)	-	-
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained profits	-	-	(1,715)	-	-	-	-	-	1,715	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,581)	(1,581)
Equity transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	(5)	(5)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	2	2
Key Employee Share Purchase Plan (Note 34)	-	-	-	-	(287)	-	-	-	-	-	(287)
Other equity instruments issued by subsidiaries	-	-	-	-	-	-	-	-	-	1,000	1,000
Others	-	-	-	-	9,824	-	-	-	-	53	9,877
As at 30 June 2018	18,280	111,598	5,014	(2,757)	18,654	12,164	45,347	771	306,981	119,040	635,092

Interim Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2019

For the six-month period ended 30 June (in RMB million)	Note	2019 (Unaudited)	2018 (Unaudited)
Net cash flows from operating activities		**181,853**	138,936
Cash flows from investing activities			
Purchases of investment properties, property and equipment, and intangible assets		**(4,188)**	(2,661)
Proceeds from disposal of investment properties, property and equipment, and intangible assets		**1,294**	456
Proceeds from disposal of investments		**680,526**	786,627
Purchases of investments		**(869,665)**	(883,193)
Acquisition of non-controlling interests in subsidiaries		**(14)**	(5)
Acquisition of subsidiaries, net		**38**	(376)
Disposal of subsidiaries, net		**1,468**	(1,020)
Interest received		**67,514**	63,803
Dividends received		**14,617**	9,589
Rentals received		**1,549**	1,827
Increase in policy loans		**(16,095)**	(16,137)
Net cash flows used in investing activities		**(122,956)**	(41,090)
Cash flows from financing activities			
Capital injected into subsidiaries by non-controlling interests		**4,989**	1,002
Proceeds from bonds issued		**227,748**	445,782
Decrease in assets sold under agreements to repurchase of non-banking and non-securities operations, net		**(90,437)**	(48,326)
Proceeds from borrowed funds		**96,844**	138,779
Repayment of borrowed funds		**(252,603)**	(550,027)
Interest paid		**(19,095)**	(9,285)
Dividends paid		**(21,869)**	(13,626)
Payment of acquisition of treasury shares		**(3,421)**	–
Payment of share purchased for Long-term Service Plan		**(4,296)**	–
Others		**(3,307)**	(648)
Net cash flows used in financing activities		**(65,447)**	(36,349)
Net (decrease)/increase in cash and cash equivalents		**(6,550)**	61,497
Net foreign exchange differences		**301**	939
Cash and cash equivalents at beginning of the period		**308,024**	308,664
Cash and cash equivalents at the end of the period	45	**301,775**	371,100

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2019

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 financial and insurance enterprises, as well as supervising and managing various domestic and overseas businesses of subsidiaries, and controlled funds. 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

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2019 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting. The interim report does not include all the information and disclosures required in an annual financial report, and should be read in conjunction with the audited annual report of the Group for the year ended 31 December 2018 and any public announcements made during the interim reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

(1) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2018, except for the accounting estimation (see note 3(2)) and the adoption of the new International Financial Reporting Standards 16 Leases ("IFRS 16 Leases").

The Group has adopted IFRS 16 Leases from 1 January 2019 and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16 Leases, the Group recognized RMB18,500 million right-of-use assets and RMB17,667 million lease liabilities as at 1 January 2019. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

The difference between the remaining lease payments of the material operating lease as at 31 December 2018 discounted using the lessee's incremental borrowing rate at the date of initial application and lease liabilities recognized as at 1 January 2019 is not material.

The Group mainly leases buildings as lease assets. Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the lease begins, except for the lease used practical expedients. Lease liabilities are initial measured at the present value of the lease payments that are not paid at the lease commencement date. Lease payments include fixed payments, variable lease payment based on an index or a rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, etc.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs, etc. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

In applying IFRS 16 Leases for the first time, the Group has used the following practical expedients permitted by the standard:

- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application,
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- reliance on previous assessments on whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture and IT-equipment.

(2) CHANGES IN ACCOUNTING ESTIMATES

Material judgment is required in determining insurance contract liabilities and in choosing discount rates/investment return, mortality, morbidity, lapse rates, policy dividend, and expenses assumptions relating to long term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group has changed the above assumptions based on current information available as at 30 June 2019, and updated the estimate of future cashflows, with the corresponding impact on insurance contract liabilities taken into the current period's income statement. As a result of such changes in assumptions, long term life insurance policyholders' reserves were decreased by RMB2,077 million as at 30 June 2019 and the profit before tax for the six-month period ended 30 June 2019 was increased by RMB2,077 million (long term life insurance policyholders' reserves were increased by RMB2 million as at 30 June 2018 and the profit before tax for the six-month period ended 30 June 2018 was decreased by RMB2 million).

(3) CHANGES IN MAIN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

For the six-month period ended 30 June 2019, there was no significant change in principal subsidiaries, associates and jointly controlled entities of the Group.

4. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised standard, which has been issued but is not yet effective.

IFRS 17, 'Insurance Contracts', was published on 18 May 2017. IFRS 17 established principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin representing the unearned profit of the contract. The new standard is currently mandatorily effective for financial years commencing on or after 1 January 2021, however in July 2019, IASB proposed to defer IFRS 17 until the financial period beginning on or after 1 January 2022. The Group has started to assess the impact of IFRS 17.

Except for IFRS 17, there are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

5. SEGMENT REPORTING

The segment businesses are separately presented as the insurance segment, the banking segment, the trust segment, the securities segment, the other 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 insurance 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 of life insurance, annuity insurance and health insurance subsidiaries;

- The property and casualty insurance segment offers a wide variety of insurance products to individual and corporate customers, including auto insurance, non-auto insurance and accident and relevant injury insurance, reflecting performance of property and casualty insurance subsidiaries;

- The banking segment undertakes loan and intermediary business with corporate customers and retail customers as well as wealth management and credit card services with individual customers, reflecting performance of banking subsidiary;

- The trust segment provides trust services and undertake investing activities;

- The securities segment undertakes brokerage, trading, investment banking and asset management services;

- The other asset management business segment provides investment management services and financial leasing business, reflecting performance of asset management and 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 jointly controlled entities.

Except for the above business segments, the other segment did not have a material impact on the Group's operating outcome, and as such are not separately presented.

5. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2019 is as follows:

(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Trust (Unaudited)	Securities (Unaudited)	Other asset management (Unaudited)	Technology business (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Gross written premiums	316,661	130,517	-	-	-	-	-	(697)	446,481
Less: Premiums ceded to reinsurers	(3,291)	(9,147)	-	-	-	-	-	815	(11,623)
Change in unearned premium reserves	(3,665)	(9,759)	-	-	-	-	-	(2)	(13,426)
Net earned premiums	309,705	111,611	-	-	-	-	-	116	421,432
Reinsurance commission revenue	401	3,442	-	-	-	-	-	(176)	3,667
Interest revenue from banking operations	-	-	87,111	-	-	-	-	(528)	86,583
Fees and commission revenue from non-insurance operations	-	-	22,555	2,012	2,744	788	-	(1,238)	26,861
Including: Inter-segment fees and commission revenue from non-insurance operations	-	-	1,135	93	93	24	-	(1,345)	-
Interest revenue from non-banking operations	39,455	3,854	-	153	1,854	4,739	107	(760)	49,402
Including: Inter-segment interest revenue from non-banking operations	136	36	-	10	27	757	17	(983)	-
Investment income	49,029	4,345	5,097	515	1,095	3,494	96	(2,012)	61,659
Including: Inter-segment investment income	963	181	-	1	(14)	105	14	(1,250)	-
Including: Operating lease income from investment properties	2,121	103	15	-	2	134	-	(826)	1,549
Share of profits and losses of associates and jointly controlled entities	5,636	1,285	-	47	1	2,523	3,842	(1,170)	12,164
Other revenues and other gains	11,589	367	211	218	2,334	14,337	10,906	(11,484)	28,478
Including: Inter-segment other revenues	6,304	43	23	1	1	1,398	4,577	(12,347)	-
Including: Non-operating gains	112	33	39	2	1	6	2	9	204
Total revenue	415,815	124,904	114,974	2,945	8,028	25,881	14,951	(17,252)	690,246

5. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2019 is as follows: (continued)

(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Trust (Unaudited)	Securities (Unaudited)	Other asset management (Unaudited)	Technology business (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Claims and policyholders' benefits	(259,775)	(66,045)	-	-	-	-	-	84	(325,736)
Commission expenses on insurance operations	(44,421)	(19,002)	-	-	-	-	-	1,766	(61,657)
Interest expenses on banking operations	-	-	(43,472)	-	-	-	-	645	(42,827)
Fees and commission expenses on non-insurance operations	-	-	(4,164)	(75)	(577)	(34)	-	-	(4,850)
Net impairment losses on financial assets and other assets	316	(712)	(27,204)	-	(202)	(3,132)	(4)	(44)	(30,982)
Including: Loan impairment losses	-	-	(23,597)	-	-	-	-	-	(23,597)
Including: Impairment losses on investment assets	322	77	(2,676)	-	(206)	(1,488)	-	37	(3,934)
Including: Impairment losses on receivables and others	(6)	(789)	(931)	-	4	(1,644)	(4)	(81)	(3,451)
Foreign exchange gains/(losses)	41	1	530	-	-	(132)	-	17	457
Investment expenses	(1,076)	(116)	-	-	-	-	-	1,139	(53)
Including: Taxes and surcharges on investment operations	(49)	(4)	-	-	-	-	-	-	(53)
Administrative expenses	(25,295)	(25,369)	(20,588)	(430)	(2,113)	(4,870)	(7,867)	3,531	(83,001)
Including: Taxes and surcharges on insurance operations	(384)	(648)	-	-	-	-	-	-	(1,032)
Interest expenses on non-banking operations	(1,595)	(722)	-	(52)	(1,337)	(6,526)	(180)	656	(9,756)
Including: Financial costs	(1,015)	(527)	-	(20)	(895)	(6,517)	(180)	669	(8,485)
Including: Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	(580)	(195)	-	(32)	(442)	(9)	-	(13)	(1,271)
Other expenses	(10,442)	(236)	(73)	(1)	(2,260)	(5,095)	(3,595)	6,100	(15,602)
Total expenses	(342,247)	(112,201)	(94,971)	(558)	(6,489)	(19,789)	(11,646)	13,894	(574,007)
Profit before tax	73,568	12,703	20,003	2,387	1,539	6,092	3,305	(3,358)	116,239
Income tax	(2,539)	(808)	(4,600)	(513)	(287)	(1,690)	(31)	(33)	(10,501)
Profit for the period	71,029	11,895	15,403	1,874	1,252	4,402	3,274	(3,391)	105,738
- Attribute to owners of the parent	70,322	11,837	8,934	1,871	1,199	3,913	2,802	(3,202)	97,676

5. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2018 is as follows:

(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Trust (Unaudited)	Securities (Unaudited)	Other asset management (Unaudited)	Technology business (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Gross written premiums	289,259	118,914	-	-	-	-	-	21	408,194
Less: Premiums ceded to reinsurers	(2,159)	(8,416)	-	-	-	-	-	84	(10,491)
Change in unearned premium reserves	(3,930)	(7,482)	-	-	-	-	-	(5)	(11,417)
Net earned premiums	283,170	103,016	-	-	-	-	-	100	386,286
Reinsurance commission revenue	325	3,504	-	-	-	-	-	(19)	3,810
Interest revenue from banking operations	-	-	82,008	-	-	-	-	(584)	81,424
Interest revenue from non-banking operations	34,158	3,719	-	146	1,491	3,989	2	1,344	44,849
Including: Inter-segment interest revenue from non-banking operations	167	26	-	1	4	531	-	(729)	-
Fees and commission revenue from non-insurance operations	-	-	21,061	2,104	2,112	670	13	(1,110)	24,850
Including: Inter-segment fees and commission revenue from non-insurance operations	-	-	871	372	4	(261)	-	(986)	-
Investment income	11,428	1,965	1,748	351	882	2,291	148	(3,133)	15,680
Including: Inter-segment investment income	1,046	38	-	1	6	121	17	(1,229)	-
Including: Operating lease income from investment properties	1,886	106	16	-	-	143	-	(324)	1,827
Share of profits and losses of associates and jointly controlled entities	1,942	319	-	74	1	3,284	4,148	(970)	8,798
Other revenues and other gains	12,563	633	184	71	1,366	11,610	8,704	(11,927)	23,204
Including: Inter-segment other revenues	7,779	27	16	-	-	1,170	3,414	(12,406)	-
Including: Non-operating gains	83	78	6	1	2	2	9	6	187
Total revenue	343,586	113,156	105,001	2,746	5,852	21,844	13,015	(16,299)	588,901

5. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2018 is as follows: (continued)

(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Trust (Unaudited)	Securities (Unaudited)	Other asset management (Unaudited)	Technology business (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Claims and policyholders' benefits	(214,898)	(59,112)	-	-	-	-	-	82	(273,928)
Commission expenses on insurance operations	(45,970)	(25,740)	-	-	-	-	-	1,387	(70,323)
Interest expenses on banking operations	-	-	(44,572)	-	-	-	-	374	(44,198)
Fees and commission expenses on non-insurance operations	-	-	(3,122)	(33)	(434)	(413)	-	365	(3,637)
Net impairment losses on financial assets and other assets	(68)	(876)	(22,298)	-	(8)	(285)	(2)	4	(23,533)
Including: Loan impairment losses	-	-	(21,044)	-	-	-	-	-	(21,044)
Including: Impairment losses on investment assets	(55)	20	(1,131)	-	(4)	(2)	-	12	(1,160)
Including: Impairment losses on receivables and others	(13)	(896)	(123)	-	(4)	(283)	(2)	(8)	(1,329)
Foreign exchange gains/(losses)	(273)	3	(60)	1	1	(30)	-	(411)	(769)
Investment expenses	(805)	(162)	-	-	-	-	-	967	-
Administrative expenses	(22,697)	(16,477)	(17,541)	(513)	(1,777)	(4,228)	(5,626)	2,690	(66,169)
Including: Taxes and surcharges on insurance operations	(434)	(612)	-	-	-	-	-	-	(1,046)
Interest expenses on non-banking operations	(1,846)	(550)	-	(25)	(1,124)	(5,353)	9	293	(8,596)
Including: Financial costs	(1,268)	(305)	-	5	(499)	(5,348)	9	296	(7,110)
Including: Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	(578)	(245)	-	(30)	(625)	(5)	-	(3)	(1,486)
Other expenses	(10,881)	(204)	(41)	(2)	(1,354)	(4,232)	(2,561)	8,290	(10,985)
Total expenses	(297,438)	(103,118)	(87,634)	(572)	(4,696)	(14,541)	(8,180)	14,041	(502,138)
Profit before tax	46,148	10,038	17,367	2,174	1,156	7,303	4,835	(2,258)	86,763
Income tax	(11,820)	(4,114)	(3,995)	(480)	(200)	(1,171)	(228)	15	(21,993)
Profit for the period	34,328	5,924	13,372	1,694	956	6,132	4,607	(2,243)	64,770
- Attribute to owners of the parent	33,791	5,896	7,756	1,693	918	5,954	4,204	(2,117)	58,095

5. SEGMENT REPORTING (CONTINUED)

The segment assets, liabilities and equity as at 30 June 2019 and 31 December 2018 are as follows:

	At 30 June 2019								
(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Trust (Unaudited)	Securities (Unaudited)	Other asset management (Unaudited)	Technology business (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Segment assets	**2,817,116**	**399,957**	**3,590,766**	**24,528**	**153,594**	**590,010**	**125,385**	**(138,958)**	**7,562,398**
Segment liabilities	**2,559,818**	**314,922**	**3,334,163**	**4,670**	**123,163**	**526,960**	**34,733**	**(100,003)**	**6,798,426**
Segment equity	**257,298**	**85,035**	**256,603**	**19,858**	**30,431**	**63,050**	**90,652**	**(38,955)**	**763,972**
- Attribute to owners of the parent	**250,268**	**84,622**	**148,830**	**19,834**	**29,052**	**49,368**	**82,395**	**(39,042)**	**625,327**

	At 31 December 2018								
(in RMB million)	Life and health insurance (Audited)	Property and casualty insurance (Audited)	Banking (Audited)	Trust (Audited)	Securities (Audited)	Other asset management (Audited)	Technology business (Audited)	Other businesses and elimination (Audited)	Total (Audited)
Segment assets	2,632,057	372,624	3,418,592	23,943	122,302	530,365	123,787	(80,710)	7,142,960
Segment liabilities	2,446,812	295,235	3,178,550	6,205	92,901	477,014	36,493	(73,893)	6,459,317
Segment equity	185,245	77,389	240,042	17,738	29,401	53,351	87,294	(6,817)	683,643
- Attribute to owners of the parent	178,824	77,014	139,224	17,717	27,976	43,161	79,541	(6,949)	556,508

6. GROSS AND NET WRITTEN PREMIUMS

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Gross written premiums and premium deposits	**500,658**	471,073
Less: Premium deposits of policies without significant insurance risk transfer	**(1,964)**	(1,876)
Premium deposits separated out from universal life and investment-linked products	**(52,213)**	(61,003)
Gross written premiums	**446,481**	408,194
Long term life business gross written premiums	**294,513**	271,577
Short term life business gross written premiums	**17,324**	17,543
Property and casualty business gross written premiums	**134,644**	119,074
Gross written premiums	**446,481**	408,194
Gross written premiums		
Life insurance		
Individual business	**300,428**	278,235
Group business	**11,409**	10,885
	311,837	289,120
Property and casualty insurance		
Auto insurance	**92,420**	84,794
Non-auto insurance	**32,085**	29,832
Accident and health insurance	**10,139**	4,448
	134,644	119,074
Gross written premiums	**446,481**	408,194
Net of reinsurance premiums ceded		
Life insurance		
Individual business	**298,787**	276,405
Group business	**11,318**	10,695
	310,105	287,100
Property and casualty insurance		
Auto insurance	**88,930**	81,668
Non-auto insurance	**26,409**	24,527
Accident and health insurance	**9,414**	4,408
	124,753	110,603
Net written premiums	**434,858**	397,703

7. NET INTEREST INCOME FROM BANKING OPERATIONS

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Interest revenue from banking operations		
Due from the Central Bank	**1,660**	2,051
Due from financial institutions	**4,807**	5,908
Loans and advances to customers	**65,249**	53,173
Financial investments	**14,867**	17,634
Others	**–**	2,658
Subtotal	**86,583**	81,424
Interest expenses on banking operations		
Due to the Central Bank	**2,360**	2,185
Due to financial institutions	**5,904**	10,703
Customer deposits	**27,028**	23,136
Bonds payable	**7,439**	8,174
Others	**96**	–
Subtotal	**42,827**	44,198
Net interest income from banking operations	**43,756**	37,226

The interest revenue accrued on impaired financial assets for the six-month period ended 30 June 2019 amounted to RMB335 million (for the six-month period ended 30 June 2018: RMB340 million).

