Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

A further 80,000,000 European Style Cash Settled Long Certificates relating to

the ordinary H shares of Ping An Insurance (Group) Company of China, Ltd.

with a Daily Leverage of 5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$0.80 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by SG Issuer (the "**Issuer**") unconditionally and irrevocably guaranteed by Société Générale (the "**Guarantor**"), and is supplemental to and should be read in conjunction with a base listing document dated 18 June 2021 including such further base listing documents as may be issued from time to time (the "**Base Listing Document**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

The Certificates shall be consolidated and form a single series with an existing issue of 10,000,000 European Style Cash Settled Long Certificates relating to the ordinary H shares of Ping An Insurance (Group) Company of China, Ltd. (PingAn 5xLongSG230705 (DQPW)) issued by the Issuer and listed on the SGX-ST, in which dealings commenced on 7 July 2021 and details of which are contained in the Supplemental Listing Document dated 6 July 2021.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see “Placing and Sale” contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors’ investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 18 June 2021 (the “**Guarantee**”) and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 27 April 2022.

As of the date hereof, the Guarantor’s long term credit rating by S&P Global Ratings is A, and by Moody’s Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

26 April 2022

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following are risk factors relating to the Certificates:

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;

(c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;

(d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;

(e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;

(f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 32 to 36 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section of this document for more information;

(i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash

Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);

(l) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;

(m) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(n) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(o) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);

(p) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(q) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 52 to 53 of this document for more information;

(r) In the case of extreme market conditions or where the Air Bag Mechanisms are triggered simultaneously, trading in the Certificates may be suspended for an extended period, which may be up to an additional 15 minutes, to facilitate the intra-day adjustment under the Air Bag Mechanism;

(s) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 38 to 40 of this document for more information;

(t) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;

(u) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(v) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(w) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

(x) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

(y) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

– Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and

– The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

(z) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

(aa) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(bb) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(cc) the reform of HIBOR may adversely affect the value of the Certificates

The Hong Kong Inter-bank Offered Rate ("**HIBOR**") benchmark is referenced in the Leverage Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate;

(dd) the US Foreign Account Tax Compliance Act ("**FATCA**") withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor's broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the

Certificates. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(ee) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986." Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(ff) risk factors relating to the BRRD

French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") entered into force on 2 July 2014. The BRRD has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the "**BRR Act 2015**"). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("**SRM**") and a Single Resolution Fund (the "**SRM Regulation**") has established a centralised power of resolution entrusted to a Single Resolution Board (the "**SRB**") in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank ("**ECB**") has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism ("**SSM**"). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States' resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the "**SSM Regulation**") and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the "**Resolution Authority**") with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions while minimising the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses).

Under the SRM Regulation, a centralised power of resolution is established and entrusted to the SRB acting in cooperation with the national resolution authorities. In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions' resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the "**Bail-in Power**"). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The application of any measure under the BRRD and the SRM Regulation or any suggestion of such application with respect to the Issuer, the Guarantor or the Group could materially adversely affect the rights of Certificate Holders, the price or value of an investment in the Certificates and/or the ability of the Issuer or the Guarantor to satisfy its obligations under any Certificates, and as a result investors may lose their entire investment.

Moreover, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power, the exercise of write-down/conversion powers or any other resolution tools by the Resolution Authority independently of a resolution measure or in combination with a resolution measure when it determines that the Issuer, the Guarantor or the Group will no longer be viable could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such powers.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The current regime will evolve as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts have been published in the Official Journal of the EU 14 May

2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the "**BRRD II**"); and

- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity ("**TLAC**") of credit institutions and investment firms (the "**SRM II Regulation**" and, together with the BRRD II, the "**EU Banking Package Reforms**").

The EU Banking Package Reforms will introduce, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet ("**FSB TLAC Term Sheet**"), by adapting, among others, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC will be implemented in accordance with the FSB TLAC Term Sheet, which impose a level of "Minimum TLAC" that will be determined individually for each global systemically important bank ("**G-SIB**"), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets through January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator through January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

According to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**"), as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the "**CRR II**"), EU G-SIBs, such as Societe Generale, will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale will have to comply at the same time with TLAC and MREL requirements.

Consequently, criteria for MREL-eligible liabilities will be closely aligned with those laid down in the CRR, as amended by the CRR II for the TLAC-eligible liabilities, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet the MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance while only an additional return is linked to that derivative component and depends on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL will be set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance any may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The scope of liabilities used to meet the MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in the BRRD, as amended by the BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that the MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail- in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks).

If the SRB finds that there could exist any obstacles to resolvability by the Issuer or the Guarantor and/or the Group, a higher MREL requirement could be imposed. Any failure by the Issuer or the Guarantor, as applicable, and/or the Group to comply with its MREL may have a material adverse effect on the Issuer's business, financial conditions and results of operations.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	A further 80,000,000 European Style Cash Settled Long Certificates relating to the ordinary H shares of Ping An Insurance (Group) Company of China, Ltd. (the "**Underlying Stock**") The Certificates shall be consolidated and form a single series with an existing issue of 10,000,000 European Style Cash Settled Long Certificates relating to the ordinary H shares of Ping An Insurance (Group) Company of China, Ltd. issued by the Issuer and listed on the SGX-ST, in which dealings commenced on 7 July 2021.
ISIN:	LU2184323876
Company:	Ping An Insurance (Group) Company of China, Ltd. (RIC: 2318.HK)
Underlying Price[3] and Source:	HK$74.75 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.80
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	4.60%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publicly published interbank offered rate plus spread.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.

[3] These figures are calculated as at, and based on information available to the Issuer on 6 July 2021. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 6 July 2021.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Strategy.

Launch Date:	22 April 2022
Closing Date:	26 April 2022
Expected Listing Date:	27 April 2022
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 27 June 2023
Expiry Date:	5 July 2023 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	4 July 2023 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 43 to 58 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)),

where:

"**t**" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding 7 July 2021 to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Underlying Stock Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Strategy and the value of the Certificate on that fifth Underlying Stock Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

An "**Underlying Stock Business Day**" is a day on which The Stock Exchange of Hong Kong Limited (the "**HKEX**") is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 43 to 58 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the "Specific Definitions relating to the Leverage Strategy"

	section on pages 20 to 26 below.
Initial Exchange Rate[3]:	0.173
Final Exchange Rate:	The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.
Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 24 to 26 below and the "Description of Air Bag Mechanism" section on pages 49 to 51 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	Singapore Dollar ("**SGD**")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The SGX-ST

Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day and Exchange Business Day:	A "**Business Day**" is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore. An "**Exchange Business Day**" is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

$\mathbf{LSL_t}$ means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$$\mathrm{LSL_1} = 1000$$

On each subsequent Observation Date(t):

$$\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{t-1}} \times \left(1 + \mathrm{LR_{t-1,t}} - \mathrm{FC_{t-1,t}} - \mathrm{RC_{t-1,t}}\right), 0\right]$$

$\mathbf{LR_{t-1,t}}$ means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

$$\mathrm{LR_{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right)$$

$\mathbf{FC_{t-1,t}}$ means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :

$$\mathrm{FC_{t-1,t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{t-1}} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$$

$\mathbf{RC_{t-1,t}}$ means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows :

$$\mathrm{RC_{t-1,t}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right|\right) \times \mathrm{TC}$$

TC means the Transaction Costs applicable (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to:

0.13%

“Stamp Duty” refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.

Leverage 5

$\mathbf{S_t}$ means, in respect of each Observation Date(t), the Closing Price of the

Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.

$\mathbf{Rate_t}$	means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula: $\mathrm{Rate_t} = \mathrm{CashRate_t} + \%\mathrm{SpreadLevel_t}$
$\mathbf{Rfactor_t}$	means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula : $$Rfactor_t = 1 - \frac{Div_t}{\mathbf{S_{t-1}}}$$ where Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.
$\mathbf{CashRate_t}$	means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page.
$\%\mathbf{SpreadLevel_t}$	means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Provided that if such difference is negative, $\%\mathbf{SpreadLevel_t}$ should be 0%.
ACT(t-1,t)	ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).
DayCountBasisRate	365
Benchmark Fallback	upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Reference Rate Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Reference Rate Event means, in respect of the Reference Rate any of the following has occurred or will occur:

(i) a Reference Rate Cessation;

(ii) an Administrator/Benchmark Event; or

(iii) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of any market-wide development formally agreed upon by the International Swaps and Derivative Association (ISDA) or the Asia Securities Industry & Financial Markets Association (ASIFMA), pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in order to comply with the recommendations in the Financial Stability Board's paper titled "Reforming Major Interest Rate Benchmarks" dated 22 July 2014.

Reference Rate Cessation means, for a Reference Rate, the occurrence of one or more of the following events:

(i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate;

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or

(iii) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to measure and that representativeness will not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts;

Administrator/ Benchmark Event means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates.

Reference Rate(s) means the rate(s) used in the Leverage Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate.

Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")

Extraordinary Strategy Adjustment for Performance Reasons

If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date,** noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date ($\mathrm{LSL_{IRD}}$) should be computed as follows :

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}} \times \left(1 + \mathrm{ILR_{IR(n),IR(C)}} - \mathrm{IRC_{IR(n),IR(C)}}\right), 0\right]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}}, 0\right]$$

$\mathbf{ILSL_{IR(k)}}$

means, in respect of IR(k), the Intraday Leverage Strategy Level in accordance with the following provisions :

(1) for k = 1 :

$$\mathrm{ILSL_{IR(1)}} = \mathrm{Max}\left[\mathrm{LSL_{IRD-1}} \times \left(1 + \mathrm{ILR_{IR(0),IR(1)}} - \mathrm{FC_{IRD-1,IRD}} - \mathrm{IRC_{IR(0),IR(1)}}\right), 0\right]$$

(2) for k > 1 :

$$\mathrm{ILSL_{IR(k)}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(k-1)}} \times \left(1 + \mathrm{ILR_{IR(k-1),IR(k)}} - \mathrm{IRC_{IR(k-1),IR(k)}}\right), 0\right]$$

$\mathbf{ILR_{IR(k-1),IR(k)}}$

means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :

$$\mathrm{ILR_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times \left(\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right)$$

$\mathbf{IRC_{IR(k-1),IR(k)}}$

means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :

$$\mathrm{IRC_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right|\right) \times \mathrm{TC}$$

$\mathbf{IS_{IR(k)}}$

means the Underlying Stock Price in respect of IR(k) computed as follows :

(1) for k=0

$$\mathrm{IS_{IR(0)}} = \mathrm{S_{IRD-1}} \times \mathrm{Rfactor_{IRD}}$$

(2) for k=1 to n

means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to IR(C)

$IS_{IR(C)} = S_{IRD}$

In each case, subject to the adjustments and provisions of the Conditions.

IR(k) For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;

For k=1 to n, means the k[th] Intraday Restrike Event on the relevant Intraday Restrike Date.

IR(C) means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.

n means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.

Intraday Restrike Event means in respect of an Observation Date(t):

(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(0)}}$ as of such Calculation Time.

(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(k)}}$ as of such Calculation Time.

Calculation Time means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.

TimeReferenceOpening means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

TimeReferenceClosing means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

Intraday Restrike Event Observation Period means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

Intraday Restrike Event Time means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 18 June 2021, made by SG Issuer (the "**Issuer**") and Société Générale (the "**Guarantor**"); and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the "**Certificate Holders**") are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

(b) *Status and Guarantee*. The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a "**Guarantee Obligation**").

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the "**Code**").

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

(i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the "**Law**") on 11 December 2016;

(ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;

(iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and

(iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

(c) Transfer. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

(e) *Bail-In*. By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer's liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

(C) the cancellation of the Certificates; and/or

(D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the "**Statutory Bail-In**");

(ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the "**M&F Code**"):

(A) ranking:

(1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;

(2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and

(3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

(B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and

(C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself, and as if any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the

Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

"**Amounts Due**" means any amounts due by the Issuer under the Certificates.

"**Bail-In Power**" means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled and/or converted into shares or other securities or obligations of the obligor or any other person.

"**MREL**" means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

"**Relevant Resolution Authority**" means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

2. Certificate Rights and Exercise Expenses

(a) *Certificate Rights*. Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

(i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the

Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day on which the

SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

(a) *Potential Adjustment Event*. Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a

Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions*. "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(f) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

(a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

(a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

(a) Delisting. If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) Issuer's Determination. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

(a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer, Société Générale and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"**Change in law**" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

(b) *Early Termination for Holding Limit Event*. The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

"**Holding Limit Event**" means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

(c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.

(d) *Termination*. If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Substitution of the Issuer

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the "**Substituted Obligor**"), it shall give at least 90 days' notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

15. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

16. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

17. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	Ping An Insurance (Group) Company of China, Ltd.
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	A further 80,000,000 Certificates The Certificates shall be consolidated and form a single series with an existing issue of 10,000,000 European Style Cash Settled Long Certificates relating to the ordinary H shares of Ping An Insurance (Group) Company of China, Ltd. issued by the Issuer and listed on the SGX-ST, in which dealings commenced on 7 July 2021.
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 18 June 2021 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates
Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 27 April 2022.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) <u>For Certificate Holders who trade the Certificates intraday</u>: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) <u>For Certificate Holders who hold the Certificates overnight</u>: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment** 1 – Management Fee x ACT (t-1;t) / 360 x **Daily Gap Premium Adjustment** 1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

		t[7]=0		t=1		t=2		t=i
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance[8] x Daily Fees	x	Leverage Strategy daily performance x Daily Fees	x …	Leverage Strategy Daily performance x Daily Fees

		t=0		**Product of the daily Leverage Strategy Performance**		**Product of the Daily Fees (Hedging Fee Factor)**
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance x Leverage Strategy daily performance	x	Daily Fees x Daily Fees

		t=0				
Final Value of Certificates	=	Notional Amount	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

[7] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary H shares of Ping An Insurance (Group) Company of China, Ltd.
Expected Listing Date:	**03/07/2018**
Expiry Date:	**18/07/2018**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.80 SGD**
Notional Amount per Certificate:	**0.80 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**4.60%**
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1;t)}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 4.60\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9872\% \approx 99.9861\%$$

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

$$\text{HFF (2)} = \text{HFF (1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t} - 1;\text{t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t} - 1;\text{t)}}{360}\right)$$

$$\text{HFF (2)} = 99.9861\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 4.60\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9861\% \times 99.9967\% \times 99.9617\% \approx 99.9445\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\text{HFF (n)} = \text{HFF (n} - 1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t} - 1;\text{t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t} - 1;\text{t)}}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7919% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9861%
5/7/2018	99.9722%
6/7/2018	99.9583%
9/7/2018	99.9167%
10/7/2018	99.9028%
11/7/2018	99.8889%
12/7/2018	99.8751%
13/7/2018	99.8612%
16/7/2018	99.8196%
17/7/2018	99.8057%
18/7/2018	99.7919%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor
= [(1200 x 1) / (1000 x 1) – 0] x 99.7919%

= 119.75%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate
= 119.75% x 0.80 SGD

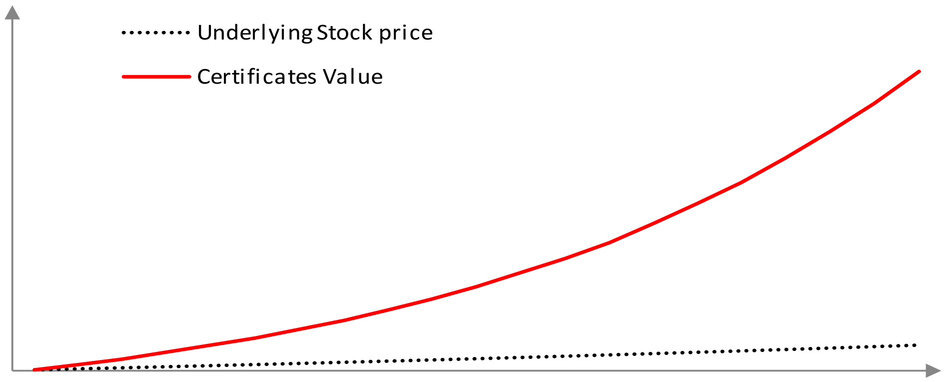
= 0.958 SGD

Illustration on how returns and losses can occur under different scenarios

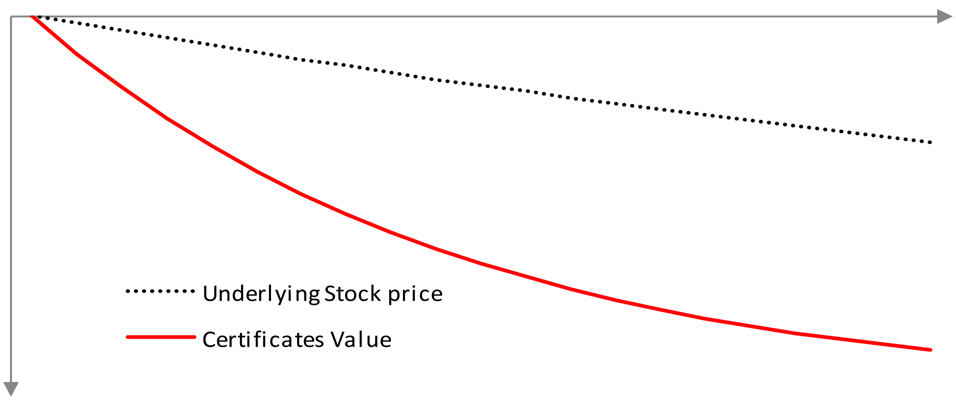
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples

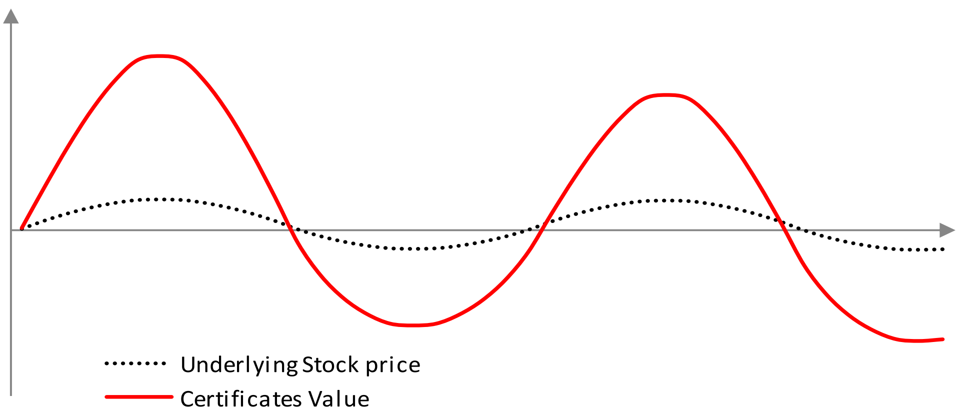
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.8	0.88	0.97	1.06	1.17	1.29
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.8	0.72	0.65	0.58	0.52	0.47
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	0.8	0.88	0.79	0.87	0.78	0.86
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period : during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its minimum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy, 30 minutes after the Air Bag trigger.

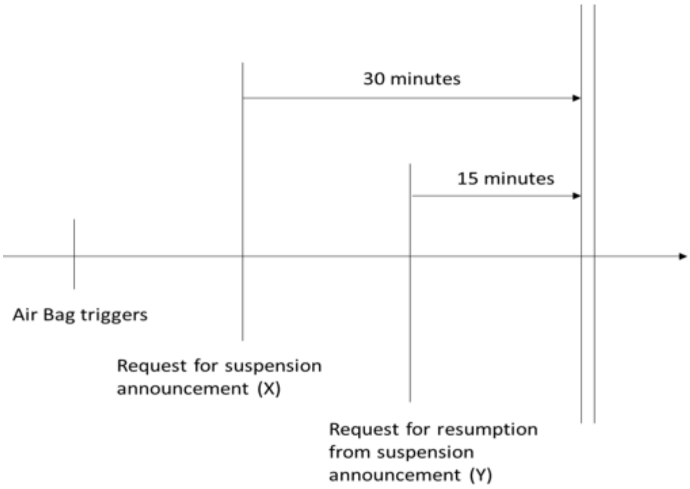
Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered and does not take into account the mid-day break. Investors cannot sell or purchase any Certificates during this period.

Air Bag Mechanism timeline

<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="2">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>
<tr><td>Less than 45 minutes before Market Close and more than 15 minutes before Market Close</td><td rowspan="2">Next trading day at Market Open</td></tr>
<tr><td>15 minutes or less than 15 minutes before Market Close</td><td>From Air Bag Trigger to Market Close</td></tr>
</table>

With **Market Close** defined as:

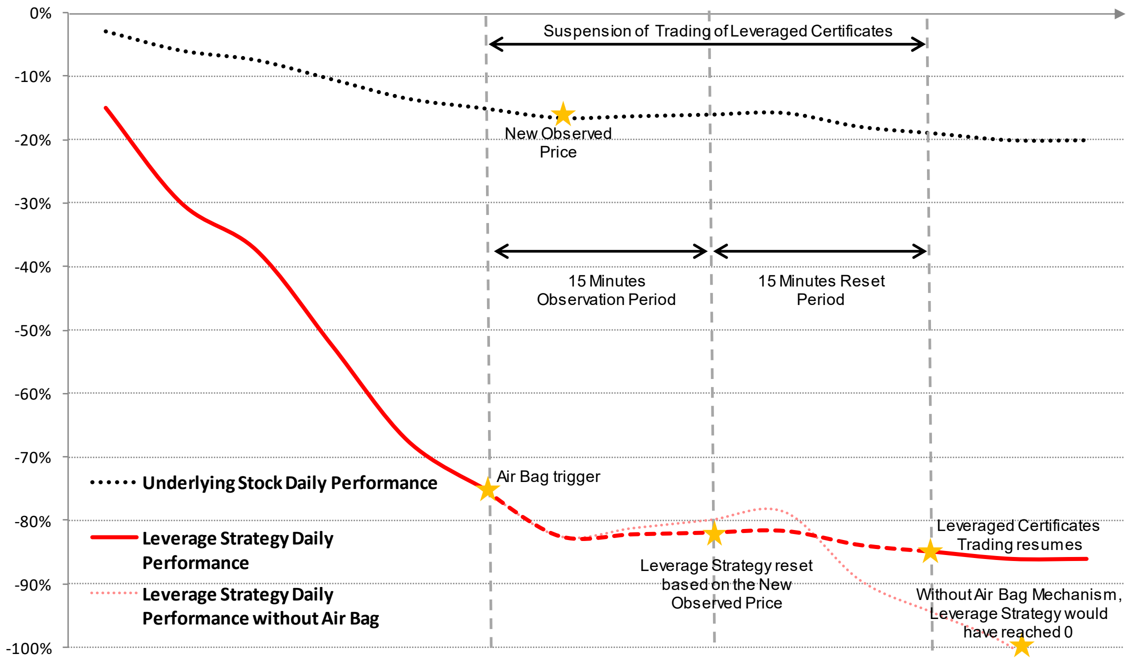
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading



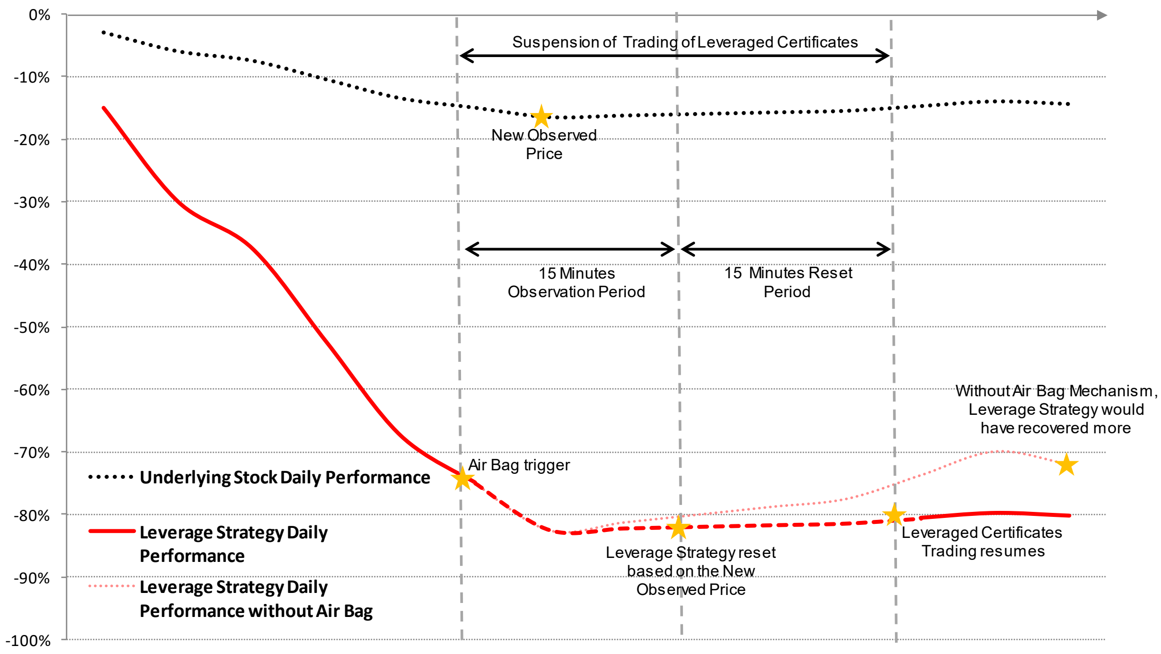
- The later between X+30 minutes or Y+15 minutes will be the earliest time the Certificates can be resumed, the next quarter-of-an-hour of which will be the scheduled resumption time of the Certificates
- If the scheduled resumption time of the Certificates is at or later than the scheduled closing time of the underlying asset, the Certificates will resume at 9 a.m. on the next SGX-ST trading day

Illustrative examples of the Air Bag Mechanism[9]

Scenario 1 – Downward Trend after Air Bag trigger



Scenario 2 – Upward Trend after Air Bag trigger



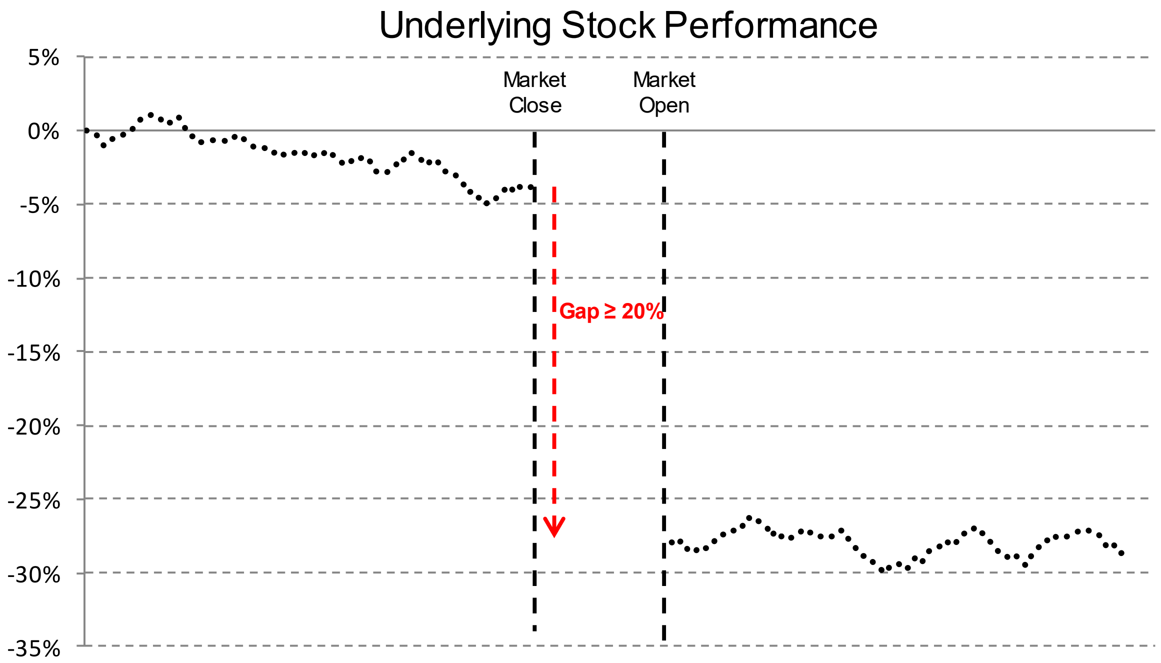
[9] The illustrative examples are not exhaustive.

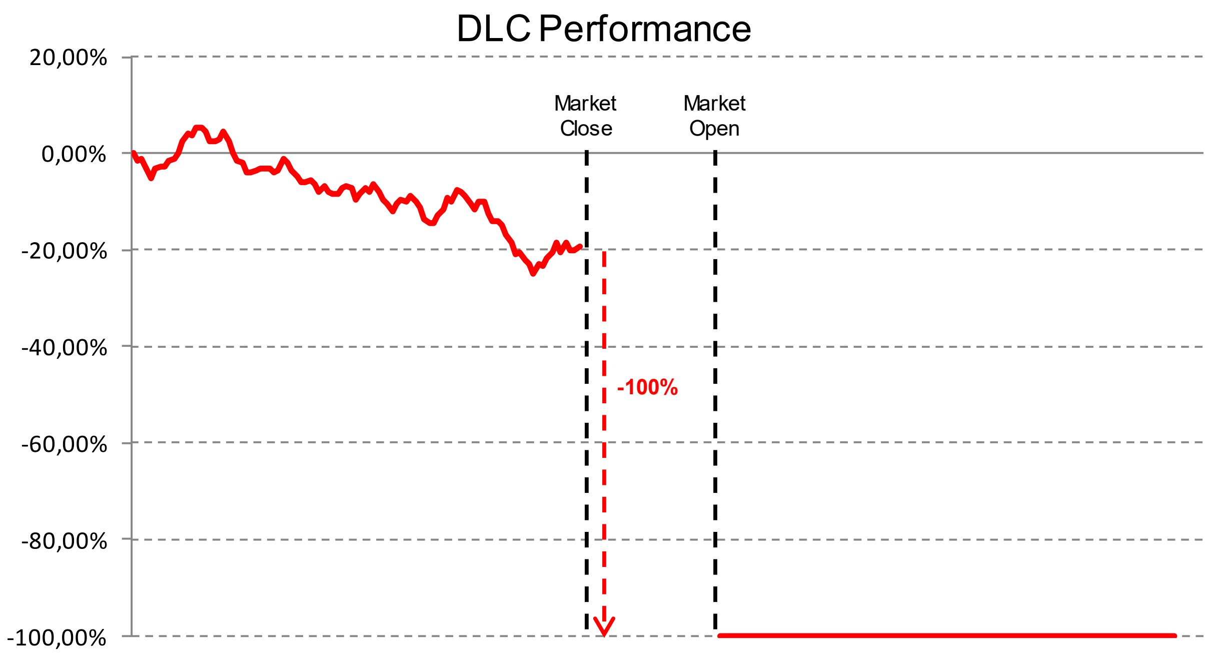
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

<u>*Scenario 1 – Overnight fall of the Underlying Stock*</u>

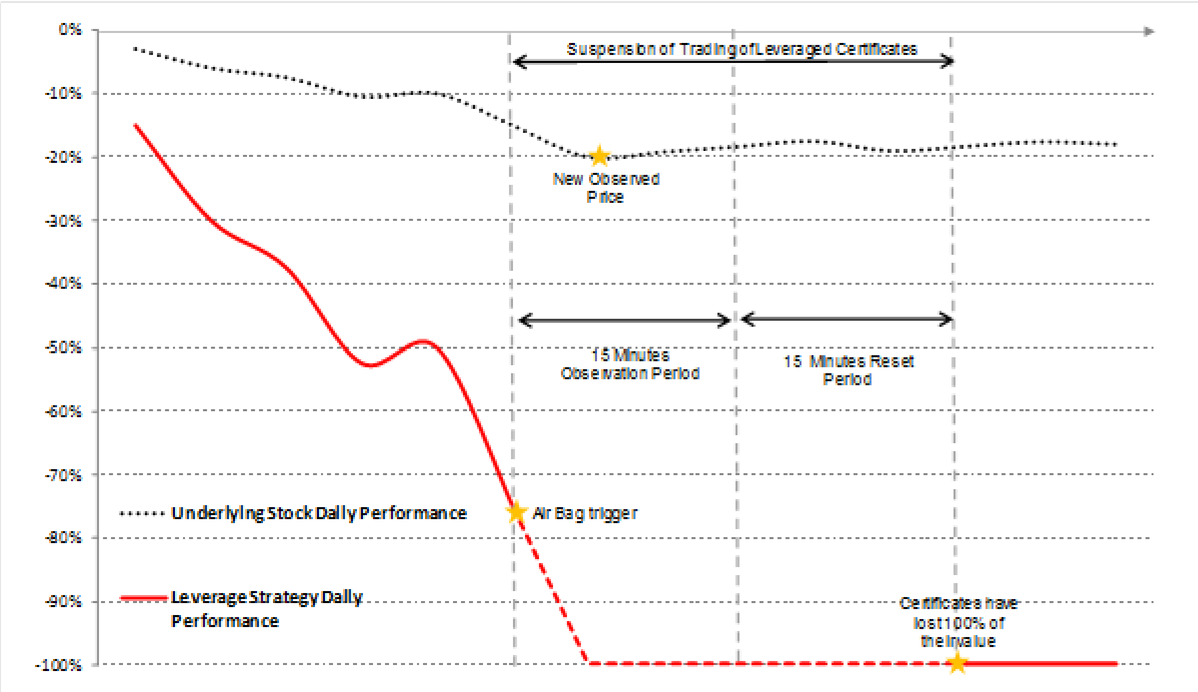
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.





Scenario 2 – Sharp intraday fall of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{\mathrm{S}_{t-1}}\right] \times \frac{1}{1 + M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$\mathrm{DivExc_t}$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$\mathrm{S_{t-1}}$ = \$100

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0)}{100}\right] \times \frac{1}{1+1} = 50\%$$

As a consequence:

$$\mathrm{LR_{t-1,t}} = \text{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{51}{100 \times 50\%} - 1\right) = 10\%$$

$\mathrm{S_{t-1}}$	$\mathrm{S_{t-1}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	0.88	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $42.5, which is 15% below $50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$\mathrm{S_{t-1}}$ = $100

$\mathrm{S_t}$ = $202

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0)}{100}\right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$\mathrm{LR_{t-1,t}} = \text{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{202}{100 \times 200\%} - 1\right) = 5\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	0.84	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $170, which is 15% below $200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of $40.

S_{t-1} = $100

S_t = $84

$Div_t = \$0$

$DivExc_t = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100}\right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	1.00	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

S_{t-1} = \$100

S_t = \$85

$Div_t = \$0$

$DivExc_t = \$0$

R = \$0

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100}\right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = 10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	0.88	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

S_{t-1} = \$100

S_t = \$84

$Div_t = \$0$

$DivExc_t = \$20$

R = \$0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1+0} = 80\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	1.00	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the "**HKExCL**") at http://www.hkex.com.hk and/or the Company's web-site at http://www.pingan.com.The Issuer has not independently verified any of such information.*

Ping An Insurance (Group) Company of China, Ltd. ("**Ping An**", the "**Company**" or the "**Group**") is a world-leading technology-powered retail financial services group. Finance and technology are the core businesses. While ensuring steady growth in the main financial businesses, the Company is increasing investment in technology to empower the main financial businesses with world-leading financial technology (fintech) and health technology (healthtech) capabilities. Ping An also uses its innovative technologies to support ecosystems: financial services, health care, auto services, and smart city services.

The Company has grown from Ping An Insurance Company, which was established in Shekou, Shenzhen, in 1988, to Ping An Insurance (Group) Company of China, Ltd., a world-leading, technology-powered retail financial services group. Ping An will use the financial strength and technological expertise to serve customers, reward shareholders and support society. The Company is committed to maintaining sound asset management and prudent investment strategies. Ping An will transform financial businesses by promoting smart business management, data-driven operations, robust channel development and personalized customer services.

The information set out in Appendix I of this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2021 and has been extracted and reproduced from an announcement by the Company released on 25 March 2022 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	(i) when the best bid price of the Certificate is S$10 and below: 10 ticks or S$0.20 whichever is greater; and (ii) when the best bid price of the Certificate is above S$10: 5% of the best bid price of the Certificate.
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;

(iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;

(v) where the Certificates are suspended from trading for any reason;

(vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;

(vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

(x) if the stock market experiences exceptional price movement and volatility;

(xi) when it is a public holiday in Singapore and/or Hong Kong and/or the SGX-ST and/or the HKEX are not open for dealings; and

(xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix II of this document is a reproduction of the press release dated 10 February 2022 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 2021.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 105 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.

2. Settlement of trades done on a normal "ready basis" on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed "Summary of the Issue" above.

3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2020 or the Guarantor since 31 December 2021, in the context of the issuance of Certificates hereunder.

5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

   None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the report, included herein, in the form and context in which it is included. Their report was not prepared exclusively for incorporation into this document.

   The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

   (a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;

   (b) the latest financial reports (including the notes thereto) of the Issuer;

   (c) the latest financial reports (including the notes thereto) of the Guarantor;

   (d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;

   (e) the Base Listing Document;

   (f) this document; and

   (g) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("**SFO**")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or

  (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

  (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

(a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**") and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United

States.

As used in the preceding paragraphs, the term "**United States**" includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term "**U.S. person**" means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") or any rules thereunder of the CFTC (the "**CFTC Rules**"), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not "Non-United States persons", shall be considered a U.S. person).

APPENDIX I

REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 OF PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD. AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2021 and has been extracted and reproduced from an announcement by the Company released on 25 March 2022 in relation to the same.

Independent Auditor's Report

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

OPINION

We have audited the consolidated financial statements of Ping An Insurance (Group) Company of China, Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 184 to 338, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Classification of financial assets at amortized cost	
As at 31 December 2021, the Group's "financial assets at amortized cost" amounted to RMB2,768,995 million, representing 27% of total assets. We identified the classification of these debt instruments as a key audit matter as it requires complex management judgement in: – Business model assessment: determining the Group's business model for managing these debt instruments. – Solely payments of principal and interest ("SPPI") testing. Relevant disclosures are included in Note 2.(12), Note 3.(2) and Note 28 to the consolidated financial statements.	We reviewed the Group's accounting policies in relation to the classification of financial assets at amortized cost, and understood the Group's methodologies and processes of business model assessment and SPPI testing. We evaluated and tested the design and operating effectiveness of key controls over SPPI testing. We evaluated the appropriateness of business model assessment for managing these debt instruments, and tested the supporting evidence. We evaluated the design of SPPI testing logic and re-performed SPPI testing on a sampling basis by examining the contracts of these debt instruments.

