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# 中国平安保险(集团)股份有限公司

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

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

### **ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2019**

The board of directors (the “Board of Directors”) of Ping An Insurance (Group) Company of China, Ltd. (“Ping An” or the “Company”) announces the unaudited results (the “First Quarter Results”) of the Company and its subsidiaries (the “Group”) for the three months ended March 31, 2019 (the “Reporting Period”). The Board of Directors and its Audit and Risk Management Committee have reviewed the First Quarter Results.

#### **1. KEY BUSINESS PERFORMANCE**

##### **1.1 Business Highlights**

- The Group’s operating profit attributable to shareholders of the parent company grew by 21.0% year on year to RMB34,119 million. Net profit attributable to shareholders of the parent company rose by 77.1% year on year to RMB45,517 million.
- Retail customers grew by 3.6% year to date to 191 million. Internet users rose by 4.2% from the beginning of 2019 to 561 million. In the first quarter of 2019, the Group acquired 11 million new customers, 31.3% of whom were sourced from internet users within the Group’s five ecosystems.
- Value of new business (NBV) of the life and health insurance business rose by 6.1% year on year to RMB21,642 million. We adjusted our product mix and focused more on high-value products, realizing a 5.9 pps rise year on year in NBV margin which partially offset the effect of a decline in first-year premium.
- Ping An Bank maintained steady growth. Revenue increased by 15.9% year on year to RMB32,476 million. Net profit rose by 12.9% year on year to RMB7,446 million. Ping An Bank furthered its retail banking transformation. As of March 31, 2019, retail assets under management (AUM) rose by 17.4% from the beginning of 2019 to RMB1,663,298 million.

- Ping An further strengthened its technological capabilities. As of March 31, 2019, Ping An had filed 15,316 technology patent applications, up 3,265 from the beginning of the year, ranking among the top tier of international financial institutions. Ping An’s technological capabilities have won worldwide recognition. Ping An won three world’s No.1s in the competitions of Automatic Cancer Detection and Classification in Whole-slide Lung Histopathology (ACDC), Endoscopic Artefact Detection (EAD) and Pathologic Myopia Challenge (PALM) among all the nine competitions at the world-class IEEE International Symposium on Biomedical Imaging (ISBI).

## 1.2 Key Figures

<b>For the three months ended March 31</b>	<b>2019</b>	2018	Change (%)
Operating profit attributable to shareholders of the parent company (in RMB million)	<b>34,119</b>	28,200	21.0
Basic operating earnings per share (in RMB)	<b>1.91</b>	1.58	20.9
Net profit attributable to shareholders of the parent company (in RMB million)	<b>45,517</b>	25,702	77.1
NBV of Life & Health insurance business (in RMB million)	<b>21,642</b>	20,398	6.1
Combined ratio – Ping An Property & Casualty (%)	<b>97.0</b>	95.9	1.1 pps
	<b>As at March 31, 2019</b>	As at December 31, 2018	Change (%)
Number of retail customers (in million)	<b>190.60</b>	183.96	3.6
Number of internet users (in million)	<b>561.15</b>	538.43	4.2
Proportion of customers holding multiple contracts with different subsidiaries (%)	<b>34.6</b>	34.6	–

## 2. BUSINESS REVIEW FOR KEY BUSINESSES

### 2.1 Overview

In the first quarter of 2019, under the “finance + technology” and “finance + ecosystem” strategies, Ping An continued to increase R&D investment, proactively developed five ecosystems, and offered more diverse and comprehensive products and services. Ping An achieved steady business growth by “empowering financial services with technologies, empowering ecosystems with technologies, and empowering financial services with ecosystems.”

In the first quarter of 2019, Ping An achieved an operating profit attributable to shareholders of the parent company of RMB34,119 million, up 21.0% year on year. Net profit attributable to shareholders of the parent company rose by 77.1% year on year to RMB45,517 million. On the basis of the insurance subsidiaries’ statutory financial statements prepared under the former accounting standards for financial instruments, the Group’s net profit attributable to shareholders of the parent company would be RMB31,818 million, up 4.2% year on year.

## ***Operating Profit***

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

- Short-term investment variance, which is the variance between the actual investment return of the life and health insurance business and the embedded value (EV) ultimate investment return assumption, net of 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<sup>(1)</sup> change, which is the effect on insurance contract liability of the life and health insurance business due to changes in the discount rate; and
- Impacts of one-off non-operating items, which are material items that management considered to be non-operating income and expenses.

*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.

In the first quarter of 2019, the Group's operating profit attributable to shareholders of the parent company grew by 21.0% year on year to RMB34,119 million. The basic operating earnings per share was RMB1.91, up 20.9% year on year. The life and health insurance business's operating profit attributable to shareholders of the parent company rose by 19.8% year on year to RMB19,652 million.