8. INTEREST REVENUE FROM NON-BANKING OPERATIONS

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Financial assets at amortized cost	**44,388**	41,164
Debt financial assets at fair value through other comprehensive income	**5,014**	3,685
	49,402	44,849

9. NET FEES AND COMMISSION INCOME FROM NON-INSURANCE OPERATIONS

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Fees and commission revenue from non-insurance operations		
Fees and commission revenue from banking business	**21,457**	20,190
Trust service fees revenue	**1,705**	1,781
Brokerage commission revenue	**1,847**	1,238
Underwriting commission revenue	**359**	332
Others	**1,493**	1,309
Subtotal	**26,861**	24,850
Fees and commission expenses on non-insurance operations		
Fees and commission expenses on banking business	**4,164**	3,112
Brokerage fees expenses	**552**	365
Others	**134**	160
Subtotal	**4,850**	3,637
Net fees and commission income from non-insurance operations	**22,011**	21,213

10. INVESTMENT INCOME

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Net investment income	**28,560**	18,535
Realized gains from disposal	**5,223**	8,292
Unrealized gains/(losses)	**27,876**	(11,147)
Total investment income	**61,659**	15,680

(1) NET INVESTMENT INCOME

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Financial assets at fair value through profit or loss	**18,868**	13,388
Equity financial assets at fair value through other comprehensive income	**8,143**	3,320
Operating lease income from investment properties	**1,549**	1,827
	28,560	18,535

(2) REALIZED GAINS FROM DISPOSAL

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Financial assets at fair value through profit or loss	**3,906**	6,626
Debt financial assets at fair value through other comprehensive income	**57**	292
Financial assets at amortized cost	**(2)**	(143)
Derivative financial instruments	**342**	478
Gain on disposals of loans and advances at fair value through other comprehensive income	**547**	479
Income from precious metal transactions	**362**	382
Investment in subsidiaries, associates and jointly controlled entities	**11**	178
	5,223	8,292

(3) UNREALIZED GAINS/(LOSSES)

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Financial assets at fair value through profit or loss		
- Bonds	**(748)**	1,142
- Funds	**8,650**	(4,756)
- Stocks	**14,277**	(10,545)
- Wealth management products, assets management products and other investments	**5,728**	3,360
Derivative financial instruments	**(28)**	(179)
Financial liabilities at fair value through profit or loss	**(3)**	(169)
	27,876	(11,147)

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11. OTHER REVENUES AND OTHER GAINS

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Sales revenue	**9,613**	7,802
Management fee from investment-linked products and from investment contracts	**1,648**	1,308
Expressway toll fee	**541**	603
Annuity management fee	**198**	344
Consulting and management fee income	**2,310**	2,945
Finance leasing income	**7,924**	6,040
Income from guarantees	**–**	268
Income from customer loyalty service	**97**	160
Others	**6,147**	3,734
	28,478	23,204

12. CLAIMS AND POLICYHOLDERS' BENEFITS

(1)

For the six-month period ended 30 June (in RMB million)	2019 Gross (Unaudited)	2019 Reinsurers' share (Unaudited)	2019 Net (Unaudited)
Claims and claim adjustment expenses	**92,889**	**(5,225)**	**87,664**
Surrenders	**13,110**	**–**	**13,110**
Annuities	**5,785**	**–**	**5,785**
Maturities and survival benefits	**17,292**	**–**	**17,292**
Policyholder dividends	**13,776**	**–**	**13,776**
Increase in policyholders' reserves	**170,716**	**16**	**170,732**
Interest credited to policyholder contract deposits	**17,377**	**–**	**17,377**
	330,945	**(5,209)**	**325,736**

For the six-month period ended 30 June (in RMB million)	2018 Gross (Unaudited)	2018 Reinsurers' share (Unaudited)	2018 Net (Unaudited)
Claims and claim adjustment expenses	81,143	(4,291)	76,852
Surrenders	11,604	–	11,604
Annuities	19,072	–	19,072
Maturities and survival benefits	12,884	–	12,884
Policyholder dividends	10,506	–	10,506
Increase in policyholders' reserves	132,143	(149)	131,994
Interest credited to policyholder contract deposits	11,016	–	11,016
	278,368	(4,440)	273,928

12. CLAIMS AND POLICYHOLDERS' BENEFITS (CONTINUED)

(2)

For the six-month period ended 30 June (in RMB million)	2019 Gross (Unaudited)	2019 Reinsurers' share (Unaudited)	2019 Net (Unaudited)
Long term life insurance contract benefits	**252,174**	**(868)**	**251,306**
Short term life insurance claims	**9,203**	**(894)**	**8,309**
Property and casualty insurance claims	**69,568**	**(3,447)**	**66,121**
	330,945	**(5,209)**	**325,736**

For the six-month period ended 30 June (in RMB million)	2018 Gross (Unaudited)	2018 Reinsurers' share (Unaudited)	2018 Net (Unaudited)
Long term life insurance contract benefits	208,575	(960)	207,615
Short term life insurance claims	7,511	(364)	7,147
Property and casualty insurance claims	62,282	(3,116)	59,166
	278,368	(4,440)	273,928

13. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Accounts receivable	**54**	21
Loans and advances to customers	**23,597**	21,044
Debt financial assets at fair value through other comprehensive income	**500**	13
Financial assets at amortized cost	**3,146**	1,147
Loan commitments	**593**	–
Finance lease receivables	**866**	285
Placements with banks and other financial institutions	**117**	1
Due from banks and other financial institutions	**426**	(120)
Others	**704**	533
	30,003	22,924

14. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following items:

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Employee costs	**37,596**	31,832
Interest expenses on policyholder contract deposits and investment contract reserves	**17,377**	11,016
Depreciation of investment properties	**656**	336
Depreciation of property and equipment	**2,725**	2,346
Amortization of intangible assets	**1,257**	1,074
Net impairment losses on financial assets	**30,003**	22,924
Net impairment losses on other assets	**979**	609
Cost of sales	**4,109**	2,517

15. INCOME TAX

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Current income tax	**11,906**	26,755
Deferred income tax	**(1,405)**	(4,762)
	10,501	21,993

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 2019 was 25% (2018: 25%).

According to the *Circular on Pre-tax Deduction of Fee and Commission Expense for Insurers (No. 72, 2019) (the "Circular")* issued by the Ministry of Finance and the State Administration of Taxation on May 29, 2019, the maximum proportion of pre-tax deduction of fee and commission expense for insurers has been raised to 18% (inclusive) of the balance of premium income less surrenders for the current year, and the excess may be carried forward to the following year. Insurers shall compute and pay their income tax for 2018 in accordance with the Circular. The impact of the Circular on income tax of the Group for 2018 is RMB10,453 million, which has been factored into the income tax for 2019.

16. DIVIDENDS

For the six-month period ended 30 June (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
2018 final dividend – RMB1.10 (2017: RMB1.00) per ordinary share (i)	**20,108**	18,280
30th Anniversary Special Dividend declared in 2018- RMB0.20	**-**	3,656
2019 interim dividend – RMB0.75 (2018: RMB0.62) per ordinary share (ii)	**13,680**	11,334

(i) On 12 March 2019, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2018, agreeing to declare a cash dividend in the amount of RMB1.10(tax inclusive) per share based on the total shares of 18,280,241,410 for 2018. The total amount of the cash dividend for 2018 was RMB20,108 million.

On 29 April 2019, the above profit appropriation plan was approved by the shareholders of the Company at the annual general meeting.

(ii) On 15 August 2019, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for Interim Dividend of 2019, and declared an interim cash dividend of RMB0.75 (tax inclusive) per share.

Pursuant to the Detailed Rules for Implementation of Share Repurchase by Listed Companies promulgated by the SSE and the applicable regulations, the Company's A shares in the Company's repurchased securities account (if any) after trading hours on the record date of A shareholders for the dividend will not be entitled to the dividend distribution. At present, it is difficult to predict the total number of shares that will be entitled to the dividend distribution on the record date of A shareholders. Therefore, we cannot determine the actual total amount of the dividend payment now. The total amount of the interim dividend payment for 2019 is estimated at RMB13,680 million (tax inclusive) based on the total share capital of 18,280,241,410 shares less the 40,022,907 A shares of the Company in the repurchased securities account as of 30 June, 2019. The actual total amount of dividend payment is subject to the Actual Number of Shares Entitled to the Dividend Distribution, which was not recognized as a liability as at 30 June 2019.

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 2019.

For the six-month period ended 30 June	2019 (Unaudited)	2018 (Unaudited)
Profit attributable to owners of the parent (in RMB million)	**97,676**	58,095
Weighted average number of ordinary shares in issue (million shares)	**17,815**	17,834
Basic earnings per share (in RMB)	**5.48**	3.26

17. EARNINGS PER SHARE (CONTINUED)

(2) DILUTED

Diluted earnings per share was computed by dividing the adjusted profit attributable to the equity holders of the Company 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 34) and Long-term Service Plan (Note 35) have a potential dilutive effect on the earnings per share.

For the six-month period ended 30 June	**2019 (Unaudited)**	2018 (Unaudited)
Earnings (in RMB million)		
Profit attributable to owners of the parent	**97,676**	58,095
Weighted average number of ordinary shares (million shares)		
Weighted average number of ordinary shares in issue	**17,815**	17,834
Adjustments for:		
– Assumed vesting of Key Employee Share Purchase Plan	**31**	29
– Assumed vesting of Long-term Service Plan	**15**	–
Weighted average number of ordinary shares for diluted earnings per share	**17,861**	17,863
Diluted earnings per share (in RMB)	**5.47**	3.25

18. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Cash on hand	**5,145**	5,019
Term deposits	**197,191**	178,833
Due from banks and other financial institutions	**241,291**	199,238
Placements with banks and other financial institutions (i)	**84,004**	74,434
	527,631	457,524

18. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

(i) Details of placements with banks and other financial institutions are as follows:

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Measured at amortized cost:		
Placements with banks	**73,913**	68,611
Placements with other financial institutions	**6,545**	2,239
Gross	**80,458**	70,850
Less: Provision for impairment losses	**(267)**	(172)
Net	**80,191**	70,678
Measured at fair value through other comprehensive income:		
Placements with other financial institutions	**3,813**	3,756
Total	**84,004**	74,434

As at 30 June 2019, cash and amounts due from banks and other financial institutions of RMB5,224 million (31 December 2018: RMB5,446 million) were restricted from use by reasons of pledge or freeze.

19. BALANCES WITH THE CENTRAL BANK

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Statutory reserve deposits with the Central Bank for banking operations-RMB	**204,682**	223,067
Statutory reserve deposits with the Central Bank for banking operations-Foreign Currencies	**6,982**	6,458
Statutory reserve deposits with the Central Bank for banking operations (i)	**211,664**	229,525
Surplus reserve deposits with the Central Bank	**50,250**	41,917
Fiscal deposits with the Central Bank	**2,737**	2,071
	264,651	273,513

(i) 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 RMB and foreign currencies. As at 30 June 2019, the mandatory deposits are calculated at 10% (31 December 2018: 12%) of customer deposits denominated in RMB and 5% (31 December 2018: 5%) 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

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Bonds	**34,263**	84,574
Bills	**99**	959
Gross	**34,362**	85,533
Less: Provision for impairment losses	**(357)**	(196)
Net	**34,005**	85,337
Stocks and others	**8,727**	7,614
Total	**42,732**	92,951

21. PREMIUM RECEIVABLES

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Premium receivables	**79,457**	69,793
Less: Provision for doubtful receivables	**(3,219)**	(2,643)
Premium receivables, net	**76,238**	67,150
Life insurance	**17,192**	16,415
Property and casualty insurance	**59,046**	50,735
Premium receivables, net	**76,238**	67,150

The credit terms of premium receivables granted are generally from one to six months, and non-interest bearing.

