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PING AN

Insurance • Banking • Investment

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 NINE MONTHS ENDED SEPTEMBER 30, 2018

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 “Third Quarter Results”) of the Company and its subsidiaries (the “Group”) for the nine months ended September 30, 2018 (the “Reporting Period”). The Board of Directors and its Audit and Risk Management Committee have reviewed the Third Quarter Results.

1. KEY BUSINESS PERFORMANCE

1.1 Business Highlights

- The Group’s operating profit attributable to shareholders of the parent company rose by 19.5% year on year to RMB85,637 million.
- Life & Health value of new business (VNB) grew by 3.2% year on year in the first three quarters of 2018, and by 10.9% year on year in the third quarter of 2018.
- Fintech and healthtech business recorded an operating profit attributable to shareholders of the parent company of RMB5,403 million in the first three quarters of 2018, up by 700.4% year on year and accounting for 6.3% of the Group’s versus 0.9% in comparable period last year.
- The Group’s internet users surpassed half a billion, up by 19.4% year on year. In the first three quarters of 2018, 34.8% of the Group’s new customers were sourced from internet users within the Group’s five ecosystems.
- The non-performing loan ratio, the percentage of special mention loans, and the percentage of loans more than 90 days overdue of Ping An Bank dropped by 0.02 pps, 0.63 pps and 0.43 pps, respectively, from the beginning of 2018. The deviation of non-performing loans was 119%, down by 24 pps from the beginning of 2018.

1.2 Key Figures

	September 30, 2018	September 30, 2017	Change (%)
For the period			
Operating profit attributable to shareholders of the parent company (in RMB million)	85,637	71,680	19.5
Basic operating earnings per share (in RMB)	4.80	4.02	19.4
Net profit attributable to shareholders of the parent company (in RMB million)	79,397	66,318	19.7
Life & Health value of new business (in RMB million)	55,425	53,694	3.2
Combined ratio – Ping An Property & Casualty (%)	96.0	96.1	-0.1 pps
At the end of the period			
Number of retail customers (in million)	181.63	152.96	18.7
Number of internet users (in million)	513.20	429.78	19.4
Percentage of retail customers holding contracts with multiple subsidiaries (%)	32.5	27.1	5.4 pps

1.3 Solvency Margin of Subsidiaries

September 30, 2018	Ping An Life	Ping An Property & Casualty
Core capital (in RMB million)	759,248	75,205
Actual capital (in RMB million)	782,248	83,705
Minimum capital (in RMB million)	343,352	38,226
Core solvency margin ratio (%) (regulatory requirement ≥50%)	221.1	196.7
Comprehensive solvency margin ratio (%) (regulatory requirement ≥100%)	227.8	219.0

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 refer to the Company's website (www.pingan.cn).

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

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

As at September 30, 2018, 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 459,208, of which 454,535 were holders of A shares and 4,673 were holders of H shares.			
Shareholdings of top ten shareholders						
Name of shareholder	Nature of shareholder ⁽¹⁾	Share-holding percentage (%)	Total number of shares held (Shares) ⁽²⁾	Type of shares	Number of selling-restricted shares held (Shares)	Number of pledged or frozen shares (Shares)
Hong Kong Securities Clearing Company Nominees Limited ⁽³⁾	Overseas legal person	32.80	5,996,553,112 ⁽⁴⁾	H Share	-	Unknown
Shenzhen Investment Holdings Co., Ltd.	State	5.27	962,719,102	A Share	-	341,740,000 pledged shares
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	3.90	712,788,396	H Share	-	483,013,432 pledged shares
Hong Kong Securities Clearing Company Limited ⁽⁵⁾	Other	3.52	643,804,336	A Share	-	-
China Securities Finance Corporation Limited	Other	2.99	546,579,336	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	-	-
Huaxia Life Insurance Co., Ltd. – Proprietary Funds	Other	1.21	220,664,761	A Share	-	-
Dacheng Fund – Agricultural Bank of China – Dacheng Zhongzheng Financial Asset Management Plan	Other	1.10	201,948,582	A Share	-	-

- Notes:* (1) Nature of the holders of A shares represents the nature of accounts held by the holders of A shares registered with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
- (2) As the shares of the Company could be used as underlying securities for margin financing and securities lending, the shareholdings of the shareholders are the aggregate of all the shares and interests held in ordinary securities accounts and credit securities accounts.
- (3) Hong Kong Securities Clearing Company Nominees Limited (“HKSCC Nominees Limited”) is the nominee holder of the shares held by non-registered H shareholders of the Company.
- (4) New Orient Ventures Limited and Business Fortune Holdings Limited are indirect wholly-owned subsidiaries of Charoen Pokphand Group Company Limited (“CP Group Ltd.”), and the shares owned by these two companies have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by the above two companies have been deducted from the shares held by HKSCC Nominees Limited.
- (5) The shares held by Hong Kong Securities Clearing Company Limited refer to the shares held by non-registered shareholders under the northbound trading of the Shanghai-Hong Kong Stock Connect Program.

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

New Orient Ventures Limited and Business Fortune Holdings Limited are indirect wholly-owned subsidiaries of CP Group Ltd., and they are of acting-in-concert relationship since they are under common control. As at September 30, 2018, CP Group Ltd., through the above two companies and other subsidiaries, indirectly held 1,691,889,456 H shares of the Company, representing 9.26% of the 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.