For the three months ended March 31, 2019

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

For the three months ended March 31, 2018

(in RMB million)	Life & health insurance business	Property & casualty insurance business	Banking business	Trust business	Securities business	Other asset management business	Fintech & healthtech business	Other businesses and elimination	The Group
<b>Net profit attributable to shareholders of the parent company</b>	13,901	3,252	3,824	855	496	2,711	1,842	(1,179)	25,702
Net profit attributable to non-controlling interests	164	16	2,771	1	23	124	182	(32)	3,249
<b>Net profit (A)</b>	<b>14,065</b>	<b>3,268</b>	<b>6,595</b>	<b>856</b>	<b>519</b>	<b>2,835</b>	<b>2,024</b>	<b>(1,211)</b>	<b>28,951</b>
<b>Excluding:</b>									
Short-term investment variance <sup>(1)</sup> (B)	(2,947)	-	-	-	-	-	-	-	(2,947)
Impact of discount rate change (C)	464	-	-	-	-	-	-	-	464
Impact of one-off material non-operating items (D)	-	-	-	-	-	-	-	-	-
<b>Operating profit (E=A-B-C-D)</b>	<b>16,548</b>	<b>3,268</b>	<b>6,595</b>	<b>856</b>	<b>519</b>	<b>2,835</b>	<b>2,024</b>	<b>(1,211)</b>	<b>31,435</b>
<b>Operating profit attributable to shareholders of the parent company</b>	<b>16,399</b>	<b>3,252</b>	<b>3,824</b>	<b>855</b>	<b>496</b>	<b>2,711</b>	<b>1,842</b>	<b>(1,179)</b>	<b>28,200</b>
Operating profit attributable to non-controlling interests	149	16	2,771	1	23	124	182	(32)	3,235

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) Since the end of 2018, the Company has 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 2018 data was restated for comparison purposes.

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

## 2.2 Customer Development

**Ping An's retail customers and internet users continued to increase.** As of March 31, 2019, the number of the Group's retail customers grew by 3.6% year to date to 191 million. About 34.6% of the retail customers held multiple contracts with different subsidiaries. In the first quarter of 2019, the Group acquired 11 million new customers, 31.3% of whom were sourced from internet users within the Group's five ecosystems. As of March 31, 2019, the number of the Group's internet users increased by 4.2% year to date to 561 million. The number of app users increased by 3.7% year to date to 492 million. Yearly active users reached 266 million.

(in million)	As at March 31, 2019	As at December 31, 2018	Change (%)
<b>Number of retail customers</b>	<b>190.60</b>	183.96	3.6
Including: Customers holding multiple contracts with different subsidiaries	<b>65.86</b>	63.64	3.5
<b>Number of internet users</b>	<b>561.15</b>	538.43	4.2
Including: App users	<b>491.55</b>	473.88	3.7

## 2.3 Life and Health Insurance Business

**NBV of the life and health insurance business strengthened.** While maintaining balanced growth in scale and value, the Company attaches greater importance to stable quarterly growth in business results, enabling sustainable business growth and healthy growth in the size of our sales agent team. In the first quarter of 2019, NBV of the life and health insurance business rose by 6.1% year on year to RMB21,642 million despite first-year premium (FYP) declining 10.8% year on year, as the Company proactively adjusted its product mix and focused on value creation. The NBV margin for the first quarter was 36.8%, up 5.9 pps year on year. The NBV margin improvement was driven by the Company's de-scaling of short-PPP (Premium Payment Period) savings products and increased focus on long-term protection products and hybrid long-PPP protection and savings products. In 2019, the Company will continue to emphasize on high-protection, high-value insurance products to optimize product mix and achieve NBV margin enhancement.

**Focusing on value creation and customer development, Ping An Life maintains stable, healthy business growth via all channels.** In the first quarter, our agent channel business mix was optimized, driving the overall NBV margin upward. Ping An Life's agent team has expanded rapidly in size in recent years. To make the sales agent team more productive, Ping An Life improved agent management by tightening performance appraisal standards. As of March 31, 2019, the number of our life insurance sales agents decreased by 7.5% from the beginning of the year to 1.311 million. Ping An Life will continue to develop and empower its sales agent team with technologies. The bancassurance channel's NBV grew rapidly as the channel continued to focus on high-value businesses and improved its business mix and quality. The telemarketing channel maintained a large market share. The internet channel boosted business by enhancing operational capabilities of its proprietary platforms and maintaining strong external partnerships.

**Ping An Life develops business under the “product +” and “technology +” strategies.** Focusing on value growth and sustainable development with priorities on high-protection, high-value insurance products, Ping An Life has launched a number of protection riders to make its offerings more competitive. Going forward, Ping An Life will constantly improve its product mix to promote business. Moreover, Ping An Life continues to drive the smart transformation and upgrade under the “technology +” strategy. Ping An Life upgrades smart management of its sales agent team with core applications including AI-based Screening, Smart Personalized Training, and the AskBob for Agents.