An aging analysis of premium receivables is as follows:

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Within 3 months	**73,047**	65,159
Over 3 months but within 1 year	**3,296**	2,300
Over 1 year	**3,114**	2,334
	79,457	69,793

22. FINANCE LEASE RECEIVABLES

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Finance lease receivables, net of unearned finance income	**187,891**	167,783
Less: Provision for impairment losses	**(3,264)**	(2,569)
	184,627	165,214

23. LOANS AND ADVANCES TO CUSTOMERS

(in RMB million)	30 June 2019 (Unaudited)	31 December (Audited)
Measured at amortized cost:		
Corporate customers		
Loans	**735,208**	761,938
Individual customers		
New generation loans	**153,361**	153,745
Credit cards	**510,958**	473,295
Property mortgages	**187,998**	182,363
Vehicle loans	**165,802**	172,029
Others	**206,789**	172,581
Gross	**1,960,116**	1,915,951
Add : Interest receivable	**6,184**	6,237
Less: Loan loss provisions	**(63,216)**	(54,033)
Net	**1,903,084**	1,868,155
Measured at fair value through other comprehensive income:		
Corporate customers		
Loans	**42,156**	19,985
Discounted bills	**62,273**	41,702
Subtotal	**104,429**	61,687
Carrying amount	**2,007,513**	1,929,842

As at 30 June 2019, the provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income is RMB532 million (31 December 2018: RMB154 million).

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23. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Movement of loan loss provisions is as follows:

(in RMB million)	For the six-month period ended 30 June 2019 (Unaudited)	For the year ended 31 December 2018 (Audited)
Measured at amortized cost:		
As at 31 December 2018/31 December 2017	**54,033**	44,322
Change in accounting policy	**–**	3,387
As at 1 January 2019/1 January 2018	**54,033**	47,709
Charge for the period/year	**23,219**	43,557
Write-offs and transfers during the period/year	**(21,392)**	(46,409)
Recovery of loans written off previously	**7,565**	9,356
Unwinding of discount of impairment allowances recognized as interest income	**(335)**	(675)
Others	**126**	495
As at 30 June/31 December	**63,216**	54,033
Measured at fair value through other comprehensive income		
As at 31 December 2018/31 December 2017	**154**	–
Change in accounting policy	**–**	54
As at 1 January 2019/1 January 2018	**154**	54
Charge for the period/year	**378**	100
As at 30 June/31 December	**532**	154
As at 30 June 2019/31 December 2018	**63,748**	54,187

As at 30 June 2019, discounted bills with a carrying amount of RMB5,312 million (31 December 2018: RMB4,178 million) were pledged as collateral for amounts due to the Central Bank.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (audited)
Bonds		
Government bonds	**49,160**	40,833
Financial bonds	**76,410**	82,333
Corporate bonds	**43,952**	46,201
Funds	**196,087**	200,753
Stocks	**104,681**	89,640
Preferred shares	**16,563**	1,177
Unlisted equity investments	**60,658**	57,544
Debt schemes	**14,129**	15,432
Wealth management investments	**225,970**	230,846
Other investments	**67,204**	60,180
	854,814	824,939
Listed	**159,698**	146,082
Unlisted	**695,116**	678,857
Total	**854,814**	824,939

25. FINANCIAL ASSETS AT AMORTIZED COST

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Bonds		
Government bonds	**1,039,537**	894,996
Finance bonds	**491,841**	497,233
Corporate bonds	**115,487**	133,650
Debt schemes	**247,888**	301,971
Wealth management investments	**174,491**	155,759
Other investments	**106,719**	104,847
Gross	**2,175,963**	2,088,456
Less: provisions	**(15,717)**	(13,305)
Net	**2,160,246**	2,075,151
Listed	**125,226**	130,878
Unlisted	**2,035,020**	1,944,273
	2,160,246	2,075,151

26. DEBT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Bonds		
Government bonds	**132,900**	123,491
Financial bonds	**81,374**	69,598
Corporate bonds	**55,726**	66,225
Margin accounts receivable	**22,209**	16,751
Wealth management investments	**70,024**	34,836
	362,233	310,901
Listed	**50,636**	49,815
Unlisted	**311,597**	261,086
	362,233	310,901

As at 30 June 2019, the total provision for impairment losses recognized in debt financial assets at fair value through other comprehensive income is RMB1,661 million(31 December 2018: RMB1,180 million).

27. EQUITY FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (audited)
Stocks	**174,556**	154,235
Preferred shares	**68,695**	66,682
Unlisted equity investments	**2,027**	1,722
	245,278	222,639
Listed	**243,251**	220,917
Unlisted	**2,027**	1,722
	245,278	222,639

For the equity investments which are not held for trading but for long term investments, the Group has irrevocably elected them at initial recognition to recognize in this category.

During the period, the Group has no disposal of equity financial assets at fair value through other comprehensive income.The dividends income of equity financial assets at fair value through other comprehensive income recognized during the period are disclosed in note 10.

28. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The Group's investments in associates and jointly controlled entities as at 30 June 2019 are as follows:

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Associates		
Veolia Water (Kunming) Investment Co., Ltd.	**300**	291
Veolia Water (Yellow River) Investment Co., Ltd.	**205**	209
Veolia Water (Liuzhou) Investment Co., Ltd.	**128**	124
Shanxi Taichang Expressway Co., Ltd.	**851**	821
Beijing-Shanghai High-Speed Railway Equity Investment Scheme	**6,300**	6,300
Lufax Holding Ltd.("Lufax Holding")	**25,584**	20,876
Massive Idea Investments Limited	**964**	894
Guangzhou Jinglun Property Development Co., Ltd.	**509**	499
Shenzhen Jinzheng Science & Technology Co., Ltd.	**896**	911
Xuhui Holdings Co., Ltd.	**3,514**	3,310
Ping An Healthcare and Technology Co., Ltd. ("Ping An Good Doctor")	**18,508**	17,870
Ping An Medical and Healthcare Management Co., Ltd. ("Ping An Healthcare Technology")	**4,446**	4,599
OneConnect Financial Technology Co., Ltd. ("OneConnect")	**2,587**	3,107
Shenzhen China Merchants-Ping An Asset Management Co., Ltd.	**1,253**	1,173
Jiangsu Dezhan Investment Co., Ltd.	**–**	2,115
Zhongan Online Property & Casualty Co., Ltd.	**1,616**	1,585
Beijing Beiqi Penglong Automobile Service Co., Ltd.	**1,610**	1,529
China Yangtze Power Co., Ltd.	**14,496**	14,231
China Traditional Chinese Medicine Holdings Co., Ltd.	**2,324**	2,255
China Fortune Land Development Co., Ltd.	**19,985**	14,477
China Tianying Inc.	**1,118**	–
Others	**28,777**	26,233
Subtotal	**135,971**	123,409

28. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONTINUED)

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Jointly controlled entities		
Yunnan KunYu Highway Development Co., Ltd.	**811**	744
Nanjing Mingwan Real Estate Co., Ltd.	**2,115**	2,125
Beijing ZhaoTai Property Development Co., Ltd.	**1,354**	1,295
Wuhan DAJT Property Development Co., Ltd.	**745**	571
Xi'an Languang Meidu Enterprise Management Service Limited	**1,000**	993
Others	**34,842**	25,758
Subtotal	**40,867**	31,486
Investments in associates and jointly controlled entities	**176,838**	154,895

Associates and jointly controlled entities above have no significant contingent liabilities for the Group.

29. STATUTORY DEPOSITS FOR INSURANCE OPERATIONS

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Ping An Life Insurance Company of China, Ltd. ("Ping An Life")	**6,758**	6,758
Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty")	**4,198**	4,198
Ping An Annuity Insurance Company of China, Ltd.	**972**	972
Ping An Health Insurance Company of China, Ltd.	**370**	310
Others	**8**	8
Subtotal	**12,306**	12,246
Add: Interest receivable	**247**	200
Total	**12,553**	12,446

Statutory deposits for insurance operations are placed with PRC national commercial banks in accordance with the relevant regulations issued by the former China Insurance Regulatory Commission (the 'CIRC') 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 deposit for insurance operations can only be utilized to settle liabilities during liquidation of insurance companies and insurance sales agency companies.

30. OTHER ASSETS

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Other receivables	**87,080**	67,666
Due from reinsurers	**10,571**	8,695
Foreclosed assets	**4,899**	4,634
Prepayments	**4,145**	3,209
Precious metals held for trading	**65,624**	56,835
Dividends receivable	**5,749**	494
Inventories	**5,194**	5,082
Amounts in the processing clearance and settlement	**11,701**	1,886
Others	**10,495**	10,099
Gross	**205,458**	158,600
Less: Loss provisions	**(2,707)**	(2,127)
Including: Other receivables	**(1,497)**	(1,369)
Due from reinsurers	**(20)**	(12)
Foreclosed assets	**(548)**	(256)
Inventories	**(53)**	(4)
Others	**(589)**	(486)
Net	**202,751**	156,473

31. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE/ INVESTMENT CONTRACTS

(1) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE CONTRACTS

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Cash and amounts due from banks and other financial institutions	**6,397**	5,070
Financial assets at fair value through profit or loss		
Bonds	**2,361**	2,821
Funds	**24,911**	20,990
Stocks	**2,493**	1,481
Other investments	**708**	333
Financial assets purchased under reverse repurchase agreements	**501**	730
Other assets	**96**	919
	37,467	32,344

31. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE/ INVESTMENT CONTRACTS (CONTINUED)

(2) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INVESTMENT CONTRACTS

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Cash and amounts due from banks and other financial institutions	**612**	395
Financial assets at fair value through profit or loss		
Bonds	**1,644**	1,666
Funds	**1,111**	776
Other investments	**752**	952
Other assets	**157**	175
	4,276	3,964

32. SHARE CAPITAL

(million shares)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Number of shares registered, issued and fully paid, with a par value of RMB1 each	**18,280**	18,280

33. 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 the 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 appropriation based on 10% of net profit, and the companies operating in fund should make appropriation 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.