3. BUSINESS REVIEW FOR KEY BUSINESSES

3.1 Overview

In the first three quarters of 2018, the macro-economy of China remained stable. Under the “finance + technology” and “finance + ecosystem” strategies, Ping An proactively developed ecosystems, increased R&D investment, and offered excellent products and service experience. Ping An boosted steady business growth by “empowering financial services with technologies, empowering ecosystems with technologies, and empowering financial services with ecosystems.”

In the first three quarters of 2018, Ping An achieved an operating profit attributable to shareholders of the parent company of RMB85,637 million, up by 19.5% year on year. Net profit increased by 19.0% year on year to RMB89,489 million. Net profit attributable to shareholders of the parent company rose by 19.7% year on year to RMB79,397 million. On the basis of the insurance subsidiaries’ statutory financial statements prepared under the old accounting standards for financial instruments, the Group’s net profit attributable to shareholders of the parent company would be RMB89,588 million, up by 35.1% year on year. Moreover, Ping An maintained steady development of the retail customer base. As at September 30, 2018, the Group’s retail customers increased by 18.7% year on year to 182 million; 32.5% of them held contracts with multiple subsidiaries, up by 5.4 pps year on year.

VNB of the life and health insurance business grew by 3.2% year on year to RMB55,425 million. Third-quarter VNB rose by 10.9% year on year, sequentially improved from the second and first quarters. The property and casualty insurance business boosted its premium income by 15.0% year on year to RMB181,147 million while maintaining a better-than-industry combined ratio of 96.0%. Ping An Bank furthered its transformation towards retail banking; retail assets under management (AUM) rose by 20.8% from the beginning of 2018, and retail deposits and loans increased by 23.4% and 27.4%, respectively, from the beginning of 2018.

3.1.1 Operating Profit

Due to the long-term nature of the majority business 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 actual investment return of 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 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 life and health insurance business due to changes in discount rate;
- Impacts of one-off non-operating items are material items that management considered to be non-operating income and expenses⁽²⁾.

Notes: (1) Refer to Note 4.(4) in the 2017 Annual Report for relative information about the discount rate.

(2) Historically we have excluded financial gains made from transfer of Puhui to Lufax in 2016, and financial gains made from Good Doctor stake sale in 2017 which were one-off material non-operating items.

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 three quarters of 2018, the Group's operating profit attributable to shareholders of the parent company grew by 19.5% year on year to RMB85,637 million. The basic operating earnings per share was RMB4.80, up by 19.4% year on year. The life and health insurance business's operating profit attributable to shareholders of the parent company rose by 23.3% year on year to RMB52,136 million.

Operating profit attributable to shareholders of the parent company

For the nine months ended September 30 (in RMB million)

	2018	2017	Change (%)
Life and health insurance business	52,136	42,288	23.3
Property and casualty insurance business	8,081	10,359	(22.0)
Banking business	11,864	11,109	6.8
Asset management business	12,231	10,105	21.0
Including: Trust business	2,532	3,333	(24.0)
Securities business	1,270	1,592	(20.2)
Other asset management business ⁽²⁾	8,429	5,180	62.7
Fintech and healthtech business ⁽³⁾	5,403	675	700.4
Other businesses and elimination	(4,077)	(2,856)	42.8
The Group	<u>85,637</u>	<u>71,680</u>	<u>19.5</u>

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

(2) The other asset management business represents results of subsidiaries that engage in asset management business such as Ping An Asset Management, Ping An Financial Leasing and Ping An Overseas Holdings.

(3) The fintech and healthtech business represents results of companies that engage in fintech and healthtech business such as Lufax Holding, Ping An Good Doctor, OneConnect, Ping An Healthcare Technology, and Autohome.

In the first three quarters of 2018, reconciliations between net profit and operating profit are presented below.

2018									
For the nine months ended September 30 (in RMB million)	Life and health insurance business	Property and casualty insurance business	Banking business	Trust business	Securities business	Other asset management business	Fintech & healthtech business	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	45,895	8,081	11,864	2,532	1,270	8,429	5,403	(4,077)	79,397
Minority interest income	709	40	8,592	3	66	225	581	(124)	10,092
Net profit (A)	46,604	8,121	20,456	2,535	1,336	8,654	5,984	(4,201)	89,489
Excluding:									
Short-term investment variance ^{(1)(B)}	(6,548)	-	-	-	-	-	-	-	(6,548)
Impact of discount rate change (C)	208	-	-	-	-	-	-	-	208
Impact of one-off material non-operating items (D)	-	-	-	-	-	-	-	-	-
Operating profit (E=A-B-C-D)	52,945	8,121	20,456	2,535	1,336	8,654	5,984	(4,201)	95,829
Operating profit attributable to shareholders of the parent company	52,136	8,081	11,864	2,532	1,270	8,429	5,403	(4,077)	85,637
Operating profit attributable to minority shareholders	809	40	8,592	3	66	225	581	(124)	10,192

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 relevant impact on insurance and investment contract liability.

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

3.1.2 Segment Results

Net Profit Attributable to Shareholders of the Parent Company

For the nine months ended September 30
(in RMB million)

	2018	2017	Change (%)
Life and health insurance business	45,895	36,926	24.3
Property and casualty insurance business	8,081	10,359	(22.0)
Banking business	11,864	11,109	6.8
Asset management business	12,231	10,105	21.0
Including: Trust business	2,532	3,333	(24.0)
Securities business	1,270	1,592	(20.2)
Other asset management business	8,429	5,180	62.7
Fintech and healthtech business	5,403	675	700.4
Other businesses and elimination	(4,077)	(2,856)	42.8
The Group	79,397	66,318	19.7

The Group follows the “International Financial Reporting Standards 9 – Financial Instruments” (the “new accounting standards”) from January 1, 2018. The insurance subsidiaries continue to follow the old standards for financial instruments when preparing their respective statutory financial statements because they qualify for a temporary exemption. In accordance with the Group’s accounting policies, the insurance subsidiaries separately prepare financial statements and notes under the new standards for Group consolidation purposes. Reconciliations between the insurance business’s statutory financial statements and statements under the new accounting standards are presented below to allow comparison with peers.