**For the three months ended March 31**

(in RMB million)	2019	2018	Change (%)
<b>Life and health insurance business</b>			
Operating profit	<u>19,957</u>	<u>16,548</u>	<u>20.6</u>
First-year premium used to calculate NBV	<b>58,783</b>	65,936	(10.8)
NBV <sup>(1)</sup>	<b>21,642</b>	20,398	6.1
NBV margin (%)	<u>36.8</u>	<u>30.9</u>	<u>5.9 pps</u>
Written premium	<b>238,220</b>	230,585	3.3
Retail business	<b>230,738</b>	224,430	2.8
Group business	<u>7,482</u>	<u>6,155</u>	<u>21.6</u>

*Note:* (1) In the table above, the assumptions and methodology used to calculate the NBV for the first quarter of 2018 are consistent with those used at the end of 2018. Under the valuation assumptions and methodology previously used for the first quarter of 2018, the NBV for the first quarter of 2018 was RMB19,897 million.

<b>Ping An Life</b>	<b>As at March 31, 2019</b>	As at December 31, 2018	Change (%)
Number of sales agents (in thousand)	<u>1,311</u>	<u>1,417</u>	<u>(7.5)</u>

## 2.4 Property and Casualty Insurance Business

**Ping An Property & Casualty maintained stable business growth and high business quality.** In the first quarter of 2019, Ping An Property & Casualty recorded a premium income of RMB69,220 million, up 9.5% year on year. Through robust corporate management and risk screening, Ping An Property & Casualty maintained high business quality, with a better-than-industry combined ratio of 97.0% in the first quarter of 2019. Ping An Property & Casualty's net profit increased by 77.3% year on year, due to a higher investment income driven by a capital market recovery and a decrease in income tax attributable to declining commission rates.

Ping An Property & Casualty provided “superfast, convenient, considerate” claims services under a “customer-centric” standard, keeping the net promoter score above 80% among auto claim points of contact. The “510 City Superfast Onsite Investigation” services have been upgraded. In the first quarter of 2019, 97.4% of daytime auto accidents in cities requiring onsite investigation were investigated offline within 5-10 minutes. Moreover, Ping An Property & Casualty assessed losses within seconds via AI-based image recognition and settled claims online via facial recognition. Through such technology, Ping An Property & Casualty provided over 60% of customers with one-stop claims self-services.

### For the three months ended March 31

(in RMB million)	2019	2018	Change (%)
<b>Profit before tax</b>	<b>7,525</b>	5,626	33.8
<b>Net profit</b>	<b>5,795</b>	3,268	77.3
<b>Premium income</b>			
Auto insurance	<b>47,828</b>	44,133	8.4
Non-auto insurance	<b>17,981</b>	16,737	7.4
Accident and health insurance	<b>3,411</b>	2,347	45.3
<b>Total</b>	<b>69,220</b>	63,217	9.5
<b>Combined ratio (%)</b>	<b>97.0</b>	95.9	1.1 pps



## 2.5 Investment Portfolio of Insurance Funds

**The Company continued to optimize asset allocation of insurance funds and asset-liability matching.** As of March 31, 2019, the Company's investment portfolio of insurance funds grew to nearly RMB2.88 trillion by 3.2% from the beginning of 2019. In the first quarter of 2019, the investment portfolio of insurance funds achieved an annualized net investment yield<sup>(1)</sup> of 3.9%. The annualized total investment yield<sup>(1)</sup> rose to 5.1%, driven by a capital market recovery. On the basis of the insurance subsidiaries' statutory financial statements prepared under the former accounting standards for financial instruments, the annualized total investment yield<sup>(1)</sup> was 3.8%.

In the first quarter, the Company dynamically adjusted proportions of equity assets in the portfolio, and enhanced risk diversification via flexible asset allocation. The Company conducted in-depth macro-economic research, and made allocations to traditional bonds and financial products while stringently managing investment risks. Asset durations were lengthened to optimize asset-liability matching. Moreover, the Company strengthened research on and investment in real estate assets to increase the long-term investment yield of insurance funds and support China's real economy.

## 2.6 Banking Business

**Ping An Bank maintained steady growth, and furthered its retail banking transformation.** In the first quarter of 2019, Ping An Bank's revenue increased by 15.9% year on year to RMB32,476 million. Net profit grew by 12.9% year on year to RMB7,446 million. Ping An Bank furthered its retail banking transformation by capitalizing on the Group's strength in integrated finance and promoting technological innovations. As of March 31, 2019, retail assets under management (AUM) rose by 17.4% from the beginning of 2019 to RMB1,663,298 million, while retail customers increased to 87.01 million, up 3.7% from the beginning of 2019. Ping An Bank optimized its strategies for retail loan products while maintaining stable asset quality. Retail deposits and loans increased by 13.0% and 3.2% respectively from the beginning of 2019. In addition, 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 and improve its capital adequacy upon conversion.

**Ping An Bank continues to de-risk itself.** As of the end of March 2019, both the non-performing loan ratio and the percentage of special mention loans dropped by 0.02 pps and 0.15 pps respectively from the beginning of the year. More encouragingly, the percentage of loans more than 90 days overdue declined by the beginning of 2019 to 1.66%. The provision coverage ratio for loans more than 90 days overdue increased by 18.26 pps from the end of 2018 to 177.71%; Ping An Bank's deviation of non-performing loans was 96%, down 1 pps from the beginning of 2019.

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*Note:* (1) 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 held under resold 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 profits/losses from fair value changes were not annualized.