34. KEY EMPLOYEE SHARE PURCHASE PLAN

The Company has adopted an 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 2019 (in RMB million)	Shares held for share purchase plan (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	**(1,291)**	**1,002**	**(289)**
Purchased (i)	**(588)**	**–**	**(588)**
Share-based compensation expenses (ii)	**–**	**288**	**288**
Exercised	**333**	**(333)**	**–**
Expired	**29**	**–**	**29**
As at 30 June	**(1,517)**	**957**	**(560)**

For the six-month period ended 30 June 2018 (in RMB million)	Shares held for share purchase plan (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	(1,008)	714	(294)
Purchased (i)	(593)	–	(593)
Share-based compensation expenses (ii)	–	287	287
Exercised	277	(277)	–
Expired	19	–	19
As at 30 June	(1,305)	724	(581)

(i) During the period from 25 March 2019 to 27 March 2019, 8,078,395 ordinary A shares were purchased from the market. The average price of shares purchased was RMB72.79 per share. The total purchasing cost was RMB588 million (transaction expenses included).

On 27 April 2018, 9,666,900 ordinary A shares were purchased from the market. The average price of shares purchased was RMB61.29 per share. The total purchasing cost was RMB593 million (transaction expenses included).

(ii) The share-based compensation expense of the Key Employee Share Purchase Plan and the total value of employee services were RMB288 million during the six-month period ended 30 June 2019 (six-month period ended 30 June 2018: RMB287 million).

35. 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 2019 (in RMB million)	Shares held for Long-term Service Plan (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	-	-	-
Purchased (i)	**(4,296)**	-	**(4,296)**
Share-based compensation expenses (ii)	-	**9**	**9**
Exercised	-	-	-
Expired	-	-	-
As at 30 June	**(4,296)**	**9**	**(4,287)**

(i) From 7 May 2019 to 14 May 2019, 54,294,720 ordinary A shares were purchased from the market. The average price of shares purchased was RMB79.10 per share. The total purchasing cost was RMB4,296 million (transaction expenses included).

(ii) The share-based compensation expense and the total value of employee services of the Long-term Service Plan were RMB9 million during the six-month period ended 30 June 2019.

36. TREASURY SHARES

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Treasury shares	**3,421**	–

As at 30 June 2019, 40,022,907 A shares had been purchased from the Shanghai Stock Exchange by centralized bidding. The lowest purchase price was RMB79.85 per share and the highest purchase price was RMB88.09 per share. The total repurchasing cost was RMB3,421 million (transaction expenses included) and the treasury shares were increased by RMB3,421 million.

The repurchased shares will be reserved exclusively for the employee stock ownership plan of the Company, including but not limited to the Long-term Service Plan which will be implemented in future years.

37. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Deposits from other banks and financial institutions	**283,718**	411,702
Due to the Central Bank	**137,101**	149,756
Short term borrowings	**101,118**	93,627
Long term borrowings	**185,556**	148,069
	707,493	803,154

38. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Bonds	**125,352**	189,028

As at 30 June 2019, bonds with par value of RMB87,030 million (31 December 2018: RMB95,739 million) were pledged as collaterals for financial assets sold under agreements to repurchase resulted from repurchase transactions entered into by the Group in the interbank market. The collaterals are restricted from trading during the period of the repurchase transaction.

As at 30 June 2019, the bonds with par value of RMB127,257 million (31 December 2018: RMB112,164 million) were deposited in the collateral pool. The collaterals are restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool without delay provided that the value of certain 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 transaction with fair value converted at a standard rate pursuant to stock exchange's regulation no less than the balance of related repurchase transaction into a collateral pool.

39. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Customer deposits		
Current and savings accounts		
– Corporate customers	**532,146**	491,267
– Individual customers	**185,782**	173,372
Term deposits		
– Corporate customers	**1,014,575**	901,739
– Individual customers	**334,800**	267,697
Guarantee deposits	**159,065**	175,098
Term deposits from the Central Bank	**18,499**	17,903
Fiscal deposits	**34,663**	38,481
Remittance payables and outward remittance	**26,577**	23,472
	2,306,107	2,089,029
Payables to brokerage customers		
– Individual customers	**32,458**	20,288
– Corporate customers	**7,313**	5,027
	39,771	25,315
	2,345,878	2,114,344

As at 30 June 2019, bonds classified as financial assets carried as amortized costs with a carrying amount of RMB20,918 million (31 December 2018: RMB36,924 million) were pledged as collaterals for term deposits from the Central Bank.

40. BONDS PAYABLE

Issuer	Type	Maturity	Par value (in RMB million)	Issued year	Coupon rate (per annum)	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Ping An International Financial Leasing Co., Ltd. ("Ping An Financial Leasing")	Medium term notes	3-5 years	2,500	2016	3.50%-3.58%	**2,316**	2,543
Ping An Financial Leasing	Medium term notes	3 years	1,500	2016	3.34%-3.45%	**-**	1,538
Ping An Financial Leasing	Private placement notes	3 years	5,000	2016	3.35%-4.55%	**5,165**	5,011
Ping An Financial Leasing	Private corporate bonds	3 years	5,000	2017	5.30%-5.56%	**5,288**	5,100
Ping An Financial Leasing	Corporate bonds	3 years	4,400	2017	4.70%-4.89%	**4,628**	4,472
Ping An Financial Leasing	Medium term notes	3 years	2,100	2017	5.50%	**2,149**	2,189
Ping An Financial Leasing	Private placement notes	3 years	5,000	2017	5.40%-6.10%	**5,226**	5,031
Ping An Financial Leasing	Private placement notes	1-3 years	7,500	2018	5.20%-6.40%	**7,621**	7,727
Ping An Financial Leasing	Private corporate bonds	2-3 years	10,508	2018	5.00%-6.29%	**10,655**	10,780
Ping An Financial Leasing	Short-term financing bills	1 year	1,600	2018	3.80%	**1,615**	1,603
Ping An Financial Leasing	Short-term financing bills	1 year	3,000	2018	4.49%-4.82%	**-**	3,094
Ping An Financial Leasing	Super short-term financing bills	250 days-270 days	2,900	2018	3.79%-3.92%	**2,926**	2,911
Ping An Financial Leasing	Super short-term financing bills	180 days-270 days	5,100	2018	3.70%-4.49%	**-**	5,164
Ping An Financial Leasing	Medium term notes	3 years	2,400	2018	4.48%	**2,423**	2,407
Ping An Financial Leasing	Super short-term financing bills	45 days-180 days	7,000	2019	2.28%-3.38%	**7,066**	-
Ping An Financial Leasing	Short-term financing bills	1 year	1,800	2019	3.55%	**1,817**	-
Ping An Financial Leasing	Private corporate bonds	3-4 years	3,600	2019	4.60%-5.00%	**3,635**	-
Ping An Financial Leasing	Corporate bonds	3 years	2,000	2019	4.03%-4.30%	**2,019**	-
Ping An Financial Leasing	Private placement notes	3 years	1,500	2019	4.49%	**1,514**	-
Ping An Bank Co., Ltd. ("Ping An Bank")	Hybrid capital debt instrument	15 years	1,500	2009	First 10 years: 5.70% Next 5 years: 8.70% (If not redeemed)	**-**	1,533
Ping An Bank	Hybrid capital debt instrument	15 years	3,650	2011	7.50%	**3,697**	3,808
Ping An Bank	Tier 2 capital bonds	10 years	15,000	2014	6.50%-6.80%	**-**	15,647
Ping An Bank	Interbank deposits	1-3 years	3,950	2016	2.95%-3.30%	**3,019**	2,946
Ping An Bank	Tier 2 capital bonds	10 years	10,000	2016	3.85%	**10,085**	10,431
Ping An Bank	Interbank deposits	Less than 1 year	176,270	2018	3.00%-4.00%	**175,097**	173,085
Ping An Bank	Interbank deposits	Less than 1 year	126,400	2018	2.91%-4.70%	**-**	124,116
Ping An Bank	Financial bonds	3 years	15,000	2017	4.20%	**15,595**	15,083
Ping An Bank	Financial bonds	3 years	35,000	2018	3.79%	**35,690**	35,234
Ping An Bank	Convertible bonds	6 years	26,000 (Note 1)	2019	First year: 0.20% Second year: 0.80% Third year: 1.50% Fourth year: 2.30% Fifth year: 3.20% Sixth year: 4.00%	**9,567**	-

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40. BONDS PAYABLE (CONTINUED)

Issuer	Type	Maturity	Par value (in RMB million)	Issued year	Coupon rate (per annum)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Ping An Bank	Tier 2 capital bonds	10 years	30,000	2019	4.55%	**30,222**	-
Ping An Bank	Interbank deposits	Less than 1 year	123,640	2019	2.50%-3.25%	**121,353**	-
Ping An Life	Subordinated bonds	10 years	8,000	2014	First 5 years : 5.90% Next 5 years : 7.90% (If not redeemed)	**-**	8,749
Ping An Life	Capital supplement bonds	10 years	5,000	2015	First 5 years : 3.90% Next 5 years : 4.90% (If not redeemed)	**5,175**	5,064
Ping An Life	Capital supplement bonds	10 years	10,000	2016	First 5 years : 3.82%, Next 5 years : 4.82% (If not redeemed)	**10,205**	10,370
Ping An Life	Offshore USD bonds	5 years	3,280	2016	2.88%	**3,480**	3,471
Ping An Life	Offshore USD bonds	3 years	4,592	2016	2.38%	**-**	4,865
Ping An Property & Casualty	Capital supplement bonds	10 years	5,000	2015	First 5 years : 4.79% Next 5 years : 5.79% (If not redeemed)	**5,306**	5,172
Ping An Property & Casualty	Capital supplement bonds	10 years	3,500	2017	First 5 years : 5.10% Next 5 years : 6.10% (If not redeemed)	**3,605**	3,507
Ping An Property & Casualty	Capital supplement bonds	10 years	10,000	2,019	First 5 years : 4.64% Next 5 years : 5.64% (If not redeemed)	**10,082**	-
Value Success International Limited ("Value Success International")	Offshore RMB bonds	5 years	750	2014	4.95%	**-**	765
Value Success International	Offshore SGD bonds	5.5 years	1,779	2014	4.13%	**1,902**	1,883
Value Success International	Offshore HKD bonds	5 years	1,272	2016	3.00%	**1,356**	1,349
Value Success International	Offshore USD bonds	5 years	2,003	2016	3.20%	**2,077**	2,074
Value Success International	Offshore USD bonds	1 year	547	2018	3.35%	**-**	607
Value Success International	Offshore HKD bonds	1 year	2,196	2018	2.50%-2.65%	**-**	2,407
Li Guan International Co.,Ltd.	Offshore USD bonds	5 years	3,440	2018	4.38%	**3,449**	3,442
Li Guan International Co.,Ltd.	Offshore USD bonds	5-10 years	4,140	2019	4.25%	**4,111**	-
Li Guan International Co.,Ltd.	Offshore HKD bonds	1 year	3,002	2019	2.65%	**3,100**	-
Ming Biao International Co.,Ltd.	Private corporate bonds	1 year	2,012	2019	1.80%	**2,002**	-
Ping An Securities Company Limited ("Ping An Securities")	Private corporate bonds	3 years	1,500	2016	3.50%	**-**	1,541
Ping An Securities	Private corporate bonds	3 years	1,300	2017	4.65%	**1,321**	1,352
Ping An Securities	Private corporate bonds	5 years	1,200	2017	4.99%	**1,221**	1,251
Ping An Securities	Private corporate bonds	2-3 years	4,000	2017	4.88%-5.48%	**4,163**	4,064
Ping An Securities	Private corporate bonds	2-3 years	3,840	2018	5.30%-5.60%	**3,890**	3,997
Ping An Securities	Corporate bonds	5 years	3,000	2018	4.10%	**3,077**	3,016
Ping An Securities	Corporate bonds	5 years	7,000	2019	3.70%-3.75%	**7,051**	-
Ping An Securities	Private corporate bonds	396 days-5 years	9,450	2019	3.80%-4.20%	**9,533**	-