Reconciliations of Insurance Business's Net Profit Attributable to Shareholders of the Parent Company

For the nine months ended September 30 (in RMB million)	Life and health insurance business			Property and casualty insurance business			Total of insurance business		
	2018	2017	Change (%)	2018	2017	Change (%)	2018	2017	Change (%)
Profit in statutory financial statements under the old accounting standards for financial instruments	55,423	36,926	50.1	8,744	10,359	(15.6)	64,167	47,285	35.7
Investment income adjustments ⁽¹⁾	(9,528)	-	N/A	(663)	-	N/A	(10,191)	-	N/A
Profit in financial statements under the new accounting standards for financial instruments ⁽²⁾	<u>45,895</u>	<u>36,926</u>	<u>24.3</u>	<u>8,081</u>	<u>10,359</u>	<u>(22.0)</u>	<u>53,976</u>	<u>47,285</u>	<u>14.2</u>

Notes: (1) Adjustments mainly arise from changes in classification, measurement and impairment of financial assets under the new accounting standards for financial instruments.

(2) In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate comparable figures for 2017.

3.2 Customer Development

Ping An's retail customers and users continued to increase. As at September 30, 2018, the Group had 182 million retail customers, up by 18.7% year on year; 32.5% of them held contracts with multiple subsidiaries, up by 5.4 pps year on year. In the first three quarters of 2018, the Group acquired 33.36 million new customers, 34.8% of whom were sourced from internet users within the Group's five ecosystems. As at September 30, 2018, the Group's internet users increased by 19.4% year on year to 513 million, including 449 million app users, up by 44.0% year on year. And yearly active users reached 247 million.

(in million)	September 30, 2018	September 30, 2017	Change (%)
Number of retail customers	181.63	152.96	18.7
Including:			
Number of retail customers holding contracts with multiple subsidiaries	59.05	41.52	42.2
Number of internet users	513.20	429.78	19.4
Including:			
App users	449.38	312.05	44.0

3.3 Life and Health Insurance Business

VNB of the life and health insurance business strengthened. In the first three quarters of 2018, VNB of the life and health insurance business rose by 3.2% year on year to RMB55,425 million. Third-quarter VNB growth was 10.9% year on year, up by 1.0 pps compared with the second quarter of 2018. The VNB margin for the first three quarters was 42.1%, up by 4.3 pps year on year.

Based on value creation strategy, Ping An Life boosts business via all the channels. Focusing on customer development, Ping An Life maintains stable, healthy business growth via all the channels. As the agent channel's business mix improved, its VNB margin for the first three quarters rose by 7.0 pps year on year. The agent force grew steadily to 1.43 million persons, up by 3.2% from the beginning of 2018. **Ping An Life develops business under the “product +” and “technology +” strategies.** Focusing on high-value long-term protection products, Ping An Life promotes the sales of its flagship products including “Ping An Fu” and “Ai Man Fen”. Going forward, Ping An Life will continue to improve its product mix and promote business development. Moreover, Ping An Life strengthens its capabilities including sales support and customer services under the “technology +” strategy. Ping An Life has launched or will soon launch AI-based personal screening, personal profiling and AI assistance to address pain points in recruitment, training, team management and sales to improve business development. The pioneering AI-based “Smart Customer Services” significantly improved customer experience. In the ten months since the launch of “Smart Customer Services”, Ping An Life has handled over 2 million cases of customer servicing online, and the shortest turnaround time was only three minutes.

For the nine months ended September 30 (in RMB million)

	2018	2017	Change (%)
Life and health insurance business			
Operating profit	<u>52,945</u>	<u>42,756</u>	<u>23.8</u>
First-year premium used to calculate VNB	131,541	142,086	(7.4)
VNB ⁽¹⁾	55,425	53,694	3.2
VNB margin (%)	<u>42.1</u>	<u>37.8</u>	<u>4.3 pps</u>
Written premium	461,218	381,994	20.7
Retail business	444,974	366,876	21.3
Group business	<u>16,244</u>	<u>15,118</u>	<u>7.4</u>

Note: (1) In the table above, the assumptions and methodology used to calculate the VNB for the nine months ended September 30, 2017 are consistent with those used at the end of 2017. Under the valuation assumptions and methodology previously used for the nine months ended September 30, 2017, the VNB for the first three quarters of 2017 was RMB53,738 million.

For the nine months ended September 30	2018	2017	Change (%)
Ping An Life			
Productivity of agents			
First-year written premium per agent (in RMB per month)	<u>7,984</u>	<u>9,702</u>	<u>(17.7)</u>
	September 30, 2018	December 31, 2017	Change (%)
Number of agents (in million)	<u>1.430</u>	<u>1.386</u>	<u>3.2</u>

3.4 Property and Casualty Insurance Business

Ping An Property & Casualty maintained stable business growth. In the first three quarters of 2018, Ping An Property & Casualty recorded premium income of RMB181,147 million, up by 15.0% year on year. On the basis of robust corporate governance and risk screening, the overall business quality of Ping An Property & Casualty remained sound, with a better-than-industry combined ratio of 96.0% in the first three quarters of 2018. Ping An Property & Casualty's profit before tax grew by 6.4% year on year, while net profit dropped by 22.0%, largely due to an increase in taxable income induced by the rising commission caused by business growth.