Ping An Bank continued to strengthen its efforts in technological innovation and use case application. Ping An Bank conducted transformation toward smart retail banking and the transformation of its corporate banking business from scale-driven inorganic growth to profit-driven organic growth. In addition, Ping An Bank stringently managed financial risks and strengthened its support for China's real economy. The outcome of the strategic transformation is becoming increasingly visible.

**For the three months ended March 31**

(in RMB million)	2019	2018	Change (%)
<b>Net profit</b>	<b>7,446</b>	6,595	12.9
<b>Revenue</b>	<b>32,476</b>	28,026	15.9
Net interest revenue	<b>20,774</b>	18,687	11.2
Net non-interest revenue	<b>11,702</b>	9,339	25.3
<b>Credit and asset impairment losses</b>	<b>12,885</b>	10,671	20.7
<b>Operational efficiency</b>			
Net interest margin (annualized, %)	<b>2.53</b>	2.25	0.28 pps
Cost-to-income ratio (%)	<b>29.62</b>	30.36	-0.74 pps

(in RMB million)	As at March 31, 2019	As at December 31, 2018	Change (%)
<b>Deposits and loans<sup>(1)</sup></b>			
Total loans and advances	<b>2,051,445</b>	1,997,529	2.7
Including: Retail loans	<b>1,190,532</b>	1,154,013	3.2
Corporate loans	<b>860,913</b>	843,516	2.1
Deposits	<b>2,286,977</b>	2,128,557	7.4
Including: Retail deposits	<b>521,574</b>	461,591	13.0
<b>Asset quality</b>			
Percentage of special mention loans	<b>2.58%</b>	2.73%	-0.15 pps
Percentage of loans more than 90 days overdue	<b>1.66%</b>	1.70%	-0.04 pps
Non-performing loan ratio	<b>1.73%</b>	1.75%	-0.02 pps
Deviation of non-performing loans <sup>(2)</sup>	<b>96%</b>	97%	-1 pps
Provision coverage ratio	<b>170.59%</b>	155.24%	15.35 pps
Provision coverage ratio for loans more than 90 days overdue	<b>177.71%</b>	159.45%	18.26 pps

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

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

	As at March 31, 2019	As at December 31, 2018	Change (%)
<b>Capital adequacy ratio</b>			
Total risk-weighted assets (in RMB million)	2,393,377	2,340,236	2.3
Core tier 1 capital adequacy ratio (regulatory requirement ≥7.5%)	8.75%	8.54%	0.21 pps
Tier 1 capital adequacy ratio (regulatory requirement ≥8.5%)	9.59%	9.39%	0.20 pps
Capital adequacy ratio (regulatory requirement ≥10.5%)	<u>11.50%</u>	<u>11.50%</u>	<u>–</u>

## 2.7 Asset Management Business

**The asset management business grew rapidly.** In the first quarter of 2019, the asset management business realized a net profit of RMB5,046 million, up 19.9% year on year, mainly due to the steady growth in the trust business, the securities business, and the other asset management business.

**The trust business proactively implemented new strategies and pursued transformation.** Ping An Trust proactively optimized its business mix and expedited its transformation to comply with new regulations on asset management and regulatory requirements. Ping An Trust focuses on four core businesses: financial services, infrastructure investment, private equity, and investment banking. Ping An Trust strengthens product, investment and risk management capabilities with cutting-edge technologies. In the first quarter of 2019, the net profit of trust business increased by 16.2% year on year. **The securities business is committed to developing a smart securities services platform.** In the first quarter of 2019, the net profit of securities business increased by 31.6% year on year. The market share by retail brokerage trading volume grew by 0.26 pps year on year to 2.95%. Ping An Securities ranked among the top in the industry by the number of debt lead-underwriting projects. Assets under active management grew by 16.9% from the beginning of 2019.

## 2.8 Fintech and Healthtech Business

**The Company further implemented fintech and healthtech strategies, and maintained rapid growth in various businesses.**

**Lufax Holding** is a world-leading online wealth management and retail lending technology platform. Lufax Holding also provides comprehensive financial solutions to financial institutions and local governments. In the first quarter of 2019, Lufax Holding's revenue and profit rose steadily. In the wealth management business, assets under management (AUM) grew by 2.0% from the beginning of 2019 to RMB376,707 million. In retail lending, Lufax Holding ensured the consistent quality of credit assets. The balance of loans under management rose by 7.5% from the beginning of 2019 to RMB403,121 million. In government financial services, Lufax Holding proactively explored the application of fintech to fiscal management. Lufax Holding is rolling out smart fiscal management projects in multiple cities. Lufax Holding completed its Series C financing at a post-money valuation of USD39,400 million.

**Ping An Good Doctor** (Stock code: 01833.HK) is committed to “building the world’s largest healthcare ecosystem and using technology to make people healthier.” Ping An Good Doctor provides users with comprehensive family doctor services via AI-assisted in-house medical teams to satisfy users’ medical and health management demands. Ping An Good Doctor also provides a closed loop of online-merge-offline healthcare services by developing an offline healthcare service network. On May 4, 2018, Ping An Good Doctor was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKEX”).