40. BONDS PAYABLE (CONTINUED)

Issuer	Type	Maturity	Par value (in RMB million)	Issued year	Coupon rate (per annum)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Shenzhen Ping An Real Estate Investment Co., Ltd.	Corporate bonds	1 year	1,967	2018	8.70%-9.00%	**-**	2,076
Shenzhen Ping An Real Estate Investment Co., Ltd.	Corporate bonds	1 year	885	2018	8.70%	**954**	915
Shenzhen Ping An Real Estate Investment Co., Ltd.	Private corporate bonds	1-2 years	3,584	2018	9.38%-11.40%	**3,873**	3,838
Shenzhen Ping An Real Estate Investment Co., Ltd.	Private corporate bonds	1 year	1,566	2018	11.40%	**-**	1,581
Shenzhen Ping An Real Estate Investment Co., Ltd.	Corporate bonds	1 year	369	2019	7.90%	**370**	-
Shenzhen Ping An Real Estate Investment Co., Ltd.	Private corporate bonds	1 year	688	2019	10.00%	**718**	-
Shenzhen Ping An Financial Technology Consulting Co., Ltd.	Corporate bonds	2 years	5,000	2018	4.70%-4.80%	**5,140**	5,000
Shenzhen Dingshuntong Investment Co. Ltd.	Corporate bonds	1 year	2,382	2018	8.85%	**2,551**	2,446
Ping An Real Estate Co., Ltd. ("Ping An Real Estate")	Corporate bonds	7 years	4,000	2016	3.28%	**4,126**	4,091
Ping An Real Estate	Corporate bonds	3 years	4,000	2016	3.27%-3.60%	**-**	4,103
Ping An Real Estate	Corporate bonds	5 years	2,500	2017	4.88%-5.27%	**2,585**	2,588
Ping An Real Estate	Corporate bonds	3 years	1,500	2018	5.00%	**1,572**	1,532
Ping An Real Estate	Super short-term financing bills	270 days	1,000	2018	3.75%	**1,021**	1,002
Ping An Real Estate	Super short-term financing bills	270 days	8,000	2018	3.80%-5.15%	**-**	8,121
Ping An Real Estate	Medium term notes	3 years	4,000	2018	4.73%-5.08%	**4,088**	4,017
Ping An Real Estate	Corporate bonds	3 years	1,500	2019	4.45%	**1,498**	-
Ping An Real Estate	Super short-term financing bills	270 days	2,000	2019	3.45%-3.46%	**2,030**	-
Fuxiang Investment Management Limited	Offshore USD bonds	3 years	2,079	2016	3.63%	**2,059**	2,065
Fuxiang Investment Management Limited	Offshore USD bonds	1 year	1,654	2018	5.10%	**-**	1,746
Fuxiang Investment Management Limited	Medium term notes	5 years	1,254	2017	3.80%	**1,325**	1,355
Fuqing Investment Management Co.,Ltd.	Offshore USD bonds	3 years	2,750	2019	4.46%	**2,716**	-
						593,120	556,875

Note 1: The bonds are convertible bonds issued by Ping An Bank with a total principal amount of RMB26,000 million. The liability component is RMB22,263 and the equity component is RMB3,737 million. As at 30 June 2019, the carrying amount of the liability component is RMB22,632 million. The Group hold about 58% of the bonds.

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41. INSURANCE CONTRACT LIABILITIES

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Policyholders' reserves	**1,546,810**	1,376,017
Policyholder contract deposits	**622,724**	574,132
Policyholder account liabilities in respect of insurance contracts	**37,467**	32,344
Unearned premium reserves	**147,685**	132,838
Claim reserves	**101,067**	96,556
	2,455,753	2,211,887

42. FIDUCIARY ACTIVITIES

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Assets under trust schemes	**504,946**	534,124
Assets under annuity investments and annuity schemes	**464,604**	442,990
Assets under asset management schemes	**899,167**	915,566
Entrusted loans of banking operations	**225,768**	254,211
Entrusted investments of banking operations	**574,853**	537,781
	2,669,338	2,684,672

All of above are off-balance sheet items.

43. 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 values and fair values of the Group's major financial instruments by classification:

(in RMB million)	Carrying values		Fair values	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Financial assets				
Cash and amounts due from banks and other financial institutions	**527,631**	457,524	**527,631**	457,524
Balances with the Central Bank and statutory deposits for insurance operations	**277,204**	285,959	**277,204**	285,959
Financial assets purchased under reverse repurchase agreements	**42,732**	92,951	**42,732**	92,951
Accounts receivable	**26,056**	22,011	**26,056**	22,011
Derivative financial assets	**17,955**	21,911	**17,955**	21,911
Finance lease receivables	**184,627**	165,214	**184,627**	165,214
Loans and advances to customers	**2,007,513**	1,929,842	**2,007,513**	1,929,842
Financial assets at fair value through profit or loss	**854,814**	824,939	**854,814**	824,939
Financial assets at amortized cost	**2,160,246**	2,075,151	**2,218,368**	2,097,405
Debt financial assets at fair value through other comprehensive income	**362,233**	310,901	**362,233**	310,901
Equity financial assets at fair value through other comprehensive income	**245,278**	222,639	**245,278**	222,639
Other assets	**98,365**	70,616	**98,365**	70,616
Financial liabilities				
Due to banks and other financial institutions	**707,493**	803,154	**707,493**	803,154
Financial liabilities at fair value through profit or loss	**22,948**	16,975	**22,948**	16,975
Derivative financial liabilities	**24,607**	22,247	**24,607**	22,247
Assets sold under agreements to repurchase	**125,352**	189,028	**125,352**	189,028
Accounts payable	**5,053**	4,713	**5,053**	4,713
Customer deposits and payables to brokerage customers	**2,345,878**	2,114,344	**2,345,878**	2,114,344
Bonds payable	**593,120**	556,875	**600,995**	555,701
Other liabilities	**178,903**	188,163	**178,903**	188,163

The assets and liabilities of the investment-linked business are not included in the above financial assets and liabilities.

43. 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 2018 annual report of the Group. The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. 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 primary quoted market price used for financial assets held by the group is the current bid 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;

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. As such, the significance of a particular input should be considered from an overall perspective in the fair value measurement.

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, analyze 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, prices are determined based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques.

43. 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 2019			
(in RMB million)	Level 1 (Unaudited)	Level 2 (Unaudited)	Level 3 (Unaudited)	Total fair value (Unaudited)
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	8,708	160,814	-	169,522
Funds	142,612	52,779	696	196,087
Stocks	97,375	7,306	-	104,681
Wealth management investments and other investments	-	281,648	102,876	384,524
	248,695	502,547	103,572	854,814
Derivative financial assets				
Interest rate swaps	-	10,857	-	10,857
Currency forwards and swaps	-	3,476	-	3,476
Others	-	3,622	-	3,622
	-	17,955	-	17,955
Debt financial assets at fair value through other comprehensive income				
Bonds	18,389	251,611	-	270,000
Wealth management investments and other investments	-	70,024	22,209	92,233
	18,389	321,635	22,209	362,233
Equity financial assets at fair value through other comprehensive income				
Stocks	174,556	-	-	174,556
Preferred shares	-	68,695	-	68,695
Unlisted equity investments	-	-	2,027	2,027
	174,556	68,695	2,027	245,278
Placements with banks and other financial institutions measured at fair value through other comprehensive income	-	3,813	-	3,813
Loans and advances to customers measured at fair value through other comprehensive income	-	-	104,429	104,429
Total financial assets	441,640	914,645	232,237	1,588,522
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	-	11,125	-	11,125
Currency forwards and swaps	-	3,512	-	3,512
Others	-	9,970	-	9,970
	-	24,607	-	24,607
Financial liabilities at fair value through profit or loss	4,274	17,817	857	22,948
Total financial liabilities	4,274	42,424	857	47,555

43. 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 2018			
(in RMB million)	Level 1 (Audited)	Level 2 (Audited)	Level 3 (Audited)	Total fair value (Audited)
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	18,343	151,024	–	169,367
Funds	131,861	68,764	128	200,753
Stocks	79,294	10,346	–	89,640
Wealth management investments and other investments	4	270,321	94,854	365,179
	229,502	500,455	94,982	824,939
Derivative financial assets				
Interest rate swaps	–	12,013	–	12,013
Currency forwards and swaps	–	7,622	–	7,622
Others	–	2,276	–	2,276
	–	21,911	–	21,911
Debt financial assets at fair value through other comprehensive income				
Bonds	35,381	223,933	–	259,314
Wealth management investments and other investments	–	34,836	16,751	51,587
	35,381	258,769	16,751	310,901
Equity financial assets at fair value through other comprehensive income				
Stocks	154,235	–	–	154,235
Preferred shares	–	66,682	–	66,682
Unlisted equity investments	–	–	1,722	1,722
	154,235	66,682	1,722	222,639
Placements with banks and other financial institutions measured at fair value through other comprehensive income	–	3,756	–	3,756
Loans and advances to customers measured at fair value through other comprehensive income	–	–	61,687	61,687
Total financial assets	419,118	851,573	175,142	1,445,833
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	–	12,147	–	12,147
Currency forwards and swaps	–	6,898	–	6,898
Others	–	3,202	–	3,202
	–	22,247	–	22,247
Financial liabilities at fair value through profit or loss	8,477	7,532	966	16,975
Total financial liabilities	8,477	29,779	966	39,222

43. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY (CONTINUED)

From 1 Jan 2019 to 30 June 2019, there were no significant transfers between Level 1 and Level 2 fair value measurements, nor significant transfers into or out of Level 3 fair value measurements. (From 1 Jan 2018 to 30 June 2018, there were no significant transfers between Level 1 and Level 2 fair value measurements, nor significant transfers into or out of Level 3 fair value measurements.)