Independent Auditor's Report

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of loans and advances to customers and financial assets at amortized cost	
As at 31 December 2021, the Group's "loans and advances to customers" and "financial assets at amortized cost" represented 29% and 27% of total assets and the amounts of expected credit loss provision for "loans and advances to customers" and "financial assets at amortized cost" were RMB90,202 million and RMB33,642 million, respectively. We identified the impairment assessment of "loans and advances to customers" and "financial assets at amortized cost" as a key audit matter, as it involves significant management judgements and assumptions. The Group uses a number of models and assumptions in the measurement of expected credit losses, for example: – Significant increase in credit risk – The selection of criteria for identifying significant increase in credit risk is highly dependent on judgement and may have a significant impact on the expected credit losses for "loans and advances to customers" and "financial assets at amortized cost" with longer remaining periods to maturity. – Models and parameters – Inherently complex models are used to measure expected credit losses. Modelled parameters have numerous inputs and the parameter estimation involves many judgements and assumptions.	We evaluated and tested the design and operating effectiveness of key controls over the approval process, post approval credit management, credit rating system, collateral monitoring, deferred principal and interest payments as well as impairment assessment of "loans and advances to customers" and "financial assets at amortized cost", including relevant data quality and information systems. We adopted a risk-based sampling approach in our credit review procedures on "loans and advances to customers" and "financial assets at amortized cost". We assessed the debtors' repayment capacity and evaluated the Group's credit rating, taking into consideration post lending or investing investigation reports, debtors' financial information, collateral valuation reports and other available information. With the support of our internal experts, we evaluated and tested the important parameters of the expected credit loss model, management's significant judgements and related assumptions, mainly focusing on the following aspects. 1) Expected credit loss model: – In response to the macroeconomic changes, we assessed the reasonableness of the expected credit loss model methodology and related parameters, including probability of default, loss given default, exposure at default, and significant increase in credit risk. – Assessed the forward-looking information management used to determine expected credit losses, including the forecasts of macroeconomic variables and the assumptions and weightings of multiple macroeconomic scenarios. – Evaluated the models and the related assumptions used in individual impairment assessment and analysed the amount, timing and likelihood of management's estimated future cash flows, especially cash flows from collateral.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

Impairment assessment of loans and advances to customers and financial assets at amortized cost (continued)

- Forward-looking information – Expert judgement is used to create macroeconomic forecasts and to consider the impact on expected credit losses under multiple economic scenarios given different weights.

- Individual impairment assessment – Identifying credit impaired "loans and advances to customers" and "financial assets at amortized cost" requires consideration of a range of factors, and individual impairment assessments are dependent upon estimates of future cash flows.

Relevant disclosures are included in Note 2.(12), Note 3.(3), Note 26, Note 28 and Note 53.(3) to the consolidated financial statements.

How our audit addressed the key audit matter

2) Design and operating effectiveness of key controls:

- Evaluated and tested the data and processes used to determine expected credit losses, including business data, internal credit rating data, macroeconomic data, as well as impairment system computational logic, inputs and interfaces among relevant systems.

- Evaluated and tested key controls over expected credit loss models, including approval of model changes, ongoing monitoring of model performance, model validation and parameter calibration.

We evaluated and tested the design and operating effectiveness of internal controls related to disclosures of credit risk and impairment allowance.

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities	
As at 31 December 2021, the Group's significant life insurance contract liabilities (long-term life insurance policyholders' reserves) and non-life insurance contract liabilities (unearned premium reserves and claim reserves) amounted to RMB2,473,134 million, representing 27% of total liabilities. We identified the valuation of insurance contract liabilities as a key audit matter, as it requires significant estimates and judgements, and could be significantly impacted by the changes in actuarial assumptions. The valuation of insurance contract liabilities involves significant judgement over uncertain future cash flows. Complex actuarial models and actuarial assumptions with highly judgemental nature are used to support the valuation of insurance contract liabilities. Key assumptions include mortality, morbidity, lapse rates, discount rates, expenses and loss ratios, etc. Relevant disclosures are included in Note 2.(2), Note 2.(30), Note 3.(4), Note 48 and Note 53.(1) to the consolidated financial statements.	With the support of our internal experts, we performed the following audit procedures: – Evaluated and tested the design and operating effectiveness of key controls over the valuation of insurance contract liabilities. – Assessed key actuarial assumptions by comparing them to historical experience of the Group and industry data. – Assessed the appropriateness of the actuarial valuation methodologies adopted by the Group. Independently built models to perform recalculation on insurance contract liabilities of selected typical life insurance products; and performed independent recalculation on non-life insurance contract liabilities, and compared our results to the management record. – Tested the completeness and accuracy of the underlying data used in the valuation of insurance contract liabilities. – Evaluated the overall reasonableness of the insurance contract liabilities by performing movement analysis and assessing the impact of changes in assumptions.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit and Risk Management Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Management Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is *Benny Bing Yin Cheung.*

Ernst & Young
Certified Public Accountants

Hong Kong
17 March 2022

Consolidated Income Statement

For the year ended 31 December 2021

(in RMB million)	Notes	2021	2020
Gross written premiums	6	**760,843**	797,880
Less: Premiums ceded to reinsurers		**(30,208)**	(23,077)
Net written premiums	6	**730,635**	774,803
Change in unearned premium reserves		**9,298**	(17,204)
Net earned premiums		**739,933**	757,599
Reinsurance commission revenue		**5,908**	6,356
Interest revenue from banking operations	7	**213,439**	200,595
Interest revenue from non-banking operations	8	**125,474**	118,814
Fees and commission revenue from non-insurance operations	9	**51,524**	50,158
Investment income	10	**78,039**	106,232
Share of profits and losses of associates and joint ventures		**7,346**	16,845
Other revenues and other gains/(losses)	11	**66,012**	64,819
Total revenue		**1,287,675**	1,321,418
Gross claims and policyholders' benefits	12	**(638,866)**	(627,612)
Less: Reinsurers' share of claims and policyholders' benefits	12	**20,204**	12,861
Claims and policyholders' benefits		**(618,662)**	(614,751)
Commission expenses on insurance operations		**(80,711)**	(102,021)
Interest expenses on banking operations	7	**(92,071)**	(86,371)
Fees and commission expenses on non-insurance operations	9	**(9,940)**	(12,216)
Net impairment losses on financial assets	13	**(90,494)**	(77,042)
Net impairment losses on other assets	14	**(14,548)**	(2,416)
Foreign exchange gains/(losses)		**1,267**	2,219
General and administrative expenses		**(177,061)**	(181,166)
Interest expenses on non-banking operations		**(28,082)**	(26,436)
Other expenses		**(37,793)**	(33,454)
Total expenses		**(1,148,095)**	(1,133,654)
Profit before tax	15	**139,580**	187,764
Income tax	16	**(17,778)**	(28,405)
Profit for the year		**121,802**	159,359
Attributable to:			
– Owners of the parent		**101,618**	143,099
– Non-controlling interests		**20,184**	16,260
		121,802	159,359
Earnings per share attributable to ordinary equity holders of the parent:		**RMB**	RMB
– Basic	18	**5.77**	8.10
– Diluted	18	**5.72**	8.04

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

(in RMB million)	2021	2020
Profit for the year	**121,802**	159,359
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Changes in the fair value of debt instruments at fair value through other comprehensive income	**2,094**	(3,415)
Credit risks provision of debt instruments at fair value through other comprehensive income	**2,076**	225
Shadow accounting adjustments	**(1,432)**	501
Reserve from cash flow hedging instruments	**(341)**	164
Exchange differences on translation of foreign operations	**(1,275)**	(2,414)
Share of other comprehensive income of associates and joint ventures	**117**	(45)
Others	**(171)**	171
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	**(6,257)**	(45,729)
Shadow accounting adjustments	**4,256**	27,592
Share of other comprehensive income of associates and joint ventures	**(1,143)**	1,700
Other comprehensive income for the year, net of tax	**(2,076)**	(21,250)
Total comprehensive income for the year	**119,726**	138,109
Attributable to:		
– Owners of the parent	**99,281**	122,811
– Non-controlling interests	**20,445**	15,298
	119,726	138,109

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As at 31 December 2021

(in RMB million)	Notes	31 December 2021	31 December 2020
Assets			
Cash and amounts due from banks and other financial institutions	19	**584,995**	587,391
Balances with the Central Bank	20	**308,348**	280,177
Financial assets purchased under reverse repurchase agreements	21	**61,429**	122,765
Premium receivables	22	**79,834**	94,003
Accounts receivable		**26,628**	26,176
Derivative financial assets	23	**30,957**	37,661
Reinsurers' share of insurance liabilities	24	**26,852**	20,219
Policy loans		**178,298**	161,381
Finance lease receivable	25	**200,701**	202,050
Loans and advances to customers	26	**2,980,975**	2,599,510
Financial assets at fair value through profit or loss	27	**1,426,677**	1,231,331
Financial assets at amortized cost	28	**2,768,995**	2,624,848
Debt financial assets at fair value through other comprehensive income	29	**428,530**	511,386
Equity financial assets at fair value through other comprehensive income	30	**268,215**	277,401
Investments in associates and joint ventures	31	**284,061**	267,819
Statutory deposits for insurance operations	32	**12,606**	12,561
Investment properties	33	**86,041**	43,385
Property and equipment	34	**49,758**	46,286
Intangible assets	35	**68,462**	64,290
Right-of-use assets	36	**14,185**	16,172
Deferred tax assets	50	**65,360**	61,901
Other assets	37	**154,117**	186,098
Policyholder account assets in respect of insurance contracts	38	**31,847**	48,796
Policyholder account assets in respect of investment contracts	38	**4,155**	4,263
Total assets		**10,142,026**	9,527,870
Equity and liabilities			
Equity			
Share capital	39	**18,280**	18,280
Reserves	40	**234,186**	228,271
Treasury shares	43	**(9,895)**	(5,995)
Retained profits	40	**569,834**	522,004
Equity attributable to owners of the parent		**812,405**	762,560
Non-controlling interests	40	**265,318**	225,345
Total equity		**1,077,723**	987,905

(in RMB million)	Notes	31 December 2021	31 December 2020
Liabilities			
Due to banks and other financial institutions	44	**797,646**	960,175
Financial liabilities at fair value through profit or loss		**57,376**	37,217
Derivative financial liabilities	23	**35,049**	48,579
Assets sold under agreements to repurchase	45	**127,477**	276,602
Accounts payable		**6,663**	5,148
Income tax payable		**16,247**	17,283
Insurance payables		**150,767**	139,528
Policyholder dividend payable		**67,276**	63,806
Customer deposits and payables to brokerage customers	46	**3,002,049**	2,693,833
Bonds payable	47	**1,097,523**	901,285
Insurance contract liabilities	48	**3,261,354**	2,972,460
Investment contract liabilities for policyholders	49	**72,839**	67,581
Lease liabilities	36	**14,208**	15,620
Deferred tax liabilities	50	**13,605**	19,267
Other liabilities	51	**344,224**	321,581
Total liabilities		**9,064,303**	8,539,965
Total equity and liabilities		**10,142,026**	9,527,870

The financial statements on pages 184 to 338 were approved and authorized for issue by the Board of Directors on 17 March 2022 and were signed on its behalf.

MA Mingzhe	**XIE Yonglin**	**YAO Jason Bo**
Director	*Director*	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

(in RMB million)	For the year ended 31 December 2021											
		Reserves										
	Share capital	Share premium	Financial assets at FVOCI reserves	Shadow accounting adjustments	Others	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Treasury shares	Retained profits	Non-controlling interests	Total equity
As at 1 January	**18,280**	**111,598**	**(33,923)**	**23,147**	**26,858**	**12,164**	**88,789**	**(362)**	**(5,995)**	**522,004**	**225,345**	**987,905**
Profit for the year	-	-	-	-	-	-	-	-	-	**101,618**	**20,184**	**121,802**
Other comprehensive income for the year	-	-	**(2,490)**	**2,810**	**(1,446)**	-	-	**(1,211)**	-	-	**261**	**(2,076)**
Total comprehensive income for the year	-	-	**(2,490)**	**2,810**	**(1,446)**	-	-	**(1,211)**	-	**101,618**	**20,445**	**119,726**
Dividends declared (Note 17)	-	-	-	-	-	-	-	-	-	**(41,469)**	-	**(41,469)**
Appropriations to general reserves	-	-	-	-	-	-	**12,319**	-	-	**(12,319)**	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	**(5,452)**	**(5,452)**
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	**13,621**	**13,621**
Equity transactions with non - controlling interests	-	-	-	-	**(1,029)**	-	-	-	-	-	**3,085**	**2,056**
Contributions from non-controlling interests	-	-	-	-	**739**	-	-	-	-	-	**2,844**	**3,583**
Key Employee Share Purchase Plan (Note 41)	-	-	-	-	**(170)**	-	-	-	-	-	-	**(170)**
Long-term Service Plan (Note 42)	-	-	-	-	**(3,890)**	-	-	-	-	-	-	**(3,890)**
Acquisition of shares (Note 43)	-	-	-	-	-	-	-	-	**(3,900)**	-	-	**(3,900)**
Other equity instruments issued/redeemed by subsidiaries	-	-	-	-	-	-	-	-	-	-	**7,068**	**7,068**
Others	-	-	-	-	**283**	-	-	-	-	-	**(1,638)**	**(1,355)**
As at 31 December	**18,280**	**111,598**	**(36,413)**	**25,957**	**21,345**	**12,164**	**101,108**	**(1,573)**	**(9,895)**	**569,834**	**265,318**	**1,077,723**

(in RMB million)	For the year ended 31 December 2020											
		Reserves										
	Share capital	Share premium	Financial assets at FVOCI reserves	Shadow accounting adjustments	Others	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Treasury shares	Retained profits	Non-controlling interests	Total equity
As at 1 January	18,280	111,598	13,896	(4,809)	19,122	12,164	71,964	1,976	(5,001)	433,971	179,209	852,370
Profit for the year	-	-	-	-	-	-	-	-	-	143,099	16,260	159,359
Other comprehensive income for the year	-	-	(47,819)	27,956	1,913	-	-	(2,338)	-	-	(962)	(21,250)
Total comprehensive income for the year	-	-	(47,819)	27,956	1,913	-	-	(2,338)	-	143,099	15,298	138,109
Dividends declared (Note 17)	-	-	-	-	-	-	-	-	-	(38,241)	-	(38,241)
Appropriations to general reserves	-	-	-	-	-	-	16,825	-	-	(16,825)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,867)	(4,867)
Equity transactions with non-controlling interests	-	-	-	-	(284)	-	-	-	-	-	2,157	1,873
Contributions from non-controlling interests	-	-	-	-	(17)	-	-	-	-	-	763	746
Key Employee Share Purchase Plan (Note 41)	-	-	-	-	(16)	-	-	-	-	-	-	(16)
Long-term Service Plan (Note 42)	-	-	-	-	(3,698)	-	-	-	-	-	-	(3,698)
Acquisition of shares	-	-	-	-	-	-	-	-	(994)	-	-	(994)
Other equity instruments issued/redeemed by subsidiaries	-	-	-	-	-	-	-	-	-	-	31,456	31,456
Others	-	-	-	-	9,838	-	-	-	-	-	1,329	11,167
As at 31 December	18,280	111,598	(33,923)	23,147	26,858	12,164	88,789	(362)	(5,995)	522,004	225,345	987,905

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

(in RMB million)	Notes	2021	2020
Net cash flows from operating activities	57	**90,116**	312,075
Cash flows from investing activities			
Purchases of investment properties, property and equipment and intangible assets		**(12,186)**	(9,995)
Proceeds from disposal of investment properties, property and equipment and intangible assets, net		**679**	390
Proceeds from disposal of investments		**2,016,480**	2,039,192
Purchases of investments		**(2,198,579)**	(2,680,660)
Acquisition of subsidiaries, net		**(366)**	(978)
Disposal of subsidiaries, net		**5,234**	1,776
Interest received		**168,173**	167,123
Dividends received		**60,234**	54,815
Rentals received		**4,620**	3,146
Increase in policy loans, net		**(16,356)**	(21,947)
Net cash flows from/(used in) investing activities		**27,933**	(447,138)
Cash flows from financing activities			
Capital injected into subsidiaries by non-controlling interests		**14,383**	37,223
Proceeds from bonds issued		**1,252,176**	993,850
(Decrease)/increase in assets sold under agreements to repurchase of insurance operations, net		**(169,860)**	99,242
Proceeds from borrowings		**197,965**	183,876
Repayment of borrowings		**(1,335,187)**	(954,298)
Interest paid		**(45,887)**	(41,937)
Dividends paid		**(46,942)**	(43,074)
Increase in insurance placements from banks and other financial institutions, net		**4,300**	300
Payment of acquisition of shares		**(3,900)**	(994)
Payment of shares purchased for Long-term Service Plan		**(4,184)**	(3,989)
Repayment of lease liabilities		**(7,634)**	(7,806)
Payment of redemption for other equity instruments by subsidiaries		**(3,051)**	(5,000)
Others		**11,409**	3,248
Net cash flows (used in)/from financing activities		**(136,412)**	260,641
Net (decrease)/increase in cash and cash equivalents		**(18,363)**	125,578
Net foreign exchange differences		**(3,260)**	(4,296)
Cash and cash equivalents at the beginning of the year		**424,748**	303,466
Cash and cash equivalents at the end of the year	56	**403,125**	424,748

1. CORPORATE INFORMATION

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

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

These consolidated financial statements are presented in millions of Renminbi ("RMB") unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), amendments to IFRSs and interpretations issued by the International Accounting Standards Board ("IASB"), also comply with the applicable disclosure provisions of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and the applicable disclosure requirements of the *Hong Kong Companies Ordinance*. They have been prepared under the historical cost convention, except for some financial instruments and insurance contract liabilities.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

To the extent that a topic is not covered explicitly by IFRSs, the IFRSs framework permits reference to another comprehensive body of accounting principles, and therefore the Group has chosen to refer to the accounting practices currently adopted by insurance companies reporting under Accounting Standards for Business Enterprises.

(2) CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Changes in accounting estimates

Significant judgement is required in determining the economic assumptions, e.g., discount rates/investment return, and non-economic assumptions, e.g., mortality, morbidity, lapse rates, policy dividend, and expenses, used in the measurement of insurance contract liabilities for the long-term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group has changed the above assumptions based on current information available as at 31 December 2021 (mainly due to change of the benchmarking yield curve for the measurement of insurance contract liabilities and adjustments of non-economic assumptions based on the latest experience and trends), and updated the estimate of future cash flows, with the result of changes in the long-term life insurance contract liabilities being recognized in profit or loss. Consequently, the long-term life insurance policyholders' reserves were increased by RMB22,566 million as at 31 December 2021 and the profit before tax for the year ended 31 December 2021 was decreased by RMB22,566 million (the long-term life insurance policyholders' reserves were increased by RMB19,141 million as at 31 December 2020 and the profit before tax for the year ended 31 December 2020 was decreased by RMB19,141 million).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(3) ISSUED BUT NOT YET EFFECTIVE STANDARDS, AMENDMENTS AND INTERPRETATIONS

The Group has not applied the following new standards, which have been issued but are not yet effective.

IFRS 17—Insurance Contracts, was published on 18 May 2017. IFRS 17 established principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin representing the unearned profit of the contract. In June 2020, the IASB published the revised version of IFRS 17, stating that IFRS 17 is effective for financial years beginning on or after 1 January 2023. On 9 December 2021, the IASB amended IFRS 17 to add a transition option for a "classification overlay" to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17. The Group is currently assessing the impact of IFRS 17.

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

(4) BUSINESS COMBINATIONS AND GOODWILL

Business combinations that are not under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or a liability that is a financial instrument and within the scope of IFRS 9 is measured at fair value with changes in fair value either recognized in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRSs. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(4) BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(5) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021 and for the year then ended.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends, are eliminated on consolidation in full, unless the transaction provides evidence of an impairment of the transferred asset.

Total comprehensive income within a subsidiary is still attributed to the non-controlling interest even if it results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(6) SUBSIDIARIES

A subsidiary is an entity (including structured entities) over which the Company has control. The Company controls an entity when the Company has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

(7) STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual or related arrangements.

The Group determines whether it is an agent or a principal in relation to those structured entities in which the Group acts as an asset manager on management's judgement. If an asset manager is agent, it acts primarily on behalf of others and so does not control the structured entity. It may be principal if it acts primarily for itself, and therefore controls the structured entity.

The Group has determined that all of its trust products, debt investment plans, equity investment plans and asset funding plans, which are not controlled by the Group, are unconsolidated structured entities. Trust products, equity investment plans and asset funding plans are managed by affiliated or unaffiliated trust companies or asset managers and invest the funds raised in loans or equities of other companies. Debt investment plans are managed by affiliated or unaffiliated asset managers and its major investment objectives are infrastructure funding projects. Trust products, debt investment plans, equity investment plans and asset funding plans finance their operations by issuing beneficiary certificates which entitle the holders to agreed stake according to contractual terms in the respective trust products', debt investment plans', equity investment plans' and asset funding plans' income.

The Group holds beneficiary certificates in its trust products, debt investment plans, equity investment plans and asset funding plans.

(8) ASSOCIATES

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(8) ASSOCIATES (CONTINUED)

The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon application of the equity method, the Group determines whether it is necessary to recognize additional impairment losses on the Group's investments in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment, as well as the gain on disposal of the associates, are recognized in profit or loss.

The results of associates are included in the Group's income statement to the extent of dividends received and receivable. The Group's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

(9) JOINT VENTURES

The Group has assessed the nature of its joint ventures and determined them to be joint ventures. The Group has rights to the net assets of these joint ventures. The Group's investments in its joint ventures are accounted for using the equity method of accounting, less any impairment losses. Refer to Note 2.(8) for details of the equity method of accounting.

(10) FOREIGN CURRENCIES

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss on change arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in profit or loss and other comprehensive income, respectively).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(10) FOREIGN CURRENCIES (CONTINUED)

The functional currency of most of overseas subsidiaries is the Hong Kong dollar. At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their income statements are translated into RMB at the average exchange rate for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange differences on translation of foreign operations reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates for their functional and currencies ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rate for the year.

(11) CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits, current accounts with the Central Bank and short term highly liquid investments including assets purchased under reverse repurchase agreements and others which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(12) FINANCIAL ASSETS

Recognition

The Group shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Classification and measurement

The Group classifies its financial assets in the following measurement categories, which depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows:

- those to be measured at amortized cost ("AC");
- those to be measured at fair value through other comprehensive income ("FVOCI"); or
- those to be measured at fair value through profit or loss ("FVPL").

The Group determines the classification of debt investments according to its business model and the contractual cash flow characteristics of the financial assets. The debt investments shall be classified as FVPL if the cash flows characteristics cannot pass the test on solely payments of principal and interest on the principal amount. Otherwise, the classification of debt investments will depend on the business model provided the fair value option is not elected. Investments in equity instruments are classified as FVPL in general, except those designated as at FVOCI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(12) FINANCIAL ASSETS (CONTINUED)

Classification and measurement (continued)

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds, etc. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL are measured at amortized cost. Interest income from these financial assets is included in the interest revenue using the effective interest rate method. Any gain or loss arising from derecognition or impairment is recognized directly in profit or loss. Such assets held by the Group mainly include cash and amounts due from banks and other financial institution, balances with the Central Bank, accounts receivable, finance lease receivable, financial assets at AC, loans and advances to customers measured at AC, etc.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in the interest revenue using the effective interest rate method. Such assets held by the Group mainly include debt financial assets at FVOCI and loans and advances to customers measured at FVOCI, etc.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. The gains or losses from fair value changes on the debt investments measured at FVPL are recognized in profit or loss. The Group also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends, representing a return on such investments, continue to be recognized in profit or loss when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(12) FINANCIAL ASSETS (CONTINUED)

Impairment

Expected credit loss refers to the weighted average amount of credit loss of financial instruments based on the probability of default. Credit loss refers to the difference between all contractual cash flows that are due to the entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI, and with the exposure arising from loan commitments and financial guarantee contracts that are not accounted for as "insurance contracts". A number of significant judgements are required in measuring the expected credit loss("ECL"), such as:

i) Choosing appropriate models and assumptions for the measurement of ECL including exposure at default (EAD), probability of default (PD), loss given default (LGD), etc.;

ii) Determining criteria for significant increase in credit risk;

iii) Establishing the number and relative weightings of forward-looking scenarios for the associated ECL.

For the financial instruments subject to ECL measurement, the Group assesses the significant increase in credit risk since initial recognition or whether an instrument is considered to be credit impaired, outlines a "three-stage" model expected credit loss models are established and staging definition are set for each of these financial assets class. Incorporating forward-looking information, expected credit losses for financial assets are recognized into the different stages and measured the impairment provisions respectively.

Stage 1: A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group. The impairment provisions are measured at an amount equal to the 12-month expected credit losses for the financial assets which are not considered to have significantly increased in credit risk since initial recognition;

Stage 2: If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The impairment provisions are measured based on expected credit losses on a lifetime basis;

Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3". The impairment provisions are measured based on expected credit losses on lifetime basis.

For the financial assets at Stage 1 and Stage 2, the interest income is calculated based on its gross carrying amount (i.e., amortized cost) before adjusting for impairment provision using the effective interest method. For the financial assets at Stage 3, the interest income is calculated based on the carrying amount of the asset, net of the impairment provision, using the effective interest method. Financial assets that are originated or purchased credit impaired are financial assets that are impaired at the time of initial recognition, and the impairment provision for these assets is the expected credit loss for the entire lifetime since initial recognition as purchased or originated credit-impaired financial assets.

The Group recognizes or reverses the impairment provision through profit or loss. For debt instruments measured at FVOCI, impairment gains or losses are included in the net impairment losses on financial instruments and correspondingly reduce the accumulated changes in fair value included in the other comprehensive income reserves of equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(12) FINANCIAL ASSETS (CONTINUED)

Impairment (Continued)

For account receivables, the Group refers to historical experience of credit loss, combines with current situation and forward-looking information, formulate the lifetime expected credit loss of the financial assets.

For loan commitments' the loss allowance is recognized as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognized as a provision.

Derecognition

Financial assets are derecognized when:

(a) the contractual rights to receive the cash flows from the financial assets have expired;

(b) they have been transferred and the Group transfers substantially all the risks and rewards of ownership;

(c) they have been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

When the equity financial assets measured at FVOCI are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to retained profits. When the other financial assets are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

(13) FINANCIAL LIABILITIES

At initial recognition, the Group classifies a financial liability at fair value through profit or loss or other financial liabilities. The Group measures a financial liability at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial liability. Transaction costs of financial liabilities carried at FVPL are expensed in profit or loss.

When a financial liability (or part of it) is extinguished, the Group derecognizes the financial liability (or part of it). The difference between the carrying amount of the derecognized liability and the consideration is recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(13) FINANCIAL LIABILITIES (CONTINUED)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Financial liabilities held for trading are the financial liabilities that:

(a) are incurred principally for the purpose of repurchasing in the near term;

(b) on initial recognition are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;

(c) are derivatives (except for a derivative that is a designated and effective hedging instrument or a financial guarantee contract).

The above financial liabilities are subsequently measured at fair value. All the realized and unrealized gains/(losses) are recognized in profit or loss.

The Group may, at initial recognition, designate a financial liability as at fair value through profit or loss when one of the following criteria is met:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases;

(b) a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel;

(c) a contract contains one or more embedded derivatives, with the host being not an asset within the scope of IFRS 9, and the embedded derivative(s) do(es) significantly modify the cash flows.

Once designated as financial liabilities at fair value through profit or loss at initial recognition, the financial liabilities shall not be reclassified to other financial liabilities in subsequent periods. Financial liabilities designated at FVPL are subsequently measured at fair value. Any changes in fair value are recognized in profit or loss, except for changes in fair value arising from changes in the Group's own credit risk which are recognized in other comprehensive income. Changes in fair value due to changes in the Group's own credit risk are not subsequently reclassified to profit or loss upon derecognition of the liabilities.

Other financial liabilities

The Group measures other financial liabilities subsequently at amortized cost, using the effective interest method. Other financial liabilities of the Group mainly include customer deposits and payables to brokerage customers, short-term borrowings, long-term borrowings and bonds payable, etc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(13) FINANCIAL LIABILITIES (CONTINUED)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss, which incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. The Group initially measures such contracts at fair value. The fair value at inception is likely to equal the premium received. This amount is recognized rateably over the period of the contract in fees and commission income. Subsequently, the liabilities arising from the financial guarantee contracts are measured at the higher of premium received on the initial recognition less income recognized in accordance with the principles of IFRS 15, and the amount of impairment provision calculated as described in Note 2.(12) – impairment.

Apart from the above financial guarantee contracts issued by the Group's banking operations which are accounted for under IFRS 9, the Group has also regarded certain financial guarantee contracts as insurance contracts and has elected to apply IFRS 4 to such financial guarantee contracts.

(14) DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments mainly include interest rate swaps, forward currency contracts and swap transaction, credit swap and stock index futures, etc. Such derivative financial instruments are initially recognized at fair value on the date of which the related derivative contracts are entered into and are subsequently measured at fair value. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The gains or losses from fair value changes of derivatives are recognized in profit or loss.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If a hybrid contract contains a host that is not an asset within the scope of IFRS 9, an embedded derivative shall be separated from the host and accounted for as a derivative if, and only if:

a. the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;

b. a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

c. the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss (i.e., a derivative that is embedded in the hybrid contract at fair value through profit or loss is not separated).

For the above assets, the Group may bifurcate the embedded derivative and measured it at fair value through profit or loss, or designate the entire hybrid instrument to be measured at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(15) FAIR VALUE OF FINANCIAL INSTRUMENTS

For financial instruments where there is active market, the fair value is determined by quoted prices in active markets. For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques should be appropriate in the circumstances for which sufficient data is available, and the inputs should be consistent with the objective of estimating the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions, and maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Such techniques include using recent prices in arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate for similar instruments. Certain financial instruments, including derivative financial instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

Determining whether to classify financial instruments into level 3 of the fair value hierarchy is generally based on the significance of the unobservable factors involved in valuation methodologies.

(16) OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(17) ASSETS PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS AND ASSETS SOLD UNDER REPURCHASE AGREEMENTS

Assets sold under repurchase agreements continue to be recognized but a liability is recognized and presented as "assets sold under agreements to repurchase" for the proceeds from selling such assets. The Group may be required to provide additional collateral based on the fair value of the underlying assets and such non-cash collateral assets continue to be recognized on the balance sheet. The difference between the selling price and repurchasing price is recognized as interest expense over the term of the agreement using the effective interest method.

The amounts advanced under these agreements are recognized and presented as "financial assets purchased under reverse repurchase agreements". The Group may not take physical possession of assets purchased under such agreements. In the event of default by the counterparty to repurchase the assets, the Group has the right to the underlying assets. The difference between the purchasing price and reselling price is recognized as interest income over the term of the agreement using the effective interest method.

Sale of assets under repurchase agreements and purchase of assets under reverse repurchase agreements conducted in the bank and securities businesses are included in the operating activities of consolidated statement of cash flows and sale of assets under repurchase agreements and purchase of assets under reverse repurchase agreements conducted in the insurance business are included in the financing and investing activities of consolidated statement of cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(18) FINANCE LEASE RECEIVABLE AND UNEARNED FINANCE INCOME

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. At the commencement of the lease term, the Group recognizes the minimum lease payments receivable by the Group, the initial direct costs and the unguaranteed residual value in the finance lease receivable. The difference between (a) the aggregate of the minimum lease payments, the unguaranteed residual value and the initial direct costs and (b) the aggregate of their present values is recognized as unearned finance lease income. Finance lease receivable net of unearned finance lease income which represents the Group's net investment in the finance lease is presented as finance lease receivable in the consolidated statement of financial position. Unearned finance lease income is allocated over the lease term based on a pattern reflecting a constant periodic return on the Group's net investment in the finance lease, and is recognized as "other revenues and other gains/(losses)".

The impairment provision measurement and derecognition of finance lease receivable are complied with the basic accounting policy of the financial assets (Note 2.(12)).The Group incorporates forward looking information in estimating the expected credit loss for finance lease receivable. The Group derecognizes finance lease receivables when the rights to receive cash flows from the finance lease have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Refer to Note 13 and Note 25 for details.

(19) PRECIOUS METALS

The Group's precious metals represent gold and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net recoverable amount. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in income statement.

(20) INVESTMENT PROPERTIES

Investment properties are interests in land and buildings that are held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, which is the fair value of the consideration given to acquire them, including transaction costs. Subsequently, all investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis, after taking into account the estimated residual value (1% to 10% of original cost), over the estimated useful lives. The estimated useful lives of investment properties vary from 15 to 40 years.

The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the individual investment properties.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Transfers to, or from, investment properties are made when, and only when, there is evidence of a change in use or the investment property is sold.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(21) PROPERTY AND EQUIPMENT

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the income statement in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal assumptions used for this purpose are as follows:

	Estimated residual values	Estimated useful lives
Leasehold improvements	–	Over the shorter of economic useful lives and terms of the leases
Buildings	1% – 10%	15 – 40 years
Equipment, furniture and fixtures	0% – 10%	3 – 15 years
Motor vehicles	1% – 15%	4 – 25 years

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(22) CONSTRUCTION IN PROGRESS

Construction in progress mainly represents costs incurred in the construction of building premises, as well as the cost of equipment pending installation, less any impairment losses.

No provision for depreciation is made on construction in progress until such time the relevant assets are completed and ready for use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(23) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized on the straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(a) Core deposits

Core deposits are accounts that a financial institution expects to maintain for an extended period of time due to ongoing business relationships. The intangible asset value associated with core deposits reflects the present value of additional cash flow resulted from the use of the deposits at a lower cost alternative source of funding in the future periods.

(b) Expressway operating rights

Expenditures on acquiring the expressway operating rights are capitalized as intangible assets and subsequently amortized on the straight-line basis over the contract terms.

(c) Prepaid land premiums

Prepaid land premiums are prepayments for land under PRC law for fixed periods. Prepaid land premiums are initially stated at cost and subsequently amortized on the straight-line basis over the lease terms. All lands related to the Group's prepaid land premiums are located in Mainland China.

(d) Trademarks

Trademarks are initially stated at cost and subsequently amortized on the straight-line basis over the estimated useful lives.

The estimated useful lives of intangible assets are set as below:

	Estimated useful lives
Expressway operating rights	20 – 30 years
Prepaid land premiums	30 – 50 years, indefinite
Core deposits	20 years
Trademarks	10 – 40 years, indefinite
Software and others (including patents and know-how, customer relationships and contract rights, etc.)	2 – 25 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(24) FORECLOSED ASSETS

Foreclosed assets are initially recognized at fair value. The difference between the initial fair value and the sum of the related loan principal, interest receivable and impairment provision is taken into the income statement. At the end of the reporting period, the foreclosed assets are measured at the lower of their carrying value and net recoverable amount. When the carrying value of the foreclosed assets is higher than the net recoverable amount, a provision for the decline in value of foreclosed assets is recognized as impairment losses in the income statement.

(25) INVENTORIES

The Group's inventories comprise raw materials, product in progress, finished goods, other supplemental materials, etc. and lands purchased for property development by real estate subsidiaries. Inventory is initially measured at cost which includes purchasing cost, processing cost and other costs which made the inventory to the present place and condition.

The actual cost of inventory is priced based on moving weighted average method.

At the end of the reporting period, inventory is measured at the lower of its cost and net realizable value. If the net realizable value is lower than cost, inventory impairment provisions are allotted.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and related taxes. Estimates of net recoverable amount are based on the most reliable evidence available at the time the estimates are made, also taking into consideration the purpose for which the inventory is held and the influence of events after the end of the reporting period.

Inventory impairment provisions should be accrued when the cost of individual inventory item is higher than its net realizable value.

After allotting inventory impairment provisions, if the influencing factors of previous inventory impairment provisions have disappeared, and hence the net realizable value of the inventories are higher than their book values, the previous written down amount should be recovered and the reversed amount which is within the amount of original allotted inventory impairment provisions should be included in current profit and loss.

(26) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that a non-financial asset other than deferred tax assets may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. A non-financial asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of a non-financial asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(26) IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

For non-financial assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the income statement.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. The recoverable amount is the higher of its fair value less costs to disposal and its value-in-use, determined on an individual asset (or cash-generating unit) basis, unless the individual asset (or cash-generating unit) does not generate cash flows that are largely independent from those of other assets or groups of assets (or groups of cash-generating units). Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Intangible assets with indefinite useful lives are tested for impairment annually at each year end either individually or at the cash-generating unit level, as appropriate.

(27) INSURANCE GUARANTEE FUND

According to the *Administrative Regulations on the Insurance Guarantee Fund* (CIRC [2008] No.2), the Group calculates the insurance guarantee fund as follows:

- 0.8% of the premium income for non-investment type property insurance, 0.08% of the consideration received for investment type property insurance with guaranteed return, and 0.05% of the consideration received for investment type property insurance without guaranteed return;

- 0.15% of the consideration received for life insurance with guaranteed return, and 0.05% of the consideration received for life insurance without guaranteed return;

- 0.8% of the premium income for short-term health insurance, and 0.15% of the premium income for long-term health insurance; and

- 0.8% of the premium income for non-investment type accident insurance; 0.08% of the consideration received for investment type accident insurance with guaranteed return, and 0.05% of the consideration received for investment type accident insurance without guaranteed return.

No additional provision is required when the accumulated insurance guarantee fund balances of Ping An Life Insurance Company of China, Ltd. ("Ping An Life"), Ping An Annuity Insurance Company of China, Ltd. ("Ping An Annuity") and Ping An Health Insurance Company of China, Ltd. ("Ping An Health Insurance") reach 1% of their respective total assets. For Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty"), no additional provision is required when the accumulated balance reaches 6% of its total assets. Insurance guarantee fund levy is charged to expenses as incurred.

The consideration received and premium income used in the calculation of the insurance guarantee fund is the amount agreed in the insurance policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(28) INSURANCE CONTRACTS

Insurance contracts are those contracts under which the Group has accepted insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance contracts are classified as direct insurance contracts and reinsurance contracts. The significance of insurance risk as determined by the Group is mainly dependent on the magnitude of its potential effect.