Ping An Property & Casualty continued to implement the “customer-centric” new claims standards and provided “quick, convenient, considerate” services. As a result, customer satisfaction was enhanced vastly with a net promoter score (NPS) of 82.7% for auto claims in September, up by 4.7 pps from the beginning of 2018. Powered by the optimized “smart management engine” and “smart grid model”, the 510 City Superfast Onsite Investigation service was upgraded again. In the first three quarters of 2018, 96.1% of daytime auto accidents in cities requiring on-site investigation were investigated offline within 5-10 minutes.

For the nine months ended September 30 (in RMB million)	2018	2017	Change (%)
Profit before tax	14,303	13,438	6.4
Net profit	<u>8,121</u>	<u>10,410</u>	<u>(22.0)</u>
Premium income			
Auto insurance	130,485	122,418	6.6
Non-auto insurance	43,731	30,285	44.4
Accident and health insurance	6,931	4,804	44.3
Total	<u>181,147</u>	<u>157,507</u>	<u>15.0</u>
Combined ratio (%)	<u>96.0</u>	<u>96.1</u>	<u>-0.1 pps</u>

3.5 Investment Portfolio of Insurance Funds

The Company continued to improve asset allocation of insurance funds and asset-liability matching. As at September 30, 2018, the Company's investment portfolio of insurance funds grew to nearly RMB2.65 trillion by 8.1% from the beginning of 2018. In the first three quarters of 2018, affected by factors such as the lower dividend income from equity assets, the investment portfolio's annualized net investment yield and annualized total investment yield were 4.7% and 4.0%, respectively. On the basis of statutory financial statements prepared under the old accounting standards for financial instruments, the investment portfolio's annualized net investment yield and annualized total investment yield would be 4.7% and 4.9% respectively.

In the first three quarters, domestic equity markets were highly volatile. After the Company implemented the new accounting standards for financial instruments, equity investments classified as financial assets at fair value through profit or loss increased sharply. As a result, the total investment yield for the first three quarters was more volatile than the same period last year. Moreover, the Company dynamically adjusted proportions of equity assets in the portfolio, increased long-term equity stake investments, and diversified the portfolio to reduce impacts of volatility in equity markets. The Company conducted in-depth macro-economic research, seized opportunities in bond markets to increase the low-risk bonds such as central government bonds and financial bonds issued by policy banks, and lengthened asset durations to improve asset-liability matching.

3.6 Banking Business

Ping An Bank maintained steady growth, and furthered its transformation towards retail banking. Ping An Bank achieved revenue of RMB86,664 million in the first three quarters of 2018, up by 8.6% year on year. Net profit grew by 6.8% year on year to RMB20,456 million. As at the end of September 2018, retail assets under management (AUM) rose by 20.8% from the beginning of 2018 to RMB1,313,095 million, while retail customers increased to 80.25 million, up by 14.8% from the beginning of 2018. Retail deposits and loans increased by 23.4% and 27.4%, respectively, from the beginning of 2018. In the first three quarters of 2018, retail banking accounted for RMB44,378 million or 51.2% of the Bank's revenue, and RMB13,909 million or 68.0% of the Bank's net profit.

The Bank's asset quality improved. As at the end of September 2018, the non-performing loan ratio and the percentage of special mention loans dropped by 0.02 pps and 0.63 pps, respectively, and the percentage of loans more than 90 days overdue declined by 0.43 pps from the beginning of 2018 to 2.00%. The provision coverage ratio for loans more than 90 days overdue increased by 36.09 pps from the end of 2017 to 141.76%; the Bank's deviation of non-performing loans was 119%, down by 24 pps from the beginning of 2018.

With ongoing efforts to promote technological innovations, Ping An Bank takes the lead in business development and has created fintech “barriers to competition”. By bringing technologies into full play, Ping An Bank improved customer experience, innovated business models, optimized the risk management system, and enhanced its capability to serve the real economy.

For the nine months ended September 30

(in RMB million)	2018	2017	Change (%)
Net profit	20,456	19,153	6.8
Revenue	86,664	79,832	8.6
Net interest revenue	54,529	55,482	(1.7)
Net non-interest revenue	32,135	24,350	32.0
Credit and asset impairment losses	33,622	32,820	2.4
Operational efficiency			
Annualized net interest margin (%)	2.29	2.41	-0.12 pps
Cost-to-income ratio (%)	29.52	26.64	2.88 pps
	September 30,	December 31,	
(in RMB million)	2018	2017	Change (%)
Deposit and loan business			
Total loans and advances	1,922,047	1,704,230	12.8
Including: Retail loans			
(including credit card loans)	1,082,063	849,035	27.4
Corporate loans	839,984	855,195	(1.8)
Deposits	2,134,641	2,000,420	6.7
Including: retail deposits	420,744	340,999	23.4
Asset quality			
Percentage of special mention loans (%)	3.07	3.70	-0.63 pps
Percentage of loans more than 90 days overdue (%)	2.00	2.43	-0.43 pps
Non-performing loan ratio (%)	1.68	1.70	-0.02 pps
Provision coverage ratio (%)	169.14	151.08	18.06 pps
Provision coverage ratio for loans more than 90 days overdue (%)	141.76	105.67	36.09 pps