**OneConnect** is committed to building a world-leading fintech service cloud platform covering the whole financial industry chain in Asia. OneConnect has launched Smart Banking Cloud, Smart Insurance Cloud, Smart Investment Cloud and an open tech-powered platform. Adhering to the model of “technology + business,” OneConnect helps financial institutions solve pain points in business development with cutting-edge technologies. OneConnect has also managed to build a presence overseas. As of March 31, 2019, OneConnect had provided fintech services for 590 banks, 77 insurers and 2,634 other non-bank financial institutions. In the first quarter of 2019, the risk management products were used 326 million times. In early 2018, OneConnect completed its Series A financing at a post-money valuation of USD7,500 million.

**Ping An HealthKconnect** is committed to becoming China’s leading tech-powered managed care service platform. With cutting-edge technologies including cloud computing and AI, Ping An HealthKconnect provides social health insurance (SHI) fund managers with comprehensive SHI management solutions in over 200 cities. With technologies, Ping An HealthKconnect develops a smart TPA (Third Party Administrator for Group Medical Insurance) service platform driven by “insurance + healthcare + data + technology” for commercial health insurance companies. In early 2018, Ping An HealthKconnect completed its Series A financing at a post-money valuation of USD8,800 million.

**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 dealing, auto finance and auto lifestyle.” In this ecosystem centering on data and technology, Autohome provides auto consumers with diverse products and services. Keeping up with the times, Autohome constantly upgrades the apps and develops three core competitive advantages in terms of contents, data and teams to offer better services. As of the end of March 2019, Autohome’s market cap exceeded USD10 billion.

**Ping An Smart City Business**, a business jointly operated by multiple members of the Group, builds “1+N” platforms that center on government services, economic development and people’s livelihood, under the philosophy of serving the country, society and public. Such platforms help the government address urban management and development issues. Ping An Smart City’s business now covers fiscal management, government administration, transportation, life, healthcare, trade, education, agriculture, judicial activities, environmental protection, and community governance. Ping An Smart City is rolling out its business to many large and medium-sized Chinese cities including Beijing, Shanghai and Shenzhen, as well as multiple countries and regions along the Belt and Road Initiative.

## **2.9 Technology-powered Business Transformation**

**Ping An continues to implement the “finance + technology” strategy, boosting business with technologies.**

Ping An has firmly adhered to its “finance + technology” and “finance + ecosystem” strategies, driving business development with technologies. Ping An has increased investment in technologies including AI, blockchain, and cloud computing to facilitate the Group’s business development. Ping An constantly develops core technologies and secures proprietary intellectual property rights. As of March 31, 2019, Ping An had filed 15,316 technology patent applications, up 3,265 from the beginning of the year, ranking among the top tier of international financial institutions. The applications include 3,761 filed under the Patent Cooperation Treaty (PCT) and abroad.

In the area of AI, Ping An applied AI to major scenarios on the basis of ecosystems, achieving significant outcomes in areas including image-based loss assessment, smart claim investigation and healthtech. In the area of blockchain, OneConnect was chosen to be a pilot unit of security oversight by the Ministry of Public Security. FiMAX and the Blockchain Cross-border Trade Platform for Tianjin Port are on the first list of blockchain information services that have been filed with the Cyberspace Administration of China. In the area of cloud computing, Ping An Cloud hosts the trillion-yuan core business of Ping An. Centering on its five ecosystems, Ping An offers efficient, stable, secure cloud services to customers in extensive areas including government, insurance, banking and healthcare. Ping An won three world’s No.1s in the competitions of Automatic Cancer Detection and Classification in Whole-slide Lung Histopathology (ACDC), Endoscopic Artefact Detection (EAD) and Pathologic Myopia Challenge (PALM) among all the nine competitions at the world-class IEEE International Symposium on Biomedical Imaging (ISBI). We secured the first place in the MOT16 (Multiple Object Tracking) rankings of MOT Challenge, an authoritative evaluation platform of multiple object tracking. Our AI-generated musical work “Memory of Youth” won the first prize in the Global AI Art Competition. Ping An also won the bid for the Hong Kong SAR Government’s eID project to support Hong Kong’s smart city initiative.

## **2.10 Prospects of Future Development**

Currently, the overall Chinese economy is relatively stable. China will strive to maintain reasonable economic growth while ensuring stability. Ping An will closely follow national policies and continue to strengthen the ability to support the real economy. Under the “finance + technology” and “finance + ecosystem” strategies, Ping An will proactively develop its five ecosystems, increase R&D investment, and offer excellent products and services. In addition, Ping An will continue the Ping An Rural Communities Support initiative to give back to society and contribute to the nation. In the year 2019 which is crucial for our strategic transformation, we will stay true to our original aspiration and seek sustainable business growth. In this way, we will create value for customers, shareholders and society in tribute to the 70th anniversary of the founding of the People’s Republic of China (the PRC).

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

As at March 31, 2019, the share capital of the Company was 18,280,241,410 shares, of which 10,832,664,498 were A shares and 7,447,576,912 were H shares.