Some insurance contracts contain both an insurance component and a deposit component. The Group chooses to unbundle those components, if the insurance component and the deposit component are distinct and separately measurable. The unbundled insurance component is accounted for according to IFRS 4 and the unbundled deposit component is accounted for according to relevant accounting policies. If the insurance component and the deposit component are not distinct and separately measurable, the whole contract is accounted for as an insurance contract.

(29) SIGNIFICANT INSURANCE RISK TESTING

For other insurance contracts issued by the Group, tests are performed to determine if the contracts contain significant insurance risk, and contracts of similar nature are grouped together for this purpose. When performing the significant insurance risk test, the Group makes judgements in sequence as to whether the contract transfers insurance risk, whether the contract has commercial substance, and whether the transferred insurance risk is significant.

(30) INSURANCE CONTRACT LIABILITIES

The insurance contract liabilities of the Group include long-term life insurance policyholders' reserves, unearned premium reserves and claim reserves.

When measuring insurance contract liabilities, the Group classifies insurance contracts whose insurance risks are of similar nature as a measurement unit. Property and casualty and short-term life insurance policies are grouped into certain measurement units by lines of business. For long-term life insurance policies, the Group mainly considers the characteristics of the policies, including product type, gender, age, and durations of policies, when determining the measurement units.

Insurance contract liabilities are measured based on a reasonable estimate of amount of payments when the Group fulfills the relevant obligations under the insurance contracts, which represents the difference between expected future cash outflows and inflows under such contracts, i.e., the expected future net cash outflows.

- Expected future cash outflows represent reasonable cash outflows which are necessary for the Group to fulfill the obligations under the insurance contracts (including benefits attributable to the policyholders), and mainly include:
  - Guaranteed benefits under the insurance contracts, including claims, mortality benefits, disability benefits, morbidity benefits, survival benefits and maturity benefits;
  - Non-guaranteed benefits under the insurance contracts arising from constructive obligations, including policyholder dividends, etc.;
  - Reasonable expenses necessary for policy administration and claims handling, including policy maintenance expenses, claim expenses, etc.
- Expected future cash inflows represent cash inflows arising from assuming liabilities under the insurance contracts, including premium income and other charges.

A reasonable estimate of expected future net cash flows is determined based on information currently available as at the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(30) INSURANCE CONTRACT LIABILITIES (CONTINUED)

Margins are considered and separately measured in determining insurance contract liabilities. Margins are released in the income statement over the insurance coverage period using systematic and reasonable methods. Margins include risk margin and residual margin.

- Risk margin represents provision for the uncertainty and the degree of impact associated with the future net cash flows. The Group determines risk margins of the long-term life insurance policyholders' reserves using the scenario comparison method. The unfavourable scenarios are determined according to the uncertainty and impact of expected net cash outflows.

- At inception of an insurance contract, any "day-one" gain is not recognized in the income statement, but included in the insurance contract liabilities as a residual margin. The residual margin is calculated net of certain acquisition costs, mainly consisting of commission expenses on insurance operations. At inception of an insurance contract, any "day-one" loss is recognized in the income statement. Any residual margin is subsequently measured based on the assumptions of the years when the policies become effective, and will not be adjusted for future change in assumptions. For non-life insurance contracts, the Group amortizes the residual margin which is embedded in the unearned premium reserves on a time basis during the whole insurance coverage period and records it in profit or loss. For life insurance contracts, the Group amortizes the residual margin on the basis of the sums insured or the number of policies during the whole insurance coverage period.

When measuring insurance contract liabilities, the time value of money is considered. The related future cash flows are discounted when the impact of time value of money is significant. For short duration contracts whose duration is within one year, the cash flows are not discounted. The discount rates used in the measurement of time value of money is determined with reference to information currently available as at the end of the reporting period and is not locked.

When measuring insurance contract liabilities, the expected period of future net cash outflows is the entire insurance period. For insurance policies with a guaranteed renewal option, the expected period is extended to the date when the option to renew policy ceases if the probability that the policyholders may execute the option is high and the Group does not have the right to reprice the premium.

Unearned premium reserves

The unearned premium reserves are provided for unexpired insurance obligations of property and casualty and short-term life insurance contracts.

Unearned premium reserves are measured using the unearned premium approach. At inception of the insurance contracts, unearned premium reserves are measured based on written premiums, with deductions made for commissions, insurance guarantee fund, regulatory charges and other incremental costs. Subsequent to initial recognition, unearned premium reserves are measured on a 1/365 basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(30) INSURANCE CONTRACT LIABILITIES (CONTINUED)

Claim reserves

Claim reserves are insurance contract liabilities provided for insurance claims of the property and casualty and short-term life insurance contracts. Claim reserves include incurred and reported reserves, incurred but not reported ("IBNR") reserves and claim expense reserves.

Incurred and reported reserves are measured at amounts not higher than the sum insured of the insurance contracts, using the case-by-case estimate method and average claim per case method, based on a reasonable estimate of ultimate claim amounts as well as margins.

IBNR are measured according to the nature and distribution of insurance risks, claims development, experience data, etc., using the chain ladder method, the Bornhuetter-Ferguson method, the loss ratio method and the average claim per case method, based on a reasonable estimate of ultimate claim amounts as well as margins.

Claim expense reserves are measured based on a reasonable estimate of ultimate necessary claim expenses in the future by using the case-by-case estimate method and ratio allocation method as well as margins.

Long-term life insurance policyholders' reserves

Long-term life insurance policyholders' reserves are insurance contract liabilities provided for long-term life and health insurance contracts.

The Group determines risk margins of the long-term life insurance policyholders' reserves using the scenario comparison method. The unfavourable scenarios are determined according to the uncertainty and impact of expected net cash outflows.

The key assumptions used in the measurement of long-term life insurance policyholders' reserves include insurance accident occurrence rates, lapse and surrender rates, expense assumptions, policy dividend assumptions, discount rate, etc. In deriving these assumptions, the Group uses information currently available as at the end of the reporting period. Changes in assumptions are recognized immediately in the income statement.

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed on the unearned premium reserves, claim reserves and long-term life insurance policyholders' reserves. If the insurance contract liabilities re-calculated with the insurance actuarial methods exceeds their carrying amounts on date of the liability adequacy test, an additional provision is made for the respective insurance contract liabilities based on the difference and is charged in the income statement. Otherwise, no adjustment is made for the respective insurance contract liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(31) DISCRETIONARY PARTICIPATION FEATURES IN LONG-TERM LIFE INSURANCE CONTRACTS AND INVESTMENT CONTRACTS

Some of the Group's long-term life insurance contracts and investment contracts contain a discretionary participating feature, which is a contractual right to receive additional benefits as a supplement to guaranteed benefits. These contracts are collectively called participating contracts. Under the current PRC insurance regulations, the Group is obligated to pay to the policyholders of participating contracts at least 70% of the distributable surplus in each period, which includes net investment spread arising from the assets supporting these contracts and mortality gains or losses on the pool of contracts to which the participating contract belongs. The amounts to be collectively allocated to the policyholders are referred to as the eligible surplus. The amount and timing of the subsequent distribution of the eligible surplus to individual policyholders of participating contracts is subject to future declarations by the Group. As long as the eligible surplus has not been declared and paid, it is included in the long-term life insurance policyholders' reserves and investment contract reserves. To the extent that there is a subsequent change in the expected future eligible surplus due to realized and unrealized gains, which may be paid to policyholders of participating insurance contracts in the future under the policy terms, such a change in surplus is included in long-term life insurance policyholders' reserves and investment contract reserves.

A shadow accounting adjustment is applied to recognize the change in surplus in other comprehensive income to the extent that such change is derived from unrealized gains or losses on supporting assets recognized directly in other comprehensive income.

(32) INVESTMENT CONTRACTS

Insurance policies that are not considered insurance contracts under IFRS 4 are classified as investment contracts. These policies do not contain significant insurance risk.

- Premium receipts are recognized not as premium income, but rather as liabilities, presented as investment contract liabilities. For those non-life investment type policies without guaranteed benefits, the related contract liabilities are measured at fair value and the related transaction costs are recognized in the income statement. For other investment contracts, the related liabilities are initially measured at fair value and subsequently measured at amortized cost. Commissions, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the initial amount of the liabilities.

- Charges including policy administration fees are recognized as other income during the period of service provided.

(33) INVESTMENT-LINKED BUSINESS

The individual investment-linked contracts of the Group contain significant insurance risks and are classified as insurance contracts. These policies also contain both insurance components and deposit components. The deposit components are unbundled from these hybrid insurance contracts. The rest of the contracts are accounted for as insurance contracts. The Group investment-linked contracts of the Group that do not contain significant insurance risks are classified as investment contracts.

The assets and liabilities related to investment-linked contracts which are regarded as insurance contracts are presented as policyholder account assets and liabilities in respect of insurance contracts. The assets and liabilities related to investment-linked contracts which are regarded as investment contracts are presented as policyholder account assets and liabilities in respect of investment contracts. The assets and liabilities of each investment-linked fund are segregated from each other and from the rest of the Group's invested assets for record keeping purposes. As the investment risks of investment-linked contracts were fully borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of risk management in Note 53.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(33) INVESTMENT-LINKED BUSINESS (CONTINUED)

The Group investment-linked contracts and the deposit component unbundled from the above individual investment-linked insurance contracts are accounted for as follows:

- Premium receipts are recognized not as premium income, but rather as liabilities, presented in policyholder account liabilities. These liabilities are initially measured and subsequently carried at fair value. Commissions, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the income statement.

- Charges including account management fees and surrender charges are calculated at a fixed amount or certain percentage of policy account liabilities. Account management fees are recognized as other income during the period of service provided and surrender charges are recognized as other income as incurred.

- Assets of investment-linked contracts are initially measured and subsequently carried at fair value, presented as policyholder account assets.

(34) UNIVERSAL LIFE BUSINESS

The universal life contracts of the Group contain significant insurance risks are classified as insurance contracts. These policies also contain both insurance components and deposit components. The deposit components are separated from these hybrid insurance contracts. The rest of the contracts are accounted for as insurance contracts as described in Note 2.(30).

The deposit components separated from the above universal life insurance contracts are accounted for as follows:

- Premium receipts are recognized not as premium income, but rather as liabilities, presented in policyholder contract deposits. These liabilities are initially measured at fair value and subsequently measured using a discounted cash flow model. Commissions, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the initial amount of the liabilities.

- Fair value changes on financial assets at FVOCI related to the universal life insurance portfolio are recognized in other comprehensive income. Changes in the insurance liabilities for the universal life insurance portfolio is also recognized in other comprehensive income to the extent that such change is derived from fair value changes on financial assets at FVOCI related to the universal life insurance portfolio attributable to policyholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(35) PROVISIONS

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognized is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

Except for contingent considerations deriving from or contingent liabilities assumed in business combinations and the provision recognized for the loss allowance of off-balance sheet credit exposure, contingent liabilities are recognized as provisions if the following conditions are met:

- An entity has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period with the consideration of risks, uncertainties and the present value. Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

The Group incorporates forward looking information in estimating the expected credit loss for loan commitments and financial guarantee contracts. Refer to Note 13 and Note 51 for details.

(36) REVENUE RECOGNITION

The Group's main revenue is recognized on the following bases:

(a) Gross premium

Premium income and reinsurance premium income is recognized when the insurance contracts are issued, related insurance risk is undertaken by the Group, it is probable that related economic benefits will flow to the Group and related income can be reliably measured.

Premiums from long-term life insurance contracts with instalment or single payments are recognized as revenue when due. Premiums from property and casualty and short-term life insurance contracts are recognized as revenue based on the amount of total premium stated in the contracts.

Reinsurance premiums are recognized as revenue in accordance with the terms stated in the reinsurance contracts. Accounting policies for reinsurance contracts are described in Note 2.(37).

(b) Income from investment contracts

Revenues from investment contracts issued by the Group are fees charged for policy administration, investment management, surrenders or other contract services. The fees may be for fixed amounts or vary with the amounts being managed, and will generally be charged as an adjustment to the policyholders' balance. The fees are recognized when, or as, the control of services is transferred to customers unless the related services still need to be provided in the future periods, in which fees should be recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Initiation and other front-end fees are charged for certain investment contracts recorded at amortized cost and are recognized through an adjustment to the effective yield.

(36) REVENUE RECOGNITION (CONTINUED)

(c) Interest income

Interest income for interest bearing financial instruments, is recognized in the income statement using the effective interest rate method. When a financial asset is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(d) Fees and commission income of non-insurance operations

The fees and commission income of non-insurance operations from a diverse range of services it provides to its customers are recognized when the control of services is transferred to customers. Fee income can be divided into the following main categories:

Fee income earned from services that are provided over a certain period of time

Fees earned from the provision of services over a period of time are accrued over that period. These fees include investment fund administration fees, custodian fees, fiduciary fees, credit related fees, asset management fees, portfolio and other management fees, advisory fees, etc. However, loan commitment fees for loans that are likely to be drawn down are deferred (together with any incremental costs) and recognized as an adjustment to the effective interest rate on the loan.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on the completion of the underlying transaction and the control of services is transferred to customers. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria. These fees may include underwriting fees, corporate finance fees and brokerage fees. Loan syndication fees are recognized in the income statement when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same effective interest rate as for the other participants.

(e) Dividend income

Dividend income is recognized when the right to receive dividend payment is established.

(f) Expressway toll fee income

Expressway toll fee income is recognized upon the completion of the performance obligation of services.

(g) Sale of goods

Revenue from the sale of goods is recognized when control of the goods has been transferred. Control of goods or services refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods or services.

The amount of revenue from the sale of goods shall be measured by the transaction price, which is allocated to each performance obligation. The transaction price is the amount of consideration to be entitled in exchange for transferring promised goods to a customer. The Group considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Group considers the effects of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer.

The part with unconditional rights is recognized as a receivable by the Group, while the rest is recognized as contracts assets. And the impairment provisions of receivables and contracts assets are recognized based on ECL. If the consideration received or receivable from the contract exceeds the performance completed, the excess part would be recognized as contracts liabilities. The Group presents the net amount by the offsetting between contracts assets and contracts liabilities under one contact.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(37) REINSURANCE

The Group undertakes inward and outward reinsurance in the normal course of operations. All of the reinsurance business of the Group has significant insurance risk transfer.

Outward reinsurance business

Outward reinsurance arrangements do not relieve the Group from its obligations to policyholders. When recognizing premium income from insurance contracts, the Group determines the amount of premium ceded and reinsurers' share of expenses and recognize them through profit or loss according to reinsurance contracts. As for profit commission, the Group recognizes it as a reinsurance expense through profit or loss according to the reinsurance contracts when it is feasible to determine the amount of profit commission to be received from the reinsurers. When calculating unearned premium reserves, claim reserves and long-term life insurance policyholders' reserves of insurance contracts, the Group estimates the reinsurance related cash flows according to the reinsurance contracts, considers the risk margin when determining the amount of insurance contract reserves to be recovered from reinsurers, and recognizes reinsurers' share of insurance contract liabilities. When insurance contract liabilities are reduced for actual payment of claims and claim expenses, reinsurers' share of insurance contract liabilities are reduced accordingly. In the meantime, the Group determines the amount of claim expenses to be recovered from the reinsurers according to the reinsurance contracts and recognizes the amount through profit or loss. When there is an early termination of an insurance contract, the Group determines the adjustment amount of premium ceded and reinsurers' share of expenses according to the reinsurance contracts and recognizes the amount through profit or loss, and the balance of reinsurers' share of insurance contract liabilities is reversed accordingly.

As a cedent, the Group presents in the statement of financial position the assets arising from reinsurance contracts and the liabilities arising from insurance contracts separately instead of offsetting the assets and liabilities. The Group also presents in the income statement the income derived from reinsurance contracts and the expenses incurred for insurance contracts separately instead of offsetting the income and expenses.

Inward reinsurance business

During the period of recognizing reinsurance premium income, the Group determines reinsurance expenses according to the reinsurance contracts and recognizes the expenses through profit or loss. As for profit commission, the Group recognizes it as a reinsurance expense through profit or loss according to the reinsurance contracts when it is feasible to determine the amount of profit commission to be paid to the reinsurers.

Upon receipt of the statement of the reinsurance business, the Group adjusts the reinsurance premium income and reinsurance expenses, and then recognizes the adjusted amounts through profit or loss according to the ceding company statements.

(38) POLICYHOLDER DIVIDENDS

Policyholder dividends represent dividends payable by the Group to policyholders in accordance with the terms of direct insurance contracts. The dividends are calculated and provided based on the dividend allocation method and the results of actuarial valuation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(39) LEASES

Leases refer to a contract in which the lessor transfers the right to use the assets to the lessee for a certain period of time to obtain the consideration. Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases.

As lessor of operating leases

Where the Group is the lessor, assets leased by the Group under operating leases are included in investment properties and rentals receivable under such operating leases are credited to the income statement on the straight-line basis over the lease terms. Contingent rents are recognized as profit or loss in the period in which they are earned.

Group as a lessee

The Group mainly leases buildings as right-of-use assets. The Group applies the lease recognition exemption to short-term leases and leases of low-value assets, and does not recognize the right-of-use assets and lease liabilities. Lease payments on short-term leases and leases of low-value assets are recognized as costs of asset or expenses on a straight-line basis over the lease term. Except for lease applying lease recognition exemption, leases are recognized as a right-of-use asset at the date at which the lease begins, lease liabilities are initial measured at the present value of the lease payments that have not been paid. Lease payments include fixed payments, variable lease payment based on an index or a rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, etc. The variable lease payments determined on a certain percentage of sales are not included in the lease payments and are recognized in profit or loss when incurred.

Right-of-use assets are initial measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and deduct any lease incentives receivable. The right-of-use asset is depreciated over the asset's useful life on a straight-line basis if the Group can reasonably determine the ownership of the assets at the end of the lease term; The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term if the ownership of the assets is uncertain at the end of the lease term. When the recoverable amount is lower than the carrying amount of the right-of-use asset, the Group reduces its carrying amount to the recoverable amount.

(40) EMPLOYEE BENEFITS

(a) Pension obligations

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by the related government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

(b) Housing benefits

The employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(c) Medical benefits

The Group makes monthly contributions for medical benefits to the local authorities in accordance with the relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(41) SHARE-BASED PAYMENT

Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments.

The total amount to be expensed is determined by reference to the fair value of the shares granted, which includes the impact of market performance conditions (for example, an entity's share price) but excludes the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period) and includes the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time). The Group estimates the number of total shares expected to vest taking into consideration of service and non-market performance conditions. Based on number of shares expected to vest, related cost or expense is recognized over the vesting period according to fair value of the shares granted on granted date.

At the end of each reporting period, the Group revises its estimates of the number of options and awarded shares that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The Company settles with the awardees under the share purchase scheme upon vesting.

(42) SHARES HELD BY CONSOLIDATED STRUCTURED ENTITIES

The Group's subsidiaries consolidated certain asset management schemes that were managed by third parties. These asset management schemes invested in the insurance index shares which included the Company's shares. As such the Group indirectly hold the Company's shares. The employee share purchase scheme consolidated by the Group also hold the Company's shares. The consideration paid by the consolidated structured entities in purchasing the Company's shares from the market, including any directly attributable incremental cost, is debited to "Share premium" under "Reserves". No gain or loss shall be recognized in profit or loss on the sale of those shares, the consideration received is credited to "Share premium" under "Reserves".

(43) TAX

Income tax comprises current and deferred tax. Income tax is recognized in the income statement, or in other comprehensive income or in equity if it relates to items that are recognized in the same or a different period directly in other comprehensive income or in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(43) TAX (CONTINUED)

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed by the end of each reporting period and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(44) DIVIDENDS

When the final dividends proposed by the directors have been approved by the shareholders and declared, they are recognized as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(45) RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

Or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same Group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(46) SEGMENT REPORTING

For management purposes, the Group is organized into operating segments based on the internal organization structure, management requirements and internal reporting. The reportable segments are determined and disclosed based on operating segments and the presentation is consistent with the information reported to the Board of Directors.

Operating segments refer to the Group's component that satisfies the following conditions:

(a) The component produces income and expenses in its daily operation;

(b) The management of the Company regularly assesses the operating results of its business units for the purpose of making decisions about resources allocations and performance assessment;

(c) The Group is able to obtain the accounting information such as the financial position, operating results and cash flows of the component.

Two or more operating segments can be merged as one if they have similar characteristics and satisfy certain conditions.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities in these financial statements. Estimates and judgements are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgements and accounting estimation, which have the significant effect on the amounts recognized in the financial statements.

(1) FAIR VALUE OF FINANCIAL INSTRUMENTS DETERMINED USING VALUATION TECHNIQUES

Fair value, in the absence of an active market, is estimated by using valuation techniques, applying currently applicable and sufficiently available data, and the valuation techniques supported by other information, mainly include market approach and income approach, reference to the recent arm's length transactions, current market value of another instrument which is substantially the same, and by using the discounted cash flow analysis and option pricing models.

When using valuation techniques to determine the fair value of financial instruments, the Group would choose the input value in consistent with market participants, considering the transactions of related assets and liabilities. All related observable market parameters are considered in priority, including interest rate, foreign exchange rate, commodity prices and share prices or index. When related observable parameters are unavailable or inaccessible, the Group uses unobservable parameters and makes estimates for credit risk, market volatility and liquidity adjustments.

Using different valuation techniques and parameter assumptions may lead to significant difference of fair value estimation.

(2) CLASSIFICATION OF FINANCIAL ASSETS

The judgements in determining the classification of financial assets include the analysis of business models and the contractual cash flows characteristics.

An entity's business model refers to how an entity manages its financial assets in order to generate cash flows. That is, the entity's business model determines whether cash flows are arising from collecting contractual cash flows, selling financial assets or both. The business model of managing financial assets is not determined by a single factor or activity. Instead, the entity should consider all relevant evidence available when making the assessment. Relevant evidence mainly includes, but not limited to, how the cash flow of the group of assets is collected, how the performance of the group of assets is reported to key management personnel, and how the risk of group of assets is being assessed and managed.

The contractual cash flows characteristics of financial assets refer to the cash flow attributes of the financial assets reflecting the economic characteristics of the relevant financial assets (i.e., whether the contractual cash flows generated by the relevant financial assets on a specified date solely represents the payments of principal and interest). The principal amount refers to the fair value of the financial asset at initial recognition. The principal amount may change throughout the lifetime of the financial assets due to prepayment or other reasons. The interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, other basic lending credit risks, and the consideration of costs and profits.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(3) MEASUREMENT OF THE EXPECTED CREDIT LOSSES

The measurement of the expected credit losses for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 53.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(4) MEASUREMENT UNIT AND VALUATION OF INSURANCE CONTRACT LIABILITIES

The Group makes significant judgements on whether a group of insurance contracts' insurance risks are of the same nature. Different measurement units would affect the measurement of insurance contract liabilities.

At the end of the reporting period, when measuring the insurance contract liabilities, the Group needs to make a reasonable estimate of amounts of the payments which the Group is required to make in fulfilling the obligations under the insurance contracts, based on information currently available at the end of the reporting period.

At the end of the reporting period, the Group shall make an estimate of the assumptions used in the measurement of insurance contract liabilities. Such assumptions shall be determined based on information currently available at the end of the reporting period. To determine these assumptions, the Group selects proper risk margins according to both uncertainties and degree of impact of expected future cash outflows. Refer to Note 2.(2) for the changes in accounting policies and estimates.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(4) MEASUREMENT UNIT AND VALUATION OF INSURANCE CONTRACT LIABILITIES (CONTINUED)

The main assumptions used in the measurement of insurance contract liabilities are as follows:

- For long-term life insurance contracts where the future insurance benefits are not affected by investment return of the underlying asset portfolio, with consideration of the Cai Kuai [2017] No.637 issued by the former CIRC and other relevant regulations, the discount rate assumption is based on the benchmarking yield curve for the measurement of insurance contract liabilities published by the China Central Depository & Clearing Co., Ltd. ("CCDC"), with consideration of the impact of the tax and liquidity premium. The current discount rate assumption for the measurement as at 31 December 2021 ranged from 2.83%-4.60% (31 December 2020: 3.01%-4.60%).

  For long-term non-life insurance contracts where the future insurance benefits are not affected by investment return of the underlying asset portfolio, as the risk margin has no material impact on the reserve measurement, the discount rate assumption used is the benchmarking yield curve for the measurement of insurance contract liabilities published by the CCDC.

  For long-term life insurance contracts where the future insurance benefits are affected by investment return of the underlying asset portfolio, the discount rates are determined based on expected future investment returns of the asset portfolio backing those liabilities. The future investment returns assumption for the measurement as at 31 December 2021 ranged from 4.75%-5.00% (31 December 2020: 4.75% – 5.00%).

  For short-term insurance contracts liabilities whose duration is within one year, the future cash flows are not discounted.

  The discount rate and investment return assumptions are affected by the future macro-economy, capital market, investment channels of insurance funds, investment strategy, etc., and therefore subject to uncertainty.

- The Group uses reasonable estimates, based on market and actual experience and expected future development trends, in deriving assumptions of mortality rates, morbidity rates, disability rates, etc.

  The assumption of mortality rates is based on the Group's prior experience data on mortality rates, estimates of current and future expectations, the industrial benchmark, the understanding of the China insurance market as well as the risk margin. The assumption of mortality rates is presented as a percentage of *China Life Insurance Mortality Table (2010-2013)*, which is the industry standard for life insurance in China.

  The assumption of morbidity rates is determined based on the industrial benchmark, the Group's assumptions used in product pricing, experience data of morbidity rates, and estimates of current and future expectation as well as the risk margin.

  The assumptions of mortality and morbidity rates are affected by factors such as changes in lifestyles of national citizens, social development, and improvement of medical treatment, and hence subject to uncertainty.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(4) MEASUREMENT UNIT AND VALUATION OF INSURANCE CONTRACT LIABILITIES (CONTINUED)

- The Group uses reasonable estimates, based on actual experience and future development trends, in deriving lapse rate assumptions.

  The assumptions of lapse rates are determined by reference to different pricing interest rates, product categories and sales channels.

- The Group uses reasonable estimates, based on an expense study and future development trends, in deriving expense assumptions. If the future expense level becomes sensitive to inflation, the Group will consider the inflation factor as well in determining expense assumptions.

  The expense assumptions include assumptions of acquisition costs and maintenance costs. The assumption of maintenance costs also has a risk margin.

- The Group uses reasonable estimates, based on expected investment returns of participating insurance accounts, participating dividend policy, policyholders' reasonable expectations, etc. in deriving policy dividend assumptions.

  The assumption of participating insurance accounts is affected by the above factors, and hence bears uncertainty. The future assumption of life and participating insurance with a risk margin is based on a dividend rate of 85%.

- In the measurement of unearned premium reserves for the property and casualty insurance and short-term life insurance business, the Group applies the cost of capital approach and considers the insurance industry guideline ranged from 3% to 6% to determine risk margins.

The major assumptions needed in measuring claim reserves include the claim development factor and expected claim ratio, which can be used to forecast trends of future claims so as to estimate the ultimate claim expenses. The claim development factors and expected claim ratio of each measurement unit are based on the Group's historical claim development experience and claims paid, with consideration of adjustments to company policies like underwriting policies, level of premium rates, claim management and the changing trends of external environment such as macroeconomic, regulations, and legislation. In the measurement of claim reserves, the Group applies the cost of capital approach and considers insurance industry guideline ranged from 2.5% to 5.5% to determine risk margins.

(5) CLASSIFICATION AND UNBUNDLING/SEPARATION OF INSURANCE CONTRACTS AND SIGNIFICANT INSURANCE RISK TESTS

The Group makes significant judgements on whether a written policy undertake both insurance risks and other risks, whether contains both an insurance component and a deposit component and whether the insurance component and deposit component are distinct and separately measurable. Such judgement affects the unbundling/separation of insurance contracts.

The Group makes significant judgements on whether the contract transfers insurance risk, whether transfer of insurance risk has commercial substance, and whether the transferred insurance risk is significant when performing significant insurance risk tests. Such judgement affects the classification of insurance contracts.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(5) CLASSIFICATION AND UNBUNDLING/SEPARATION OF INSURANCE CONTRACTS AND SIGNIFICANT INSURANCE RISK TESTS (CONTINUED)

When determining whether the policies transfer a significant insurance risk, the Group makes the following judgements for different policies:

- If the insurance risk ratio of a non-annuity policy is equal or greater than 5% at one or more points in time during the policy coverage period, the Group classifies it as an insurance contract. The insurance risk ratio of a direct insurance policy is the percentage of the benefits to be paid when the insured event occurs divided by the amounts to be paid when the insured event does not occur minus 100%;

- Annuity policies where the longevity risk is transferred are classified as insurance contracts;

- If a property and casualty insurance or a short-term life insurance policy obviously meets the criteria for significant insurance risk transfer, the Group directly classifies it as an insurance contract.

When determining whether a reinsurance policy transfers significant insurance risks, judgement is made on a comprehensive understanding of the commercial substance of the reinsurance policy and other relevant contracts and agreements. If the reinsurance risk ratio of the reinsurance policy is greater than 1%, the Group classifies it as a reinsurance contract. The reinsurance risk ratio of a reinsurance policy is derived from the present value of probability-weighted average net losses where the reinsurer incurs a net loss divided by expected premium income of the reinsurer. If a reinsurance policy obviously transfers a significant insurance risk, the Group directly classifies it as a reinsurance contract without calculating the reinsurance risk ratio.

When performing significant insurance risk testing, the Group would group all policies of the same product with similar risk characteristics into the same portfolio. The Group would then select sufficient and representative policy samples from each policy portfolio to perform individual testing.

The unbundling/separation and classification of insurance contracts would affect the Group's revenue recognition, liability measurement and financial statement presentation.

(6) DETERMINATION OF CONTROL OVER THE STRUCTURED ENTITIES

To determine whether the Group controls the structured entities of which the Group acts as an asset manager, management applies judgement based on all relevant fact and circumstance to determine whether the Group is acting as the principal or agent for the structured entities. If the Group is acting as the principal, it has control over the structured entities. In assessing whether the Group is acting as the principal, the Group considers factors such as scope of the asset manager's decision-making authority, rights held by other parties, remuneration to which it is entitled, and exposure to variable returns results from its additional involvement with structured entities. The Group will perform reassessment once the fact and circumstance changes leading to changes in above factors.

For further disclosure in respect of the maximum risk exposure of unconsolidated structured entities of the Group, see Note 53.(8).