	September 30, 2018	December 31, 2017	Change (%)
Retail business			
Number of retail customers (in million)	80.25	69.91	14.8
Retail assets under management (AUM, in RMB million)	1,313,095	1,086,688	20.8
Number of credit cards in circulation (in million)	<u>48.53</u>	<u>38.34</u>	<u>26.6</u>
	September 30, 2018	December 31, 2017	Change (%)
Capital adequacy ratio			
Total risk-weighted assets (in RMB million)	2,278,715	2,226,112	2.4
Core tier 1 capital adequacy ratio (%) (regulatory requirement $\geq 7.5\%$)	8.53	8.28	0.25 pps
Tier 1 capital adequacy ratio (%) (regulatory requirement $\geq 8.5\%$)	9.41	9.18	0.23 pps
Capital adequacy ratio (%) (regulatory requirement $\geq 10.5\%$)	<u>11.71</u>	<u>11.20</u>	<u>0.51 pps</u>

3.7 Asset Management Business

The asset management business grew rapidly. The asset management business represents results of the trust business, the securities business, and subsidiaries that engage in asset management business such as Ping An Asset Management, Ping An Financial Leasing and Ping An Overseas Holdings. In the first three quarters of 2018, the overall asset management business recorded a net profit of RMB12,525 million, up by 19.4% year on year. The trust business devised new strategies and adopted new business models. While strengthening its product development and risk management capabilities, Ping An Trust focuses on institutional asset management, boutique alternative investment banking and trust business to better serve the real economy. In the first three quarters of 2018, the net profit of trust business dropped by 24.0% year on year due to year-on-year decreases in dividends from investments and incomes from investment exits. The securities business deepened transformation and continued differentiation by leveraging the Group's integrated financial business models and technologies. The market share by brokerage trading volume grew by 0.66 pps year on year to 2.99%. In institutional business, Ping An Securities enhanced expertise in investment banking and upgraded strategies and products in trading business, leading the industry by quote quality and trading volume in fixed-income market making. Affected by negative factors such as the volatile capital market, the securities business's net profit for the first three quarters of 2018 decreased year on year, but was still better than peers'.

3.8 Fintech and Healthtech Business

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

Lufax Holding is China's leading online wealth management and retail lending technology platform, which serves the growing middle class and is a leader in providing financial institutions and local governments with smart financial solutions. In the first three quarters of 2018, Lufax Holding's revenue and profit rose steadily. In wealth management business, affected by deleveraging in the financial industry and new regulations, Lufax Holding proactively adjusted its product mix to comply with regulations; assets under management (AUM) dropped by 21.6% from the beginning of 2018 to RMB361,807 million. In retail lending, Lufax Holding ensured quality of credit assets through strong risk management driven by products and data; loans under management rose by 20.7% from the beginning of 2018 to RMB348,110 million. In government financial services, Lufax proactively explored application of fintech to fiscal management. Smart fiscal management projects have been launched in Nanning and Changsha to help local governments manage accounts and save money. Moreover, Lufax Holding is marketing or conducting such projects in other cities.

Ping An Good Doctor is committed to "building the world's largest health care ecosystem and using technology to make people healthier." Ping An Good Doctor provides users with convenient and prime family doctor services via the AI-assisted in-house medical team, and satisfies users' demands for various offline healthcare services by integrating healthcare networks. Ping An Good Doctor has a massive user base. High-frequency health management services are provided to promote low-frequency medical services, boost activity, and facilitate retention.

OneConnect is committed to building a world-leading, strategically-empowering fintech service cloud platform. OneConnect has developed diverse business lines such as Smart Banking Cloud, Smart Insurance Cloud, Smart Investment Cloud and C+ Cloud Platform. Smart Banking Cloud provides an end-to-end SaaS cloud service platform for banks to improve their customer development, risk management and customer experience. Smart Insurance Cloud provides AI-based "Smart Certification" and "Smart Quick Claim" solutions for insurance companies to pursue innovations. Smart Investment Cloud provides a blockchain-based smart investment service platform to help financial institutions increase efficiency and income and reduce risks and costs. C+ Cloud Platform provides modular, one-stop fintech product cloud services for financial institutions to improve their operations and technological capabilities. As of September 30, 2018, OneConnect had provided fintech services for 483 banks, 42 insurers and nearly 2,500 non-bank financial institutions. In the first three quarters of 2018, the risk management products were used 882 million times.

Ping An Healthcare Technology is committed to becoming China’s leading tech-powered managed care service platform. With cutting-edge technologies including AI, cloud computing and blockchain and extensive experience in social health insurance (SHI), Ping An Healthcare Technology provides domestic SHI fund managers with comprehensive “Smart Social Health Insurance” solutions. Application scenarios include data governance, smart SHI management, smart risk management, scientific decision-making, and precise services. Ping An Healthcare Technology has developed nearly 20 mature, reliable risk management models. In addition, Ping An Healthcare Technology has developed a precise, comprehensive knowledge graph, a data lake and five knowledge bases of “medicines, diseases, prescriptions, health factors and doctor profiles”, and provides users with professional, customized, dynamic, integrated smart healthcare services. The services of Ping An Healthcare Technology have covered over 200 cities across China.

Autohome, a leading internet-based auto service platform in China, has forged a smart auto ecosystem under the strategy of “auto contents, auto trading, auto finance, auto lifestyle + data technologies”. 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.

3.9 Technology-powered Business Transformation

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

Ping An has always furthered “finance + technology” and pursued “finance + ecosystem”, driving business development with technologies. Ping An has invested heavily in technologies including intelligent cognition, AI, blockchain, and cloud computing. Ping An embraces new technologies by developing core technologies and securing proprietary intellectual property rights. As of September 30, 2018, Ping An had filed 8,534 technology patent applications, up by 5,504 from the beginning of the year. The total technology patent applications include 2,147 under the Patent Cooperation Treaty (PCT), more than most other domestic companies.