Total number of shareholders as at the end of the Reporting Period			Total number of shareholders was 444,462, of which 439,827 were holders of A shares and 4,635 were holders of H shares.			
Shareholdings of top ten shareholders						
Name of shareholder	Nature of shareholder <sup>(1)</sup>	Shareholding percentage (%)	Total number of shares held (Shares) <sup>(2)</sup>	Type of shares	Number of shares subject to selling restrictions (Shares)	Number of pledged or frozen shares (Shares)
Hong Kong Securities Clearing Company Nominees Limited <sup>(3)</sup>	Overseas legal person	32.75	5,986,842,974 <sup>(4)</sup>	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 <sup>(5)</sup>	Other	4.42	808,100,064	A Share	-	-
Business Fortune Holdings Limited	Overseas legal person	3.95	722,368,996	H Share	-	486,202,650 pledged shares
New Orient Ventures Limited	Overseas legal person	3.91	714,663,997	H Share	-	714,663,997 pledged shares
China Securities Finance Corporation Limited	Other	2.99	547,459,336	A Share	-	-
Central Huijin Asset Management Ltd.	Other	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	Other	1.10	201,948,582	A Share	-	-
Huaxia Fund-Agricultural Bank of China-Huaxia Zhongzheng Financial Asset Management Plan	Other	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) Business Fortune Holdings Limited and New Orient Ventures Limited are indirect wholly-owned subsidiaries of Charoen Pokphand Group Company Limited (“CP Group Ltd.”), and the shares owned by these two companies have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by the above two companies have been deducted from the shares held by HKSCC Nominees Limited.
- (5) The shares held by Hong Kong Securities Clearing Company Limited refer to the shares held by non-registered shareholders under the Northbound Trading of the Shanghai-Hong Kong Stock Connect Program.

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

Business Fortune Holdings Limited and New Orient Ventures Limited are indirect wholly-owned subsidiaries of CP Group Ltd., and they are of acting-in-concert relationship since they are under common control. As of March 31, 2019, CP Group Ltd., through the above two companies and other subsidiaries, indirectly held 1,662,567,070 H shares of the Company, representing 9.09% of the total share capital of the Company.

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

## **4. SIGNIFICANT EVENTS**

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

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

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

**(1) Implementation of the key employee share purchase plan in 2015**

All shares under the Plan for 2015 had been unlocked and vested as of the end of 2018. For employees who did not qualify for the vesting, shares were forfeited in accordance with the Plan.

**(2) 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 legitimate salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Asset Management Co., Ltd. from March 17, 2016 to March 21, 2016 in the secondary market; 14,803,850 A shares of the Company in total were purchased for a total price of RMB481,733,046.11 (expenses inclusive) and an average price of RMB32.53 per share, accounting for 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 Shanghai Stock Exchange (SSE) on March 22, 2016 and March 23, 2016 respectively.

During the Reporting Period, there was no vesting, forfeiture or other change in equity under the Plan for 2016.

**(3) 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 legitimate salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Asset Management Co., Ltd. from March 23, 2017 to March 27, 2017 in the secondary market; 16,419,990 A shares of the Company in total were purchased for a total price of RMB603,498,822.25 (expenses inclusive) and an average price of RMB36.74 per share, accounting for 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, there was no vesting, forfeiture or other change in equity under the Plan for 2017.



#### **(4) 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 salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Asset Management Co., Ltd. on April 27, 2018 in the secondary market; 9,666,900 A shares of the Company in total were purchased for a total price of RMB592,698,901.19 (expenses inclusive) and an average price of RMB61.29 per share, accounting for 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, there was no vesting, forfeiture or other change in equity under the Plan for 2018.

#### **(5) 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 salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Asset Management Co., Ltd. from March 25, 2019 to March 27, 2019 in the secondary market; 8,078,395 A shares of the Company in total were purchased for a total price of RMB588,197,823.00 (expenses inclusive) and an average price of RMB72.79 per share, accounting for 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 the HKEX and the SSE on March 28, 2019 and March 29, 2019 respectively.

During the Reporting Period, there was no vesting, forfeiture or other change in equity under the Plan for 2019.

The manager of the Plan is China Merchants Securities Asset Management Co., Ltd., and was not changed during the Reporting Period.

## 5. GUARANTEE

(in RMB million)

<b>External guarantee of the Company and its subsidiaries (excluding the guarantee in favor of its subsidiaries)</b>	
Total external guarantee incurred during the Reporting Period	–
Total external guarantee balance as at the end of the Reporting Period	–
<b>Guarantee of the Company and its subsidiaries in favor of its subsidiaries</b>	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period <sup>(2)</sup>	(1,777)
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	42,363
<b>Total guarantee of the Company (including the guarantee in favor of its subsidiaries)</b>	
Total guarantee	42,363
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 March 31, 2019)	39,839
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 business conducted by subsidiaries of the Company including Ping An Bank in strict compliance with the scope of business approved by regulatory authorities.