4. SCOPE OF CONSOLIDATION

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Ping An Life	Shenzhen, Corporation	Life insurance, Shenzhen	99.51%	-	99.51%	33,800,000,000
Ping An Property & Casualty	Shenzhen, Corporation	Property and casualty insurance, Shenzhen	99.54%	-	99.54%	21,000,000,000
Ping An Bank Co., Ltd. (ii) ("Ping An Bank")	Shenzhen, Corporation	Banking, Shenzhen	49.56%	8.40%	58.00%	19,405,918,198
Ping An Trust Co., Ltd.	Shenzhen, Corporation	Investment and trust, Shenzhen	99.88%	-	99.88%	13,000,000,000
Ping An Securities Co., Ltd. ("Ping An Securities")	Shenzhen, Corporation	Securities investment and brokerage, Shenzhen	40.96%	55.59%	96.62%	13,800,000,000
Ping An Annuity	Shanghai, Corporation	Annuity insurance, Shanghai	86.11%	13.82%	100.00%	4,860,000,000
Ping An Asset Management Co., Ltd.	Shanghai, Corporation	Asset management, Shanghai	98.67%	1.33%	100.00%	1,500,000,000
Ping An Health Insurance	Shanghai, Corporation	Health insurance, Shanghai	73.45%	1.55%	75.01%	2,016,577,790
China Ping An Insurance Overseas (Holdings) Limited	Hong Kong, Corporation	Investment holding, Hong Kong	100.00%	-	100.00%	HKD7,085,000,000
China Ping An Insurance (Hong Kong) Company Limited	Hong Kong, Corporation	Property and casualty insurance, Hong Kong	-	100.00%	100.00%	HKD490,000,000
Ping An International Financial Leasing Co., Ltd. ("Ping An Financial Leasing")	Shanghai, Corporation	Finance leasing, Shanghai	69.44%	30.56%	100.00%	14,500,000,000
Ping An of China Asset Management (Hong Kong) Company Limited	Hong Kong, Corporation	Asset management, Hong Kong	-	100.00%	100.00%	HKD345,000,000
Shenzhen Ping An Innovation Capital Investment Co., Ltd.	Shenzhen, Corporation	Investment holding, Shenzhen	-	99.88%	100.00%	4,000,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Ping An Trendwin Capital Management Co., Ltd.	Shanghai, Corporation	Investment consulting, Shanghai	-	99.75%	100.00%	100,000,000
Ping An Real Estate Co., Ltd. ("Ping An Real Estate")	Shenzhen, Corporation	Property management and investment management, Shenzhen	-	99.60%	100.00%	20,000,000,000
Ping An Technology (Shenzhen) Co., Ltd. (iii)	Shenzhen, Corporation	IT services, Shenzhen	37.66%	62.34%	100.00%	5,310,315,757
Shenzhen Ping An Financial Services Co., Ltd.	Shenzhen, Corporation	IT and business process outsourcing services, Shenzhen	-	100.00%	100.00%	598,583,070
Ping An E-wallet Electronic Commerce Company Limited ("Ping An E-wallet")	Shenzhen, Corporation	Internet service, Shenzhen	-	77.14%	78.63%	1,000,000,000
eLink Commerce Company Limited	Hong Kong, Corporation	E-commerce trade, Hong Kong	-	99.89%	100.00%	HKD25,124,600
Shenzhen Wanlitong Network Information Technology Co., Ltd.	Shenzhen, Corporation	Custom loyalty service, Shenzhen	-	77.14%	100.00%	200,000,000
Shenzhen Ping An Commercial Property Investment Co., Ltd. ("Ping An Commercial Property Investment")	Shenzhen, Corporation	Property leasing and property management, Shenzhen	-	99.50%	99.99%	1,567,000,000
Ping An Futures Co., Ltd. (iii)	Shenzhen, Corporation	Futures brokerage, Shenzhen	-	96.66%	100.00%	721,716,042
Shenzhen Ping An Real Estate Investment Co., Ltd.	Shenzhen, Corporation	Real estate investment, Shenzhen	-	100.00%	100.00%	1,310,000,000
Shanghai Pingpu Investment Co., Ltd.	Shanghai, Corporation	Investment management, Shanghai	-	99.51%	100.00%	9,130,500,000
Ansheng Investment Company Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	99.51%	100.00%	USD50,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Shenzhen Ping An Financial Technology Consulting Co., Ltd. ("Ping An Financial Technology")	Shenzhen, Corporation	Corporation management advisory services, Shenzhen	100.00%	-	100.00%	30,406,000,000
Ping An Tradition International Money Broking Company Ltd.	Shenzhen, Corporation	Currency brokerage, Shenzhen	-	66.92%	67.00%	50,000,000
Pingan Haofang (Shanghai) E-commerce Co., Ltd.	Shanghai, Corporation	Property agency, Shanghai	-	86.37%	100.00%	1,930,000,000
Ping An Wealthtone Investment Management Co., Ltd.	Shenzhen, Corporation	Asset management, Shenzhen	-	68.11%	100.00%	800,000,000
Ping An Fund Management Company Limited	Shenzhen, Corporation	Fund raising and distribution, Shenzhen	-	68.11%	68.19%	1,300,000,000
Shenzhen Ping An Financial Center Development Company Ltd.	Shenzhen, Corporation	Property leasing and property management, Shenzhen	-	99.51%	100.00%	6,688,870,000
Ping An Insurance Sales Services Co., Ltd.	Shenzhen, Corporation	Sales agency of insurance, Shenzhen	-	75.10%	75.10%	515,000,000
Ping An Chuang Zhan Insurance Sales & Service Co., Ltd	Guangzhou, Corporation	Insurance agent, Shenzhen	-	99.54%	100.00%	50,000,000
Reach Success International Company Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	99.51%	100.00%	USD50,000
Jade Reach Investment Company Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	99.51%	100.00%	USD50,000
Shenyang Shengping Investment Management Co., Ltd.	Shenyang, Corporation	Property management and investment management, Shenyang	-	99.51%	100.00%	419,000,000
Tongxiang Ping An Investment Co., Ltd.	Jiaxing, Corporation	Investment management, Jiaxing	-	99.60%	100.00%	500,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Ping An Commercial Factoring Co., Ltd.	Shanghai, Corporation	Commercial factoring, Shanghai	-	100.00%	100.00%	700,000,000
Shanxi Changjin Expressway Co., Ltd.	Taiyuan, Corporation	Expressway operation, Taiyuan	-	59.71%	60.00%	750,000,000
Shanxi Jinjiao Expressway Co., Ltd.	Taiyuan, Corporation	Expressway operation, Taiyuan	-	59.71%	60.00%	504,000,000
Ping An Caizhi Investment Management Company Limited	Shenzhen, Corporation	Equity investment, Shenzhen	-	96.55%	100.00%	600,000,000
Ping An of China Securities (Hong Kong) Company Limited	Hong Kong, Corporation	Investment holding, Hong Kong	-	96.55%	100.00%	HKD663,514,734
Ping An of China Futures (Hong Kong) Company Limited	Hong Kong, Corporation	Futures brokerage, Hong Kong	-	96.55%	100.00%	HKD20,000,000
Ping An of China Capital (Hong Kong) Company Limited	Hong Kong, Corporation	Investment management, Hong Kong	-	96.55%	100.00%	HKD20,000,000
China PA Securities (Hong Kong) Company Limited	Hong Kong, Corporation	Securities investment and brokerage, Hong Kong	-	96.55%	100.00%	HKD440,000,000
Shanghai Lufax Fund Sales Co., Ltd.	Shanghai, Corporation	Fund sales, Shanghai	-	100.00%	100.00%	20,000,000
Fuer Insurance Broker Co., Ltd.	Shanghai, Corporation	Insurance brokerage service, Shanghai	-	100.00%	100.00%	50,000,000
Beijing Shuangronghui Investment Co., Ltd.	Beijing, Corporation	Property leasing, Beijing	-	99.51%	100.00%	256,323,143
Chengdu Ping An Property Investment Co., Ltd.	Chengdu, Corporation	Real estate investment, Chengdu	-	99.51%	100.00%	840,000,000
Hangzhou Pingjiang Investment Co., Ltd.	Hangzhou, Corporation	Real estate development and management, Hangzhou	-	99.51%	100.00%	1,430,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Beijing Jingxinlize Investment Co., Ltd.	Beijing, Corporation	Investment management, Beijing	-	99.51%	100.00%	1,160,000,000
Anbon Allied Investment Company Limited.	Hong Kong, Corporation	Real estate investment, United Kingdom	-	99.51%	100.00%	GBP90,000,160
Talent Bronze Limited	Hong Kong, Corporation	Real estate investment, United Kingdom	-	99.51%	100.00%	GBP133,000,000
Ping An Pioneer Capital Co., Ltd.	Shenzhen, Corporation	Financial products and equity investment, Shenzhen	-	96.55%	100.00%	1,000,000,000
Shenzhen Pingke Information Consulting Co., Ltd. (iii)	Shenzhen, Corporation	Management consulting, Shenzhen	-	100.00%	100.00%	5,092,341,943
Beijing Jingping Shangdi Investment Co., Ltd.	Beijing, Corporation	Property leasing, Beijing	-	99.51%	100.00%	45,000,000
Guangzhou Xinping Property Investment Co., Ltd.	Guangzhou, Corporation	Property leasing, Guangzhou	-	99.51%	100.00%	50,000,000
Shanghai Jahwa (Group) Company Ltd. ("Shanghai Jahwa")	Shanghai, Corporation	Production and sale of consumer chemicals, Shanghai	-	99.51%	100.00%	5,268,261,234
Shanghai Jahwa United Co., Ltd. (iii)	Shanghai, Corporation	Industry, Shanghai	-	51.30%	51.55%	679,634,461
Falcon Vision Global Limited	British Virgin Islands, Corporation	Investment management, British Virgin Islands	-	99.51%	100.00%	USD50,000
Shanghai Zean Investment Management Company Limited	Shanghai, Corporation	Asset management, Shanghai	-	99.51%	100.00%	4,810,000,000
PA Dragon LLC	USA, Corporation	Logistics and real estate, USA	-	99.52%	100.00%	USD143,954,940
Shanghai Pingan Automobile E-commerce Co., Ltd.	Shanghai, Corporation	E-commerce, Shanghai	-	94.74%	94.74%	63,330,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Shanghai Gezhouba Yangming Property Co., Ltd.	Shanghai, Corporation	Real estate development and management, Shanghai	-	99.51%	100.00%	20,000,000
Shanghai Jinyao Investment Management Co., Ltd.	Shanghai, Corporation	Investment management, Shanghai	-	99.05%	100.00%	1,290,000,000
Shanghai Pingxin Asset Management Co., Ltd.	Shanghai, Corporation	Asset management, Shanghai	-	100.00%	100.00%	1,010,000,000
Shenzhen Qianhai Credit Service Centre Co., Ltd.	Shenzhen, Corporation	Credit Information services, Shenzhen	-	100.00%	100.00%	345,075,000
Pingan Real Estate Capital Limited	Hong Kong, Corporation	Investment platform, Hong Kong	-	99.60%	100.00%	2,536,129,600
Shenzhen Qianhai Inclusive Crowdfunding & Trading Co., Ltd.	Shenzhen, Corporation	Private equity financing, Shenzhen	-	100.00%	100.00%	100,000,000
Zhuhai Hengqin Ping An Money Micro Loan Co., Ltd.	Zhuhai, Corporation	Micro loan, Zhuhai	-	100.00%	100.00%	300,000,000
Guangzhou Ping An Good Loan Microfinance Co., Ltd.	Guangzhou, Corporation	Micro loan, Guangzhou	-	100.00%	100.00%	600,000,000
Ping An International Financial Leasing (Shenzhen) Co., Ltd.	Shenzhen, Corporation	Financial leasing, Shenzhen	-	100.00%	100.00%	1,800,000,000
An Ke Technology Company Limited	Hong Kong, Corporation	Investment management and investment consulting, Hong Kong	-	100.00%	100.00%	USD582,996,000
Ping An Pay Technology Service Co., Ltd.	Shenzhen, Corporation	Internet service, Shenzhen	-	77.14%	100.00%	680,000,000
Ping An Pay Electronic Payment Co., Ltd.	Shanghai, Corporation	Internet service, Shanghai	-	77.14%	100.00%	489,580,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Tongxiang Anhao Investment Management Co., Ltd.	Jiaxing, Corporation	Investment management, Jiaxing	-	99.70%	100.00%	300,000,000
Ping An Infrastructure Investment Fund Management Co., Ltd	Shenzhen, Corporation	Investment management, Shenzhen	-	97.99%	99.00%	1,000,000,000
Ping An Fortune Management Co., Ltd.	Shanghai, Corporation	Consulting services, Shanghai	-	100.00%	100.00%	100,000,000
Shenzhen Dingshuntong Investment Co., Ltd. ("Dingshuntong Investment")	Shenzhen, Corporation	Investment consulting, Shenzhen	-	100.00%	100.00%	100,000,000
Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd. ("Evergreen Investment Development")	Shenzhen, Corporation	Investment consulting, Shenzhen	-	100.00%	100.00%	1,500,100,000
Ping An International Financial Leasing (Tianjin) Co., Ltd.	Tianjin, Corporation	Financial leasing, Tianjin	-	100.00%	100.00%	10,400,000,000
Shenzhen Anpu Development Co., Ltd.	Shenzhen, Corporation	Logistics and warehousing, Shenzhen	-	79.61%	80.00%	5,625,000,000
China PA Asset Management (Hong Kong) Company Limited	Hong Kong, Corporation	Asset management, Hong Kong	-	96.55%	100.00%	HKD10,000,000
Shanghai Tianhe Insurance Brokerage Co., Ltd.	Shanghai, Corporation	Insurance broker, Shanghai	-	40.68%	100.00%	50,000,000
Helios P.A. Company Limited	Hong Kong, Corporation	Project investment, Hong Kong	-	99.51%	100.00%	USD677,161,910
Value Success International Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	100.00%	100.00%	USD50,000
Ping An Urban-Tech (Shenzhen) Co., Ltd.	Shenzhen, Corporation	IT services, Shenzhen	-	79.21%	100.00%	50,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Shenzhen Ping An Chuangke Investment Management Co., Ltd.	Shenzhen, Corporation	Investment management, Shenzhen	-	99.80%	100.00%	100,000,000
Shenzhen Anchuang Investment Management Co., Ltd.	Shenzhen, Corporation	Investment management, Shenzhen	-	99.70%	100.00%	100,000,000
Lianxin (Shenzhen) Investment Management Co., Ltd. ("Lianxin Investment") (iii)	Shenzhen, Corporation	Investment management, Shenzhen	-	99.70%	100.00%	5,100,000,000
Autohome Inc. (iii)	Cayman Islands, Corporation	Automotive internet platform, Beijing	-	40.68%	40.88%	USD1,273,469
Mayborn Group Limited	United Kingdom, Corporation	Infant products, United Kingdom	-	51.30%	100.00%	GBP1,154,873
Jiaxing Ping An Cornerstone I Equity Investment Management Co., Ltd.	Jiaxing, Corporation	Investment management, Jiaxing	-	99.51%	100.00%	1,000,000
Shenzhen Qianhai Jinxuan Investment Co., Ltd.	Shenzhen, Corporation	Investment management and investment consulting, Shenzhen	-	99.90%	100.00%	2,270,000,000
Ping An Wealth Management Co., Ltd.	Shenzhen, Corporation	Asset management, Shenzhen	-	57.96%	100.00%	5,000,000,000
TTP Car Inc. (iii)	Cayman Islands, Corporation	Second-hand car platform, Shanghai	-	20.75%	51.00%	USD15,753
Shenzhen Shengjun Investment Management Co., Ltd.	Shenzhen, Corporation	Investment management, Shenzhen	-	99.70%	100.00%	5,000,000
Overseas W.H. Investment Company Limited	Cayman Islands, Corporation	Investment holding, Cayman Islands	-	100.00%	100.00%	USD4,724,570,300
Shenzhen Pingjia Investment Management Co., Ltd.	Shenzhen, Corporation	Investment platform, Shenzhen	-	99.70%	100.00%	5,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares indirectly held by the Company (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Chongqing Youshengda Real Estate Consulting Co., Ltd.	Chongqing, Corporation	Real estate consulting, Chongqing	-	99.51%	100.00%	12,537,286,000
Hangzhou Xiaoshan Ping An Cornerstone II Equity Investment Co., Ltd.	Hangzhou, Corporation	Investment management, Hangzhou	-	99.51%	100.00%	10,000,000
Shenzhen Hengchuang Investment Management Co., Ltd.	Shenzhen, Corporation	Investment platform, Shenzhen	-	99.60%	100.00%	5,000,000
Global Voyager Fund (HK) Company Limited	Hong Kong, Corporation	Asset management, Hong Kong	-	100.00%	100.00%	USD14,794,701
China PA Wealth Management (Hong Kong) Company Limited	Hong Kong, Corporation	Insurance brokerage service, Hong Kong	-	96.55%	100.00%	HKD1,000,000
Ping An Commodities Trading Co., Ltd.	Shenzhen, Corporation	Commodity trade, Shenzhen	-	96.66%	100.00%	1,000,000,000
Shanghai Orient Overseas Kaixuan Real Estate Co., Ltd. (iv, v)	Shanghai, Corporation	Property leasing and property management, Shanghai	-	69.66%	70.00%	2,208,601,418
Shanghai Huaqing Real Estate Management Co., Ltd. (iv, v)	Shanghai, Corporation	Property leasing and property management, Shanghai	-	59.71%	60.00%	USD30,000,000
Beijing Xinjie Real Estate Development Co., Ltd. (iv, v)	Beijing, Corporation	Property leasing and property management, Beijing	-	69.66%	70.00%	USD24,500,000
Chengdu Raffles City Industry Co., Ltd. (iv, v)	Chengdu, Corporation	Property leasing and property management, Chengdu	-	69.66%	70.00%	USD217,700,000
Raffles City (Hangzhou) Real Estate Development Co., Ltd. (iv, v)	Hangzhou, Corporation	Property leasing and property management, Hangzhou	-	69.66%	70.00%	USD299,740,000
Ningbo Xinyin Property Development Co., Ltd. (iv, v)	Ningbo, Corporation	Property leasing and property management, Ningbo	-	69.66%	70.00%	800,000,000

4. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Company's principal subsidiaries as at 31 December 2021 are set out below: (continued)

Notes:

(i) The proportion of ordinary shares, as shown in the above table, is the sum product of direct holding by the Company and indirect holding by a multiplication of the proportion of shares held in each holding layer. The proportion of votes is the sum product of the proportion of votes held directly by the Company and indirectly via subsidiaries controlled by the Company.

(ii) For the year ended 31 December 2021, Ping An Bank's profit attributable to its non-controlling interest was RMB15,276 million (2020: RMB12,162 million), the dividend paid to its non-controlling interest was RMB3,809 million (2020: RMB2,964 million). As at 31 December 2021, Ping An Bank's equity attributable to its non-controlling interest was RMB195,231 million (2020: RMB182,064 million). Ping An Bank's summarized financial information is disclosed in "segment reporting" under the "Banking" segment.

(iii) The registered capitals of these subsidiaries were changed in 2021.

(iv) The subsidiaries were incorporated into the scope of consolidation in 2021.

(v) The six subsidiaries mentioned above are project companies that invest in Raffles City commercial office real estate, hereinafter referred to as "Raffles Project".

The Company and its subsidiaries are subject to the *Company Law* as well as various listing requirements, where applicable. Capital or asset transactions between the Company and its subsidiaries might be subject to regulatory requirements. Certain of the Company's subsidiaries are subject to regulatory capital requirements. As such, there are restrictions on the Group's ability to access or use the assets of these subsidiaries or use them to settle the liabilities of these subsidiaries. Please refer to Note 53.(7) for detailed disclosure on the relevant regulatory capital requirements.

(2) As at 31 December 2021, the Group consolidated the following principal structured entities:

Name	Attributable equity interest	Paid-in capital (RMB)	Principal activities
Ping An Asset Xinxiang No.28 Assets Management	99.51%	21,806,684,511	Investment in wealth management products
Huabao East Aggregated Fund Trust Scheme	98.86%	12,000,000,000	Investment in debt schemes
Shanghai Trust Huarong Aggregated Fund Trust Scheme	99.52%	9,500,000,000	Investment in debt schemes
Ping An Asset Xinxiang No.19 Assets Management	99.51%	7,449,913,531	Investment in wealth management products
Ping An Asset Xinxiang No.5 Assets Management	99.54%	1,620,000,000	Investment in wealth management products
Ping An Asset Xinxiang No.20 Assets Management	99.51%	6,508,823,782	Investment in wealth management products
Ping An Asset Xinxiang No.18 Assets Management	99.51%	6,730,552,460	Investment in wealth management products
Ping An Asset Xinxiang No.10 Assets Management	99.51%	7,139,468,987	Investment in wealth management products
Ping An Asset Xinxiang No.14 Assets Management	99.51%	4,551,171,317	Investment in wealth management products
Ping An Asset Xinxiang No.11 Assets Management	99.51%	2,781,690,208	Investment in wealth management products

5. SEGMENT REPORTING

The segment businesses are separately presented as the insurance segment, the banking segment, the trust segment, the securities segment, the other asset management segment, the technology business segment and the other businesses, based on the products and service offerings. The insurance segment is divided into the life and health insurance and the property and casualty insurance segment which are in line with the nature of products, risk and asset portfolios. The types of products and services from which reportable segments derive revenue are listed below:

- The life and health insurance segment offers a comprehensive range of life insurance products to individual and corporate customers, including term, whole-life, endowment, annuity, investment-linked, universal life and health care and medical insurance, reflecting performance summary of life insurance, annuity insurance and health insurance subsidiaries;

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

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

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

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

- The other asset management segment provides investment management services, finance lease business and other asset management services, reflecting performance summary of asset management and finance lease and the other asset management subsidiaries;

- The technology business segment provides various financial and daily-life services through internet platforms such as financial transaction information service platform, health care service platform, reflecting performance summary of the technology business subsidiaries, associates and joint ventures.

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

Management monitors the operating results of the Group’s business units separately for the purpose of making decisions with regard to resources allocation and performance assessment. Segment performance is assessed based on key performance indicators.

Transfer prices between operating segments are based on the amount stated in the contracts agreed by the both sides.

During 2021 and 2020, revenue from the Group’s top five customers accounted for less than 1% of the total revenue for the year.

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2021 and for the year then ended is as follows:

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Gross written premiums	494,011	270,113	-	-	-	-	-	(3,281)	760,843
Less: Premiums ceded to reinsurers	(16,406)	(17,324)	-	-	-	-	-	3,522	(30,208)
Change in unearned premium reserves	1,590	7,701	-	-	-	-	-	7	9,298
Net earned premiums	479,195	260,490	-	-	-	-	-	248	739,933
Reinsurance commission revenue	2,749	4,527	-	-	-	-	-	(1,368)	5,908
Interest revenue from banking operations	-	-	213,536	-	-	-	-	(97)	213,439
Fees and commission revenue from non-insurance operations	-	-	40,190	3,611	9,309	1,726	-	(3,312)	51,524
Including: Inter-segment fees and commission revenue from non-insurance operations	-	-	2,776	312	57	122	-	(3,267)	-
Interest revenue from non-banking operations	98,317	7,372	-	614	5,857	15,621	439	(2,746)	125,474
Including: Inter-segment interest revenue from non - banking operations	176	76	-	18	369	2,761	67	(3,467)	-
Investment income	57,835	5,896	14,380	(998)	1,978	12,320	(9,866)	(3,506)	78,039
Including: Inter-segment investment income	2,339	135	17	-	4	237	34	(2,766)	-
Including: Operating lease income from investment properties	5,744	205	57	-	3	140	-	(1,529)	4,620
Share of profits and losses of associates and joint ventures	2,034	1,696	-	72	(22)	(117)	7,351	(3,668)	7,346
Other revenues and other gains/(losses)	24,804	1,225	443	480	5,704	33,103	22,564	(22,311)	66,012
Including: Inter-segment other revenues	10,334	31	22	-	-	5,076	6,801	(22,264)	-
Including: Non-operating gains	218	165	158	-	-	10	25	3	579
Total revenue	664,934	281,206	268,549	3,779	22,826	62,653	20,488	(36,760)	1,287,675

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2021 and for the year then ended is as follows (continued):

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Claims and policyholders' benefits	(444,096)	(174,769)	-	-	-	-	-	203	(618,662)
Commission expenses on insurance operations	(52,277)	(32,039)	-	-	-	-	-	3,605	(80,711)
Interest expenses on banking operations	-	-	(93,200)	-	-	-	-	1,129	(92,071)
Fees and commission expenses on non-insurance operations	-	-	(7,128)	(366)	(2,570)	(100)	-	224	(9,940)
Net impairment losses on financial assets and other assets	(24,492)	(1,496)	(73,817)	(1,146)	(574)	(2,428)	(1,033)	(56)	(105,042)
Including: Loan impairment losses, net	-	-	(59,407)	-	-	-	-	-	(59,407)
Including: Impairment losses on investment assets	(24,447)	(441)	(13,248)	(1,120)	(570)	(882)	(859)	-	(41,567)
Including: Impairment losses on receivables and others	(45)	(1,055)	(1,162)	(26)	(4)	(1,546)	(174)	(56)	(4,068)
Foreign exchange gains/(losses)	7	(52)	1,320	(1)	(3)	(61)	7	50	1,267
Investment expenses	(4,281)	(345)	-	-	-	-	-	4,490	(136)
Including: taxes and surcharges on investment operations	(120)	(16)	-	-	-	-	-	-	(136)
Administrative expenses	(48,177)	(52,018)	(49,581)	(1,443)	(5,819)	(12,439)	(14,449)	7,001	(176,925)
Including: Taxes and surcharges on insurance operations	(1,051)	(1,091)	-	-	-	-	-	-	(2,142)
Interest expenses on non-banking operations	(4,519)	(1,326)	-	(148)	(3,803)	(21,364)	(530)	3,608	(28,082)
Including: Financial costs	(2,066)	(926)	-	(74)	(2,871)	(21,358)	(530)	3,643	(24,182)
Including: Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	(2,453)	(400)	-	(74)	(932)	(6)	-	(35)	(3,900)
Other expenses	(26,814)	(465)	(264)	288	(5,454)	(11,665)	(5,428)	12,009	(37,793)
Total expenses	(604,649)	(262,510)	(222,670)	(2,816)	(18,223)	(48,057)	(21,433)	32,263	(1,148,095)
Profit before tax	60,285	18,696	45,879	963	4,603	14,596	(945)	(4,497)	139,580
Income tax	18	(2,504)	(9,543)	(734)	(774)	(4,702)	488	(27)	(17,778)
Profit for the year	60,303	16,192	36,336	229	3,829	9,894	(457)	(4,524)	121,802
– Attributable to owners of the parent	59,468	16,117	21,060	229	3,614	8,378	(1,957)	(5,291)	101,618

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2021 and for the year then ended is as follows (continued):

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Cash and amounts due from banks and other financial institutions	207,013	59,110	176,373	6,439	89,483	59,855	23,067	(36,345)	584,995
Balances with the Central Bank and statutory deposits for insurance operations	8,293	4,300	308,348	-	-	-	5	8	320,954
Accounts receivable	2,019	7	-	-	-	22,971	2,571	(940)	26,628
Finance lease receivable	-	-	-	-	-	200,701	-	-	200,701
Loans and advances to customers	-	-	2,984,753	-	-	-	-	(3,778)	2,980,975
Financial assets at fair value through profit or loss	709,874	119,501	389,703	14,639	50,824	108,277	18,245	15,614	1,426,677
Financial assets at amortized cost	1,771,695	113,333	738,166	6,625	60	179,522	777	(41,183)	2,768,995
Financial assets at fair value through other comprehensive income	447,189	25,502	155,020	14	87,752	11,791	210	(30,733)	696,745
Investments in associates and joint ventures	134,856	25,789	-	1,046	158	86,150	77,387	(41,325)	284,061
Others	435,565	122,865	169,017	2,962	25,091	76,706	27,523	(8,434)	851,295
Segment assets	3,716,504	470,407	4,921,380	31,725	253,368	745,973	149,785	(147,116)	10,142,026
Due to banks and other financial institutions	32,020	3,978	525,687	-	4,895	277,712	5,149	(51,795)	797,646
Assets sold under agreements to repurchase	27,300	9,484	47,703	-	37,556	4,921	-	513	127,477
Accounts payable	2,632	288	-	-	-	3,578	1,055	(890)	6,663
Insurance payables	122,163	32,247	-	-	-	-	-	(3,643)	150,767
Customer deposits and payables to brokerage customers	-	-	2,990,518	-	73,134	-	-	(61,603)	3,002,049
Bonds payable	20,665	13,996	823,934	-	68,818	161,124	-	8,986	1,097,523
Insurance contract liabilities	2,995,147	267,128	-	-	-	-	-	(921)	3,261,354
Investment contract liabilities for policyholders	72,820	19	-	-	-	-	-	-	72,839
Policyholder dividend payable	67,276	-	-	-	-	-	-	-	67,276
Others	57,161	28,638	138,090	6,778	26,388	219,693	24,694	(20,733)	480,709
Segment liabilities	3,397,184	355,778	4,525,932	6,778	210,791	667,028	30,898	(130,086)	9,064,303
Segment equity	319,320	114,629	395,448	24,947	42,577	78,945	118,887	(17,030)	1,077,723
- Attributable to owners of the parent	296,877	113,898	200,217	24,918	36,003	54,922	100,697	(15,127)	812,405
Other segment information:									
Capital expenditures	6,198	1,382	8,583	18	782	2,081	1,334	(491)	19,887
Depreciation and amortization	7,053	1,612	6,416	74	415	835	2,158	(684)	17,879
Total other non-cash expenses charged to consolidated results	24,492	1,496	73,817	1,146	574	2,428	1,033	56	105,042

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2020 and for the year then ended is as follows:

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Gross written premiums	514,513	285,911	–	–	–	–	–	(2,544)	797,880
Less: Premiums ceded to reinsurers	(9,167)	(16,714)	–	–	–	–	–	2,804	(23,077)
Change in unearned premium reserves	(1,020)	(16,180)	–	–	–	–	–	(4)	(17,204)
Net earned premiums	504,326	253,017	–	–	–	–	–	256	757,599
Reinsurance commission revenue	2,239	5,473	–	–	–	–	–	(1,356)	6,356
Interest revenue from banking operations	–	–	201,007	–	–	–	–	(412)	200,595
Fees and commission revenue from non-insurance operations	–	–	39,476	4,335	8,175	1,576	–	(3,404)	50,158
Including: Inter-segment fees and commission revenue from non-insurance operations	–	–	2,648	615	119	99	–	(3,481)	–
Interest revenue from non-banking operations	93,779	7,369	–	256	4,717	15,285	291	(2,883)	118,814
Including: Inter-segment interest revenue from non-banking operations	206	70	–	23	300	2,547	81	(3,227)	–
Investment income	83,061	9,203	9,350	189	1,405	3,993	1,821	(2,790)	106,232
Including: Inter-segment investment income	2,389	135	–	–	48	98	21	(2,691)	–
Including: Operating lease income from investment properties	4,413	169	43	–	3	140	10	(1,632)	3,146
Share of profits and losses of associates and joint ventures	9,472	1,881	–	48	(15)	2,685	5,192	(2,418)	16,845
Other revenues and other gains/(losses)	24,946	944	376	722	4,208	33,284	25,176	(24,837)	64,819
Including: Inter-segment other revenues	12,335	78	7	–	–	4,295	8,328	(25,043)	–
Including: Non-operating gains	172	82	77	–	–	31	15	2	379
Total revenue	717,823	277,887	250,209	5,550	18,490	56,823	32,480	(37,844)	1,321,418

5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2020 and for the year then ended is as follows (continued):

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Claims and policyholders' benefits	(461,753)	(153,177)	–	–	–	–	–	179	(614,751)
Commission expenses on insurance operations	(65,156)	(40,704)	–	–	–	–	–	3,839	(102,021)
Interest expenses on banking operations	–	–	(87,537)	–	–	–	–	1,166	(86,371)
Fees and commission expenses on non-insurance operations	–	–	(9,815)	(451)	(2,017)	(174)	–	241	(12,216)
Net impairment losses on financial assets and other assets	(734)	(1,423)	(70,418)	(155)	(779)	(5,519)	(218)	(212)	(79,458)
Including: Loan impairment losses, net	–	–	(43,148)	–	–	–	–	–	(43,148)
Including: Impairment losses on investment assets	(535)	213	(26,578)	(33)	(785)	(3,224)	(35)	(213)	(31,190)
Including: Impairment losses on receivables and others	(199)	(1,636)	(692)	(122)	6	(2,295)	(183)	1	(5,120)
Foreign exchange gains/(losses)	1,123	(7)	762	(3)	(8)	384	(22)	(10)	2,219
Investment expenses	(3,458)	(329)	–	–	–	–	–	3,616	(171)
Including: Taxes and surcharges on investment operations	(163)	(8)	–	–	–	–	–	–	(171)
Administrative expenses	(49,057)	(60,883)	(46,215)	(1,475)	(4,893)	(11,860)	(15,795)	9,183	(180,995)
Including: Taxes and surcharges on insurance operations	(887)	(1,400)	–	–	–	–	–	–	(2,287)
Interest expenses on non-banking operations	(6,020)	(1,292)	–	(247)	(2,846)	(18,231)	(683)	2,883	(26,436)
Including: Financial costs	(2,773)	(996)	–	(186)	(2,095)	(18,216)	(683)	2,954	(21,995)
Including: Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	(3,247)	(296)	–	(61)	(751)	(15)	–	(71)	(4,441)
Other expenses	(25,634)	(443)	(232)	(3)	(4,063)	(10,309)	(5,808)	13,038	(33,454)
Total expenses	(610,689)	(258,258)	(213,455)	(2,334)	(14,606)	(45,709)	(22,526)	33,923	(1,133,654)
Profit before tax	107,134	19,629	36,754	3,216	3,884	11,114	9,954	(3,921)	187,764
Income tax	(11,062)	(3,470)	(7,826)	(737)	(782)	(4,403)	(451)	326	(28,405)
Profit for the year	96,072	16,159	28,928	2,479	3,102	6,711	9,503	(3,595)	159,359
– Attributable to owners of the parent	95,018	16,083	16,766	2,476	2,959	5,737	7,936	(3,876)	143,099

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5. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2020 and for the year then ended is as follows (continued):

(in RMB million)	Life and health insurance	Property and casualty insurance	Banking	Trust	Securities	Other asset management	Technology business	Other businesses and elimination	Total
Cash and amounts due from banks and other financial institutions	224,480	58,935	180,975	7,490	73,701	51,582	18,858	(28,630)	587,391
Balances with the Central Bank and statutory deposits for insurance operations	8,267	4,281	280,177	-	-	-	5	8	292,738
Accounts receivable	1,714	-	-	-	-	22,339	3,524	(1,401)	26,176
Finance lease receivable	-	-	-	-	-	202,050	-	-	202,050
Loans and advances to customers	-	-	2,610,841	-	-	-	-	(11,331)	2,599,510
Financial assets at fair value through profit or loss	587,173	118,599	311,270	14,951	36,191	118,735	30,084	14,328	1,231,331
Financial assets at amortized cost	1,724,256	101,109	633,619	5,930	213	202,132	1,012	(43,423)	2,624,848
Financial assets at fair value through other comprehensive income	520,581	29,365	198,722	14	73,170	9,679	49	(42,793)	788,787
Investments in associates and joint ventures	142,206	13,799	-	1,126	91	64,659	71,932	(25,994)	267,819
Others	363,884	126,753	252,910	2,709	15,917	123,505	28,354	(6,812)	907,220
Segment assets	3,572,561	452,841	4,468,514	32,220	199,283	794,681	153,818	(146,048)	9,527,870
Due to banks and other financial institutions	36,290	5,195	635,171	-	304	325,030	7,378	(49,193)	960,175
Assets sold under agreements to repurchase	187,846	13,807	35,286	-	34,295	5,159	-	209	276,602
Accounts payable	2,169	20	-	-	-	3,401	1,012	(1,454)	5,148
Insurance payables	114,001	28,566	-	-	-	-	-	(3,039)	139,528
Customer deposits and payables to brokerage customers	-	-	2,695,935	-	59,472	-	-	(61,574)	2,693,833
Bonds payable	34,137	13,927	611,865	-	51,776	179,456	-	10,124	901,285
Insurance contract liabilities	2,710,089	262,918	-	-	-	-	-	(547)	2,972,460
Investment contract liabilities for policyholders	67,562	19	-	-	-	-	-	-	67,581
Policyholder dividend payable	63,806	-	-	-	-	-	-	-	63,806
Others	75,137	24,918	126,126	8,717	19,630	210,816	28,617	(34,414)	459,547
Segment liabilities	3,291,037	349,370	4,104,383	8,717	165,477	723,862	37,007	(139,888)	8,539,965
Segment equity	281,524	103,471	364,131	23,503	33,806	70,819	116,811	(6,160)	987,905
- Attributable to owners of the parent	273,161	102,991	182,067	23,475	32,346	49,240	104,523	(5,243)	762,560
Other segment information:									
Capital expenditures	7,095	2,124	5,888	8	374	1,720	2,306	(1,197)	18,318
Depreciation and amortization	6,670	1,647	5,662	46	399	714	2,550	(507)	17,181
Total other non-cash expenses charged to consolidated results	734	1,423	70,418	155	779	5,519	218	212	79,458

6. GROSS AND NET WRITTEN PREMIUMS

(in RMB million)	2021	2020
Gross written premiums and premium deposits	**837,834**	885,826
Less: Premium deposits of policies without significant insurance risk transfer	**(3,060)**	(3,145)
Premium deposits separated out from universal life and investment-linked products	**(73,931)**	(84,801)
Gross written premiums	**760,843**	797,880

(in RMB million)	2021	2020
Long-term life business gross written premiums	**454,051**	468,782
Short-term life business gross written premiums	**36,239**	42,745
Property and casualty business gross written premiums	**270,553**	286,353
Gross written premiums	**760,843**	797,880

(in RMB million)	2021	2020
Gross written premiums		
Life insurance		
Individual business	**470,214**	488,094
Group business	**20,076**	23,433
	490,290	511,527
Property and casualty insurance		
Automobile insurance	**188,990**	196,335
Non-automobile insurance	**58,943**	72,928
Accident and health insurance	**22,620**	17,090
	270,553	286,353
Gross written premiums	**760,843**	797,880

(in RMB million)	2021	2020
Net of reinsurance premiums ceded		
Life insurance		
Individual business	**464,345**	482,454
Group business	**13,260**	22,892
	477,605	505,346
Property and casualty insurance		
Automobile insurance	**182,567**	188,969
Non-automobile insurance	**48,297**	63,785
Accident and health insurance	**22,166**	16,703
	253,030	269,457
Net written premiums	**730,635**	774,803

7. NET INTEREST INCOME FROM BANKING OPERATIONS

(in RMB million)	2021	2020
Interest revenue from banking operations		
Due from the Central Bank	**3,595**	3,379
Due from financial institutions	**7,253**	7,850
Loans and advances to customers	**171,231**	157,830
Financial investments	**31,360**	31,536
Subtotal	**213,439**	200,595
Interest expenses on banking operations		
Due to the Central Bank	**3,664**	3,745
Due to financial institutions	**9,535**	10,437
Customer deposits	**56,967**	56,170
Bonds payable	**21,905**	15,909
Others	**–**	110
Subtotal	**92,071**	86,371
Net interest income from banking operations	**121,368**	114,224

8. INTEREST REVENUE FROM NON-BANKING OPERATIONS

(in RMB million)	2021	2020
Financial assets at amortized cost	**113,708**	107,201
Debt financial assets at fair value through other comprehensive income	**11,766**	11,613
	125,474	118,814

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

(in RMB million)	2021	2020
Fees and commission revenue from non-insurance operations		
Brokerage commission	**7,440**	5,828
Underwriting commission	**914**	1,146
Trust service fees	**2,930**	3,474
Fees and commission from the banking business	**37,414**	36,828
Others	**2,826**	2,882
Subtotal	**51,524**	50,158
Fees and commission expenses on non-insurance operations		
Brokerage commission	**2,466**	1,924
Fees and commission on the banking business	**7,128**	9,815
Others	**346**	477
Subtotal	**9,940**	12,216
Net fees and commission income from non-insurance operations	**41,584**	37,942

10. INVESTMENT INCOME

(in RMB million)	2021	2020
Net investment income	**74,985**	64,020
Realized gains from disposal	**25,667**	46,982
Unrealized gains/(losses)	**(22,613)**	(4,770)
Total investment income	**78,039**	106,232

(1) NET INVESTMENT INCOME

(in RMB million)	2021	2020
Financial assets at fair value through profit or loss	**55,742**	49,180
Equity financial assets at fair value through other comprehensive income	**14,623**	11,694
Operating lease income from investment properties	**4,620**	3,146
	74,985	64,020

(2) REALIZED GAINS FROM DISPOSAL

(in RMB million)	2021	2020
Financial assets at fair value through profit or loss	**18,495**	42,400
Debt financial assets at fair value through other comprehensive income	**(159)**	2,045
Financial assets at amortized cost	**(363)**	131
Derivative financial instruments	**(356)**	(222)
Gain on disposals of loans and advances at fair value through other comprehensive income	**1,884**	1,414
Precious metal transactions investment gains/(losses)	**121**	(209)
Investment in subsidiaries, associates and joint ventures	**6,045**	1,423
	25,667	46,982

(3) UNREALIZED GAINS/(LOSSES)

(in RMB million)	2021	2020
Financial assets at fair value through profit or loss		
- Bonds	**3,220**	(1,009)
- Funds	**(2,354)**	1,108
- Stocks	**(15,052)**	(10,742)
- Wealth management investments, debt schemes and other investments	**(6,964)**	5,666
Financial liabilities at fair value through profit or loss	**(1,571)**	161
Derivative financial instruments	**108**	46
	(22,613)	(4,770)

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11. OTHER REVENUES AND OTHER GAINS/(LOSSES)

(in RMB million)	2021	2020
Sales revenue	**24,776**	24,443
Expressway toll fee	**889**	704
Annuity management fee	**1,844**	683
Management fee and consulting fee income	**11,098**	11,168
Finance lease income	**17,192**	16,876
Others	**10,213**	10,945
	66,012	64,819

12. CLAIMS AND POLICYHOLDERS' BENEFITS

		2021	
(in RMB million)	**Gross**	**Reinsurers' share**	**Net**
Claims and claim adjustment expenses	**243,970**	**(19,862)**	**224,108**
Surrenders	**52,931**	**–**	**52,931**
Annuities	**7,887**	**–**	**7,887**
Maturities and survival benefits	**25,980**	**–**	**25,980**
Policyholder dividends	**19,405**	**–**	**19,405**
Increase in long-term life insurance policyholders' reserves	**257,832**	**(342)**	**257,490**
Interest credited to policyholder contract deposits	**30,861**	**–**	**30,861**
	638,866	**(20,204)**	**618,662**

		2020	
(in RMB million)	Gross	Reinsurers' share	Net
Claims and claim adjustment expenses	216,734	(12,237)	204,497
Surrenders	36,914	–	36,914
Annuities	6,940	–	6,940
Maturities and survival benefits	25,257	–	25,257
Policyholder dividends	19,001	–	19,001
Increase in long-term life insurance policyholders' reserves	292,116	(624)	291,492
Interest credited to policyholder contract deposits	30,650	–	30,650
	627,612	(12,861)	614,751

12. CLAIMS AND POLICYHOLDERS' BENEFITS (CONTINUED)

(in RMB million)	2021 Gross	2021 Reinsurers' share	2021 Net
Long-term life insurance contract benefits	**431,385**	**(3,327)**	**428,058**
Short-term life insurance claims	**21,886**	**(6,227)**	**15,659**
Property and casualty insurance claims	**185,595**	**(10,650)**	**174,945**
	638,866	**(20,204)**	**618,662**

(in RMB million)	2020 Gross	2020 Reinsurers' share	2020 Net
Long-term life insurance contract benefits	440,644	(2,454)	438,190
Short-term life insurance claims	26,219	(3,015)	23,204
Property and casualty insurance claims	160,749	(7,392)	153,357
	627,612	(12,861)	614,751

13. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

(in RMB million)	2021	2020
Accounts receivable	**242**	417
Loans and advances to customers	**59,407**	43,148
Debt financial assets at fair value through other comprehensive income	**2,399**	792
Financial assets at amortized cost	**23,144**	31,121
Finance lease receivable	**1,013**	1,811
Placements with banks and other financial institutions	**(54)**	54
Loan commitments	**3,027**	(820)
Due from banks and other financial institutions	**(63)**	(183)
Others	**1,379**	702
	90,494	77,042

14. NET IMPAIRMENT LOSSES ON OTHER ASSETS

(in RMB million)	2021	2020
Impairment losses on investments in associates and joint ventures	**12,260**	25
Net impairment losses on other assets	**2,288**	2,391
	14,548	2,416

15. PROFIT BEFORE TAX

(1) PROFIT BEFORE TAX IS ARRIVED AT AFTER CHARGING THE FOLLOWING ITEMS:

(in RMB million)	2021	2020
Employee costs (Note 15.(2))	**78,859**	75,164
Interest expenses on policyholder contract deposits and investment contract reserves	**30,861**	30,650
Depreciation of investment properties	**1,620**	1,341
Depreciation of property and equipment	**6,895**	6,537
Amortization of intangible assets	**2,564**	2,470
Depreciation of right-of-use assets	**6,364**	7,234
Net impairment losses on financial assets	**90,494**	77,042
Net impairment losses on other assets	**14,548**	2,416
Cost of sales	**12,763**	11,202
Auditors' remuneration	**88**	98

(2) EMPLOYEE COSTS

(in RMB million)	2021	2020
Wages, salaries and bonuses	**61,209**	61,379
Retirement benefits, social security contributions and welfare benefits	**15,561**	11,376
Others	**2,089**	2,409
	78,859	75,164

16. INCOME TAX

(in RMB million)	2021	2020
Current income tax		
– Charge for the year	**26,588**	36,923
– Adjustments in respect of current income tax of previous years	**228**	1,638
Deferred income tax	**(9,038)**	(10,156)
	17,778	28,405

Certain subsidiaries enjoy tax preferential treatments. These subsidiaries are not material to the Group. Except for those subsidiaries enjoying tax preferential treatments, the applicable corporate income tax rate of the Group for 2021 was 25%.