44. RISK AND CAPITAL MANAGEMENT

(1) 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 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 mitigated 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 mitigated 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.

44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

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' behaviors and decisions.

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.

The Group's concentration of insurance risk is reflected by its major lines of business as analyzed by insurance contract liabilities in Note 41.

Assumptions

(a) Long term life insurance contracts

Significant judgment is required in determining insurance contract reserves and in 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. Judgment 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 reinsurers' share of insurance liabilities or due from reinsurers.

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.

44. 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 fluctuations 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 the Group is facing mainly comes from movements in the USD/RMB and HKD/RMB exchange rates. The Group set limitation to its position of foreign currency, monitor the size of foreign currency position, and limit 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 stocks and equity 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 managed 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.

44. 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 and with the exposure arising from loan commitments and financial guarantee contracts, 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 retail loans comprise of credit origination, credit review, credit approval, disbursement, post credit monitoring and collection. 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.

The banking business of the Group further enhances credit risk monitoring and early warning management mechanism to monitor the credit risks, respond to the changes in credit environment proactively, analyze the credit risk situations and trends regularly, take measures prospectively to control risk. The Group has established enhancement mechanism for problematic credit, aiming to accelerate the progress of handling problematic credit and preventing non-performing loans.

Credit risks arising from financial guarantees and loan commitments are similar to those of loans and advances. Therefore, financial guarantees and loan commitments are also subject to the same application, post crediting monitoring 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, Central Bank bills, financial institution bonds, corporate bonds and debt investment schemes. 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.

44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

Credit risk management (continued)

Credit risk of insurance business

The Group evaluated the credit rating of the reinsurance companies before signing the reinsurance contracts, and choose the reinsurance companies with higher credit quality to reduce the credit risk.

The limit 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 as at 30 June 2019 and 31 December 2018.

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 2019(Unaudited)			
Net carrying amount	**Stage 1**	**Stage 2**	**Stage 3**	**Maximum credit risk exposure**
Cash and amounts due from banks and other financial institutions	527,631	-	-	527,631
Balances with the Central Bank and statutory deposits for insurance operations	277,204	-	-	277,204
Financial assets purchased under reverse repurchase agreements	42,179	-	553	42,732
Accounts receivable	25,643	188	225	26,056
Finance lease receivables	176,018	8,030	579	184,627
Loans and advances to customers	1,942,820	46,036	18,657	2,007,513
Financial assets at amortized cost	2,137,099	9,132	14,015	2,160,246
Debt financial assets at fair value through other comprehensive income	361,682	500	51	362,233
Other assets	104,884	-	-	104,884
Subtotal	5,595,160	63,886	34,080	5,693,126
Off-balance sheet	682,436	6,557	241	689,234
Total	6,277,596	70,443	34,321	6,382,360

44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

	31 December 2018(Audited)			
Net carrying amount	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure
Cash and amounts due from banks and other financial institutions	457,524	–	–	457,524
Balances with the Central Bank and statutory deposits for insurance operations	285,959	–	–	285,959
Financial assets purchased under reverse repurchase agreements	92,543	94	314	92,951
Accounts receivable	21,193	620	198	22,011
Finance lease receivables	161,723	3,080	411	165,214
Loans and advances to customers	1,862,894	37,254	29,694	1,929,842
Financial assets at amortized cost	2,059,024	5,524	10,603	2,075,151
Debt financial assets at fair value through other comprehensive income	310,017	43	841	310,901
Other assets	77,541	–	–	77,541
Subtotal	5,328,418	46,615	42,061	5,417,094
Off-balance sheet	391,548	4,751	733	397,032
Total	5,719,966	51,366	42,794	5,814,126

(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 supervisory 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 react to adverse market status. In case of monitoring liquidity risks effectively, the Group pays attentions to the funds resources and diversified utilization, keep relatively high level of liquid assets consistently. The Group monitors the sourcing and usage of funds, deposit to loan ratio, and quick ratio on a daily basis. Besides adopting various liquidity risk management benchmarks, 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.

44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

The table below summarizes the remaining contractual maturity profile of financial assets, financial liabilities and insurance contract liabilities of the Group (excluding balances of investment-linked contracts) based on undiscounted contractual cash flows/expected cash flows.

(in RMB million)	30 June 2019 Repayable on demand (Unaudited)	Less than 3 months (Unaudited)	3 to 12 months (Unaudited)	1 to 5 years (Unaudited)	Over 5 years (Unaudited)	Undated (Unaudited)	Total (Unaudited)
Cash and amounts due from banks and other financial institutions	166,058	104,707	111,657	169,472	631	-	552,525
Balances with the Central Bank and statutory deposits	53,617	1,757	4,226	7,692	-	211,034	278,326
Financial assets purchased under reverse repurchase agreements	3,267	35,198	5,228	88	-	-	43,781
Premium receivables	7,511	21,031	12,491	35,091	114	-	76,238
Accounts receivable	1,744	6,035	12,888	7,256	-	-	27,923
Policy Loans	19	107,170	21,150	-	-	-	128,339
Finance lease receivables	1,668	20,830	59,802	121,330	5,673	-	209,303
Loans and advances to customers	16,568	628,027	624,680	605,815	458,970	-	2,334,060
Financial assets at fair value through profit or loss	28,554	42,661	92,617	212,541	113,651	492,223	982,247
Financial assets at amortized cost	19,591	120,597	325,672	980,954	1,755,784	-	3,202,598
Debt financial assets at fair value through other comprehensive income	500	24,719	120,333	364,860	548,238	-	1,058,650
Equity financial assets at fair value through other comprehensive income	-	-	-	-	-	245,278	245,278
Other assets	70,187	19,942	26,774	5,896	61	-	122,860
	369,284	1,132,674	1,417,518	2,510,995	2,883,122	948,535	9,262,128
Due to banks and other financial institutions	164,895	185,350	255,365	105,536	16,061	-	727,207
Financial liabilities at fair value through profit or loss	1,000	22,363	829	861	-	-	25,053
Assets sold under agreements to repurchase	-	125,357	-	-	-	-	125,357
Accounts payable	912	87	4,382	-	-	-	5,381
Insurance payables	67,521	9,337	3,506	218	-	-	80,582
Policyholder dividend payable	57,407	-	-	-	-	-	57,407
Customer deposits and payables to brokerage customers	920,127	535,462	411,469	536,983	287	-	2,404,328
Bonds payable	-	167,575	185,072	215,431	62,825	-	630,903
Insurance contract liability	-	59,322	(51,497)	(18,795)	6,502,030	-	6,491,060
Insurance and Investment contract liabilities for policyholders	-	1,961	4,897	19,174	31,370	-	57,402
Lease liabilities	-	1,515	5,885	11,048	485	-	18,933
Other liabilities	96,574	26,712	67,267	48,503	3,288	-	242,344
	1,308,436	1,135,041	887,175	918,959	6,616,346	-	10,865,957
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	104	1,289	(94)	(40)	2	1,261
Derivative financial instruments settled on a gross basis							
- Cash inflow	25,672	516,957	347,327	23,764	-	-	913,720
- Cash outflow	(29,524)	(519,020)	(348,654)	(23,552)	-	-	(920,750)
	(3,852)	(2,063)	(1,327)	212	-	-	(7,030)
Credit Commitments	75,550	99,540	221,924	140,766	152,735	-	690,515

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44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

	31 December 2018						
(in RMB million)	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Cash and amounts due from banks and other financial institutions	138,242	99,348	89,601	135,813	19,299	-	482,303
Balances with the Central Bank and statutory deposits for insurance operations	24,947	836	5,462	7,405	-	248,567	287,217
Financial assets purchased under reverse repurchase agreements	1,820	85,867	5,505	410	-	-	93,602
Premium receivables	22,440	20,887	13,447	10,344	32	-	67,150
Accounts receivable	2,689	6,557	6,808	6,551	-	-	22,605
Policy Loans	1,834	54,547	55,285	-	-	-	111,666
Finance lease receivables	-	15,116	39,773	105,906	6,989	-	167,784
Loans and advances to customers	29,496	579,429	617,167	589,400	424,717	-	2,240,209
Financial assets at fair value through profit or loss	60,158	39,097	100,932	199,434	152,196	350,102	901,919
Financial assets at amortized cost	11,170	83,377	334,406	939,296	1,682,740	-	3,050,989
Debt financial assets at fair value through other comprehensive income	480	15,258	48,256	151,191	178,945	-	394,130
Equity financial assets at fair value through other comprehensive income	-	-	-	-	-	222,639	222,639
Other assets	53,405	18,144	16,849	14,191	847	-	103,436
	346,681	1,018,463	1,333,491	2,159,941	2,465,765	821,308	8,145,649
Due to banks and other financial institutions	143,922	231,511	341,198	101,944	7,608	-	826,183
Financial liabilities at fair value through profit or loss	7	17,193	1,580	861	-	-	19,641
Assets sold under agreements to repurchase	-	189,108	-	-	-	-	189,108
Accounts payable	810	-	3,903	-	-	-	4,713
Insurance payables	65,829	4,015	3,044	573	-	-	73,461
Policyholder dividend payable	52,591	-	-	-	-	-	52,591
Customer deposits and payables to brokerage customers	792,706	491,195	533,807	341,253	2,208	-	2,161,169
Bonds payable	-	66,809	323,186	160,876	35,714	-	586,585
Insurance contract liability	-	(2,197)	343	(33,974)	5,988,623	-	5,952,795
Insurance and Investment contract liabilities for policyholders	-	1,604	5,671	17,789	31,018	-	56,082
Other liabilities	109,669	34,653	34,084	28,188	3,221	-	209,815
	1,165,534	1,033,891	1,246,816	617,510	6,068,392	-	10,132,143
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	257	897	(449)	(35)	15	685
Derivative financial instruments settled on a gross basis							
- Cash inflow	32,581	488,019	388,765	11,330	-	-	920,695
- Cash outflow	(34,161)	(487,530)	(388,821)	(11,214)	-	-	(921,726)
	(1,580)	489	(56)	116	-	-	(1,031)
Credit Commitments	59,113	95,850	215,584	96,713	121,003	-	588,263

Management expects the credit commitments will not be entirely used during the commitment period.