(2) During the Reporting Period, the total guarantee incurred was the guarantee withdrawal of RMB5,552 million less the guarantee repayment of RMB7,329 million.

## 6. SOLVENCY MARGIN OF SUBSIDIARIES

<b>As at March 31, 2019</b>	<b>Ping An Life</b>	<b>Ping An Property &amp; Casualty</b>
Core capital (in RMB million)	810,942	82,688
Actual capital (in RMB million)	825,942	91,188
Minimum capital (in RMB million)	368,844	39,101
Core solvency margin ratio (%) (regulatory requirement $\geq 50\%$ )	219.9	211.5
Comprehensive solvency margin ratio (%) (regulatory requirement $\geq 100\%$ )	223.9	233.2

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

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

## 7. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS

The Group has adopted the International Financial Reporting Standards 16 – Leases (the “New Standards for Leases”) since January 1, 2019, and prepared financial statements under the New Standards for Leases since the first quarter of 2019. In accordance with the transition rules, the Group adjusted relevant figures in the financial statements to reflect the impact of the New Standards for Leases, but did not adjust figures for comparable periods. The New Standards for Leases has had no material impact on the Group's financial statements.

## 7.1 Consolidated Income Statement

For the three months ended March 31, 2019

For the three months ended March 31 (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
Gross written premiums	274,386	253,109
Less: Premiums ceded to reinsurers	(6,574)	(5,755)
Net written premiums	267,812	247,354
Change in unearned premium reserves	(11,714)	(8,668)
Net earned premiums	256,098	238,686
Reinsurance commission revenue	2,078	1,992
Interest revenue from banking operations	42,389	40,679
Interest revenue from non-banking operations	23,785	22,325
Fees and commission revenue from non-insurance operations	13,773	11,926
Investment income	46,613	7,359
Share of profits and losses of associates and jointly controlled entities	4,711	3,881
Other revenues and other gains	14,132	10,278
<b>Total revenue</b>	<b>403,579</b>	<b>337,126</b>
Gross claims and policyholders' benefits	(216,376)	(184,267)
Less: Reinsurers' share and policyholders' benefits	2,573	2,029
Claims and policyholders' benefits	(213,803)	(182,238)
Commission expenses on insurance operations	(32,849)	(37,203)
Interest expenses on banking operations	(21,476)	(22,004)
Fees and commission expenses on non-insurance operations	(2,318)	(1,716)
Net impairment losses on financial assets	(14,244)	(10,851)
Net impairment losses on other assets	(530)	(224)
Foreign exchange gains/(losses)	555	(124)
General and administrative expenses	(41,812)	(31,652)
Interest expenses on non-banking operations	(4,246)	(4,470)
Other expenses	(9,596)	(7,060)
<b>Total expenses</b>	<b>(340,319)</b>	<b>(297,542)</b>

<b>For the three months ended March 31 (in RMB million)</b>	<b>2019 (Unaudited)</b>	2018 (Unaudited)
Profit before tax	<b>63,260</b>	39,584
Income tax	<b>(13,936)</b>	(10,633)
<b>Profit for the period</b>	<b><u>49,324</u></b>	<u>28,951</u>
<b>Attributable to:</b>		
– Owners of the parent	<b>45,517</b>	25,702
– Non-controlling interests	<b>3,807</b>	3,249
	<b><u>49,324</u></b>	<u>28,951</u>
	<b>RMB</b>	RMB
<b>Earnings per share attributable to ordinary equity holders of the parent:</b>		
– Basic	<b>2.55</b>	1.44
– Diluted	<b>2.55</b>	1.44

## 7.2 Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2019

For the three months ended March 31 (in RMB million)	2019 (Unaudited)	2018 (Unaudited)
<b>Profit for the period</b>	<b>49,324</b>	28,951
<b>Other comprehensive income</b>		
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	776	1,946
Credit risks provision of debt instruments at fair value through other comprehensive income	347	(6)
Shadow accounting adjustments	(261)	(729)
Exchange differences on translation of foreign operations	(740)	(547)
Share of other comprehensive income of associates and jointly controlled entities	62	63
Items that will not be reclassified to profit or loss:		
Changes in the fair value of equity instruments at fair value through other comprehensive income	(3,664)	(5,582)
Shadow accounting adjustments	1,162	4,197
<b>Other comprehensive income for the period, net of tax</b>	<b>(2,318)</b>	(658)
<b>Total comprehensive income for the period</b>	<b>47,006</b>	28,293
<b>Attributable to:</b>		
– Owners of the parent	42,920	24,811
– Non-controlling interests	4,086	3,482
	<b>47,006</b>	28,293