16. INCOME TAX (CONTINUED)

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate of 25% (2020: 25%) is as follows:

(in RMB million)	2021	2020
Profit before tax	**139,580**	187,764
Tax at the applicable tax rate of 25% (2020: 25%)	**34,895**	46,941
Expenses not deductible for tax	**4,073**	2,603
Income not subject to tax	**(25,500)**	(24,253)
Adjustments in respect of current income tax of previous years	**228**	1,638
Others	**4,082**	1,476
Income tax per consolidated income statement	**17,778**	28,405

Taxes for taxable income attained from outside of the PRC are measured at the tax rates under local and PRC law, regulations and conventions. The income tax credited by the Group is verified by official tax bureau.

17. DIVIDENDS

(in RMB million)	2021	2020
2020 final dividend declared in 2021 – RMB1.40 (2019 final dividend declared in 2020 – RMB1.30) per ordinary share (i)	**25,494**	23,673
2021 interim dividend – RMB0.88 (2020 interim dividend -RMB0.80) per ordinary share (ii)	**15,975**	14,568

(i) On 3 February 2021, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2020, agreeing to declare a cash dividend in the amount of RMB1.40 (tax inclusive) per share. The total amount of the cash dividend for 2020 was RMB25,494 million (tax inclusive).

On 25 March 2021, the above profit appropriation plan was approved by the shareholders of the Company at the annual general meeting.

(ii) On 26 August 2021, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for Interim Dividend of 2021, and declared an interim cash dividend of RMB0.88 (tax inclusive) per share. The total amount of the cash dividend was RMB15,975 million (tax inclusive).

(iii) On 17 March 2022, the Board of Directors of the Company approved the Resolution of the Profit Distribution Plan for 2021, and declared a final cash dividend of 2021 in the amount of RMB1.50 (tax inclusive) per share. Pursuant to the *Shanghai Stock Exchange's Guidelines for Self-regulation of Listed Companies No.7—Repurchase of Shares* and other applicable regulations, the Company's A shares in the Company's repurchased securities account after trading hours on the record date of A shareholders for the final dividend will not be entitled to the final dividend distribution. The actual total amount of final dividend payment is subject to the total number of shares that will be entitled to the dividend distribution on the record date of A shareholders. The total amount of the final dividend payment for 2021 is RMB27,198,704,275.50 (tax inclusive) based on the total share capital of 18,280,241,410 shares less the 147,771,893 A shares of the Company in the repurchased securities account as at 31 December 2021, which was not recognized as a liability as at 31 December 2021.

18. EARNINGS PER SHARE

(1) BASIC

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Group.

	2021	2020
Profit attributable to owners of the parent (in RMB million)	**101,618**	143,099
Weighted average number of ordinary shares in issue (million shares)	**17,607**	17,675
Basic earnings per share (in RMB)	**5.77**	8.10

Weighted average number of ordinary shares in issue (million shares)	2021	2020
Issued ordinary shares as at 1 January	**18,280**	18,280
Weighted average number of shares held by the Key Employee Share Purchase Plan	**(21)**	(23)
Weighted average number of shares held by the Long-term Service Plan	**(143)**	(97)
Weighted average number of shares held by the consolidated assets management scheme (i)	**(417)**	(417)
Weighted average number of shares held by the treasury share	**(92)**	(68)
Weighted average number of ordinary shares in issue	**17,607**	17,675

(i) As at 31 December 2021, 417 million (31 December 2020: 417 million) shares were held by the consolidated assets management scheme.

(2) DILUTED

Diluted earnings per share was computed by dividing the adjusted profit attributable to the equity holders of the Company based on assuming conversion of all dilutive potential shares for the year by the adjusted weighted average number of ordinary shares in issue. The shares granted by the Company under the Key Employee Share Purchase Plan (Note 41) and Long-term Service Plan (Note 42) have a potential dilutive effect on the earnings per share.

	2021	2020
Earnings (in RMB million)		
Profit attributable to owners of the parent	**101,618**	143,099
Weighted average number of ordinary shares (million shares)		
Weighted average number of ordinary shares in issue	**17,607**	17,675
Adjustments for:		
– Assumed vesting of Key Employee Share Purchase Plan	**21**	23
– Assumed vesting of Long-term Service Plan	**143**	97
Weighted average number of ordinary shares for diluted earnings per share in issue (million shares)	**17,771**	17,795
Diluted earnings per share (in RMB)	**5.72**	8.04

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

(in RMB million)	31 December 2021	31 December 2020
Cash on hand	**3,686**	3,814
Term deposits	**258,176**	332,812
Due from banks and other financial institutions	**227,690**	179,769
Placements with banks and other financial institutions	**95,443**	70,996
	584,995	587,391

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

(in RMB million)	31 December 2021	31 December 2020
Measured at amortized cost:		
Placements with banks	**59,142**	52,788
Placements with other financial institutions	**25,145**	5,055
Gross	**84,287**	57,843
Less: Provision for impairment losses	**(72)**	(70)
Net	**84,215**	57,773
Measured at fair value through other comprehensive income:		
Placements with other financial institutions	**11,228**	13,223
Total	**95,443**	70,996

As at 31 December 2021, the provision for impairment losses of placements with banks and other financial institutions measured at fair value through other comprehensive income is RMB170 million (31 December 2020: RMB228 million).

As at 31 December 2021, cash and amounts due from banks and other financial institutions of RMB11,579 million (31 December 2020: RMB9,654 million) were restricted from use.

As at 31 December 2021, cash and amounts due from overseas amounted to RMB29,474 million (31 December 2020: RMB57,169 million).

20. BALANCES WITH THE CENTRAL BANK

(in RMB million)	31 December 2021	31 December 2020
Statutory reserve deposits with the Central Bank for banking operations	**221,619**	217,320
– Statutory reserve deposits with the Central Bank for banking operations-RMB	**211,488**	210,297
– Statutory reserve deposits with the Central Bank for banking operations-foreign currencies	**10,131**	7,023
Surplus reserve deposits with the Central Bank	**84,057**	61,996
Fiscal deposits with the Central Bank	**2,672**	861
	308,348	280,177

In accordance with relevant regulations, subsidiaries of the Group engaged in bank operations are required to place mandatory reserve deposits with the People's Bank of China (the 'PBC') for customer deposits in both local currency and foreign currencies. As at 31 December 2021, the mandatory deposits are calculated at 8.0% (31 December 2020: 9.0%) of customer deposits denominated in RMB and 9.0% (31 December 2020: 5.0%) of customer deposits denominated in foreign currencies. Mandatory reserve deposits are not available for use by the Group in its day-to-day operations.

21. FINANCIAL ASSETS PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS

Classified by collateral:

(in RMB million)	31 December 2021	31 December 2020
Bonds	**55,662**	116,885
Stocks and others	**6,091**	6,137
Gross	**61,753**	123,022
Less: Provision for impairment losses	**(324)**	(257)
Net	**61,429**	122,765

22. PREMIUM RECEIVABLES

(in RMB million)	31 December 2021	31 December 2020
Premium receivables	**84,742**	98,366
Less: Provision for doubtful receivables	**(4,908)**	(4,363)
Premium receivables, net	**79,834**	94,003
Life insurance	**17,482**	18,826
Property and casualty insurance	**62,352**	75,177
Premium receivables, net	**79,834**	94,003

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

An aging analysis of premium receivables is as follows:

(in RMB million)	31 December 2021	31 December 2020
Within 3 months	**76,279**	91,007
Over 3 months but within 1 year	**3,509**	3,356
Over 1 year	**4,954**	4,003
	84,742	98,366

23. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2021			
	Assets		Liabilities	
(in RMB million)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	**3,538,229**	**14,164**	**2,773,780**	**13,237**
Currency forwards and swaps	**1,047,646**	**15,687**	**1,023,471**	**15,855**
Gold derivative instruments	**33,424**	**567**	**26,865**	**2,779**
Stock index options	**79**	**3**	**5,782**	**19**
Stock index swaps	**2,249**	**75**	**–**	**–**
Others	**1,923**	**461**	**23,254**	**3,159**
	4,623,550	**30,957**	**3,853,152**	**35,049**

	31 December 2020			
	Assets		Liabilities	
(in RMB million)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	4,435,630	18,363	3,284,141	17,887
Currency forwards and swaps	682,713	16,246	622,991	17,154
Gold derivative instruments	39,500	1,761	60,243	7,032
Stock index options	302	1	–	–
Stock index swaps	2,455	137	–	–
Others	3,695	1,153	10,514	6,506
	5,164,295	37,661	3,977,889	48,579

24. REINSURERS' SHARE OF INSURANCE LIABILITIES

(in RMB million)	31 December 2021	31 December 2020
Reinsurers' share of unearned premium reserves	**11,084**	8,408
Reinsurers' share of claim reserves	**13,477**	9,863
Reinsurers' share of long-term life insurance policyholders' reserves	**2,291**	1,948
	26,852	20,219

25. FINANCE LEASE RECEIVABLE

(in RMB million)	31 December 2021	31 December 2020
Finance lease receivables, net of unrealized financial gains	**205,907**	207,053
Less: Provision for impairment losses	**(5,206)**	(5,003)
	200,701	202,050

The Group's long-term receivables are finance lease receivables to offset the net unrealized financial gains.

26. LOANS AND ADVANCES TO CUSTOMERS

(1) ANALYSED BY CORPORATE AND INDIVIDUAL

(in RMB million)	31 December 2021	31 December 2020
Measured at amortized cost		
Corporate customers		
Loans	**901,295**	847,939
Individual customers		
Xinyidai	**158,981**	146,293
Credit card receivables	**621,448**	529,251
Mortgage loans and licensed mortgage loans	**654,870**	528,384
Auto loans	**301,229**	246,416
Others	**173,793**	154,596
Gross	**2,811,616**	2,452,879
Add: Interest receivable	**10,561**	7,365
Less: Provision for impairment losses	**(89,256)**	(62,821)
Net	**2,732,921**	2,397,423
Measured at fair value through other comprehensive income		
Corporate customers		
Loans	**93,401**	89,454
Discounted bills	**154,653**	112,633
Subtotal	**248,054**	202,087
Carrying amount	**2,980,975**	2,599,510

As at 31 December 2021, discounted bills with a carrying amount of RMB2,841 million (31 December 2020: RMB7,302 million) were pledged for amounts due to the Central Bank.

As at 31 December 2021, the provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income was RMB946 million (31 December 2020: RMB398 million), refer to Note 26.(6).

26. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(2) ANALYSED BY INDUSTRY

(in RMB million)	31 December 2021	31 December 2020
Loans and advances to customers		
Agriculture, husbandry and fishery	**4,416**	3,087
Mining	**22,099**	24,448
Manufacturing	**157,027**	145,939
Energy	**26,037**	20,856
Transportation and communication	**49,031**	51,644
Wholesaling and retailing	**103,784**	74,257
Real estate	**288,923**	271,963
Social service, technology, culture and sanitary industries	**212,943**	166,000
Construction	**48,073**	42,568
Individual customers	**1,910,321**	1,604,940
Others	**237,016**	249,264
Gross	**3,059,670**	2,654,966
Add: Interest receivable	**10,561**	7,365
Less: Provision for impairment losses	**(89,256)**	(62,821)
Carrying amount	**2,980,975**	2,599,510

(3) ANALYSED BY TYPE OF COLLATERAL HELD

(in RMB million)	31 December 2021	31 December 2020
Unsecured	**1,258,615**	1,089,759
Guaranteed	**203,818**	196,585
Secured by collateral		
Secured by mortgages	**1,154,938**	983,796
Secured by monetary assets	**287,646**	272,193
Subtotal	**2,905,017**	2,542,333
Discounted bills	**154,653**	112,633
Gross	**3,059,670**	2,654,966
Add: Interest receivable	**10,561**	7,365
Less: Provision for impairment losses	**(89,256)**	(62,821)
Carrying amount	**2,980,975**	2,599,510

(4) AGING ANALYSIS OF PAST DUE LOANS BY PASS DUE DAYS

	31 December 2021				
(in RMB million)	Within 3 months	3 months to 1 year	1 to 3 years	More than 3 years	Total
Unsecured	**22,410**	**11,123**	**1,224**	**438**	**35,195**
Guaranteed	**1,920**	**853**	**196**	**266**	**3,235**
Secured by collateral					
Secured by mortgages	**9,657**	**8,282**	**251**	**10**	**18,200**
Pledged loan	**828**	**35**	**10**	**–**	**873**
	34,815	**20,293**	**1,681**	**714**	**57,503**

26. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(4) AGING ANALYSIS OF PAST DUE LOANS BY PASS DUE DAYS (CONTINUED)

	31 December 2020				
(in RMB million)	Within 3 months	3 months to 1 year	1 to 3 years	More than 3 years	Total
Unsecured	10,143	10,638	1,376	38	22,195
Guaranteed	671	1,335	1,020	185	3,211
Secured by collateral					
Secured by mortgages	6,080	4,251	778	141	11,250
Pledged loan	2,617	1,839	1,890	50	6,396
	19,511	18,063	5,064	414	43,052

Past due loans refer to the loans with either principal or interest being past due by one day or more.

(5) ANALYSED BY REGION

	31 December 2021		31 December 2020	
(in RMB million)	**Amount**	**%**	Amount	%
Eastern	**597,650**	**19.53%**	516,724	19.46%
Southern	**599,433**	**19.59%**	560,237	21.10%
Western	**280,397**	**9.16%**	244,223	9.20%
Northern	**451,643**	**14.76%**	403,723	15.21%
Head office	**1,115,419**	**36.46%**	922,455	34.74%
Overseas	**15,128**	**0.50%**	7,604	0.29%
Gross	**3,059,670**	**100.00%**	2,654,966	100.00%
Add: Interest receivable	**10,561**		7,365	
Less: Loan allowance	**(89,256)**		(62,821)	
Carrying amount	**2,980,975**		2,599,510	

(6) LOAN IMPAIRMENT PROVISION

(in RMB million)	**2021**	2020
Measured at amortized cost		
As at 1 January	**62,821**	69,560
Charge for the year	**58,859**	43,203
Write-off and transfer during the year	**(48,084)**	(62,598)
Recovery of loans written off previously	**15,888**	13,099
Unwinding of discount of impairment provisions recognized as interest income	**(109)**	(260)
Others	**(119)**	(183)
As at 31 December	**89,256**	62,821
Measured at fair value through other comprehensive income		
As at 1 January	**398**	453
Charge/(reversal) for the year	**548**	(55)
As at 31 December	**946**	398
As at 31 December	**90,202**	63,219

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27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in RMB million)	31 December 2021	31 December 2020
Bonds		
Government bonds	**167,688**	139,209
Finance bonds	**171,644**	122,563
Corporate bonds	**80,011**	66,112
Funds	**351,183**	252,719
Stocks	**100,485**	131,991
Preferred shares	**32,958**	33,922
Unlisted equity investments	**125,363**	99,779
Debt schemes	**62,164**	44,658
Wealth management investments	**245,208**	239,483
Other investments	**89,973**	100,895
Total	**1,426,677**	1,231,331
Listed	**185,601**	216,984
Unlisted	**1,241,076**	1,014,347
	1,426,677	1,231,331

28. FINANCIAL ASSETS AT AMORTIZED COST

(in RMB million)	31 December 2021	31 December 2020
Bonds		
Government bonds	**1,804,351**	1,608,135
Finance bonds	**306,714**	374,262
Corporate bonds	**77,606**	92,680
Debt schemes	**136,654**	119,002
Wealth management investments	**327,717**	287,441
Other investments	**149,595**	159,228
Gross	**2,802,637**	2,640,748
Less: Provisions for impairment losses	**(33,642)**	(15,900)
Net	**2,768,995**	2,624,848
Listed	**326,326**	306,603
Unlisted	**2,442,669**	2,318,245
	2,768,995	2,624,848

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

(in RMB million)	31 December 2021	31 December 2020
Bonds		
Government bonds	**188,185**	236,286
Finance bonds	**96,784**	97,747
Corporate bonds	**43,347**	64,337
Margin accounts receivable	**54,253**	45,054
Wealth management investments	**45,961**	67,962
Total	**428,530**	511,386
Listed	**37,830**	66,887
Unlisted	**390,700**	444,499
	428,530	511,386

As at 31 December 2021, the total provision for impairment losses recognized in debt financial assets at fair value through other comprehensive income is RMB4,821 million (31 December 2020: RMB2,533 million).

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

Equity financial assets at fair value through other comprehensive income comprise the following individual investments:

(in RMB million)	31 December 2021	31 December 2020
Stocks	**189,541**	198,025
Preferred shares	**76,115**	77,452
Unlisted equity investments	**2,559**	1,924
Total	**268,215**	277,401
Listed	**265,656**	275,477
Unlisted	**2,559**	1,924
	268,215	277,401

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

There is no material disposal of equity financial assets at fair value through other comprehensive income in the current year.

The dividends income of equity financial assets at fair value through other comprehensive income recognized during the year are disclosed in Note 10.

31. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in the principal associates and joint ventures as at 31 December 2021 are as follows:

(in RMB million)	2021 As at 1 January	Additional investment	Increase/ (Decrease) in current year	As at 31 December	Provision balance as at 31 December	Change of provision in current year	Cash dividends in current year	Proportion of ordinary shares held by the Group (%)(i)
Associates								
Veolia Water (Kunming) Investment Co., Ltd. ("Veolia Kunming")	280	-	(8)	272	(34)	-	-	23.88%
Veolia Water (Yellow River) Investment Co., Ltd. ("Veolia Yellow River")	179	-	(21)	158	(368)	-	-	48.76%
Veolia Water (Liuzhou) Investment Co., Ltd. ("Veolia Liuzhou")	143	-	(50)	93	(21)	-	5	44.78%
Shanxi Taichang Expressway Co., Ltd. ("Shanxi Taichang")	861	-	12	873	-	-	85	29.85%
Beijing-Shanghai High-Speed Railway Equity Investment Scheme ("Beijing-Shanghai Railway")	10,842	-	(1,524)	9,318	-	-	57	39.19%
Massive Idea Investments Limited	1,082	-	(8)	1,074	-	-	-	36.65%
Guangzhou Jinglun Property Development Co., Ltd.	661	-	40	701	-	-	-	39.92%
Xuhui Holdings Co., Ltd.	4,237	-	99	4,336	-	-	253	7.91%
Lufax Holding Ltd. ("Lufax Holding")	43,310	-	8,254	51,564	-	-	-	41.50%
Ping An Healthcare and Technology Co., Ltd. ("Ping An Health")	19,481	-	(559)	18,922	-	-	-	38.43%
HealthKonnect Medical and Health Technology Management Company Limited ("Ping An HealthKonnect")	3,033	-	(130)	2,903	-	-	-	29.55%
OneConnect Financial Technology Co., Ltd. ("OneConnect")	3,236	-	(977)	2,259	-	-	-	30.43%
Shenzhen China Merchants-Ping An Asset Management Co., Ltd.	1,452	-	118	1,570	-	-	104	38.81%
ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online")	1,609	-	126	1,735	-	-	-	10.21%
Beijing Beiqi Penglong Automobile Service Co., Ltd.	1,725	-	105	1,830	-	-	128	39.18%
China Yangtze Power Co., Ltd.	15,269	-	415	15,684	-	-	693	4.32%
China Traditional Chinese Medicine Holdings Co., Ltd.	2,583	-	214	2,797	-	-	33	11.94%
China Fortune Land Development Co., Ltd. ("China Fortune")	19,331	-	(15,710)	3,621	(9,822)	(9,822)	-	25.02%
China Jinmao Holding Group Co., Ltd.	7,880	-	(743)	7,137	(1,558)	(1,558)	384	14.02%
Ping An Consumer Finance Co., Ltd. ("Ping An Consumer Finance")	1,431	-	(101)	1,330	-	-	-	30.00%
Vivid Synergy Limited	9,488	-	(271)	9,217	-	-	-	29.85%
Shanghai Yibin Property Co., Ltd.	13,278	74	(7)	13,345	-	-	-	41.80%
Guangzhou Futures Exchange Co., Ltd.	-	450	-	450	-	-	-	15.00%
Others	44,118	6,923	(15,408)	35,633	(1,520)	(880)	1,788	
Subtotal	205,509	7,447	(26,134)	186,822	(13,323)	(12,260)	3,530	
Joint ventures								
Yunnan Kunyu Highway Development Co., Ltd. ("Kunyu Highway")	841	-	(79)	762	-	-	151	49.94%
Nanjing Mingwan Property Development Co., Ltd.	2,186	-	(2,186)	-	-	-	381	-
Beijing Zhaotai Property Development Co., Ltd.	1,694	-	(62)	1,632	-	-	26	24.95%
Wuhan DAJT Property Development Co., Ltd.	487	-	(5)	482	-	-	-	49.80%
Others	57,102	36,068	1,193	94,363	-	-	3,144	
Subtotal	62,310	36,068	(1,139)	97,239	-	-	3,702	
Investments in associates and joint ventures	267,819	43,515	(27,273)	284,061	(13,323)	(12,260)	7,232	

31. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The Group's investments in the principal associates and joint ventures as at 31 December 2020 are as follows:

(in RMB million)	2020 As at 1 January	Additional investment	Increase/ (Decrease) in current year	As at 31 December	Provision balance as at 31 December	Change of provision in current Year	Cash dividends in current Year	Proportion of ordinary shares held by the Group (%)(i)
Associates								
Veolia Kunming	304	-	(24)	280	(35)	-	13	23.88%
Veolia Yellow River	203	-	(24)	179	(379)	-	-	48.76%
Veolia Liuzhou	136	-	7	143	(22)	-	57	44.78%
Shanxi Taichang	850	-	11	861	-	-	93	29.85%
Beijing-Shanghai Railway	8,006	-	2,836	10,842	-	-	96	39.19%
Massive Idea Investments Limited	1,018	-	64	1,082	-	-	-	36.65%
Guangzhou Jinglun Property Development Co., Ltd.	952	-	(291)	661	-	-	412	39.92%
Xuhui Holdings Co., Ltd.	3,827	-	410	4,237	-	-	192	9.02%
Lufax Holding	28,226	-	15,084	43,310	-	-	-	38.57%
Ping An Health	18,384	49	1,048	19,481	-	-	-	38.43%
Ping An HealthKonnect	4,222	-	(1,189)	3,033	-	-	-	29.55%
OneConnect	3,196	-	40	3,236	-	-	-	34.33%
Shenzhen China Merchants-Ping An Asset Management Co., Ltd.	1,274	-	178	1,452	-	-	7	38.81%
ZhongAn Online	1,597	-	12	1,609	-	-	-	10.21%
Beijing Beiqi Penglong Automobile Service Co., Ltd.	1,551	-	174	1,725	-	-	-	39.18%
China Yangtze Power Co., Ltd.	14,494	-	775	15,269	-	-	673	4.34%
China Traditional Chinese Medicine Holdings Co., Ltd.	2,406	-	177	2,583	-	-	26	11.94%
China Fortune	19,627	-	(296)	19,331	-	-	1,135	25.02%
China Jinmao Holding Group Co., Ltd.	7,650	-	230	7,880	-	-	366	13.96%
Ping An Consumer Finance	-	1,500	(69)	1,431	-	-	-	30.00%
Vivid Synergy Limited	-	9,488	-	9,488	-	-	-	29.85%
Shanghai Yibin Property Co., Lid.	-	13,278	-	13,278	-	-	-	41.80%
Others	36,565	10,048	(2,495)	44,118	(801)	(25)	4,696	
Subtotal	154,488	34,363	16,658	205,509	(1,237)	(25)	7,766	
Joint ventures								
Kunyu Highway	793	-	48	841	-	-	-	49.94%
Nanjing Mingwan Property Development Co., Ltd.	2,163	-	23	2,186	-	-	-	48.90%
Beijing Zhaotai Property Development Co., Ltd.	1,493	-	201	1,694	-	-	63	24.95%
Wuhan DAJT Property Development Co., Ltd.	868	-	(381)	487	-	-	353	49.80%
Xi'an Languang Meidu Enterprise Management Service Ltd.	1,198	-	(1,198)	-	-	-	289	-
Others	43,132	15,484	(1,514)	57,102	-	-	1,516	
Subtotal	49,647	15,484	(2,821)	62,310	-	-	2,221	
Investments in associates and joint ventures	204,135	49,847	13,837	267,819	(1,237)	(25)	9,987	

31. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The financial information summary of the Group's principal associates and joint ventures as at year end of 2021 are as follows:

(in RMB million)	Place of business	Place of incorporation	Principal activities	Significant to the Group's operation	Total assets as at 31 December	Total liabilities as at 31 December	Total revenue in current year	Net profit/ (loss) in current year[ii]
Associates								
Ping An Health	China	Cayman	Online health care	Yes	**17,881**	**3,795**	**7,334**	**(1,538)**
OneConnect	China	Cayman	Technology-as-a-service cloud platform for financial institutions	Yes	**9,341**	**5,506**	**4,132**	**(1,282)**
Lufax Holding	China	Cayman	Financial technology	Yes	**360,433**	**265,874**	**61,835**	**16,804**

The financial information summary of the Group's principal associates and joint ventures as at year end of 2020 are as follows:

(in RMB million)	Place of business	Place of incorporation	Principal activities	Significant to the Group's operation	Total assets as at 31 December	Total liabilities as at 31 December	Total revenue in current year	Net profit/ (loss) in current year[ii]
Associates								
Ping An Health	China	Cayman	Online health care	Yes	18,563	2,707	6,866	(948)
OneConnect	China	Cayman	Technology-as-a-service cloud platform for financial institutions	Yes	10,885	5,600	3,312	(1,354)
Lufax Holding	China	Cayman	Financial technology	Yes	248,890	165,739	52,046	12,354

The Group has no significant contingent liabilities relating to the associates and joint ventures listed above.

Note i: The proportion of ordinary shares, as shown in the above table, is the multiplication of the proportion of shares held in each holding layer.

Note ii: Net profit/(loss) refers to the net profit/(loss) attributable to shareholders of the parent company of Ping An Health, OneConnect and Lufax Holding respectively.

32. STATUTORY DEPOSITS FOR INSURANCE OPERATIONS

(in RMB million)	31 December 2021	31 December 2020
Ping An Life	**6,760**	6,760
Ping An Property & Casualty	**4,200**	4,200
Ping An Annuity	**972**	972
Ping An Health Insurance	**420**	414
Others	**20**	19
Subtotal	**12,372**	12,365
Less: Provision for impairment losses	**(4)**	(8)
Add: Interest receivable	**238**	204
Total	**12,606**	12,561

Statutory deposits for insurance operations are placed with PRC national commercial banks in accordance with the relevant regulations issued by the China Banking and Insurance Regulatory Commission (the "CBIRC") based on 20% of the registered capital for the insurance company subsidiaries and 5% of the registered capital for insurance sales agency subsidiaries within the Group, respectively. Statutory deposits for insurance operations can only be utilized to settle liabilities during liquidation of insurance companies, insurance sales agency companies and insurance brokerage companies.

33. INVESTMENT PROPERTIES

(in RMB million)	2021	2020
Cost		
As at 1 January	**53,739**	48,324
Acquisition of subsidiaries	**47,614**	5,267
Additions	**2,755**	1,587
Transfer to property and equipment, net	**(1,511)**	(128)
Disposals of subsidiaries	**(9)**	(83)
Disposals	**(422)**	(1,228)
As at 31 December	**102,166**	53,739
Accumulated depreciation		
As at 1 January	**10,350**	8,474
Acquisition of subsidiaries	**4,266**	541
Charge for the year	**1,620**	1,341
Transfer (to)/from property and equipment, net	**(110)**	20
Disposals of subsidiaries	**-**	(13)
Disposals	**(5)**	(13)
As at 31 December	**16,121**	10,350
Impairment losses		
As at 1 January	**4**	2
Transfer from property and equipment, net	**-**	2
As at 31 December	**4**	4
Net book value		
As at 31 December	**86,041**	43,385
As at 1 January	**43,385**	39,848
Fair value as at 31 December	**121,526**	79,678

The fair value of the investment properties as at 31 December 2021 were estimated by the Group, based on valuation performed by independent valuers. It falls under level 3 in the fair value hierarchy.

The rental income arising from investment properties for the year 2021 amounted to RMB4,620 million (2020: RMB3,146 million), which is included in net investment income.

As at 31 December 2021, investment properties with a carrying amount of RMB23,229 million (31 December 2020: RMB12,223 million) were pledged as collateral for long-term borrowings with a carrying amount of RMB10,729 million (31 December 2020: RMB7,440 million).

The Group was still in the process of applying for title certificates for certain investment properties with a carrying amount of RMB991 million as at 31 December 2021(31 December 2020: RMB307 million).

34. PROPERTY AND EQUIPMENT

	2021					
(in RMB million)	Leasehold improvements	Buildings	Equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
Cost						
As at 1 January	11,653	37,726	23,256	1,811	3,118	77,564
Acquisitions of subsidiaries	-	3,299	2	557	34	3,892
Additions	443	558	3,326	510	2,184	7,021
Transfer from/(to) construction in progress	674	1,343	131	-	(2,148)	-
Transfer from investment properties, net	-	1,511	-	-	-	1,511
Disposals of subsidiaries	-	-	(4)	-	-	(4)
Disposals	(285)	(927)	(2,509)	(221)	(19)	(3,961)
As at 31 December	12,485	43,510	24,202	2,657	3,169	86,023
Accumulated depreciation						
As at 1 January	7,216	10,812	11,953	1,179	-	31,160
Acquisitions of subsidiaries	-	561	2	337	-	900
Charge for the year	1,369	1,462	3,709	178	-	6,718
Transfer from investment properties, net	-	110	-	-	-	110
Disposals of subsidiaries	-	-	(3)	-	-	(3)
Disposals	(35)	(795)	(1,829)	(145)	-	(2,804)
As at 31 December	8,550	12,150	13,832	1,549	-	36,081
Impairment losses						
As at 1 January	-	83	-	35	-	118
Charge for the year	-	-	66	4	-	70
Disposals	-	(2)	-	(2)	-	(4)
As at 31 December	-	81	66	37	-	184
Net book value						
As at 31 December	3,935	31,279	10,304	1,071	3,169	49,758
As at 1 January	4,437	26,831	11,303	597	3,118	46,286

34. PROPERTY AND EQUIPMENT (CONTINUED)

(in RMB million)	2020 Leasehold improvements	Buildings	Equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
Cost						
As at 1 January	10,849	37,985	20,930	2,493	2,240	74,497
Acquisitions of subsidiaries	–	–	79	3	–	82
Additions	535	276	4,054	157	1,896	6,918
Transfer from/(to) construction in progress	898	28	235	–	(1,161)	–
Transfer from/(to) investment properties, net	–	(85)	–	–	213	128
Disposals of subsidiaries	(5)	(251)	(3)	(3)	–	(262)
Disposals	(624)	(227)	(2,039)	(839)	(70)	(3,799)
As at 31 December	11,653	37,726	23,256	1,811	3,118	77,564
Accumulated depreciation						
As at 1 January	6,528	9,737	9,810	1,337	–	27,412
Acquisitions of subsidiaries	–	–	68	2	–	70
Charge for the year	1,057	1,260	3,537	200	–	6,054
Transfer to investment properties, net	–	(20)	–	–	–	(20)
Disposals of subsidiaries	(4)	(25)	(2)	(2)	–	(33)
Disposals	(365)	(140)	(1,460)	(358)	–	(2,323)
As at 31 December	7,216	10,812	11,953	1,179	–	31,160
Impairment losses						
As at 1 January	–	85	–	29	–	114
Charge for the year	–	–	–	9	–	9
Transfer to investment properties, net	–	(2)	–	–	–	(2)
Disposals	–	–	–	(3)	–	(3)
As at 31 December	–	83	–	35	–	118
Net book value						
As at 31 December	4,437	26,831	11,303	597	3,118	46,286
As at 1 January	4,321	28,163	11,120	1,127	2,240	46,971

The Group was still in the process of applying for title certificates for its buildings with a carrying amount of RMB21 million as at 31 December 2021 (31 December 2020: RMB129 million).

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35. INTANGIBLE ASSETS

	2021						
(in RMB million)	Goodwill (i)	Expressway operating rights	Prepaid land premiums	Core deposits	Trademarks	Software and others	Total
Cost							
As at 1 January	23,058	5,129	19,336	15,082	10,008	12,700	85,313
Acquisitions of subsidiaries		-	4,501	-	-	-	4,501
Additions	267	-	3,200	-	-	1,187	4,654
Disposals	(92)	-	(769)	-	(21)	(316)	(1,198)
As at 31 December	23,233	5,129	26,268	15,082	9,987	13,571	93,270
Accumulated amortization							
As at 1 January	-	2,962	1,628	7,132	680	8,594	20,996
Acquisitions of subsidiaries	-	-	913	-	-	-	913
Charge for the year	-	184	514	754	103	1,469	3,024
Disposals	-	-	(170)	-	-	(24)	(194)
As at 31 December	-	3,146	2,885	7,886	783	10,039	24,739
Impairment losses							
As at 1 January	27	-	-	-	-	-	27
Additions	31	-	-	-	-	11	42
As at 31 December	58	-	-	-	-	11	69
Net book value							
As at 31 December	23,175	1,983	23,383	7,196	9,204	3,521	68,462
As at 1 January	23,031	2,167	17,708	7,950	9,328	4,106	64,290

35. INTANGIBLE ASSETS (CONTINUED)

	2020						
(in RMB million)	Goodwill (i)	Expressway operating rights	Prepaid land premiums	Core deposits	Trademarks	Software and others	Total
Cost							
As at 1 January	20,942	5,129	18,830	15,082	9,916	11,680	81,579
Acquisitions of subsidiaries	–	–	824	–	105	397	1,326
Additions	2,171	–	437	–	–	1,025	3,633
Disposals of subsidiaries	–	–	(594)	–	–	(2)	(596)
Disposals/decrease	(55)	–	(161)	–	(13)	(400)	(629)
As at 31 December	23,058	5,129	19,336	15,082	10,008	12,700	85,313
Accumulated amortization							
As at 1 January	–	2,773	1,393	6,378	584	7,103	18,231
Acquisitions of subsidiaries	–	–	20	–	–	–	20
Charge for the year	–	189	216	754	98	1,554	2,811
Disposals of subsidiaries	–	–	(1)	–	–	(2)	(3)
Disposals	–	–	–	–	(2)	(61)	(63)
As at 31 December	–	2,962	1,628	7,132	680	8,594	20,996
Impairment losses							
As at 1 January	15	–	–	–	–	–	15
Additions	12	–	–	–	–	–	12
As at 31 December	27	–	–	–	–	–	27
Net book value							
As at 31 December	23,031	2,167	17,708	7,950	9,328	4,106	64,290
As at 1 January	20,927	2,356	17,437	8,704	9,332	4,577	63,333

As at 31 December 2021, expressway operating rights with a carrying amount of RMB1,715 million (31 December 2020: RMB2,168 million) were pledged as collateral for long-term borrowings amounting to RMB368 million (31 December 2020: RMB525 million).

As at 31 December 2021, prepaid land premiums with a carrying amount of RMB1,547 million (31 December 2020: RMB2,159 million) were pledged as collateral for long-term borrowings amounting to RMB896 million (31 December 2020: RMB1,509 million).

The Group was still in the process of applying for its prepaid land premiums with a carrying amount of RMB1,992 million as at 31 December 2021 (31 December 2020: RMB33 million).

35. INTANGIBLE ASSETS (CONTINUED)

(I) GOODWILL

	2021			
(in RMB million)	As at 1 January	Increase	Decrease	As at 31 December
Ping An Bank	**8,761**	**–**	**–**	**8,761**
Shanghai Jahwa	**2,502**	**–**	**–**	**2,502**
Mayborn Group Limited	**1,838**	**–**	**(89)**	**1,749**
Ping An Securities	**328**	**–**	**–**	**328**
Ping An Commercial Property Investment	**66**	**–**	**–**	**66**
Beijing Shuangronghui Investment Co., Ltd.	**134**	**–**	**–**	**134**
Shanghai Gezhouba Yangming Property Co., Ltd.	**241**	**–**	**–**	**241**
Ping An E-wallet	**1,073**	**–**	**–**	**1,073**
Autohome Inc.	**5,265**	**–**	**–**	**5,265**
TTP Car Inc.	**2,171**	**267**	**–**	**2,438**
Other	**679**	**–**	**(3)**	**676**
Total	**23,058**	**267**	**(92)**	**23,233**
Less: Impairment losses	**(27)**	**(31)**	**–**	**(58)**
Net book value	**23,031**	**236**	**(92)**	**23,175**

	2020			
(in RMB million)	As at 1 January	Increase	Decrease	As at 31 December
Ping An Bank	8,761	–	–	8,761
Shanghai Jahwa	2,502	–	–	2,502
Mayborn Group Limited	1,885	–	(47)	1,838
Ping An Securities	328	–	–	328
Ping An Commercial Property Investment	66	–	–	66
Beijing Shuangronghui Investment Co., Ltd.	134	–	–	134
Shanghai Gezhouba Yangming Property Co., Ltd.	241	–	–	241
Ping An E-wallet	1,073	–	–	1,073
Autohome Inc.	5,265	–	–	5,265
TTP Car Inc.	–	2,171	–	2,171
Other	687	–	(8)	679
Total	20,942	2,171	(55)	23,058
Less: Impairment losses	(15)	(12)	–	(27)
Net book value	20,927	2,159	(55)	23,031

When assessing the impairment of goodwill, the main valuation technique used to determine the recoverable amount of the groups of assets (or groups of cash-generating units) are Fair Value Less Cost to Sale and The Present Value of Future Cash Flows.

Fair value is based on the fair value of stocks issued in the public market. The present value of future cash flows is based on business plans approved by management covering a three to five year period and a risk adjusted discount rate. Cash flows beyond that period have been extrapolated using a steady growth rate and terminal value. Discount rates used by the Group range from 10% to 17% (2020: 11% to 17%) and growth rates, where applicable, range from 2% to 31% (2020: 2% to 41%).

The Group's right-of-use assets include the above prepaid land premiums and right-of-use assets disclosed in Note 36.

36. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

	2021		
(in RMB million)	Buildings	Others	Total
Cost			
As at 1 January	**25,814**	**26**	**25,840**
Additions	**5,725**	**2**	**5,727**
Disposals	**(6,787)**	**(24)**	**(6,811)**
As at 31 December	**24,752**	**4**	**24,756**
Accumulated depreciation and amortization			
As at 1 January	**9,643**	**25**	**9,668**
Additions	**6,518**	**2**	**6,520**
Disposals	**(5,593)**	**(24)**	**(5,617)**
As at 31 December	**10,568**	**3**	**10,571**
Impairment provision			
As at 1 January	**-**	**-**	**-**
As at 31 December	**-**	**-**	**-**
Net book value			
As at 31 December	**14,184**	**1**	**14,185**
As at 1 January	**16,171**	**1**	**16,172**

	2020		
(in RMB million)	Buildings	Others	Total
Cost			
As at 1 January	23,517	25	23,542
Additions	8,403	2	8,405
Disposals	(6,106)	(1)	(6,107)
As at 31 December	25,814	26	25,840
Accumulated depreciation and amortization			
As at 1 January	6,969	20	6,989
Additions	7,359	6	7,365
Disposals	(4,685)	(1)	(4,686)
As at 31 December	9,643	25	9,668
Impairment provision			
As at 1 January	–	–	–
As at 31 December	–	–	–
Net book value			
As at 31 December	16,171	1	16,172
As at 1 January	16,548	5	16,553

36. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

RIGHT-OF-USE ASSETS (CONTINUED)

The Group's right-of-use assets include the above assets and prepaid land premiums disclosed in Note 35.

The amount recognized in the Consolidated Income Statement and the Consolidated Statement of Cash Flows for the year relating to the lease contracts are as follows:

(in RMB million)	2021	2020
Interest expense on lease liabilities	**602**	641
Expense relating to leases of low-value assets and short-term leases applied the simplified approach	**760**	724
Total cash outflows for lease	**8,265**	8,491

37. OTHER ASSETS

(in RMB million)	31 December 2021	31 December 2020
Other receivables	**74,645**	118,454
Due from reinsurers	**16,300**	11,860
Foreclosed assets	**2,345**	3,700
Prepayments	**4,114**	3,950
Precious metals held for trading	**18,071**	31,691
Dividends receivable	**469**	2,616
Amounts in the processing clearance and settlement	**30,107**	7,666
Others	**16,310**	12,591
Gross	**162,361**	192,528
Less: Impairment provisions	**(8,244)**	(6,430)
Including:		
Other receivables	**(4,531)**	(4,175)
Due from reinsurers	**(24)**	(20)
Foreclosed assets	**(1,895)**	(1,271)
Precious metals held for trading	**(251)**	(351)
Others	**(1,543)**	(613)
Net	**154,117**	186,098

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

(1) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE CONTRACTS

(in RMB million)	31 December 2021	31 December 2020
Cash and amounts due from banks and other financial institutions	**6,284**	7,927
Financial assets at fair value through profit or loss		
Bonds	**759**	1,414
Funds	**20,322**	34,658
Stocks	**4,211**	4,248
Other investments	**183**	514
Financial assets purchased under reverse repurchase agreements	**49**	–
Other assets	**39**	35
	31,847	48,796

(2) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INVESTMENT CONTRACTS

(in RMB million)	31 December 2021	31 December 2020
Cash and amounts due from banks and other financial institutions	**870**	938
Financial assets at fair value through profit or loss		
Bonds	**1,167**	1,458
Funds	**1,343**	1,376
Other investments	**647**	423
Financial assets purchased under reverse repurchase agreements	**105**	24
Other assets	**23**	44
	4,155	4,263

39. SHARE CAPITAL

(million shares)	Domestic listed A shares, par value RMB1.00 per share	Overseas listed H shares, par value RMB1.00 per share	Total
1 January 2021	**10,832**	**7,448**	**18,280**
31 December 2021	**10,832**	**7,448**	**18,280**

40. RESERVES, RETAINED PROFITS AND NON-CONTROLLING INTERESTS

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance, banking, trust, securities, futures and fund businesses. The Group's respective entities engaged in such businesses would need to make appropriations for such reserves based on their respective year-end profit or risk assets, the companies operating in insurance should make appropriations for general reserves based on 10% of net profit, the company operating in banking should make appropriations based on 1.5% of risk assets, the company operating in securities should make appropriations based on 10% of net profit, the companies operating in trust should make appropriations based on 5% of trust claim reserves, the companies operating in futures should make appropriation based on 10% of net profit, and the companies operating in fund should make appropriation based on 10% of fund management fees as determined in accordance with PRC Accounting Standards, and based on the applicable PRC financial regulations, in their annual financial statements. Such reserves are not available for dividend distribution or transfer to share capital.

In accordance with the relevant regulations, the net profit after tax of the Company for profit distribution is deemed to be the lower of (i) the retained profits determined in accordance with PRC Accounting Standards and (ii) the retained profits determined in accordance with IFRSs.

41. KEY EMPLOYEE SHARE PURCHASE PLAN

The Company has adopted a Key Employee Share Purchase Plan for the key employees (including executive directors and senior management) of the Company and its subsidiaries. Shares shall be vested and awarded to the key employees approved for participation in the plan, subject to the achievement of certain performance targets.

Movement of reserves relating to the Key Employee Share Purchase Plan is as follows:

(in RMB million)	**Cost of shares held for share purchase plan**	**Value of employee services**	**Total**
As at 1 January 2021	**(1,595)**	**1,310**	**(285)**
Purchased (i)	**(670)**	**-**	**(670)**
Share-based compensation expenses (ii)	**-**	**378**	**378**
Exercised	**704**	**(704)**	**-**
Expired	**122**	**-**	**122**
As at 31 December 2021	**(1,439)**	**984**	**(455)**

(in RMB million)	Cost of shares held for share purchase plan	Value of employee services	Total
As at 1 January 2020	(1,517)	1,248	(269)
Purchased (i)	(638)	–	(638)
Share-based compensation expenses (ii)	–	565	565
Exercised	503	(503)	–
Expired	57	–	57
As at 31 December 2020	(1,595)	1,310	(285)

(i) During the period from 26 April 2021 to 29 April 2021, 9,162,837 ordinary A shares were purchased from the market. The average price of shares purchased was RMB73.13 per share. The total purchasing cost was RMB670 million (transaction expenses included).

During the period from 24 February 2020 to 27 February 2020, 7,955,730 ordinary A shares were purchased from the market. The average price of shares purchased was RMB80.17 per share. The total purchasing cost was RMB638 million (transaction expenses included).

(ii) The share-based compensation expenses of the Key Employee Share Purchase Plan and the total value of employee services were RMB378 million during 2021 (2020: RMB565 million).

42. LONG-TERM SERVICE PLAN

The Company has adopted a Long-term Service Plan for the employees of the Company and its subsidiaries. Shares shall be vested and awarded to the employees participated in the Long-term Service Plan, subject to the confirmation of their applications made when they retire from the Company.

Movement of reserves relating to the Long-term Service Plan is as follows:

(in RMB million)	**Cost of shares held for Long-term Service Plan**	**Value of employee services**	**Total**
As at 1 January 2021	**(8,284)**	**371**	**(7,913)**
Purchased (i)	**(4,184)**	**–**	**(4,184)**
Share-based compensation expenses (ii)	**–**	**294**	**294**
Exercised	**3**	**(3)**	**–**
As at 31 December 2021	**(12,465)**	**662**	**(11,803)**

(in RMB million)	Cost of shares held for Long-term Service Plan	Value of employee services	Total
As at 1 January 2020	(4,296)	81	(4,215)
Purchased (i)	(3,989)	–	(3,989)
Share-based compensation expenses (ii)	–	291	291
Exercised	1	(1)	–
As at 31 December 2020	(8,284)	371	(7,913)

(i) From 26 April 2021 to 29 April 2021, 57,368,981 ordinary A shares were purchased from the market. The average price of shares purchased was RMB72.92 per share. The total purchasing cost was RMB4,184 million (transaction expenses included).

From 24 February 2020 to 28 February 2020, 49,759,305 ordinary A shares were purchased from the market. The average price of shares purchased was RMB80.15 per share. The total purchasing cost was RMB3,989 million (transaction expenses included).

(ii) The share-based compensation expense and the total value of employee services of the Long-term Service Plan were RMB294 million during 2021 (2020: RMB291 million).

43. TREASURY SHARES

(in RMB million)	31 December 2020	Additions	Disposals	31 December 2021
Treasury shares	**5,995**	**3,900**	**–**	**9,895**

As at 31 December 2021, 147,771,893 A shares had been purchased from the Shanghai Stock Exchange by centralized bidding. The total repurchasing cost was RMB9,895 million (transaction expenses included).

44. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	31 December 2021	31 December 2020
Deposits from other banks and financial institutions	**361,700**	495,011
Due to the Central Bank	**148,162**	124,587
Short-term borrowings	**116,102**	134,753
Long-term borrowings	**171,682**	205,824
	797,646	960,175

45. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(in RMB million)	31 December 2021	31 December 2020
Bonds	**127,477**	276,602

As at 31 December 2021, bonds with a carrying amount of RMB95,158 million (31 December 2020: RMB157,581 million) were pledged as collateral for financial assets sold under agreements to repurchase resulted from repurchase transactions entered into by the Group in the inter-bank market. The collaterals are restricted from trading during the period of the repurchase transactions.

As at 31 December 2021, the carrying amount of bonds deposited in the collateral pool was RMB284,423 million (31 December 2020: RMB285,107 million). The collaterals are restricted from trading during the period of the repurchase transactions. The Group can withdraw the exchange-traded bonds from the collateral pool in short time provided that the value of the bonds is no less than the balance of related repurchase transactions.

For bonds repurchase transactions through stock exchange, the Group is required to deposit certain exchange traded bonds and/or bonds transferred under new pledged repurchase transactions with fair value converted at a standard rate pursuant to stock exchange's regulation no less than the balance of related repurchase transactions into a collateral pool.

46. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

(in RMB million)	31 December 2021	31 December 2020
Current and savings accounts		
– Corporate customers	**828,389**	802,417
– Individual customers	**242,554**	245,477
Term deposits		
– Corporate customers	**1,319,315**	1,140,123
– Individual customers	**538,863**	446,344
Subtotal	**2,929,121**	2,634,361
Payables to brokerage customers		
– Individual customers	**54,285**	49,959
– Corporate customers	**18,643**	9,513
Subtotal	**72,928**	59,472
Total	**3,002,049**	2,693,833

As at 31 December 2021, bonds classified as financial assets carried at amortized costs with a carrying amount of RMB20,245 million (31 December 2020: RMB14,263 million) were pledged as main collaterals for term deposit with the Central Bank.

47. BONDS PAYABLE

The information of the Group's main bonds payable is as follows:

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	**31 December 2021**	31 December 2020
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	3,600	2019	Fixed	3.84%-4.30%	**3,659**	3,661
Ping An Financial Leasing	Corporate bonds	None	4 years	End of the second year	2,500	2020	Fixed	3.65%-3.85%	**2,541**	2,542
Ping An Financial Leasing	Corporate bonds	None	5 years	End of the third year	2,750	2020	Fixed	3.88%-4.02%	**2,795**	2,796
Ping An Financial Leasing	Private corporate bonds	None	5 years	End of the third year	2,710	2018	Fixed	4.20%-4.30%	**2,755**	2,756
Ping An Financial Leasing	Private corporate bonds	None	3 years	End of the second year	600	2019	Fixed	3.95%	**610**	610
Ping An Financial Leasing	Private corporate bonds	None	4 years	End of the second year	2,700	2019	Fixed	4.10%-4.18%	**2,745**	2,745
Ping An Financial Leasing	Private corporate bonds	None	5 years	End of the third year	2,500	2019	Fixed	4.98%-5.00%	**2,541**	2,542
Ping An Financial Leasing	Corporate bonds	None	2-4 years	End of the second year	3,100	2021	Fixed	3.60%-4.05%	**3,151**	-
Ping An Financial Leasing	Corporate bonds	None	3-5 years	End of the third year	1,700	2021	Fixed	3.89%-4.08%	**1,728**	-
Ping An Bank	Hybrid capital debt instrument	None	15 years	End of the tenth year	3,650	2011	Fixed	7.50%	**-**	3,835
Ping An Bank	Tier-2 Capital bonds	None	10 years	End of the fifth year	10,000	2016	Fixed	3.85%	**-**	10,280
Ping An Bank	Financial bonds	None	3 years	None	35,000	2018	Fixed	3.79%	**-**	35,042
Ping An Bank	Tier-2 Capital bonds	None	10 years	End of the fifth year	30,000	2019	Fixed	4.55%	**30,910**	30,910
Ping An Bank	Financial bonds	None	3 years	None	30,000	2020	Fixed	2.30%	**30,416**	30,416
Ping An Bank	Financial bonds	None	3 years	None	20,000	2021	Fixed	3.45%	**20,631**	-
Ping An Bank	Tier-2 Capital bonds	None	10 years	End of the fifth year	30,000	2021	Fixed	3.69%	**30,149**	-
Ping An Life	Capital supplement bonds	None	10 years	End of the fifth year	10,000	2016	Fixed	First 5 years: 3.82% Next 5 years:4.82% (if not redeemed)	**-**	10,258
Ping An Life	Offshore USD bonds	None	5 years	None	3,280	2016	Fixed	2.88%	**-**	3,312
Ping An Life	Capital supplement bonds	None	10 years	End of the fifth year	20,000	2020	Fixed	First 5 years: 3.58% Next 5 years: 4.58% (if not redeemed)	**20,665**	20,567
Ping An Property & Casualty	Capital supplement bonds	None	10 years	End of the fifth year	3,500	2017	Fixed	First 5 years: 5.10% Next 5 years:6.10% (if not redeemed)	**3,562**	3,543
Ping An Property & Casualty	Capital supplement bonds	None	10 years	End of the fifth year	10,000	2019	Fixed	First 5 years: 4.64% Next 5 years:5.64% (if not redeemed)	**10,434**	10,384
Ping An Securities	Private corporate bonds	None	3 years	None	1,000	2018	Fixed	5.30%	**-**	1,033
Ping An Securities	Corporate bonds	None	5 years	End of the third year	100	2018	Fixed	3.00%	**100**	3,017

47. BONDS PAYABLE (CONTINUED)

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	**31 December 2021**	31 December 2020
Ping An Securities	Corporate bonds	None	5 years	End of the third year	2,000	2019	Fixed	3.70%	**2,062**	2,061
Ping An Securities	Corporate bonds	None	5 years	End of the third year	2,700	2019	Fixed	3.75%	**2,774**	2,774
Ping An Securities	Corporate bonds	None	5 years	End of the third year	2,300	2019	Fixed	3.73%	**2,350**	2,350
Ping An Securities	Private corporate bonds	None	3 years	None	3,500	2019	Fixed	4.05%	**3,612**	3,612
Ping An Securities	Private corporate bonds	None	3 years	None	2,000	2019	Fixed	4.20%	**2,058**	2,058
Ping An Securities	Corporate bonds	None	5 years	End of the third year	1,500	2020	Fixed	3.40%	**1,547**	1,547
Ping An Securities	Private corporate bonds	None	1 year	None	1,000	2020	Fixed	2.86%	**-**	1,024
Ping An Securities	Private corporate bonds	None	3 years	None	3,000	2020	Fixed	3.19%	**3,077**	3,077
Ping An Securities	Corporate bonds	None	3 years	None	4,000	2020	Fixed	3.58%	**4,061**	4,060
Ping An Securities	Corporate bonds	None	457 days	None	3,000	2020	Fixed	3.10%	**-**	3,037
Ping An Securities	Corporate bonds	None	2 years	End of the first year	2,000	2020	Fixed	2.95%	**-**	2,020
Ping An Securities	Corporate bonds	None	487 days	None	1,000	2020	Fixed	3.07%	**-**	1,010
Ping An Securities	Corporate bonds	None	3 years	None	2,550	2020	Fixed	3.70%	**2,565**	2,564
Ping An Securities	Corporate bonds	None	547 days	None	2,450	2020	Fixed	3.44%	**2,536**	2,451
Ping An Securities	Private corporate bonds	None	18 months	None	1,500	2021	Fixed	3.70%	**1,547**	-
Ping An Securities	Private corporate bonds	None	18 months	None	1,500	2021	Fixed	3.50%	**1,541**	-
Ping An Securities	Corporate bonds	None	3 years	None	3,000	2021	Fixed	3.40%	**3,059**	-
Ping An Securities	Corporate bonds	None	549 days	None	2,000	2021	Fixed	3.05%	**2,035**	-
Ping An Securities	Corporate bonds	None	3 years	None	2,400	2021	Fixed	3.48%	**2,444**	-
Ping An Securities	Corporate bonds	None	3 years	None	1,200	2021	Fixed	3.50%	**1,221**	-
Ping An Securities	Corporate bonds	None	2 years	None	2,000	2021	Fixed	3.35%	**2,034**	-
Ping An Securities	Corporate bonds	None	3 years	None	1,800	2021	Fixed	3.25%	**1,825**	-
Ping An Securities	Corporate bonds	None	1 year	None	2,000	2021	Fixed	2.77%	**2,024**	-
Ping An Securities	Corporate bonds	None	1 year	None	2,000	2021	Fixed	2.67%	**2,018**	-
Ping An Securities	Corporate bonds	None	3 years	None	3,000	2021	Fixed	3.05%	**3,033**	-
Ping An Securities	Corporate bonds	None	5 years	None	2,000	2021	Fixed	3.47%	**2,024**	-
Ping An Securities	Corporate bonds	None	3 years	None	2,600	2021	Fixed	3.37%	**2,615**	-
Ping An Securities	Corporate bonds	None	1 year	None	2,000	2021	Fixed	2.75%	**2,015**	-
Ping An Securities	Private corporate bonds	None	2 years	None	2,000	2021	Fixed	3.25%	**2,009**	-
Ping An Securities	Private corporate bonds	None	2 years	None	1,500	2021	Fixed	3.20%	**1,500**	-

47. BONDS PAYABLE (CONTINUED)

Issuer	Type	Guarantee	Maturity	Early redemption/ Selling back option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	31 December 2021	31 December 2020
Ping An Real Estate	Corporate bonds	None	5 years	End of the third year	710	2019	Fixed	3.70%	**720**	719
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	750	2019	Fixed	4.40%	**764**	763
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	940	2019	Fixed	4.30%	**955**	954
Ping An Real Estate	Corporate bonds	None	5 years	End of the third year	1,500	2018	Fixed	5.00%	**-**	1,555
Ping An Real Estate	Corporate bonds	None	5 years	End of the third year	14	2017	Fixed	2.38%	**-**	14
Ping An Real Estate	Corporate bonds	None	7 years	End of the fifth year	244	2016	Fixed	3.28%	**265**	4,052
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	3,000	2019	Fixed	4.30%	**3,017**	3,017
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	2,000	2020	Fixed	3.40%	**2,045**	2,045
Ping An Financial Technology	Private corporate bonds	None	5 years	End of the third year	3,000	2020	Fixed	3.80%	**3,062**	3,061
Ping An Financial Technology	Private corporate bonds	None	3 years	End of the second year	2,000	2020	Fixed	4.19%	**2,014**	2,013
Dingshuntong Investment	Private corporate bonds	None	2 years	Yes	272	2020	Fixed	6.74%	**278**	381
Dingshuntong Investment	Private corporate bonds	None	2 years	Yes	240	2020	Fixed	6.74%	**245**	269
Evergreen Investment Development	Private corporate bonds	Yes	2 years	Yes	3,000	2020	Fixed	4.30%	**3,029**	3,027
Evergreen Investment Development	Private corporate bonds	Yes	2 years	Yes	3,000	2020	Fixed	4.50%	**-**	3,007
Shenzhen Ping An Real Estate Investment Co., Ltd.	Convertible bonds	None	3 years	Yes	273	2019	Fixed	6.74%	**280**	391
Shenzhen Ping An Real Estate Investment Co., Ltd.	Convertible bonds	None	1 year	Yes	311	2020	Fixed	6.59%	**-**	326
Shenzhen Ping An Real Estate Investment Co., Ltd.	Convertible bonds	None	2 years	Yes	289	2020	Fixed	6.69%	**302**	403
Lianxin Investment	Private corporate bonds	None	5 years	End of the third year	2,000	2020	Fixed	5.40%	**2,004**	2,005
Lianxin Investment	Private corporate bonds	None	3 years	End of the second year	1,000	2021	Fixed	4.50%	**1,031**	-

47. BONDS PAYABLE (CONTINUED)

As at 31 December 2021, the original term of interbank certificates of deposit issued by Ping An Bank, but unmatured was from 3 months to 1 year, and the annual interest rate was from 0.27% to 3.18% (31 December 2020: the original term was from 1 month to 1 year, and the annual interest rate was from 0.63% to 3.35%). The carrying amount was RMB711,828 million (31 December 2020: RMB501,383 million).

As at 31 December 2021, the original term of short-term financial bonds issued by Ping An Securities, but unmatured was from 92 days to 365 days, and the annual interest rate was from 2.70% to 2.79% (31 December 2020: the original term was from 90 days to 91 days, and the annual interest rate was from 2.98% to 3.23%). The carrying amount was RMB6,929 million (31 December 2020: RMB9,040 million).

As at 31 December 2021, the original term of short-term financial bonds issued by Ping An Financial Leasing, but unmatured was from 150 days to 365 days, and the annual interest rate was from 2.78% to 4.00% (31 December 2020: the original term was from 105 days to 1 year, and the annual interest rate was from 2.05% to 3.47%). The carrying amount was RMB12,097 million (31 December 2020: RMB9,253 million).

As at 31 December 2021, the original term of short-term financial bonds issued by Ping An Real Estate, but unmatured was from 268 days to 270 days, and the annual interest rate was from 3.08% to 3.20% (31 December 2020: the original term was 6 months, and the annual interest rate was 2.90%). The carrying amount was RMB2,532 million (31 December 2020: RMB1,712 million).

As at 31 December 2021, the original term of income certificates issued by Ping An Securities, but unmatured was from 14 days to 240 days, and the annual interest rate was from 3.65% to 5.20% (31 December 2020: the original term was from 14 days to 365 days, and the annual interest rate was from 2.85% to 11.00%). The carrying amount was RMB2,201 million (31 December 2020: RMB5,040 million).

48. INSURANCE CONTRACT LIABILITIES

(in RMB million)	31 December 2021	31 December 2020
Long-term life insurance policyholders' reserves	**2,183,788**	1,931,023
Policyholder contract deposits	**756,373**	705,657
Policyholder account liabilities in respect of insurance contracts	**31,847**	48,796
Unearned premium reserves	**170,420**	177,041
Claim reserves	**118,926**	109,943
Total	**3,261,354**	2,972,460

	31 December 2021		
(in RMB million)	Insurance contract liabilities	Reinsurers' share	Net
Long-term life insurance contracts	**2,972,008**	**(2,291)**	**2,969,717**
Short-term life insurance contracts	**21,401**	**(4,725)**	**16,676**
Property and casualty insurance contracts	**267,945**	**(19,836)**	**248,109**
	3,261,354	**(26,852)**	**3,234,502**

48. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(in RMB million)	31 December 2020 Insurance contract liabilities	Reinsurers' share	Net
Long-term life insurance contracts	2,685,476	(1,947)	2,683,529
Short-term life insurance contracts	23,168	(1,988)	21,180
Property and casualty insurance contracts	263,816	(16,284)	247,532
	2,972,460	(20,219)	2,952,241

(in RMB million)	**31 December 2021**	31 December 2020
Current portion*		
Long-term life	**(67,907)**	(91,220)
Short-term life	**19,851**	22,058
Property and casualty	**166,017**	148,159
Non-current portion		
Long-term life	**3,039,915**	2,776,696
Short-term life	**1,550**	1,110
Property and casualty	**101,928**	115,657
Total	**3,261,354**	2,972,460

* Estimated net cash flows within 12 months from the end of the reporting period.

(1) LONG-TERM LIFE INSURANCE CONTRACTS

(in RMB million)	**31 December 2021**	31 December 2020
Long-term life insurance policyholders' reserves	**2,183,788**	1,931,023
Policyholder contract deposits	**756,373**	705,657
Policyholder account liabilities in respect of insurance contracts	**31,847**	48,796
	2,972,008	2,685,476

The long-term life insurance policyholders' reserves are analysed as follows:

(in RMB million)	**2021**	2020
As at 1 January	**1,931,023**	1,665,080
Increase during the year	**403,536**	406,692
Decrease during the year		
– Claims and benefits paid	**(96,804)**	(91,685)
– Surrender	**(54,823)**	(49,361)
– Others	**856**	297
As at 31 December	**2,183,788**	1,931,023

48. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) LONG-TERM LIFE INSURANCE CONTRACTS (CONTINUED)

The policyholder contract deposits are analysed as follows:

(in RMB million)	2021	2020
As at 1 January	**705,657**	648,514
Policyholder principal increased	**86,519**	96,523
Accretion of investment income	**33,327**	20,561
Liabilities released for benefits paid	**(55,763)**	(46,091)
Policy administration fees and risk premiums deducted	**(13,367)**	(13,850)
As at 31 December	**756,373**	705,657

(2) SHORT-TERM LIFE INSURANCE CONTRACTS

(in RMB million)	31 December 2021	31 December 2020
Unearned premium reserves	**10,613**	10,479
Claim reserves	**10,788**	12,689
	21,401	23,168

The unearned premium reserves of short-term life insurance are analysed as follows:

	2021			2020		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**10,479**	**(747)**	**9,732**	9,419	(706)	8,713
Increase	**35,423**	**(13,619)**	**21,804**	40,623	(8,822)	31,801
Decrease	**(35,289)**	**11,893**	**(23,396)**	(39,563)	8,781	(30,782)
As at 31 December	**10,613**	**(2,473)**	**8,140**	10,479	(747)	9,732

The claim reserves of short-term life insurance are analysed as follows:

	2021			2020		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**12,689**	**(1,239)**	**11,450**	8,734	(680)	8,054
Increase	**21,586**	**(9,029)**	**12,557**	25,540	(5,574)	19,966
Decrease	**(23,487)**	**8,016**	**(15,471)**	(21,585)	5,015	(16,570)
As at 31 December	**10,788**	**(2,252)**	**8,536**	12,689	(1,239)	11,450

48. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(3) PROPERTY AND CASUALTY INSURANCE CONTRACTS

(in RMB million)	31 December 2021	31 December 2020
Unearned premium reserves	**159,807**	166,562
Claim reserves	**108,138**	97,254
	267,945	263,816

The unearned premium reserves of property and casualty insurance are analysed as follows:

	2021			2020		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**166,562**	**(7,661)**	**158,901**	149,261	(6,544)	142,717
Increase	**231,665**	**(12,854)**	**218,811**	239,819	(11,667)	228,152
Decrease	**(238,420)**	**11,904**	**(226,516)**	(222,518)	10,550	(211,968)
As at 31 December	**159,807**	**(8,611)**	**151,196**	166,562	(7,661)	158,901

The claim reserves of property and casualty insurance are analysed as follows:

	2021			2020		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**97,254**	**(8,624)**	**88,630**	89,413	(8,449)	80,964
Increase	**185,664**	**(10,725)**	**174,939**	160,776	(7,409)	153,367
Decrease	**(174,780)**	**8,124**	**(166,656)**	(152,935)	7,234	(145,701)
As at 31 December	**108,138**	**(11,225)**	**96,913**	97,254	(8,624)	88,630

49. INVESTMENT CONTRACT LIABILITIES FOR POLICYHOLDERS

(in RMB million)	31 December 2021	31 December 2020
Policyholder account liabilities in respect of investment contracts	**4,155**	4,263
Investment contract reserves	**68,684**	63,318
	72,839	67,581

The investment contract liabilities are analysed as follows:

(in RMB million)	2021	2020
As at 1 January	**67,581**	57,489
Policyholder principal increased	**14,209**	18,999
Accretion of investment income	**2,412**	2,646
Liabilities released for benefits paid	**(11,270)**	(11,196)
Policy administration fees and risk premiums deducted	**(68)**	(62)
Others	**(25)**	(295)
As at 31 December	**72,839**	67,581

As at 31 December 2021 and 2020, all reinsurance contracts of the Group transferred significant insurance risks.

50. DEFERRED TAX ASSETS AND LIABILITIES

(in RMB million)	**31 December 2021**	31 December 2020
Deferred tax assets	**65,360**	61,901
Deferred tax liabilities	**(13,605)**	(19,267)
Net	**51,755**	42,634

The deferred tax assets are analysed as follows:

	2021					
(in RMB million)	**As at 1 January**	**Charged to profit or loss**	**Charged to equity**	**Other changes**	**As at 31 December**	**Temporary difference as at 31 December**
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	**163**	**849**	**-**	**6**	**1,018**	**(4,072)**
Fair value adjustments on financial assets at fair value through other comprehensive income	**12,251**	**-**	**1,339**	**-**	**13,590**	**(54,360)**
Insurance contract liabilities	**8,745**	**(1,395)**	**(942)**	**-**	**6,408**	**(25,632)**
Impairment provisions	**41,808**	**8,349**	**(702)**	**(45)**	**49,410**	**(197,640)**
Others	**7,172**	**414**	**57**	**368**	**8,011**	**(32,044)**
	70,139	**8,217**	**(248)**	**329**	**78,437**	**(313,748)**

	2020					
(in RMB million)	As at 1 January	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	255	(92)	-	-	163	(652)
Fair value adjustments on financial assets at fair value through other comprehensive income	580	-	11,671	-	12,251	(49,004)
Insurance contract liabilities	14,052	4,119	(9,426)	-	8,745	(34,980)
Impairment provisions	37,506	4,389	(75)	(12)	41,808	(167,232)
Others	6,598	760	6	(192)	7,172	(28,688)
	58,991	9,176	2,176	(204)	70,139	(280,556)

50. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The deferred tax liabilities are analysed as follows:

	2021					
(in RMB million)	As at 1 January	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	**(12,994)**	**2,833**	**-**	**18**	**(10,143)**	**40,572**
Fair value adjustments on financial instruments at fair value through other comprehensive income	**(763)**	**-**	**94**	**(4)**	**(673)**	**2,692**
Intangible assets-core deposits	**(1,987)**	**188**	**-**	**-**	**(1,799)**	**7,196**
Intangible assets evaluation premium from acquisition of Autohome Inc.	**(1,966)**	**43**	**-**	**-**	**(1,923)**	**7,692**
Assets evaluation premium from disposal of subsidiaries	**(3,615)**	**-**	**-**	**-**	**(3,615)**	**14,460**
Others	**(6,180)**	**(2,243)**	**153**	**(259)**	**(8,529)**	**34,116**
	(27,505)	**821**	**247**	**(245)**	**(26,682)**	**106,728**

	2020					
(in RMB million)	As at 1 January	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	(14,627)	1,551	-	82	(12,994)	51,976
Fair value adjustments on financial instruments at fair value through other comprehensive income	(5,519)	(8)	4,780	(16)	(763)	3,052
Intangible assets-core deposits	(2,176)	189	-	-	(1,987)	7,948
Intangible assets evaluation premium from acquisition of Autohome Inc.	(2,003)	37	-	-	(1,966)	7,864
Assets evaluation premium from disposal of subsidiaries	(3,615)	-	-	-	(3,615)	14,460
Others	(3,032)	(789)	(2,436)	77	(6,180)	24,720
	(30,972)	980	2,344	143	(27,505)	110,020

50. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2021, unrecognized tax losses of the Group were RMB24,847 million (31 December 2020: RMB23,468 million).

The following table shows unrecognized tax losses based on its expected expiry date:

(in RMB million)	31 December 2021	31 December 2020
2021	–	1,525
2022	**1,054**	2,161
2023	**2,032**	4,253
2024	**5,585**	6,535
2025	**7,689**	8,994
2026	**8,487**	–
	24,847	23,468

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2021		31 December 2020	
(in RMB million)	Offsetting	Net	Offsetting	Net
Deferred tax assets	**(13,077)**	**65,360**	(8,238)	61,901
Deferred tax liabilities	**13,077**	**(13,605)**	8,238	(19,267)

51. OTHER LIABILITIES

(in RMB million)	31 December 2021	31 December 2020
Other payables	**191,577**	172,694
Payables to non-controlling interests of consolidated structured entities	**31,815**	31,862
Salaries and welfare payable	**45,759**	43,495
Other tax payable	**9,668**	8,777
Contingency provision	**4,026**	1,002
Insurance guarantee fund	**804**	1,008
Provision payables	**6,569**	8,702
Accruals	**9,599**	10,523
Deferred income	**1,661**	1,778
Contract liabilities	**5,179**	4,456
Finance lease deposits	**19,297**	20,779
Others	**18,270**	16,505
	344,224	321,581

52. FIDUCIARY ACTIVITIES

(in RMB million)	31 December 2021	31 December 2020
Assets under trust schemes	**444,454**	375,014
Assets under annuity investments and annuity schemes	**712,159**	627,150
Assets under asset management schemes	**1,719,031**	1,169,897
Entrusted loans of banking operations	**190,853**	191,133
Entrusted investments of banking operations	**872,066**	648,185
	3,938,563	3,011,379

53. RISK AND CAPITAL MANAGEMENT

(1) INSURANCE RISK

Type of insurance risk

Insurance risk refers to the risk that actual indemnity might exceed expected indemnity due to the frequency and severity of insurance accidents, as well as the possibility that insurance surrender rates are being underestimated. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This could occur due to any of the following factors:

- Occurrence risk – the possibility that the number of insured events will differ from those expected.
- Severity risk – the possibility that the cost of the events will differ from those expected.
- Development risk – the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategies and guidelines.

The insurance business of the Group mainly comprises long-term life insurance contracts, property and casualty and short-term life insurance contracts. For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyles and natural disasters, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continuing improvement in medical science and social conditions that would increase longevity. For property and casualty insurance contracts, claims are often affected by natural disasters, calamities, terrorist attacks, etc.

These risks currently do not vary significantly in relation to the location of the risk insured by the Group whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Type of insurance risk (Continued)

There would be no significant mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed and guaranteed benefits and fixed future premiums. However, for contracts with discretionary participation features, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

Insurance risk is also affected by the policyholders' rights to terminate the contract, pay reduced premiums, refuse to pay premiums or exercise annuity conversion option, etc. Thus, the resultant insurance risk is subject to policyholders' behaviour and decisions.

Concentration of insurance risks

The Group runs its insurance business primarily within the PRC. Hence the geographical insurance risk is concentrated primarily within the PRC.

The Group's concentration of insurance risk is reflected by its major lines of business as analysed by insurance contract liabilities in Note 48.

Assumptions and sensitivities

(a) Long-term life insurance contracts

Assumptions

Significant judgement is required in determining insurance contract reserves and in choosing discount rates/investment return, mortality, morbidity, lapse rates, policy dividend, expenses assumptions relating to long-term life insurance contracts.

Sensitivities

The Group has measured the impact on long-term life insurance contract liabilities using sensitivity analysis, of varying independently certain assumptions under reasonable and possible circumstances. The following changes in assumptions have been considered:

- discount rate/investment return assumption increased by 10 basis points;
- discount rate/investment return assumption decreased by 10 basis points;
- a 10% increase in mortality, morbidity, accident rates and etc. (a 10% increase in mortality rates of annuity policies before the payment period, a 10% decrease in the payment period);
- a 10% increase in policy lapse rates; and
- a 5% increase in maintenance expense rates.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (Continued)

(a) Long-term life insurance contracts (Continued)

		31 December 2021			
		Impact on gross long-term life insurance policyholders' reserves	Impact on net long-term life insurance policyholders' reserves	Impact on profit before tax	Impact on equity before tax
(in RMB million)	Change in assumptions	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
Discount rate/investment return	+10bps	(13,141)	(13,142)	13,142	13,142
Discount rate/investment return	-10bps	13,460	13,461	(13,461)	(13,461)
Mortality, morbidity, accident rates and etc.	+10%	66,256	66,207	(66,207)	(66,207)
Policy lapse rates	+10%	16,694	16,693	(16,693)	(16,693)
Maintenance expense rates	+5%	4,122	4,122	(4,122)	(4,122)

Note: For long-term life and health insurance contracts where the future insurance benefits are not affected by investment return of the underlying asset portfolio, the amounts above represent the results of sensitivity analysis calculated by the discount rates when the benchmarking yield curve for the measurement of insurance contract liabilities increases or decreases 10bps, with consideration of the Cai Kuai [2017] No.637 issued by the former CIRC and other relevant regulations.

		31 December 2020			
		Impact on gross long-term life insurance policyholders' reserves	Impact on net long-term life insurance policyholders' reserves	Impact on profit before tax	Impact on equity before tax
(in RMB million)	Change in assumptions	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
Discount rate/investment return	+10bps	(10,852)	(10,854)	10,854	10,854
Discount rate/investment return	-10bps	11,139	11,140	(11,140)	(11,140)
Mortality, morbidity, accident rates and etc.	+10%	63,623	63,580	(63,580)	(63,580)
Policy lapse rates	+10%	17,429	17,431	(17,431)	(17,431)
Maintenance expense rates	+5%	4,130	4,130	(4,130)	(4,130)

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (Continued)

(b) Property and casualty and short-term life insurance contracts

Assumptions

The principal assumption underlying the estimates includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year which are determined based on the Group's past claim experiences. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include delays in settlement, etc.

Sensitivities

The property and casualty and short-term life insurance claim reserves are sensitive to the above key assumptions. The sensitivity of certain variables including legislative change, uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim reserves are not known with certainty at the end of the reporting period.