In the area of intelligent cognition, Ping An continued to develop world-leading biometrics including face recognition and voiceprint recognition, which have been applied to scenarios including financial services, security, education, and public administration. In the area of AI, Ping An applied AI to major scenarios on the basis of ecosystems, achieving significant results in areas including medical imaging, disease prediction, image-based loss assessment, and smart claim investigation. In the area of blockchain, Ping An Blockchain offers a secure, efficient, retraceable way of recording transactions, and won the 2018 Real Results Awards from International Data Corporation (IDC), a renowned market research company. Ping An has launched the world’s first government-backed, blockchain-based trade finance platform in cooperation with Hong Kong Monetary Authority. In the area of cloud computing, Ping An Cloud hosts the trillion-yuan core business of Ping An and offers efficient, stable, secure cloud services to external users in extensive areas including government, insurance, banking and healthcare.

3.10 Prospects of Future Development

China's economy is generally stable in 2018. However, given the increasingly complex international environment and domestic structural problems, China will further the supply-side structural reform and stabilize employment, finance, foreign trade, foreign investment, investment and expectations. Adhering to the policies of the Communist Party of China and the state, Ping An will enhance its capability of serving the real economy while preventing and mitigating financial risks, and help poverty-stricken areas to fight poverty through the Three-Village Project. Amid challenges and opportunities, Ping An will remain true to its original aspiration, strengthen business, seek innovations, create value for customers and shareholders, and contribute to economic and social development.

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 improvement of 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 at the end of the Reporting Period, four phases of the Plan had been implemented:

(1) Implementation in 2015

The participants were 839 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 Co., Ltd. (changed to China Merchants Securities Asset Management Co., Ltd. on September 9, 2015 due to establishment of the subsidiary) from March 20, 2015 to March 26, 2015 in the secondary market; 4,050,253 A shares of the Company in total were purchased for a total price of RMB312,047,645 (expenses inclusive), accounting for 0.044% 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 2015 Key Employee Share Purchase Plan published by the Company on the websites of the HKEX and the SSE on March 27, 2015 and March 30, 2015 respectively.

As the Company's profit distribution for 2014 included the conversion of capital reserve into share capital in a proportion of 10 shares for every 10 shares held, the total number of shares held under the Plan for this phase had changed to 8,100,506 shares.

During the Reporting Period, one third of the shares under the Plan for this phase were unlocked and vested in batches to 639 employees. As to the remaining 62 employees who did not qualify for the vesting, 135,515 shares were forfeited. All shares under the Plan for this phase had been unlocked and vested as of the end of the Reporting Period.

(2) Implementation in 2016

The participants were 773 key employees of the Company and its subsidiaries including, among others, 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 are 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, one third of the shares under the Plan for this phase were unlocked and vested in batches to 680 employees. As to the remaining 41 employees who did not qualify for the vesting, 210,765 shares were forfeited.

(3) Implementation in 2017

The participants were 1,157 key employees of the Company and its subsidiaries including, among others, the directors, employee representative supervisors, and senior management. The sources of funding were legitimate income 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 are 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, one third of the shares under the Plan for this phase were unlocked and vested in batches to 1,104 employees. As to the remaining 53 employees who did not qualify for the vesting, 428,798 shares were forfeited.

(4) Implementation in 2018

The participants were 1,296 key employees of the Company and its subsidiaries including, among others, the directors, employee representative supervisors, and senior management. The sources of funding were legitimate income 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 change in equity as a result of disposal by holders of the Plan.

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

Implementation of Cash Dividend Policy during the Reporting Period

The 2017 profit distribution plan of the Company was deliberated and approved at the 2017 Annual General Meeting held on May 23, 2018, according to which the Company paid in cash the 2017 final dividend of RMB1.00 (tax inclusive) per share, in a total amount of RMB18,280,241,410.00, based on its total share capital of 18,280,241,410 shares. The remaining undistributed profit was carried forward to 2018. As at the date of the report, the implementation of the distribution plan has been completed.

The 30th Anniversary Special Dividend plan of the Company was deliberated and approved at the 2017 Annual General Meeting held on May 23, 2018, according to which the Company paid in cash the 30th Anniversary Special Dividend of RMB0.20 (tax inclusive) per share, in a total amount of RMB3,656,048,282.00, based on its total share capital of 18,280,241,410 shares. As at the date of the report, the implementation of the distribution plan has been completed.

The 2018 interim profit distribution plan of the Company was deliberated and approved at the Second Meeting of the 11th Board of Directors of the Company held on August 21, 2018, according to which the Company paid in cash the 2018 interim dividend of RMB0.62 (tax inclusive) per share, in a total amount of RMB11,333,749,674.20, based on its total share capital of 18,280,241,410 shares. As at the date of the report, the implementation of the distribution plan has been completed.

5. UNDERTAKINGS

Undertakings in Respect of the Major Asset Restructuring with Shenzhen Development Bank¹

- (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 the connected transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into transactions with Shenzhen Development Bank following the principle of “openness, fairness and justness” at fair and reasonable 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 let 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 the independence of 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 at September 30, 2018, the above undertakings were still being performed and there was no breach of the above undertakings.

¹ Shenzhen Development Bank refers to the original Shenzhen Development Bank Co., Ltd., an associate of the Company from May 2010, which became a subsidiary of the Company in July 2011 and was renamed Ping An Bank Co., Ltd. on July 27, 2012.