### 7.3 Consolidated Statement of Financial Position

As at March 31, 2019

(in RMB million)	March 31 2019 (Unaudited)	December 31 2018 (Audited)
<b>ASSETS</b>		
Cash and amounts due from banks and other financial institutions	519,702	457,524
Balances with the Central Bank	241,782	273,513
Financial assets held under resold agreements	119,375	92,951
Premium receivables	74,399	67,150
Accounts receivable	23,829	22,798
Derivative financial assets	20,079	21,911
Reinsurers' share of insurance liabilities	18,017	16,671
Policy loans	121,311	111,219
Finance lease receivable	168,753	165,214
Loans and advances to customers	1,976,679	1,929,842
Financial assets at fair value through profit or loss	850,743	824,939
Financial assets at amortized cost	2,096,293	2,075,151
Debt financial assets at fair value through other comprehensive income	346,316	310,901
Equity financial assets at fair value through other comprehensive income	223,507	222,639
Investments in associates and jointly controlled entities	159,605	154,895
Statutory deposits for insurance operations	12,526	12,446
Investment properties	38,582	38,242
Property and equipment	49,265	49,323
Intangible assets	58,666	58,450
Right-of-use assets	17,643	–
Deferred tax assets	46,248	45,187
Other assets	186,269	155,686
Policyholder account assets in respect of insurance contracts	38,093	32,344
Policyholder account assets in respect of investment contracts	4,470	3,964
<b>Total assets</b>	<b>7,412,152</b>	<b>7,142,960</b>

<b>(in RMB million)</b>	<b>March 31 2019 (Unaudited)</b>	December 31 2018 (Audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	18,280	18,280
Reserves	200,885	203,719
Retained profits	379,914	334,509
	<hr/>	<hr/>
Equity attributable to owners of the parent	599,079	556,508
Non-controlling interests	135,214	127,135
	<hr/>	<hr/>
<b>Total equity</b>	<b>734,293</b>	<b>683,643</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>		
Due to banks and other financial institutions	722,267	803,154
Financial liabilities at fair value through profit or loss	23,761	16,975
Derivative financial liabilities	19,529	22,247
Assets sold under agreements to repurchase	133,942	189,028
Accounts payable	8,807	9,779
Income tax payable	30,917	31,416
Insurance payables	97,221	120,688
Policyholder dividend payable	55,744	52,591
Customer deposits and payables to brokerage customers	2,296,682	2,114,344
Bonds payable	553,744	556,875
Insurance contract liabilities	2,391,708	2,211,887
Investment contract liabilities for policyholders	54,499	52,747
Lease liabilities	18,238	–
Deferred tax liabilities	24,157	18,476
Other liabilities	246,643	259,110
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>6,677,859</b>	<b>6,459,317</b>
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>7,412,152</b>	<b>7,142,960</b>
	<hr/> <hr/>	<hr/> <hr/>



**7.4 Consolidated Statement of Cash Flows**  
*For the three months ended March 31, 2019*

<b>For the three months ended March 31 (in RMB million)</b>	<b>2019 (Unaudited)</b>	2018 (Unaudited)
<b>Net cash flows from operating activities</b>	<b>160,074</b>	139,867
<b>Cash flows from investing activities</b>		
Purchases of investment properties, property and equipment, and intangible assets	(1,463)	(1,305)
Proceeds from disposal of investment properties, property and equipment, and intangible assets	1,294	1
Proceeds from disposal of investments	351,646	399,805
Purchases of investments	(414,077)	(503,806)
Acquisition of non-controlling interests in subsidiaries	(14)	(5)
Acquisition of subsidiaries	(371)	–
Disposal of subsidiaries	(14)	(530)
Interest received	30,889	29,315
Dividends received	4,036	3,040
Rentals received	1,076	878
Increase in policy loans	(9,867)	(9,913)
<b>Net cash flows used in investing activities</b>	<b>(36,865)</b>	(82,520)
<b>Cash flows from financing activities</b>		
Capital injected into subsidiaries by non-controlling interests	4,888	2
Proceeds from bonds issued	78,071	211,574
Decrease in assets sold under agreements to repurchase of insurance operations	(71,809)	(28,695)
Proceeds from borrowings	35,566	84,197
Repayment of borrowings	(99,332)	(263,389)
Interest paid	(5,620)	(4,863)
Dividends paid	(512)	(440)
Others	(1,240)	(223)
<b>Net cash flows from financing activities</b>	<b>(59,988)</b>	(1,837)
<b>Increase in cash and cash equivalents</b>	<b>63,221</b>	55,510
Net foreign exchange differences	(1,173)	(1,740)
Cash and cash equivalents at the beginning of the period	308,024	308,664
<b>Cash and cash equivalents at the end of the period</b>	<b>370,072</b>	362,434

## 8. RELEASE OF RESULTS ANNOUNCEMENT

This results announcement is simultaneously available on the website of HKEX ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.pingan.cn](http://www.pingan.cn)). This results announcement is prepared in accordance with IFRS. The full report of the first quarter results for 2019 prepared in accordance with the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance of the People's Republic of China and the other relevant regulations will be published on the Company's website ([www.pingan.cn](http://www.pingan.cn)) at the same time as it is published on the website of SSE ([www.sse.com.cn](http://www.sse.com.cn)).

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

Shenzhen, PRC, April 29, 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 are Soopakij Chearavanont, Yang Xiaoping, Liu Chong and Wang Yongjian; the Independent Non-executive Directors are Yip Dicky Peter, Wong Oscar Sai Hung, Sun Dongdong, Ge Ming and Ouyang Hui.*