Reproduced below is an exhibit that shows the development of gross claim reserves of property and casualty insurance by the accident year:

(in RMB million)	2017	2018	2019	2020	**2021**	Total
Estimated cumulative claims paid:						
As at the end of current year	112,013	134,483	150,592	166,997	**194,826**	
One year later	109,867	129,907	146,275	161,174		
Two years later	103,639	124,672	142,235			
Three years later	99,514	120,933				
Four years later	95,507					
Estimated cumulative claims	95,507	120,933	142,235	161,174	**194,826**	714,675
Cumulative claims paid	(92,659)	(116,905)	(135,184)	(141,924)	**(129,234)**	(615,906)
Subtotal						98,769
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						9,369
Outstanding claim reserves						108,138

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53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

(b) Property and casualty and short-term life insurance contracts (continued)

Sensitivities (continued)

Reproduced below is an exhibit that shows the development of net claim reserves of property and casualty insurance by the accident year:

(in RMB million)	2017	2018	2019	2020	**2021**	Total
Estimated cumulative claims paid:						
As at the end of current year	104,195	125,966	141,982	158,308	**183,409**	
One year later	101,879	121,579	138,059	152,791		
Two years later	96,274	116,721	134,343			
Three years later	92,359	113,193				
Four years later	88,502					
Estimated cumulative claims	88,502	113,193	134,343	152,791	**183,409**	672,238
Cumulative claims paid	(85,908)	(109,824)	(128,399)	(135,569)	**(124,102)**	(583,802)
Subtotal						88,436
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						8,477
Outstanding claim reserves						96,913

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

(b) Property and casualty and short-term life insurance contracts (continued)

Sensitivities (continued)

Reproduced below is an exhibit that shows the development of gross claim reserves of short-term life insurance by the accident year:

(in RMB million)	2017	2018	2019	2020	**2021**	Total
Estimated cumulative claims paid:						
As at the end of current year	13,341	16,879	21,107	26,858	**25,963**	
One year later	12,779	15,917	21,157	24,707		
Two years later	12,685	15,986	20,478			
Three years later	12,691	15,802				
Four years later	12,657					
Estimated cumulative claims	12,657	15,802	20,478	24,707	**25,963**	99,607
Cumulative claims paid	(12,657)	(15,794)	(20,328)	(23,063)	**(17,370)**	(89,212)
Subtotal						10,395
Prior year adjustments, unallocated loss adjustment expenses and risk margin						393
Outstanding claim reserves						10,788

Reproduced below is an exhibit that shows the development of net claim reserves of short-term life insurance by the accident year:

(in RMB million)	2017	2018	2019	2020	**2021**	Total
Estimated cumulative claims paid:						
As at the end of current year	12,779	15,809	19,146	24,258	**18,842**	
One year later	12,191	14,760	18,997	21,819		
Two years later	12,175	14,849	18,202			
Three years later	12,182	14,663				
Four years later	12,148					
Estimated cumulative claims	12,148	14,663	18,202	21,819	**18,842**	85,674
Cumulative claims paid	(12,148)	(14,656)	(18,053)	(20,487)	**(12,125)**	(77,469)
Subtotal						8,205
Prior year adjustments, unallocated loss adjustment expenses and risk margin						331
Outstanding claim reserves						8,536

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

(b) Property and casualty and short-term life insurance contracts (continued)

Sensitivities (continued)

To illustrate the sensitivities of ultimate claims costs, for example, a respective percentage change in the average claim costs alone results in a similar percentage change in claim reserves:

	31 December 2021				
(in RMB million)	Change in assumptions	Impact on gross claim reserves increase	Impact on net claim reserves increase	Impact on profit before tax decrease	Impact on equity before tax decrease
Average claim costs					
Property and casualty insurance	**+5%**	**5,407**	**4,846**	**(4,846)**	**(4,846)**
Short-term life insurance	**+5%**	**561**	**427**	**(427)**	**(427)**

	31 December 2020				
(in RMB million)	Change in assumptions	Impact on gross claim reserves increase	Impact on net claim reserves increase	Impact on profit before tax decrease	Impact on equity before tax decrease
Average claim costs					
Property and casualty insurance	+5%	4,863	4,432	(4,432)	(4,432)
Short-term life insurance	+5%	634	573	(573)	(573)

(c) Reinsurance

The Group limits its exposure to losses from insurance operations mainly through participation in reinsurance arrangements. The majority of the business ceded is placed on the quota share basis and the surplus basis with retention limits varying by product lines. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statement of financial position as reinsurers' share of insurance liabilities and due from reinsurers.

Even though the Group may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK

Market risk is the risk of changes in fair value of financial instruments and future cash flows from fluctuation of market prices, which includes three types of risks from volatility of foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk).

(a) Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk facing the Group mainly comes from movements in the USD/RMB and HKD/RMB exchange rates. The Group sets limitation to its position of foreign currency, monitors the size of foreign currency position, and limits the foreign currency position within the threshold set by utilizing hedging strategy.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the pre-tax impact on profit and equity (due to changes in fair value of foreign currency denominated non-monetary assets and liabilities measured at fair value, as well as monetary assets and liabilities). The correlation of variables will have a significant effect on determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

		31 December 2021		31 December 2020	
(in RMB million)	Change in variables	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity before tax**	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax
USD	+5%	**823**	**2,559**	774	2,523
HKD	+5%	**898**	**1,448**	1,147	1,446
Other currencies	+5%	**591**	**924**	497	823
		2,312	**4,931**	2,418	4,792
USD	-5%	**(823)**	**(2,559)**	(774)	(2,523)
HKD	-5%	**(898)**	**(1,448)**	(1,147)	(1,446)
Other currencies	-5%	**(591)**	**(924)**	(497)	(823)
		(2,312)	**(4,931)**	(2,418)	(4,792)

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53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(a) Foreign currency risk (continued)

The main monetary assets and liabilities of the Group (excluding balances of investment-linked contracts) and non-monetary assets and liabilities measured at fair value are analysed as follows by currency:

(in RMB million)	31 December 2021 RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	RMB equivalent total
Assets					
Cash and amounts due from banks and other financial institutions	481,286	82,019	15,764	5,926	584,995
Balances with the Central Bank and statutory deposits for insurance operations	310,223	10,171	560	-	320,954
Financial assets purchased under reverse repurchase agreements	61,429	-	-	-	61,429
Premium receivables	77,922	1,861	51	-	79,834
Accounts receivable	26,541	1	-	86	26,628
Reinsurers' share of insurance liabilities	24,205	2,219	428	-	26,852
Policy loans	178,298	-	-	-	178,298
Finance lease receivable	200,701	-	-	-	200,701
Loans and advances to customers	2,799,799	142,393	16,221	22,562	2,980,975
Financial assets at fair value through profit or loss	1,287,033	101,821	17,460	20,363	1,426,677
Financial assets at amortized cost	2,727,348	38,392	2,123	1,132	2,768,995
Debt financial assets at fair value through other comprehensive income	398,471	28,977	1,082	-	428,530
Equity financial assets at fair value through other comprehensive income	262,383	620	5,212	-	268,215
Other assets	111,060	6,008	962	135	118,165
	8,946,699	414,482	59,863	50,204	9,471,248
Liabilities					
Due to banks and other financial institutions	700,202	89,335	1,625	6,484	797,646
Financial liabilities at fair value through profit or loss	54,738	2,548	-	90	57,376
Assets sold under agreements to repurchase	122,577	4,900	-	-	127,477
Accounts payable	6,663	-	-	-	6,663
Insurance payables	149,750	947	67	3	150,767
Policyholder dividend payable	67,249	25	-	2	67,276
Customer deposits and payables to brokerage customers	2,724,575	253,388	17,133	6,953	3,002,049
Bonds payable	1,064,171	32,625	-	727	1,097,523
Insurance contract liabilities	3,256,611	3,837	890	16	3,261,354
Investment contract liabilities for policyholders	72,833	6	-	-	72,839
Other liabilities	223,043	3,469	1,074	23	227,609
	8,442,412	391,080	20,789	14,298	8,868,579
Net position of foreign currency		23,402	39,074	35,906	98,382
Notional amount of foreign exchange derivative financial instruments		27,780	(10,112)	(17,433)	235
		51,182	28,962	18,473	98,617
Off-balance sheet credit commitments	1,522,035	30,485	1,126	7,561	1,561,207

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(a) Foreign currency risk (continued)

	31 December 2020				
(in RMB million)	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	RMB equivalent total
Assets					
Cash and amounts due from banks and other financial institutions	475,075	95,030	10,154	7,132	587,391
Balances with the Central Bank and statutory deposits for insurance operations	284,392	7,915	429	2	292,738
Financial assets purchased under reverse repurchase agreements	122,765	–	–	–	122,765
Premium receivables	92,379	1,555	69	–	94,003
Accounts receivable	26,089	2	–	85	26,176
Reinsurers' share of insurance liabilities	18,552	1,191	476	–	20,219
Policy loans	161,381	–	–	–	161,381
Finance lease receivable	202,050	–	–	–	202,050
Loans and advances to customers	2,436,120	123,800	13,868	25,722	2,599,510
Financial assets at fair value through profit or loss	1,082,923	107,936	20,969	19,503	1,231,331
Financial assets at amortized cost	2,584,592	36,657	2,312	1,287	2,624,848
Debt financial assets at fair value through other comprehensive income	491,483	19,482	421	–	511,386
Equity financial assets at fair value through other comprehensive income	271,017	754	5,630	–	277,401
Other assets	132,644	3,697	723	82	137,146
	8,381,462	398,019	55,051	53,813	8,888,345
Liabilities					
Due to banks and other financial institutions	843,981	89,835	2,943	23,416	960,175
Financial liabilities at fair value through profit or loss	36,216	1,001	–	–	37,217
Assets sold under agreements to repurchase	271,796	4,806	–	–	276,602
Accounts payable	5,147	1	–	–	5,148
Insurance payables	138,640	804	81	3	139,528
Policyholder dividend payable	63,781	23	–	2	63,806
Customer deposits and payables to brokerage customers	2,470,778	204,665	12,216	6,174	2,693,833
Bonds payable	871,407	23,840	3,245	2,793	901,285
Insurance contract liabilities	2,968,782	2,689	972	17	2,972,460
Investment contract liabilities for policyholders	67,574	6	–	1	67,581
Other liabilities	173,270	10,099	980	7	184,356
	7,911,372	337,769	20,437	32,413	8,301,991
Net position of foreign currency		60,250	34,614	21,400	116,264
Notional amount of foreign exchange derivative financial instruments		(9,784)	(5,700)	(4,933)	(20,417)
		50,466	28,914	16,467	95,847
Off-balance sheet credit commitments	1,212,885	24,285	25	5,669	1,242,864

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(b) Price risk

The Group's price risk exposure relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), which mainly include listed equity securities and security investment funds classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The above investments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market.

The Group manages price risks by diversification of investments, setting limits for investments in different securities, etc.

The Group uses a 10-day market price value-at-risk ("VaR") technique to estimate its risk exposure for listed equity securities and equity investments funds. The Group adopts 10-day as the holding period on the assumption that not all the investments can be sold on the same day. Moreover, the VaR calculation is made based on normal market conditions and a 99% confidence interval.

The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the normal distribution assumption. The VaR may also be under or over estimated due to the assumption placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence interval.

In practice, the actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions.

The analysis below is the estimated impact for listed stocks and security investment funds with 10-day reasonable market fluctuation in using the VaR model in the normal market.

(in RMB million)	**31 December 2021**	31 December 2020
Listed stocks and security investment funds	**21,492**	42,168

The Group expects that current listed stocks and equity investments funds will not lose more than RMB21,492 million due to market price movements in a 10-trading-day holding period on 99% of occasions.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. Interest on floating rate instruments is repriced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity.

The analysis below is performed for reasonably possible movements in interest rate with all other variables held constant, for the following financial instruments, showing the pre-tax impact on the Group's profit (fair value change on bonds carried at fair value through profit or loss) and equity (fair value change on bonds carried at fair value through profit or loss and bonds carried at fair value through other comprehensive income).

		31 December 2021		31 December 2020	
(in RMB million)	Change in interest rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity before tax**	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax
Bonds carried at fair value through profit or loss and through other comprehensive income	-50 bps	**6,138**	**13,700**	4,377	14,384
Bonds carried at fair value through profit or loss and through other comprehensive income	+50 bps	**(6,138)**	**(13,700)**	(4,377)	(14,384)

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (continued)

The following sensitivity analysis is based on the assumption that the floating rate bonds, floating rate term deposits and loans and advances have a static structure of interest rate risk. The analysis only measured interest rate changes within one year, reflecting the impact on interest income and interest expenses from the re-pricing of financial assets and liabilities within a year with the following assumptions: firstly, the interest rate of the floating rate bonds, floating rate term deposits/loans and advances is re-priced after the end of the reporting period; secondly, the yield curve moved in parallel with the changes in the interest rate; and thirdly, there are no other changes in the portfolio of financial assets and liabilities. Regarding the above assumptions, the pre-tax impact on the Group's profit and equity as a result of actual increases or decreases in interest rates may differ from that of the following sensitivity analysis.

(in RMB million)	Change in interest rate	**31 December 2021** Increase/(decrease) in profit before tax	**31 December 2021** Increase/(decrease) in equity before tax	31 December 2020 Increase/(decrease) in profit before tax	31 December 2020 Increase/(decrease) in equity before tax
Floating interest rate bonds	+50 bps	**79**	**79**	44	44
Loans and advances to customers	+50 bps	**7,873**	**7,873**	7,017	7,017
Floating interest rate bonds	-50 bps	**(79)**	**(79)**	(44)	(44)
Loans and advances to customers	-50 bps	**(7,873)**	**(7,873)**	(7,017)	(7,017)

The following table sets out the Group's term deposits (excluding balances of investment-linked contracts) exposed to interest rate risk by maturity or repricing date (whichever is the earlier):

(in RMB million)	**31 December 2021**	31 December 2020
Fixed interest rate		
Less than 3 months (including 3 months)	**26,119**	93,516
3 months to 1 year (including 1 year)	**47,126**	34,586
1-2 years (including 2 years)	**83,554**	51,287
2-3 years (including 3 years)	**74,583**	83,281
3-4 years (including 4 years)	**2,848**	59,016
4-5 years (including 5 years)	**18,425**	4,641
More than 5 years	**260**	1,369
	252,915	327,696

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (continued)

The following table sets out the Group's bonds, debt schemes, wealth management investments and other debt financial assets (excluding balances of investment-linked contracts) by maturity or repricing date (whichever is the earlier):

(in RMB million)	31 December 2021			
	Financial assets at amortized cost	**Debt financial assets at fair value through other comprehensive income**	**Financial assets at fair value through profit or loss**	**Total**
Fixed interest rate				
Less than 3 months (including 3 months)	**96,649**	**30,269**	**19,153**	**146,071**
3 months to 1 year (including 1 year)	**290,016**	**93,510**	**140,411**	**523,937**
1-2 years (including 2 years)	**211,864**	**61,068**	**83,964**	**356,896**
2-3 years (including 3 years)	**161,906**	**54,212**	**75,273**	**291,391**
3-4 years (including 4 years)	**144,917**	**37,432**	**49,617**	**231,966**
4-5 years (including 5 years)	**84,264**	**31,582**	**64,033**	**179,879**
More than 5 years	**1,681,658**	**109,244**	**166,251**	**1,957,153**
Floating interest rate	**65,501**	**5,942**	**13,389**	**84,832**
	2,736,775	**423,259**	**612,091**	**3,772,125**

(in RMB million)	31 December 2020			
	Financial assets at amortized cost	Debt financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Fixed interest rate				
Less than 3 months (including 3 months)	83,599	32,438	41,467	157,504
3 months to 1 year (including 1 year)	245,798	84,501	92,181	422,480
1-2 years (including 2 years)	258,605	71,321	105,275	435,201
2-3 years (including 3 years)	155,166	67,178	44,865	267,209
3-4 years (including 4 years)	117,113	33,871	38,216	189,200
4-5 years (including 5 years)	137,718	42,565	40,450	220,733
More than 5 years	1,514,351	169,222	116,623	1,800,196
Floating interest rate	80,648	3,871	30,016	114,535
	2,592,998	504,967	509,093	3,607,058

Interest rates on floating rate term deposits and floating rate bonds are repriced at intervals of less than one year. Interest rates on fixed rate term deposits and fixed rate bonds are fixed before maturity.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK

Credit risks refer to the risk of losses incurred by the inabilities of debtors or counterparties to fulfill their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, loans and advances to customers, financial assets at amortized cost and debt financial assets at fair value through other comprehensive income, reinsurance arrangement with reinsurers, policy loans, margin financing, financial guarantee contracts and loan commitments, etc. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

(a) Credit risk management

Credit risk of banking business

The banking business of the Group has formulated a set of credit management processes and internal control mechanisms, so as to carry out the whole process management of credit business. Credit management procedures for its corporate and retail loans of comprise credit origination, credit review, credit approval, disbursement, post credit monitoring and collection. In addition, the banking business of the Group has formulated procedure manuals for credit management, which clarifies the duties of each part in the credit management processes, effectively monitoring credit risk and enhancing credit compliance.

Credit risks arising from financial guarantees and loan commitments are similar to those of loans and advances. Therefore, financial guarantees and loan commitments are also subject to the same application, post crediting monitoring and collateral requirements as loan and advances business.

Credit risk of investment business

As to debt investment, the Group rates these investments by internal credit rating policies, selects counterparties with high credit quality and sets strict entry criteria.

The Group's debt investment mainly includes domestic government bonds, the Central Bank bills, financial institution bonds, corporate bonds and debt investment schemes, wealth management investments, etc. The Group manages the credit risk for these investments mainly through controlling the investment scales, selecting counterparties within the financial institutions with appropriate credit quality prudently, balancing the credit risks and rate of return of investment and considering the internal and external credit rating information comprehensively.

Credit risk of insurance business

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

The limits of policy loans are based on the cash values of valid insurance policies, with appropriate discounts, and the validity periods of policy loans are within the validity periods of insurance policies. The credit risk associated with policy loans did not have material impact on the Group's consolidated financial statements.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss

The Group formulates the credit losses of financial assets at amortized cost, debt financial assets at FVOCI, finance lease receivable and other financial assets, as well as loan commitment and financial guarantee contracts using expected credit loss models according to IFRS 9 requirements.

Parameters of ECL model

The parameters and assumptions involved in ECL model are described below.

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, 12-month or lifetime expected credit losses are provided respectively. The expected credit loss is the result of discounting the product of EAD, PD and LGD.

i) Exposure at Default (EAD): EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

ii) Probability of Default (PD): The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

iii) Loss Given Default (LGD): LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the Lifetime. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grading band. This is supported by historical analysis.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

Judgement of significant increase in credit risk ("SICR")

Under IFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period. The Group considers various reasonable supporting information to judge if there is significant increase in credit risk, including the forward-looking information, when determining the ECL staging for financial assets. Major factor being considered include regulatory and operating environment, internal and external credit ratings, solvency, and operational capabilities. The Group could base on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine ECL staging by comparing the credit risks of the financial instruments at the reporting date with initial recognition.

The Group set quantitative and qualitative criteria to judge whether the credit risk has SICR after initial recognition. The judgement criteria mainly include the PD changes of the debtors, changes of credit risk categories and other indicators of SICR, etc. In the judgement of whether the financial instruments have SICR after initial recognition, the Group considers the 30 days past due as one of criteria of SICR, in accordance with the standard.

The definition of credit-impaired assets

Under IFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets, while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- The debtor has overdue more than 90 days after the contract payment date;
- Internal credit rating is default grade;
- The lender gives the debtor concessions for economic or contractual reasons due to the debtor's financial difficulties, where such concessions are normally reluctant to be made by the lender;
- The debtor has significant financial difficulties;
- The debtor is likely to go bankrupt or other financial restructuring;
- The active market for financial assets disappears

The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable events.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

Forward-looking information and management overlay

The determinations of 12 months and the lifetime EAD, PD and LGD also incorporates forward-looking information. The Group has performed historical data analysis and identified the key macroeconomic variables associated with credit risk and expected credit losses for each portfolio. The Group has developed macroeconomic forward looking adjustment model by establishing a pool of macro-economic indicators, preparing data, filtering model factors and adjusting forward-looking elements, and the indicators include gross domestic product (GDP) quarter on quarter percentage change, customer price index (CPI) year on year percentage change, purchasing manager's index (PMI) and other macroeconomic variables. Through regression analysis, the relationship among these economic indicators in history with EAD, PD and LGD is determined, and the EAD, PD, LGD are then determined through forecasting economic indicator.

During the reporting period, the Group adjusted the predicted values of forward-looking economic indicators by statistical analysis and also considered the range of possible outcomes represented by each scenario, to determine the final macroeconomic scenarios and weights for measuring the relevant expected credit loss. The impact of these economic indicators on PD and LGD varies to different businesses. The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators with PD and LGD. The Group evaluates and forecasts these economic indicators at least annually, provides the best estimates for the future, and regularly evaluates the results. Similar to other economic forecasts, the estimates of economic indicators have high inherent uncertainties, actual results may have significant difference with estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

In 2021, the key macroeconomic assumptions used by the Group to estimate expected credit losses in different macroeconomic scenarios include GDP quarter on quarter percentage change, CPI year on year percentage change and PMI. For the GDP quarter on quarter percentage change, the average predictive value in the base scenario in year 2022 is about 5.71%, and is 0.49 percentage upper in the upside scenario while 0.52 percentage lower in the downside scenario. The average predictive value in the base scenario in year 2023 is about 5.54%, and is 0.42 percentage upper in the upside scenario while 0.37 percentage lower in the downside scenario.

Sensitivity analysis

Expected credit losses are sensitive to the parameters used in the model, the macroeconomic variables of the forward-looking forecast, the weight probabilities in the three scenarios, and other factors considered in the application of expert judgement. Changes in these input parameters, assumptions, models, and judgements will have an impact on the significant increase in credit risk and the measurement of expected credit losses.

The Group has the highest weight of the base scenario, and the weight of the base scenario is slightly higher than the sum of the weight of other base scenarios. The banking business of the Group assumed that if the weight of the upside scenario increased by 10% and the weight of the base scenario reduced by 10%, the Group's ECL impairment provision on 31 December 2021 would be reduced by RMB1,161 million(31 December 2020: RMB741 million); if the weight of the downside scenario increased by 10% and the weight of the base scenarios reduced by 10%, the Group's ECL impairment provision would be increased by RMB1,883 million(31 December 2020: RMB1,327 million).

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

Credit exposure

Without considering the impact of collateral and other credit enhancements, for on-balance sheet assets, the maximum exposures are based on net carrying amounts as reported in the consolidated financial statements. The Group also assumes credit risk due to credit commitments and financial guarantee contracts. The details are disclosed in Note 61.(2).

Please refer to Note 26.(2) and (5) for an analysis of concentration of loans and advances by industry and geographical region.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Policies are established regarding to the selection of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- for policy loans, collaterals are cash value of policies;
- for reverse repurchase transactions, collaterals are quoted securities;
- for commercial loans, collaterals are real estate properties, inventories, equity investments and trade receivables, etc.;
- for retail lending loans to individuals, collaterals are residential properties mortgages.

Management monitors the market value of the collateral, and requires additional collateral when needed according to contracts, when assessing the adequacy of impairment.

It is the Group's policy to dispose collateral orderly. The proceeds are used to repay all or part of the outstanding balance. Generally, the Group would not use the collateralised assets for business purpose.

Restructured loans and advances to customers

Restructured loans and advances to customers are those loans and advances to customers for which the Group has renegotiated the contract terms with borrowers as a result of the deterioration in their financial position or of their inability to make payments when due. Concessions are given by the Group that would not otherwise be granted to these borrowers for economic or legal reasons relating to their financial difficulties. As at 31 December 2021, the Group's restructured loans and advances to customers was RMB11,417 million (31 December 2020: RMB15,627 million).

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

The following table presents the credit risk exposure of the financial assets under the scope of expected credit loss. Without considering guarantee or any other credit enhancement measures, for on-balance sheet assets, the maximum credit risk exposure is presented as the net carrying amount of the financial assets:

	31 December 2021			
Carrying amount (in RMB million)	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure
Cash and amounts due from banks and other financial institutions	**584,995**	**-**	**-**	**584,995**
Balances with the Central Bank and statutory deposits for insurance operations	**320,954**	**-**	**-**	**320,954**
Financial assets purchased under reverse repurchase agreements	**61,262**	**-**	**167**	**61,429**
Accounts receivable	**26,529**	**90**	**9**	**26,628**
Finance lease receivable	**195,123**	**5,023**	**555**	**200,701**
Loans and advances to customers	**2,939,619**	**34,512**	**6,844**	**2,980,975**
Financial assets at amortized cost	**2,730,744**	**8,838**	**29,413**	**2,768,995**
Debt financial assets at fair value through other comprehensive income	**424,733**	**2,871**	**926**	**428,530**
Other assets	**99,806**	**100**	**819**	**100,725**
Subtotal	**7,383,765**	**51,434**	**38,733**	**7,473,932**
Off-balance sheet	**1,569,949**	**2,165**	**99**	**1,572,213**
Total	**8,953,714**	**53,599**	**38,832**	**9,046,145**

	31 December 2020			
Carrying amount (in RMB million)	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure
Cash and amounts due from banks and other financial institutions	587,391	–	–	587,391
Balances with the Central Bank and statutory deposits for insurance operations	292,738	–	–	292,738
Financial assets purchased under reverse repurchase agreements	122,478	–	287	122,765
Accounts receivable	25,902	246	28	26,176
Finance lease receivable	196,267	4,894	889	202,050
Loans and advances to customers	2,558,863	29,369	11,278	2,599,510
Financial assets at amortized cost	2,596,172	11,772	16,904	2,624,848
Debt financial assets at fair value through other comprehensive income	508,948	2,121	317	511,386
Other assets	123,508	115	278	123,901
Subtotal	7,012,267	48,517	29,981	7,090,765
Off-balance sheet	1,277,993	2,123	615	1,280,731
Total	8,290,260	50,640	30,596	8,371,496

The Group closely monitors collateral of credit-impaired financial assets.

As at 31 December 2021, the fair value of collateral of credit-impaired loans and advances to customers is RMB22,808 million (31 December 2020: RMB21,160 million). The fair value of collateral of credit-impaired financial assets at amortized cost is RMB9,641 million (31 December 2020: RMB8,108 million).

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets between the beginning and the end of the annual period due to these factors:

(in RMB million)		2021						
				Stages transfers				
Gross carrying amount	Stage	1 January	Net increase/ (decrease) (Note)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Loans and advances to customers	Stage 1	2,590,183	483,394	(79,567)	(2,000)	-	-	2,992,010
	Stage 2	37,233	(21,965)	79,567	-	(50,286)	-	44,549
	Stage 3	34,915	(13,111)	-	2,000	50,286	(40,418)	33,672
	Subtotal	2,662,331	448,318	-	-	-	(40,418)	3,070,231
Financial assets at amortized cost	Stage 1	2,601,200	160,574	(17,214)	(6,377)	-	-	2,738,183
	Stage 2	13,308	7,025	17,214	-	(27,472)	-	10,075
	Stage 3	26,240	2,328	-	6,377	27,472	(8,038)	54,379
	Subtotal	2,640,748	169,927	-	-	-	(8,038)	2,802,637
Debt financial assets at fair value through other comprehensive income	Stage 1	508,948	(81,310)	(2,851)	(54)	-	-	424,733
	Stage 2	2,121	(1,278)	2,851	-	(823)	-	2,871
	Stage 3	317	(268)	-	54	823	-	926
	Subtotal	511,386	(82,856)	-	-	-	-	428,530

Note: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

(in RMB million)		2021							
					Stages transfers				
Impairment provision	Stage	1 January	Net increase/ (decrease) (Note 1)	Charge/ (recover) for the year (Note 2)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Loans and advances to customers	Stage 1	31,718	18,662	7,077	(4,210)	38	-	-	53,285
	Stage 2	7,864	(1,220)	14,435	4,210	-	(15,201)	-	10,088
	Stage 3	23,637	912	27,535	-	(38)	15,201	(40,418)	26,829
	Subtotal	63,219	18,354	49,047	-	-	-	(40,418)	90,202
Financial assets at amortized cost	Stage 1	5,028	2,118	1,643	(1,054)	(296)	-	-	7,439
	Stage 2	1,536	1,562	1,489	1,054	-	(4,404)	-	1,237
	Stage 3	9,336	2,579	16,389	-	296	4,404	(8,038)	24,966
	Subtotal	15,900	6,259	19,521	-	-	-	(8,038)	33,642
Debt financial assets at fair value through other comprehensive income	Stage 1	1,155	66	94	(119)	(23)	-	-	1,173
	Stage 2	245	(39)	1,912	119	-	(2,016)	-	221
	Stage 3	1,134	(460)	714	-	23	2,016	-	3,427
	Subtotal	2,534	(433)	2,720	-	-	-	-	4,821

Note 1: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

Note 2: Changes in PDs, EADs, and LGDs in the current year, arising from regular update of inputs to models.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets between the beginning and the end of the annual period due to these factors (continued):

(in RMB million)

		2020						
				Stages transfers				
Gross carrying amount	Stage	1 January	Net increase/ (decrease) (Note)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Loans and advances to customers	Stage 1	2,213,463	450,047	(72,212)	(1,115)	–	–	2,590,183
	Stage 2	49,365	(30,425)	72,212	–	(53,919)	–	37,233
	Stage 3	47,128	(7,887)	–	1,115	53,919	(59,360)	34,915
	Subtotal	2,309,956	411,735	–	–	–	(59,360)	2,662,331
Financial assets at amortized cost	Stage 1	2,263,114	356,948	(18,483)	(379)	–	–	2,601,200
	Stage 2	2,433	(365)	18,483	–	(7,243)	–	13,308
	Stage 3	32,397	17,694	–	379	7,243	(31,473)	26,240
	Subtotal	2,297,944	374,277	–	–	–	(31,473)	2,640,748
Debt financial assets at fair value through other comprehensive income	Stage 1	457,068	54,996	(3,116)	–	–	–	508,948
	Stage 2	248	(798)	3,116	–	(445)	–	2,121
	Stage 3	849	(527)	–	–	445	(450)	317
	Subtotal	458,165	53,671	–	–	–	(450)	511,386

Note: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

(in RMB million)

		2020							
					Stages transfers				
Impairment provision	Stage	1 January	Net increase/ (decrease) (Note 1)	Charge/ (recover) for the year (Note 2)	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	31 December
Loans and advances to customers	Stage 1	30,408	10,194	(5,855)	(3,428)	399	–	–	31,718
	Stage 2	7,889	(2,029)	14,001	3,428	–	(15,425)	–	7,864
	Stage 3	31,716	(6,255)	42,510	–	(399)	15,425	(59,360)	23,637
	Subtotal	70,013	1,910	50,656	–	–	–	(59,360)	63,219
Financial assets at amortized cost	Stage 1	3,809	3,717	(389)	(1,989)	(120)	–	–	5,028
	Stage 2	308	(156)	1,121	1,989	–	(1,726)	–	1,536
	Stage 3	12,602	18,715	7,646	–	120	1,726	(31,473)	9,336
	Subtotal	16,719	22,276	8,378	–	–	–	(31,473)	15,900
Debt financial assets at fair value through other comprehensive income	Stage 1	1,045	178	(2)	(66)	–	–	–	1,155
	Stage 2	42	(23)	228	66	–	(68)	–	245
	Stage 3	1,247	(412)	681	–	–	68	(450)	1,134
	Subtotal	2,334	(257)	907	–	–	–	(450)	2,534

Note 1: Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

Note 2: Changes in PDs, EADs, and LGDs in the current year, arising from regular update of inputs to models.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

The Group internally grades the financial instruments based on the credit quality and risk characteristics. The credit rating of the financial instruments could further be classified as "low risk", "medium risk", "high risk" and "default" according to the internal rating scale. "Low risk" means that the asset quality is good, there is sufficient evidence to show that the asset is not expected to have default, or there is no reason to suspect that the asset had incurred default. "Medium risk" means that the asset quality is acceptable or there are factors revealing potential negative impact on the asset quality, but there is no sufficient reason to suspect that the asset had incurred default. "High risk" means that there are factors revealing significant adverse impact on the asset quality, but there is no event indicating incurred default. The criteria of "default" are consistent with those of "credit-impaired".

The following table contains an analysis of the credit risk grading of loans and advances to customers and financial assets at amortized cost. The carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Loans and advances to customers:

	31 December 2021			
(in RMB million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade				
Low risk	**1,615,901**	**280**	**–**	**1,616,181**
Medium risk	**1,363,769**	**9,164**	**–**	**1,372,933**
High risk	**12,340**	**35,105**	**–**	**47,445**
Default	**–**	**–**	**33,672**	**33,672**
Gross carrying amount	**2,992,010**	**44,549**	**33,672**	**3,070,231**
Loss allowance	**(52,391)**	**(10,037)**	**(26,828)**	**(89,256)**
Carrying amount	**2,939,619**	**34,512**	**6,844**	**2,980,975**

	31 December 2020			
(in RMB million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade				
Low risk	1,484,219	368	–	1,484,587
Medium risk	1,098,640	10,093	–	1,108,733
High risk	7,324	26,772	–	34,096
Default	–	–	34,915	34,915
Gross carrying amount	2,590,183	37,233	34,915	2,662,331
Loss allowance	(31,320)	(7,864)	(23,637)	(62,821)
Carrying amount	2,558,863	29,369	11,278	2,599,510

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

(b) Expected credit loss (continued)

Financial assets at amortized cost:

	31 December 2021			
(in RMB million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade				
Low risk	**2,563,219**	**-**	**-**	**2,563,219**
Medium risk	**152,547**	**3,289**	**-**	**155,836**
High risk	**22,417**	**6,786**	**-**	**29,203**
Default	**-**	**-**	**54,379**	**54,379**
Gross carrying amount	**2,738,183**	**10,075**	**54,379**	**2,802,637**
Impairment provision	**(7,439)**	**(1,237)**	**(24,966)**	**(33,642)**
Carrying amount	**2,730,744**	**8,838**	**29,413**	**2,768,995**

	31 December 2020			
(in RMB million)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade				
Low risk	2,490,124	1,151	–	2,491,275
Medium risk	107,006	54	–	107,060
High risk	4,070	12,103	–	16,173
Default	–	–	26,240	26,240
Gross carrying amount	2,601,200	13,308	26,240	2,640,748
Impairment provision	(5,028)	(1,536)	(9,336)	(15,900)
Carrying amount	2,596,172	11,772	16,904	2,624,848

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK

Liquidity risk is the risk of not having access to sufficient funds or being unable to realize an asset in a timely manner at a reasonable price to meet the Group's obligations as they become due.

The Group is exposed to liquidity risk on insurance policies that permit surrender, withdrawal or other forms of early termination. The Group seeks to manage its liquidity risk by matching to the extent possible the duration of its investment assets with the duration of its insurance policies and to ensure that the Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis.

The banking business of the Group is exposed to potential liquidity risk. The Group utilizes multiple regulatory methods, establish comprehensive liquidity risk management framework, effectively recognize, measure, monitor and control liquidity risk, maintain sufficient liquidity level to satisfy various funds requirement and to face adverse market status. In case of monitoring liquidity risks effectively, the Group pays attention to the funds resources and diversified utilization, keep relatively high liquidity assets consistently. The Group monitors the sourcing and usage of funds, deposit to loan ratio, and quick ratio on a daily basis. Moreover, when adopting various benchmarks for management of liquidity risk, the Group compares the expected results against the ones derived from stress tests, critically assesses the potential impact to the future liquidity risk, and formulates remedial actions according to specific situations. The Group seeks to mitigate the liquidity risk of the banking business by optimizing the assets and liabilities structure, and maintaining stable deposits, etc.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

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

	31 December 2021						
(in RMB million)	Undated	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and amounts due from banks and other financial institutions	-	193,428	127,027	83,917	187,780	260	592,412
Balances with the Central Bank and statutory deposits for insurance operations	221,546	86,804	2,455	4,085	6,981	-	321,871
Financial assets purchased under reverse repurchase agreements	-	428	56,590	4,639	-	-	61,657
Premium receivables	-	8,380	19,448	5,538	46,248	220	79,834
Accounts receivable	-	122	6,713	13,036	8,190	-	28,061
Policy loans	-	3,603	72,867	101,828	-	-	178,298
Finance lease receivable	-	1,675	31,094	80,777	109,958	736	224,240
Loans and advances to customers	-	19,623	743,780	896,148	1,023,335	826,218	3,509,104
Financial assets at fair value through profit or loss	740,402	11,841	39,362	189,183	349,522	188,359	1,518,669
Financial assets at amortized cost	-	19,325	124,892	397,929	968,013	2,877,915	4,388,074
Debt financial assets at fair value through other comprehensive income	-	185	38,092	105,046	215,534	140,368	499,225
Equity financial assets at fair value through other comprehensive income	268,215	-	-	-	-	-	268,215
Other assets	-	47,514	36,252	40,460	5,326	1,247	130,799
	1,230,163	392,928	1,298,572	1,922,586	2,920,887	4,035,323	11,800,459
Due to banks and other financial institutions	-	256,691	221,458	236,197	93,356	4,720	812,422
Financial liabilities at fair value through profit or loss	306	1,367	51,732	465	3,553	-	57,423
Assets sold under agreements to repurchase	-	-	127,502	-	-	-	127,502
Accounts payable	-	392	1,103	4,762	406	-	6,663
Insurance payables	-	86,379	16,128	3,260	1,178	38	106,983
Policyholder dividend payable	-	67,276	-	-	-	-	67,276
Customer deposits and payables to brokerage customers	-	1,174,547	671,502	605,122	619,866	2,356	3,073,393
Bonds payable	-	-	314,135	546,317	232,199	46,949	1,139,600
Insurance contract liability	-	-	6,957	71,874	132,243	7,364,210	7,575,284
Insurance and investment contract liabilities for policyholders	-	-	2,731	7,781	33,565	41,062	85,139
Lease liabilities	-	212	1,559	4,428	9,223	490	15,912
Other liabilities	-	27,050	43,261	75,829	108,426	12,945	267,511
	306	1,613,914	1,458,068	1,556,035	1,234,015	7,472,770	13,335,108
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	(36)	191	(104)	(2,142)	(2)	(2,093)
Derivative financial instruments settled on a gross basis							
- Cash inflow	-	8,108	1,235,405	851,252	51,767	405	2,146,937
- Cash outflow	-	(9,911)	(1,235,745)	(853,207)	(52,375)	(695)	(2,151,933)
	-	(1,803)	(340)	(1,955)	(608)	(290)	(4,996)

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53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

	31 December 2020						
(in RMB million)	Undated	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and amounts due from banks and other financial institutions	–	204,816	98,272	85,256	215,099	1,376	604,819
Balances with the Central Bank and statutory deposits for insurance operations	217,239	62,938	126	1,566	12,118	–	293,987
Financial assets purchased under reverse repurchase agreements	–	345	118,446	4,643	–	–	123,434
Premium receivables	–	7,969	19,586	5,661	60,589	198	94,003
Accounts receivable	–	267	8,177	11,184	8,473	–	28,101
Policy Loans	–	3,026	137,192	21,163	–	–	161,381
Finance lease receivable	–	1,749	25,476	73,538	124,896	1,902	227,561
Loans and advances to customers	–	12,811	723,593	762,808	870,030	688,633	3,057,875
Financial assets at fair value through profit or loss	644,276	8,610	49,535	171,670	287,242	144,329	1,305,662
Financial assets at amortized cost	–	29,657	103,579	356,148	1,019,279	2,688,280	4,196,943
Debt financial assets at fair value through other comprehensive income	–	68	38,428	100,011	256,213	215,113	609,833
Equity financial assets at fair value through other comprehensive income	277,402	–	–	–	–	–	277,402
Other assets	–	25,048	46,841	66,621	6,575	570	145,655
	1,138,917	357,304	1,369,251	1,660,269	2,860,514	3,740,401	11,126,656
Due to banks and other financial institutions	–	274,512	252,966	315,253	130,819	10,152	983,702
Financial liabilities at fair value through profit or loss	836	1,219	33,417	299	1,745	–	37,516
Assets sold under agreements to repurchase	–	–	276,718	3	–	–	276,721
Accounts payable	–	481	1,288	3,906	140	–	5,815
Insurance payables	–	75,695	9,587	4,485	1,319	–	91,086
Policyholder dividend payable	–	63,806	–	–	–	–	63,806
Customer deposits and payables to brokerage customers	–	1,010,863	746,543	431,200	544,294	27,023	2,759,923
Bonds payable	–	–	258,013	428,833	205,040	52,327	944,213
Insurance contract liability	–	–	1,086	42,382	30,581	7,209,264	7,283,313
Insurance and investment contract liabilities for policyholders	–	–	2,309	4,262	30,244	43,356	80,171
Lease liabilities	–	258	1,814	5,127	10,568	1,359	19,126
Other liabilities	–	56,958	52,911	78,435	140,076	3,587	331,967
	836	1,483,792	1,636,652	1,314,185	1,094,826	7,347,068	12,877,359
Derivative cash flows							
Derivative financial instruments settled on a net basis	(47)	–	806	616	(913)	(2)	460
Derivative financial instruments settled on a gross basis							
– Cash inflow	–	14,811	704,165	626,930	48,922	3	1,394,831
– Cash outflow	–	(20,378)	(705,992)	(631,860)	(51,088)	(9)	(1,409,327)
	–	(5,567)	(1,827)	(4,930)	(2,166)	(6)	(14,496)

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

The table below summarizes the remaining contractual maturity profile of the credit commitments of the Group:

(in RMB million)	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31 December 2021						
Credit commitments	**97,420**	**164,186**	**456,632**	**517,234**	**325,735**	**1,561,207**
31 December 2020						
Credit commitments	67,430	155,831	311,071	448,760	298,478	1,281,570

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

The assets and liabilities related to investment-linked contracts which are regarded as insurance contracts are presented as policyholder account assets and liabilities in respect of insurance contracts. The assets and liabilities related to investment-linked contracts which are regarded as investment contracts are presented as policyholder account assets and liabilities in respect of investment contracts. The assets and liabilities of each investment-linked fund are segregated from each other and from the rest of the Group's invested assets for record keeping purposes. As the investment risks of investment-linked contracts were fully borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of risk management. The Group manages liquidity risk related to the investment-linked contracts by investing mainly in assets with high liquidity, as disclosed in Note 38.