44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

The assets and liabilities related to investment-linked contracts which are regarded as insurance contracts are presented as policyholder account assets and liabilities in respect of insurance contracts. The assets and liabilities of each investment-linked fund are segregated from each other and from the rest of the Group's invested assets for record keeping purposes. As the investment risks of investment-linked contracts were entirely borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of liquidity risk management. Investment-linked contracts are repayable on demand. The Group manages liquidity risk related to the investment-linked contracts by investing mainly in assets with high liquidity, as disclosed in Note 31.

(5) MISMATCHING RISK OF ASSETS AND LIABILITIES

The objective of the Group's asset and liability management is to match assets with liabilities on the basis of both the duration and interest rate. In the current regulatory and market environment, however, the Group is unable to invest in sufficient assets with long enough duration to match that of its life insurance and investment contract liabilities. When the future regulatory and market environment allows, the Group will lengthen the duration of its assets for matching the new liabilities of lower guaranteed rates of return, while narrowing the gap of existing liabilities of higher guaranteed rates of return.

(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 communication and enhancing training to staff members.

(7) CAPITAL MANAGEMENT

The Group's capital requirements are primarily dependent on the scale and 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.

The Group complied with the externally imposed capital requirements as at 30 June 2019 and no changes were made to its capital base, capital management objectives, policies and procedures as compared to the previous year.

45. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following items (original maturities within three months):

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Cash		
Cash and amounts due from banks and other financial institutions		
Cash on hand	**5,145**	5,019
Term deposits	**3,483**	6,800
Due from banks and other financial institutions	**146,762**	112,574
Placements with banks and other financial institutions	**61,764**	53,667
Balances with the Central Bank	**50,232**	41,899
Subtotal	**267,386**	219,959
Cash Equivalents		
Bonds	**45**	2,534
Financial assets purchased under reverse repurchase agreements and others	**34,344**	85,531
Subtotal	**34,389**	88,065
Total	**301,775**	308,024

46. 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.	Shareholder

As at 30 June 2019, CP Group held 9.04% (31 December 2018: 9.19%) equity interests in the Company and is the largest shareholder of the Company.

(2) OTHER MAJOR RELATED PARTIES

Name of related party	Relationship with the Company
Lufax Holding	Associate
Ping An Good Doctor	Associate
Ping An Healthcare Technology	Associate
OneConnect	Associate

46. 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)	2019 (Unaudited)	2018 (Unaudited)
CP Group		
Goods purchased from	**–**	2
Rental revenue from	**–**	12
Premiums revenue from	**10**	4
Claims expenses to	**1**	1
Lufax Holding		
Interest revenue from	**–**	43
Interest expenses to	**68**	141
Other revenues from	**1,301**	1,216
Other expenses to	**466**	358
Ping An Good Doctor		
Interest expenses to	**44**	50
Other revenues from	**86**	47
Other expenses to	**1,141**	416
Ping An Healthcare Technology		
Interest revenue from	**4**	–
Interest expenses to	**4**	46
Other revenues from	**56**	36
Other expenses to	**163**	256
OneConnect		
Interest revenue from	**52**	58
Interest expenses to	**19**	4
Other revenues from	**182**	265
Other expenses to	**441**	240

46. 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 2019 (Unaudited)	31 December 2018 (Audited)
CP Group		
Customer deposits and payables to brokerage customers	**1**	1
Lufax Holding		
Customer deposits and payables to brokerage customers	**20,567**	17,501
Loans and advances to customers	**–**	19
Accounts payable and other payables	**3,083**	4,104
Accounts receivable and other receivables	**3,407**	6,539
Ping An Good Doctor		
Customer deposits and payables to brokerage customers	**4,023**	3,468
Accounts payable and other payables	**660**	441
Accounts receivable and other receivables	**48**	42
Ping An Healthcare Technology		
Customer deposits and payables to brokerage customers	**2,765**	452
Accounts payable and other payables	**165**	317
Accounts receivable and other receivables	**17**	9
OneConnect		
Customer deposits and payables to brokerage customers	**2,107**	4,317
Loans and advances to customers	**1,200**	3,046
Accounts payable and other payables	**259**	274
Accounts receivable and other receivables	**190**	338

47. COMMITMENTS

(1) CAPITAL COMMITMENTS

The Group had the following capital commitments relating to property development projects and investments:

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Contracted, but not provided for	**4,256**	3,304
Authorized, but not contracted for	**4,173**	3,593
	8,429	6,897

(2) CREDIT COMMITMENTS

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Bank acceptances	**269,191**	251,154
Guarantees issued	**63,443**	62,821
Letters of credit issued	**87,206**	83,757
Subtotal	**419,840**	397,732
Unused limit of credit cards and loan commitments	**270,675**	190,531
Total	**690,515**	588,263
Credit risk weighted amounts of credit commitments	**221,186**	194,921

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 jointly controlled entities are as follows:

(in RMB million)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Contracted but not provided for	**43,470**	34,429

48. CONTINGENT LIABILITIES

Owing to the nature of the insurance, bank and other financial services businesses, 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 the 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.

49. EVENTS AFTER THE REPORTING PERIOD

On 15 August 2019, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for Interim Dividend of 2019, and declared an interim dividend of RMB0.75 per share for 2019 as stated in Note 16.

In July 2019, 17,571,700 A shares had been purchased from the Shanghai Stock Exchange by centralized bidding. The lowest purchase price was RMB87.79 per share and the highest purchase price was RMB91.43 per share. The total repurchasing cost was RMB1,580 million (transaction expenses included).

50. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform to the interim condensed consolidated financial information's presentation.

51. 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 15 August 2019.

Definitions

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	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, Original SDB, Shenzhen Development Bank	Original Shenzhen Development Bank Co., Ltd., an associate of the Company since May 2010, became a subsidiary of the Company in July 2011. On July 27, 2012, its name was changed to "Ping An Bank Co., Ltd."
Ping An Trust	China Ping An Trust Co., Ltd., a subsidiary of the Company
Ping An New Capital	Shenzhen Ping An New Capital Investment Co., Ltd., a subsidiary of Ping An Trust
Ping An Securities	Ping An Securities Co., Ltd., a subsidiary of Ping An Trust
Ping An Futures	Ping An Futures Co., Ltd., a subsidiary of Ping An Securities
Ping An Caizhi	Ping An Caizhi Investment Management Co., Ltd., a subsidiary of Ping An Securities
Ping An Securities (Hong Kong)	Ping An of China Securities (Hong Kong) Co., Ltd., a subsidiary of Ping An Securities
Ping An Pioneer Capital	Ping An Pioneer Capital Co., Ltd., a subsidiary of Ping An Securities
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

Definitions

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
Lufax Holding	Lufax Holding Co., Ltd., an associate of the Company
Lufax	Shanghai Lujiazui International Financial Asset Exchange Co., Ltd., a subsidiary of Lufax Holding
E-wallet	Ping An E-wallet Electronic Commerce Co., Ltd., a subsidiary of Ping An Financial Technology
Ping An Good Doctor	Ping An Healthcare and Technology Company Limited, an associate of the Company
OneConnect	OneConnect Financial Technology Co., Ltd., an associate of the Company
Ping An HealthKonnect	Ping An Medical and Healthcare Management Co., Ltd., an associate of the Company
Autohome	Autohome Inc., a subsidiary of Ping An Financial Technology
Ping An Urban-Tech	Ping An Urban Construction Technology (Shenzhen) Co., Ltd., a subsidiary of Ping An Financial Technology
Shanghai Jahwa	Shanghai Jahwa United Co., Ltd., a subsidiary of Ping An Life
CP Group Ltd.	Charoen Pokphand Group Co., Ltd., the flagship company of CP Group
RMB	Chinese Renminbi unless otherwise specified
CAS	The Accounting Standards for Business Enterprises and the other relevant regulations issued by the Ministry of Finance of the People's Republic of China
IFRS	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 separating of hybrid risk contracts
Corporate Governance Code	The Corporate Governance Code as contained in Appendix 14 to the HKEX 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 HKEX Listing Rules
Articles of Association	The Articles of Association of Ping An Insurance (Group) Company of China, Ltd.
HKEX	The Stock Exchange of Hong Kong Limited
HKEX Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
PBC	The People's Bank of China
Ministry of Finance	Ministry of Finance of the People's Republic of China
CBIRC	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 of China

LEGAL REPRESENTATIVE
MA Mingzhe

TYPE OF SECURITY AND LISTING PLACE

A share	The Shanghai Stock Exchange
H share	The Stock Exchange of Hong Kong Limited

STOCK SHORT NAME AND CODE

A share	中國平安	601318
H share	Ping An of China	2318

AUTHORIZED REPRESENTATIVES
SUN Jianyi
SHENG Ruisheng

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SHENG Ruisheng

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DESIGNATED MEDIA FOR INFORMATION DISCLOSURE OF A SHARE
China Securities Journal
Shanghai Securities News
Securities Times and Securities Daily

WEBSITES FOR THE PUBLICATION OF THE REGULAR REPORTS
www.sse.com.cn
www.hkexnews.hk

LOCATION OF REGULAR REPORTS AVAILABLE FOR INSPECTION
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