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 purposes 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 and real estate for self-use purpose.

As at September 30, 2018, the above undertaking was still in the process of performance and there was no breach of the above undertaking.

Undertaking in Respect of the Subscription for 210,206,652 New Shares of Ping An Bank through Non-public Issuance

In relation to the subscription for 210,206,652 new shares of Ping An Bank through non-public issuance, the Company undertakes that it shall not transfer the shares within 36 months since the date of listing of the new shares (i.e. May 21, 2015). Such shares shall not be disposed of or transferred among its non-connected or connected parties during the lock-up period. In addition, no arrangement of any other disposal of interests shall be entered into with respect to such shares during the lock-up period.

As at September 30, 2018, the above undertaking had been fulfilled.

6. GUARANTEE

(in RMB million)

External guarantee of the Company and its subsidiaries (excluding the guarantee in favor of its subsidiaries)	
Total external guarantee incurred during the Reporting Period	–
Total external guarantee balance as at the end of the Reporting Period	–
Guarantee of the Company and its subsidiaries in favor of its subsidiaries	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period ⁽²⁾	9,002
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	41,229
Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee	41,229
Total guarantee as a percentage of the Company’s net assets (%)	7.8
Including: Direct or indirect guarantee for the companies with a debt to total assets ratio over 70% (as at September 30, 2018)	38,617
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 do not include those arising from financial guarantee business 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, total guarantee was the net amount of RMB20,130 million guarantee incurred less RMB11,128 million guarantee reduced.

7. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS

The Group adopted the “International Financial Reporting Standards 9 – Financial Instruments” (the “new accounting standards”) on January 1, 2018. According to the transition requirements of IFRS 9, the Company does not need to restate comparable data for previous periods; the adjustments for differences between IFRS 9 and the old accounting standards on the first day should be transferred to opening retained profits or reserves. Impacts of the new accounting standards on the Group’s financial reports as of January 1, 2018 were disclosed in Note 3 “Significant Accounting Policies” to the Interim Condensed Consolidated Financial Information in 2018 Interim Report.

7.1 Consolidated Income Statement

For the nine months ended September 30, 2018

(in RMB million)	For the three months ended September 30		For the nine months ended September 30	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Gross written premiums	153,641	130,382	561,835	471,772
Less: Premiums ceded to reinsurers	(4,236)	(4,098)	(14,727)	(13,540)
Net written premiums	149,405	126,284	547,108	458,232
Change in unearned premium reserves	(5,426)	(3,019)	(16,843)	(13,796)
Net earned premiums	143,979	123,265	530,265	444,436
Reinsurance commission revenue	1,662	1,577	5,472	5,286
Interest revenue from banking operations	39,276	36,970	120,700	108,444
Fees and commission revenue from non-insurance operations	9,333	11,188	34,183	32,855
Investment income	32,370	34,713	91,413	98,452
Share of profits and losses of associates and jointly controlled entities	2,904	1,141	11,702	2,470
Other revenues and other gains	12,646	11,985	35,850	32,039
Total revenue	242,170	220,839	829,585	723,982
Gross claims and policyholders' benefits	(84,620)	(88,649)	(362,988)	(335,059)
Less: Reinsurers' share and policyholders' benefits	2,577	2,832	7,017	7,739
Claims and policyholders' benefits	(82,043)	(85,817)	(355,971)	(327,320)
Commission expenses on insurance operations	(32,608)	(26,765)	(102,931)	(84,567)
Interest expenses on banking operations	(22,084)	(18,806)	(66,282)	(52,263)
Fees and commission expenses on non-insurance operations	(2,334)	(1,733)	(5,971)	(4,468)
Net impairment losses on financial assets	(12,885)	–	(35,809)	–
Loan impairment loss, net	–	(8,740)	–	(31,588)
Other impairment losses on other assets	(263)	–	(872)	–
Foreign exchange (losses)/gains	(366)	211	(1,135)	(45)
General and administrative expenses	(40,249)	(35,353)	(106,373)	(100,293)
Finance costs	(4,306)	(3,142)	(11,416)	(8,340)
Other expenses	(9,384)	(5,684)	(20,414)	(14,540)
Total expenses	(206,522)	(185,829)	(707,174)	(623,424)

(in RMB million)	For the three months ended September 30		For the nine months ended September 30	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Profit before tax	35,648	35,010	122,411	100,558
Income tax	(10,929)	(8,884)	(32,922)	(25,339)
Profit for the period	<u>24,719</u>	<u>26,126</u>	<u>89,489</u>	<u>75,219</u>
Attributable to:				
– Owners of the parent	21,302	22,891	79,397	66,318
– Non-controlling interests	3,417	3,235	10,092	8,901
	<u>24,719</u>	<u>26,126</u>	<u>89,489</u>	<u>75,219</u>
	RMB	RMB	RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent				
– Basic	1.19	1.29	4.45	3.72
– Diluted	1.19	1.28	4.44	3.71

7.2 Consolidated Statement of Comprehensive Income

For the nine months ended September 30, 2018

(in RMB million)	For the three months ended September 30		For the nine months ended September 30	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Profit for the period	24,719	26,126	89,489	75,219
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	(592)	–	5,284	–
Credit risks provision of debt instruments at fair value through other comprehensive income	302	–	295	–
Available-for-sale financial assets	–	13,040	–	33,129
Shadow accounting adjustments	79	(2,543)	(2,627)	(6,610)
Exchange differences on translation of foreign operations	1,039	318	1,442	(285)
Share of other comprehensive income of associates and jointly controlled entities	(7)	102	(4)	12
Income tax relating to components of other comprehensive income	51	(2,998)	(740)	(8,400)
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	1,898	–	(9,618)	–
Shadow accounting adjustments	154	–	5,841	–
Income tax relating to components of other comprehensive income	(1,451)	–	1,730	–
Other comprehensive income for the period, net of tax	1,473	7,919	1,603	17,846
Total comprehensive income for the period	26,192	34,045	91,092	93,065
Attributable to:				
– Owners of the parent	22,748	30,546	80,622	83,699
– Non-controlling interests	3,444	3,499	10,470	9,366
	26,192	34,045	91,092	93,065

7.3 Consolidated Statement of Financial Position

As at September 30, 2018

(in RMB million)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS		
Cash and amounts due from banks and other financial institutions	465,733	483,891
Balances with the Central Bank and statutory deposits	295,381	318,236
Financial assets at fair value through profit or loss	767,422	–
Debt financial assets at fair value through other comprehensive income	243,493	–
Equity financial assets at fair value through other comprehensive income	218,925	–
Amortized cost investments	1,997,347	–
Fixed maturity investments	–	2,376,638
Equity investments	–	630,676
Derivative financial assets	26,309	16,192
Loans and advances to customers	1,843,233	1,660,864
Premiums receivables	63,880	45,694
Accounts receivable	45,256	71,923
Reinsurers' share of insurance liabilities	16,658	15,633
Finance lease receivables	160,569	112,028
Policy loans	103,747	83,203
Financial assets held under resold agreements	56,339	99,296
Policyholder account assets in respect of insurance contracts	35,025	38,775
Policyholder account assets in respect of investment contracts	4,129	4,109
Investments in associates and jointly controlled entities	144,325	86,207
Investment properties	39,145	40,108
Property and equipment	47,292	47,067
Intangible assets	57,744	60,981
Deferred tax assets	46,752	40,141
Other assets	232,231	261,413
Total assets	6,910,935	6,493,075

(in RMB million)	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	18,280	18,280
Reserves	192,865	217,881
Retained profits	316,842	237,190
	<hr/>	<hr/>
Equity attributable to owners of the parent	527,987	473,351
Non-controlling interests	122,449	114,566
	<hr/>	<hr/>
Total equity	650,436	587,917
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Due to banks and other financial institutions	794,313	780,530
Financial liabilities at fair value through profit or loss	15,993	14,060
Assets sold under agreements to repurchase	101,261	133,981
Derivative financial liabilities	21,521	17,950
Customer deposits and payables to brokerage customers	2,108,353	1,952,695
Accounts payable	4,930	5,468
Income tax payable	23,641	28,775
Insurance payables	91,928	114,108
Insurance contract liabilities	2,176,476	1,932,969
Investment contract liabilities for policyholders	52,343	50,309
Policyholder dividend payable	51,192	45,622
Bonds payable	476,630	451,283
Deferred tax liabilities	22,191	25,891
Other liabilities	319,727	351,517
	<hr/>	<hr/>
Total liabilities	6,260,499	5,905,158
	<hr/>	<hr/>
Total equity and liabilities	6,910,935	6,493,075
	<hr/> <hr/>	<hr/> <hr/>

7.4 Consolidated Statement of Cash Flows

For the nine months ended September 30, 2018

For the nine months ended September 30 (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Net cash flows from operating activities	177,595	7,821
Cash flows from investing activities		
Purchases of investment properties, property and equipment, and intangible assets	(5,074)	(11,747)
Proceeds from disposal of investment properties, property and equipment, and intangible assets	954	554
Proceeds from disposal of investments	1,096,063	1,428,582
Purchases of investments	(1,295,947)	(1,849,994)
Term deposits withdrawal, net	2,537	34,589
Acquisition of non-controlling interests in subsidiaries	(5)	(1,528)
Acquisition and disposal of subsidiaries, net	(1,361)	(145)
Interest received	95,902	98,424
Dividends received	14,967	32,166
Rentals received	3,285	1,620
Others	(20,831)	(13,063)
Net cash flows used in investing activities	(109,510)	(280,542)
Cash flows from financing activities		
Capital injected into subsidiaries by non-controlling interests	1,002	701
Proceeds from bonds issued	653,222	761,559
(Decrease)/Increase in assets sold under agreements to repurchase of non-banking and non-securities operations, net	(35,717)	31,660
Proceeds from borrowed funds	162,592	262,479
Repayment of borrowed funds	(819,466)	(875,517)
Interest paid	(18,039)	(11,531)
Dividends paid	(34,335)	(20,889)
Others	(1,855)	2,679
Net cash flows (used)/from financing activities	(92,596)	151,141
Net decrease in cash and cash equivalents	(24,511)	(121,580)
Net foreign exchange differences	2,400	(2,941)
Cash and cash equivalents at beginning of the period	308,664	367,552
Cash and cash equivalents at end of the period	286,553	243,031

8. RELEASE OF RESULTS ANNOUNCEMENT

This results announcement is simultaneously available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.pingan.cn). This results announcement is prepared in accordance with IFRS. The full report of the third quarter results for 2018 prepared in accordance with the Accounting Standards for Business Enterprise issued by the Ministry of Finance of the PRC and the other relevant regulations will be published on the Company's website (www.pingan.cn) at the same time as it is published on the website of the SSE (www.sse.com.cn).

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

Shenzhen, PRC, October 29, 2018

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Ren Huichuan, Yao Jason Bo, Lee Yuansiong 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.