(5) MISMATCHING RISK OF ASSETS AND LIABILITIES

The objective of the Group's asset and liability management is to match the maturity and interest rates of assets and liabilities. Under the current constraints of the shortage of long-term interest rate bond market, however, the Group does not have sufficient long-duration assets for investment to match the duration of insurance and investment contract liabilities. As permitted by law regulations and market conditions, the Group actively invest in preferred stocks and other broad-term duration assets, and continuously improves the allocation of long-duration assets, considering the requirements for asset-liability duration matching and revenue-cost matching.

(6) OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failure of proper internal controls on business processes, employees and systems or from uncontrollable external events. Operational risk in this context includes legal risk, but does not include strategic risk and reputational risk. The Group is exposed to many types of operational risks in the conduct of its business. The Group manages operational risk by establishing and continuously improving risk management framework, formalizing policies and standards, using management tools and reporting mechanism, strengthening staff education and training.

(7) CAPITAL MANAGEMENT

The Group's capital requirements are primarily dependent on the scale, products of insurance business, and the type of business that it undertakes, as well as the industry and geographic location in which it operates. The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and to maintain healthy capital ratios in order to support its business and to maximize shareholders' value.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(7) CAPITAL MANAGEMENT (CONTINUED)

The Group manages its capital requirements by assessing shortfalls, if any, between the reported and the required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to ordinary shareholders or issue capital securities.

The Group has formally implemented the China Risk Oriented Solvency System issued by the former CIRC since 1 January 2016 by reference to the *Notice on the Formal Implementation of China Risk Oriented Solvency System by CIRC*. The Group adjusted the objective, policy and process of capital management accordingly. As at 31 December 2021, the Group was compliant with the CBIRC's requirements for solvency margin ratios. In addition, pursuant to the *Notice on the Implementation of Regulatory Rules on Solvency of Insurance Companies (II)* issued by the CBIRC, the Group will compute solvency margin ratios and recognize, assess and manage related risks from 2022 in accordance with the *Regulatory Rules on Solvency of Insurance Companies (II)*.

The table below summarizes the minimum regulatory capital for the Group and its major insurance subsidiaries and the regulatory capital held against each of them.

	31 December 2021		
	The Group	**Ping An Life**	**Ping An Property & Casualty**
Core capital	**1,861,487**	**1,026,410**	**112,277**
Actual capital	**1,899,989**	**1,046,410**	**125,777**
Minimum capital	**813,781**	**454,175**	**45,171**
Core solvency margin ratio	**228.7%**	**226.0%**	**248.6%**
Comprehensive solvency margin ratio	**233.5%**	**230.4%**	**278.4%**

	31 December 2020		
	The Group	Ping An Life	Ping An Property & Casualty
Core capital	1,779,640	1,046,787	103,377
Actual capital	1,815,140	1,068,787	116,877
Minimum capital	767,804	442,031	48,418
Core solvency margin ratio	231.8%	236.8%	213.5%
Comprehensive solvency margin ratio	236.4%	241.8%	241.4%

The Group's solvency ratio is calculated based on the relevant regulations promulgated by the former CIRC, which is an indicator of the overall solvency position of a financial conglomerate.

The banking business subsidiary measures the capital adequacy ratio in accordance with the Capital Rules for Commercial Banks (Provisional) issued by the former CBRC in June 2012. According to the requirements, risk weighted assets for credit risk is measured by Weighted Approach, risk weighted assets for market risk is measured by Standardised Approach, and risk weighted assets for operation risk is measured by the Basic Indicator Approach.

53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(7) CAPITAL MANAGEMENT (CONTINUED)

The banking operation's core Tier 1 capital adequacy ratio, Tier 1 capital adequacy ratio and capital adequacy ratio are shown below:

	31 December 2021	31 December 2020
Core Tier 1 capital adequacy ratio	**8.60%**	8.69%
Tier 1 capital adequacy ratio	**10.56%**	10.91%
Capital adequacy ratio	**13.34%**	13.29%

(8) THE GROUP'S MAXIMUM EXPOSURE TO STRUCTURED ENTITIES

The Group uses structured entities in the normal course of business for a number of purposes, for example, structured transactions for customers, to provide finance to public and private sector infrastructure projects, and to generate fees from managing assets on behalf of third-party investors. These structured entities are financed through the issue of beneficiary notes or trust units to investors. Refer to Note 3.(6) for the Group's consolidation consideration related to structured entities.

The following table also shows the size, the Group's funding and the Group's maximum exposure to the unconsolidated structured entities representing the Group's maximum possible risk exposure that could occur as a result of the Group's arrangements with structured entities. The maximum exposure is contingent in nature and approximates the sum of direct investments made by the Group.

The size of unconsolidated structured entities and the Group's funding and maximum exposure are shown below:

	Unconsolidated structured entities			
31 December 2021 (in RMB million)	Size	Carrying amount	The Group's maximum exposure	Interest held by the Group
Securitization	**57,756**	**5,848**	**5,848**	Investment income and service fee
Assets management products managed by affiliated entities	**2,417,458**	**253,973**	**253,973**	Investment income and service fee
Assets management products managed by third parties	**Note 1**	**333,527**	**333,527**	Investment income
Wealth management products managed by affiliated entities	**872,066**	**7,995**	**7,995**	Investment income and service fee
Wealth management products managed by third parties	**Note 1**	**8,844**	**8,844**	Investment income

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53. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(8) THE GROUP'S MAXIMUM EXPOSURE TO STRUCTURED ENTITIES (CONTINUED)

	Unconsolidated structured entities			
31 December 2020 (in RMB million)	Size	Carrying amount	The Group's maximum exposure	Interest held by the Group
Securitization	72,393	4,947	4,947	Investment income and service fee
Assets management products managed by affiliated entities	1,740,506	195,595	195,595	Investment income and service fee
Assets management products managed by third parties	Note 1	346,509	346,509	Investment income
Wealth management products managed by affiliated entities	648,185	3,509	3,509	Investment income and service fee
Wealth management products managed by third parties	Note 1	9,664	9,664	Investment income

Note 1: These assets management products and wealth management products are sponsored by third party financial institutions and the information related to size of these structured entities were not publicly available.

The Group's interests in unconsolidated structured entities are recorded as wealth management investments under FVPL, FVOCI and AC, and beneficial right under trust schemes under assets purchased under reverse repurchase agreements.

The unconsolidated structured entities held by the Group included the trust plans consolidated by Lufax Holding.

54. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments mainly consist of cash and amounts due from banks and other financial institutions, term deposits, bonds, funds, stocks, loans, borrowings, deposits from other banks and financial institutions, customer deposits and payables to brokerage customers, etc.

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table sets out the carrying value and fair value of the Group's major financial instruments by classification:

	Carrying value		Fair value	
(in RMB million)	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial assets				
Cash and amounts due from banks and other financial institutions	**584,995**	587,391	**584,995**	587,391
Balances with the Central Bank and statutory deposits for insurance operations	**320,954**	292,738	**320,954**	292,738
Financial assets purchased under reverse repurchase agreements	**61,429**	122,765	**61,429**	122,765
Accounts receivable	**26,628**	26,176	**26,628**	26,176
Derivative financial assets	**30,957**	37,661	**30,957**	37,661
Finance lease receivable	**200,701**	202,050	**200,701**	202,050
Loans and advances to customers	**2,980,975**	2,599,510	**2,980,975**	2,599,510
Financial assets at fair value through profit or loss	**1,426,677**	1,231,331	**1,426,677**	1,231,331
Financial assets at amortized cost	**2,768,995**	2,624,848	**2,919,483**	2,680,106
Debt financial assets at fair value through other comprehensive income	**428,530**	511,386	**428,530**	511,386
Equity financial assets at fair value through other comprehensive income	**268,215**	277,401	**268,215**	277,401
Other assets	**100,725**	123,901	**100,725**	123,901
Financial liabilities				
Due to banks and other financial institutions	**797,646**	960,175	**797,646**	960,175
Financial liabilities at fair value through profit or loss	**57,376**	37,217	**57,376**	37,217
Derivative financial liabilities	**35,049**	48,579	**35,049**	48,579
Assets sold under agreements to repurchase	**127,477**	276,602	**127,477**	276,602
Accounts payable	**6,663**	5,148	**6,663**	5,148
Customer deposits and payables to brokerage customers	**3,002,049**	2,693,833	**3,002,049**	2,693,833
Bonds payable	**1,097,523**	901,285	**1,098,380**	899,911
Other liabilities	**271,853**	214,987	**271,853**	214,987

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

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

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair value for those financial instruments which are not recorded at fair value in the financial statements, i.e., financial assets at amortized costs and loans and receivables.

Financial assets and liabilities for which fair value approximates to carrying value

For financial assets and financial liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to term deposits, and savings accounts without a specific maturity. For other variable rate instruments, adjustment is also made to reflect the subsequent changes in the market rate after initial recognition.

Floating rate loans and advances to customers of the Group are repriced each year, and the interest rates are adjusted according to the loan prime rate announced by the PBC. Thus, the carrying amounts approximate to their fair value.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortized cost is estimated by comparing market interest rates when they were first recognized with current market rates for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for financial products with similar credit risk and maturity. For quoted debts issued, the fair values are determined based on quoted market prices. For those debts issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

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

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The main quoted market price used for financial assets held by the Group is the current closing price. Financial instruments included in Level 1 comprise primarily equity investments, fund investments and bond investments traded on stock exchanges and open-ended mutual funds;

Level 2: either directly (such as price) or indirectly (such as calculated based on price) other than quoted prices included within Level 1 that are observable for the asset or liability. This valuation method maximizes the use of observable market data and minimizes the use of company's own parameters;

Level 3: inputs which are based on parameters other than observable market data (unobservable inputs).

The level of fair value measurement is determined by the lowest level input that is significant to the entire measurement. As such, the significance of a particular input should be considered from an overall perspective in the fair value measurement.

Valuation methods for Level 2 and Level 3 financial instruments

For Level 2 financial instruments, valuations are generally using observable market inputs, or recent quoted market prices. The valuation providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from public valuation service providers. The fair value of debt investments denominated in RMB is determined based upon the valuation results by the CCDC. All significant inputs are observable in the market.

For Level 3 financial instruments, the consideration of being classified as Level 3 is mainly based on the significance of the unobservable factors to the overall fair value measurement.

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

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31 December 2021			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	8,862	410,261	220	419,343
Funds	202,292	144,823	4,068	351,183
Stocks	97,966	2,519	-	100,485
Wealth management investments, debt schemes and other investments	79	358,843	196,744	555,666
	309,199	916,446	201,032	1,426,677
Derivative financial assets				
Interest rate swaps	-	14,164	-	14,164
Currency forwards and swaps	-	15,687	-	15,687
Others	-	1,037	69	1,106
	-	30,888	69	30,957
Debt financial assets at fair value through other comprehensive income				
Bonds	12,116	315,344	856	328,316
Wealth management investments, debt schemes and other investments	-	41,557	58,657	100,214
	12,116	356,901	59,513	428,530
Equity financial assets at fair value through other comprehensive income				
Stocks	189,540	1	-	189,541
Preferred shares	-	76,115	-	76,115
Unlisted equity investments	-	-	2,559	2,559
	189,540	76,116	2,559	268,215
Placements with banks and other financial institutions measured at fair value through other comprehensive income	-	11,228	-	11,228
Loans and advances to customers measured at fair value through other comprehensive income	-	248,054	-	248,054
Total financial assets	510,855	1,639,633	263,173	2,413,661
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	-	13,237	-	13,237
Currency forwards and swaps	-	15,855	-	15,855
Others	-	5,957	-	5,957
	-	35,049	-	35,049
Financial liabilities at fair value through profit or loss	11,976	42,438	2,962	57,376
Total financial liabilities	11,976	77,487	2,962	92,425

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

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy (continued):

	31 December 2020			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	10,247	317,382	255	327,884
Funds	122,414	126,285	4,020	252,719
Stocks	127,926	4,065	–	131,991
Wealth management investments, debt schemes and other investments	997	323,103	194,637	518,737
	261,584	770,835	198,912	1,231,331
Derivative financial assets				
Interest rate swaps	–	18,363	–	18,363
Currency forwards and swaps	–	16,246	–	16,246
Others	–	3,052	–	3,052
	–	37,661	–	37,661
Debt financial assets at fair value through other comprehensive income				
Bonds	19,477	378,798	95	398,370
Wealth management investments, debt schemes and other investments	–	65,459	47,557	113,016
	19,477	444,257	47,652	511,386
Equity financial assets at fair value through other comprehensive income				
Stocks	198,024	1	–	198,025
Preferred shares	–	77,452	–	77,452
Unlisted equity investments	–	–	1,924	1,924
	198,024	77,453	1,924	277,401
Placements with banks and other financial institutions measured at fair value through other comprehensive income	–	13,223	–	13,223
Loans and advances to customers measured at fair value through other comprehensive income	–	–	202,088	202,088
Total financial assets	479,085	1,343,429	450,576	2,273,090
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	–	17,887	–	17,887
Currency forwards and swaps	–	17,154	–	17,154
Others	–	13,538	–	13,538
	–	48,579	–	48,579
Financial liabilities at fair value through profit or loss	7,178	29,471	568	37,217
Total financial liabilities	7,178	78,050	568	85,796

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

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

The following table shows an analysis of financial instruments not recorded at fair value but for which fair value is disclosed by level of the fair value hierarchy:

	31 December 2021			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at amortized cost	**145,590**	**2,622,420**	**151,473**	**2,919,483**
Total	**145,590**	**2,622,420**	**151,473**	**2,919,483**
Financial liabilities				
Bonds payable	**16,765**	**1,080,510**	**1,105**	**1,098,380**
Total	**16,765**	**1,080,510**	**1,105**	**1,098,380**

	31 December 2020			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Financial assets at amortized cost	134,710	2,385,775	159,621	2,680,106
Total	134,710	2,385,775	159,621	2,680,106
Financial liabilities				
Bonds payable	23,324	874,817	1,770	899,911
Total	23,324	874,817	1,770	899,911

Financial assets and liabilities for which fair value approximates carrying value are not included in the above disclosure.

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows:

	Financial assets at fair value through profit or loss	
(in RMB million)	2021	2020
As at 1 January	**198,912**	146,540
Additions	**184,884**	256,778
Disposals	**(193,205)**	(190,034)
Transfers into Level 3	**5,112**	255
Transfers from Level 3	**(1,231)**	(21,910)
Total gains/losses		
Gains through loss or profit	**6,560**	7,283
As at 31 December	**201,032**	198,912

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

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

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows (continued):

(in RMB million)	Debt financial assets at fair value through other comprehensive income 2021	2020
As at 1 January	**47,652**	25,223
Purchase	**32,369**	26,727
Disposals	**(33,667)**	(25,688)
Issue	**696,323**	539,094
Settlement	**(686,779)**	(519,209)
Transfers into Level 3	**965**	106
Total gains/losses		
Gains through profit or loss	**2,650**	1,399
As at 31 December	**59,513**	47,652

(in RMB million)	Equity financial assets at fair value through other comprehensive income 2021	2020
As at 1 January	**1,924**	2,082
Additions	**632**	449
Disposals	**(2)**	–
Total gains/losses		
Gains/losses through other comprehensive income	**5**	(607)
As at 31 December	**2,559**	1,924

(in RMB million)	Loans and advances to customers at fair value through other comprehensive income 2021	2020
As at 1 January	**202,088**	156,485
Additions	**2,481,850**	3,671,120
Disposals	**(2,687,938)**	(3,632,495)
Total gains/losses		
Gains through profit or loss	**4,000**	6,978
As at 31 December	**-**	202,088

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

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

The gains or losses of level 3 financial instruments included in the income statement for the year are presented as follows:

	2021		
(in RMB million)	**Realized gains**	**Unrealized gains**	**Total**
Financial assets at fair value through profit or loss	**7,204**	**(644)**	**6,560**
Debt financial assets at fair value through other comprehensive income	**2,930**	**(280)**	**2,650**
Loans and advances to customers at fair value through other comprehensive income	**4,000**	**–**	**4,000**
	14,134	**(924)**	**13,210**

	2020		
(in RMB million)	Realized gains	Unrealized gains	Total
Financial assets at fair value through profit or loss	1,787	5,496	7,283
Debt financial assets at fair value through other comprehensive income	1,399	–	1,399
Loans and advances to customers at fair value through other comprehensive income	6,978	–	6,978
	10,164	5,496	15,660

Transfers

For the year ended 31 December 2021 and the year ended 31 December 2020, there were no significant transfers between Level 1 and Level 2 fair value measurements.

55. TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognized financial assets to third parties or to structured entities. When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset and retained control of the asset, the Group continues to recognize the financial asset to the extent of the Group's continuing involvement, in which case, the Group also recognizes an associated liability. In other cases where the transferred financial assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these financial assets, the Group continued to recognize the transferred financial assets.

The Group's subsidiaries, Ping An Bank and Ping An Financial Leasing, entered into loan securitization transactions. The Group may retain risks or rewards in the securitization business which would give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognized on the statement of financial position to the extent of the Group's continuing involvement, otherwise the financial assets are derecognized.

55. TRANSFERRED FINANCIAL ASSETS (CONTINUED)

Other transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements. The counterparties are allowed to sell or repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require the counterparties to provide additional or return collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them.

The following table analyses the carrying amount of the above-mentioned financial assets transferred to third parties that did not qualify for derecognition or continuing involvement and their associated financial liabilities:

	31 December 2021		31 December 2020	
(in RMB million)	Carrying amount of transferred or continuing involvement financial assets	Carrying amount of associated liabilities	Carrying amount of transferred or continuing involvement financial assets	Carrying amount of associated liabilities
Repurchase transactions	**2,923**	**2,819**	2,237	2,132
Assets securitization	**2,581**	**2,581**	2,390	2,390

56. CASH AND CASH EQUIVALENTS

(in RMB million)	31 December 2021	31 December 2020
Cash		
Cash and amounts due from banks and other financial institutions		
Cash on hand	**3,686**	3,814
Term deposits	**15,208**	32,647
Due from banks and other financial institutions	**174,345**	165,988
Placements with banks and other financial institutions	**70,821**	43,390
Balances with the Central Bank	**84,028**	61,973
Subtotal	**348,088**	307,812
Cash equivalents		
Bonds	**365**	1,573
Financial assets purchased under reverse repurchase agreements	**54,672**	115,363
Subtotal	**55,037**	116,936
Total	**403,125**	424,748

57. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(1) RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES:

(in RMB million)	2021	2020
Profit before tax	**139,580**	187,764
Adjustments for:		
Depreciation of investment properties	**1,620**	1,341
Depreciation of property and equipment	**6,718**	6,054
Amortization of intangible assets	**3,024**	2,811
Depreciation of right-of-use assets	**6,520**	7,365
Amortization of long-term deferred expenses	**539**	740
Gains on disposal of investment properties, property and equipment, intangible assets and other long-term assets	**(14)**	(7)
Investment income and interest revenue from non-banking operations	**(224,411)**	(254,526)
Fair value losses/(gains) on investments at fair value through profit or loss	**22,613**	4,770
Interest expenses on non-banking operations	**28,082**	26,436
Foreign exchange gains/(losses)	**(1,267)**	(2,219)
Net impairment losses of financial assets and other assets	**105,042**	79,458
Operating profit before working capital changes	**88,046**	59,987
Changes in operating assets and liabilities:		
Changes in balances with the Central Bank and statutory deposits	**(6,157)**	(2,644)
Changes in amounts due from banks and other financial institutions	**15,105**	30,555
Changes in premium receivables	**13,540**	(11,587)
Changes in account receivable	**(694)**	2,405
Changes in inventories	**(1,169)**	2,251
Changes in reinsurers' share of insurance liabilities	**(6,633)**	(2,516)
Changes in loans and advances to customers	**(454,989)**	(413,452)
Changes in assets purchased under agreements to resell of banking and securities business	**(221)**	1,136
Changes in other assets	**(101,248)**	(83,382)
Changes in due to banks and other financial institutions	**(114,037)**	129,636
Changes in customer deposits and payables to brokerage customers	**294,760**	240,766
Changes in insurance payables	**11,238**	13,273
Changes in insurance contract liabilities	**260,088**	296,100
Changes in investment contract liabilities for policyholders	**56,082**	67,339
Changes in policyholder dividend payable	**3,470**	4,724
Changes in assets sold under agreements to repurchase of banking and securities business	**16,037**	11,198
Changes in other liabilities	**43,859**	(372)
Cash generated from operations	**117,077**	345,417
Less: Current income tax charged for the year	**(26,816)**	(38,561)
Changes in income tax payable	**(145)**	5,219
Net cash flows from operating activities	**90,116**	312,075

57. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(2) NET DEBT RECONCILIATION:

This section sets out an analysis of net debt and movements in net debt of current year.

(in RMB million)	Short-term borrowings	Long-term borrowings	Bonds payable	Total
Balance as at 1 January 2021	**99,482**	**132,907**	**894,990**	**1,127,379**
Cash flows	**(4,805)**	**(43,983)**	**163,742**	**114,954**
Foreign exchange adjustments	**(186)**	**(338)**	**(382)**	**(906)**
Other non-cash movements	**-**	**-**	**15,930**	**15,930**
Balance as at 31 December 2021	**94,491**	**88,586**	**1,074,280**	**1,257,357**

58. COMPENSATION OF KEY MANAGEMENT PERSONNEL

(1) KEY MANAGEMENT PERSONNEL COMPRISE THE COMPANY'S DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND KEY PERSONNEL

The summary of compensation of key management personnel for the year is as follows:

(in RMB million)	2021	2020
Salaries and other short-term employee benefits after tax	**68**	71
Individual income tax	**46**	48

The estimated amount of total compensation has been provided in the Group's 2021 financial statements. The total compensation for certain key management personnel has not yet been finalized in accordance with relevant policies. The remaining compensation will be disclosed in a separate announcement when approved.

Parts of the performance-based remunerations of the Company's key management personnel will be deferred and paid over a period of 3 years in accordance with the *Code of Corporate Governance of Banking and Insurance Institutions* and the *Guidelines for Insurance Companies' Remuneration Management (Trial)* issued by the CBIRC. The deferred, unpaid parts are included in the total remunerations received by the Company's key management personnel from the Company during the Reporting Period.

(2) COMPENSATION OF KEY MANAGEMENT PERSONNEL OTHER THAN DIRECTORS AND SUPERVISORS IS AS FOLLOWS

(in RMB million)	2021	2020
Salaries and other short-term employee benefits after tax	**25**	25
Individual income tax	**17**	18

58. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of every director and supervisor is set out below:

For the year ended 31 December 2021:

	2021									
(in RMB thousand)	Fees	Salaries	Discretionary bonuses (ii)	Housing allowance	Other employee benefits	Employer's contribution to a retirement benefit scheme	Remunerations received or receivable in respect of accepting office as director	Emoluments received or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total	Individual income tax
Directors										
Ma Mingzhe (iii)	-	2,850	1,759	2	7	-	-	-	4,618	3,361
Xie Yonglin (iv)	-	4,088	906	28	39	72	-	-	5,133	3,626
Tan Sin Yin (v)	-	5,708	3,913	-	18	36	-	-	9,675	7,329
Yao Jason Bo	-	5,563	2,353	-	14	36	-	-	7,966	6,334
Cai Fangfang (vi)	-	2,997	1,407	28	36	61	-	-	4,529	3,127
Soopakij Chearavanont	509	-	-	-	-	-	-	-	509	91
Yang Xiaoping	524	-	-	-	-	-	-	-	524	96
Wang Yongjian (vii)	318	-	-	-	-	-	-	-	318	79
Huang Wei (viii)	189	-	-	-	-	-	-	-	189	51
Ge Ming (ix)	337	-	-	-	-	-	-	-	337	85
Ng Kong Ping Albert (x)	199	-	-	-	-	-	-	-	199	40
Ouyang Hui	539	-	-	-	-	-	-	-	539	101
Ng Sing Yip	509	-	-	-	-	-	-	-	509	91
Chu Yiyun	510	-	-	-	-	-	-	-	510	130
Liu Hong	488	-	-	-	-	-	-	-	488	122
Jin Li (xi)	189	-	-	-	-	-	-	-	189	51
Subtotal	4,311	21,206	10,338	58	114	205	-	-	36,232	24,714
Supervisors										
Sun Jianyi (xii)	-	2,130	1,940	2	8	-	-	-	4,080	2,930
Wang Zhiliang	-	946	565	220	18	66	-	-	1,815	889
Gu Liji	518	-	-	-	-	-	-	-	518	132
Zhang Wangjin	517	-	-	-	-	-	-	-	517	94
Huang Baokui	510	-	-	-	-	-	-	-	510	130
Subtotal	1,545	3,076	2,505	222	26	66	-	-	7,440	4,175
Total	5,856	24,282	12,843	280	140	271	-	-	43,672	28,889

58. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2020:

	2020									
(in RMB thousand)	Fees	Salaries	Discretionary bonuses (ii)	Housing allowance	Other employee benefits	Employer's contribution to a retirement benefit scheme	Remunerations received or receivable in respect of accepting office as director	Emoluments received or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total	Individual income tax
Directors										
Ma Mingzhe (iii)	-	2,850	1,968	2	7	-	-	-	4,827	3,532
Xie Yonglin (iv)	-	4,110	1,594	25	29	59	-	-	5,817	4,167
Tan Sin Yin (v)	-	5,708	5,041	-	10	24	-	-	10,783	8,251
Yao Jason Bo	-	5,158	3,941	-	8	25	-	-	9,132	6,901
Cai Fangfang (vi)	-	3,019	1,665	25	28	47	-	-	4,784	3,316
Lee Yuansiong (xiii)	-	384	-	-	-	3	-	-	387	283
Ren Huichuan (xiv)	-	497	-	5	5	10	-	-	517	221
Yang Xiaoping	517	-	-	-	-	-	-	-	517	93
Soopakij Chearavanont	509	-	-	-	-	-	-	-	509	91
Liu Chong (xv)	229	-	-	-	-	-	-	-	229	56
Wang Yongjian (vii)	488	-	-	-	-	-	-	-	488	122
Ng Sing Yip	509	-	-	-	-	-	-	-	509	91
Ouyang Hui	524	-	-	-	-	-	-	-	524	96
Ge Ming (ix)	495	-	-	-	-	-	-	-	495	125
Chu Yiyun	495	-	-	-	-	-	-	-	495	125
Liu Hong	488	-	-	-	-	-	-	-	488	122
Subtotal	4,254	21,726	14,209	57	87	168	-	-	40,501	27,592
Supervisors										
Sun Jianyi (xii)	-	759	668	1	3	-	-	-	1,431	983
Wang Zhiliang	-	946	565	214	34	30	-	-	1,789	889
Pan Zhongwu (xii)	-	478	278	16	15	33	-	-	820	223
Zhang Wangjin	524	-	-	-	-	-	-	-	524	96
Gu Liji	510	-	-	-	-	-	-	-	510	130
Huang Baokui	503	-	-	-	-	-	-	-	503	127
Subtotal	1,537	2,183	1,511	231	52	63	-	-	5,577	2,448
Total	5,791	23,909	15,720	288	139	231	-	-	46,078	30,040

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58. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

(i) Other non-monetary benefits include share purchase scheme and Long-Term Service Plan, in 2015, the Company has adopted an employee share purchase scheme for the key employees of the Company and its subsidiaries. In 2021, the vesting condition of the shares granted during the year 2018, 2019 and 2020 for attribution part of year 2021 was fulfilled. As at 11 May 2021, the shares of MA Mingzhe, XIE Yonglin, TAN Sin Yin, YAO Jason Bo, CAI Fangfang, SUN Jianyi and WANG Zhiliang were allocated to personal accounts at respective employee's request and the closing price was RMB70.28 per share and the vested shares net of tax are summarised as follows:

Name	Shares
MA Mingzhe	219,135
XIE Yonglin	149,747
TAN Sin Yin	118,100
YAO Jason Bo	108,515
CAI Fangfang	69,766
SUN Jianyi	116,467
WANG Zhiliang	6,498

In 2018, the Company adopted the Long-Term Service Plan for the key employees of the Company and its subsidiaries. By the end of the reporting period, it has been implemented thrice, and shares of Director or Supervisor has not been vested during the years.

(ii) Discretionary bonuses are determined on the achievement of targeted profit of the Company, the personal performance and approved by the board of directors.

(iii) MA Mingzhe is the Founder, Chairman (Executive Director) of the Company.

(iv) XIE Yonglin was appointed as Executive Director of the Company on 3 April 2020.

(v) The long-term benefits attributed to year 2017 for TAN Sin Yin were paid in 2020 as the required payment conditions had been fulfilled. The amount after tax paid to TAN Sin Yin were RMB825 thousand respectively and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 27 August 2020.

TAN Sin Yin was appointed as Executive Director of the Company on 3 April 2020.

(vi) The long-term benefits attributed to year 2017 for CAI Fangfang were paid in 2020 as the required payment conditions had been fulfilled. The amount after tax paid to CAI Fangfang were RMB550 thousand respectively and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 27 August 2020.

(vii) Wang Yongjian resigned as Non-Executive Director of the Company on 23 August 2021.

(viii) Huang Wei was appointed as Non-Executive Director of the Company on 20 August 2021, and tendered his resignation on 19 November 2021 due to the change of his personal work arrangements. The resignation shall take effect upon the approval of the qualification of a new Director, who will be appointed to fill Mr. Huang's vacancy, from the CBIRC being obtained.

(ix) Ge Ming resigned as Independent Non-executive Director of the Company on 20 August 2021 because his six-year term of office expired.

(x) Ng Kong Ping Albert was appointed as Independent Non-executive Director of the Company on 20 August 2021.

(xi) Jin Li was appointed as Independent Non-executive Director of the Company on 20 August 2021.

(xii) PAN Zhongwu resigned as Employee Representative Supervisor on 28 August 2020, took over by SUN Jianyi and SUN Jianyi was appointed as the Chairman of Supervisory Committee of the Company on the same day.

(xiii) The long-term benefits attributed to year 2017 for LEE Yuansiong were paid in 2020 as the required payment conditions had been fulfilled. The amount after tax paid to LEE Yuansiong were RMB605 thousand respectively and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 27 August 2020.

LEE Yuansiong resigned as Executive Director, Co-CEO and the Executive Vice President of the Company on 1 February 2020.

(xiv) REN Huichuan resigned as Executive Director and Vice Chairman of the Company on 16 March 2020.

(xv) LIU Chong resigned as Non-Executive Director of the Company on 15 June 2020.

59. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group were not included in the key management personnel whose emoluments were reflected in Note 58.

The total emoluments of the five highest paid individuals in the Group are as follows:

(in RMB million)	2021	2020
Salaries and other short-term employee benefits after tax	**106**	110

The number of five highest paid individuals in the Group whose emoluments after tax fell within the following bands is as follows:

	2021	2020
RMB5,000,001 – RMB10,000,000	**–**	–
RMB10,000,001 – RMB15,000,000	**2**	2
RMB15,000,001 – RMB20,000,000	**–**	–
RMB20,000,001 – RMB25,000,000	**1**	–
RMB25,000,001 – RMB30,000,000	**2**	1
RMB30,000,001 – RMB35,000,000	**–**	2
RMB35,000,001 – RMB40,000,000	**–**	–

The five highest paid individuals in the Group pay individual income tax in strict accordance with the local tax rules. The tax rate is between 15% and 45%.

60. SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY'S SHARE ARE AS SET OUT BELOW:

Name of related parties	Relationship with the Company
Charoen Pokphand Group Co., Ltd. ("CP Group")	Parent of shareholders
Shenzhen Investment Holdings Co., Ltd. ("SIHC")	Shareholder

As at 31 December 2021, CP Group indirectly held 6.80% (31 December 2020: 7.85%) equity interests in the Company and is the largest shareholder of the Company.

60. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) THE SUMMARY OF SIGNIFICANT MAJOR RELATED PARTY TRANSACTIONS IS AS FOLLOWS:

(in RMB million)	2021	2020
CP Group		
Premiums income from	**29**	42
Claims expenses to	**9**	10
Rental revenue from	**29**	25
Goods sold from	**11**	10
Interest revenue from	**–**	2
SIHC		
Premiums income from	**9**	3
Interest revenue from	**21**	–
Rental revenue from	**1**	–
Interest expenses to	**48**	66
Claims expenses to	**–**	1
Lufax Holding		
Interest expenses to	**827**	378
Other revenues from	**3,360**	3,627
Other expenses to	**4,880**	1,828
Ping An Health		
Interest expenses to	**192**	159
Other revenues from	**361**	515
Other expenses to	**2,587**	2,302
Ping An HealthKonnect		
Interest expenses to	**23**	24
Other revenues from	**448**	399
Other expenses to	**178**	345
OneConnect		
Interest revenue from	**16**	32
Interest expenses to	**12**	28
Other revenues from	**1,795**	1,558
Other expenses to	**2,325**	1,587

60. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(3) THE SUMMARY OF BALANCES OF THE GROUP WITH MAJOR RELATED PARTIES IS AS FOLLOWS:

(in RMB million)	31 December 2021	31 December 2020
SIHC		
Customer deposits	**2,127**	1,271
Loans and advances to customers	**280**	–
Lufax Holding		
Customer deposits	**9,798**	14,354
Derivative financial assets	**26**	548
Derivative financial liabilities	**38**	–
Accounts payable and other payables	**8,714**	9,216
Accounts receivable and other receivables	**661**	1,374
Ping An Health		
Customer deposits	**4,075**	7,299
Accounts payable and other payables	**3,465**	3,903
Accounts receivable and other receivables	**66**	48
Ping An HealthKonnect		
Customer deposits	**851**	420
Accounts payable and other payables	**232**	1,796
Accounts receivable and other receivables	**6,780**	7,097
OneConnect		
Customer deposits	**1,132**	2,002
Loans and advances to customers	**301**	705
Derivative financial assets	**191**	166
Accounts payable and other payables	**1,617**	844
Accounts receivable and other receivables	**1,173**	487

In addition to transactions and balances stated above, the Group transferred 100% shareholding of Gem Alliance Limited to Lufax Holding, which issued convertible bonds amounting to USD1,953.8 million to the Group as the consideration in 2016, and pay interest to the Group every six months at an annual rate of 0.7375%. As at 31 December 2021, the Group still held these convertible bonds.

61. COMMITMENTS

(1) CAPITAL COMMITMENTS

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

(in RMB million)	31 December 2021	31 December 2020
Contracted, but not provided for (i)	**59,273**	7,445
Authorized, but not contracted for	**6,898**	4,496
	66,171	11,941

(i) The contracted capital commitments include investment commitment to New Founder Group, refer to Note 65 for more details.

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61. COMMITMENTS (CONTINUED)

(2) CREDIT COMMITMENTS

(in RMB million)	31 December 2021	31 December 2020
Bank acceptances	**576,355**	408,958
Guarantees issued	**99,355**	82,616
Letters of credit issued	**66,869**	61,644
Others	**-**	341
Subtotal	**742,579**	553,559
Unused limit of credit cards	**818,628**	689,305
Total	**1,561,207**	1,242,864
Credit risk weighted amounts of credit commitments	**431,405**	348,043

Credit commitments disclosed in the table above do not include the financial guarantees accounted for as insurance contracts by the Group.

(3) INVESTMENT COMMITMENTS

The Group's investment commitments to joint ventures are as follows:

(in RMB million)	31 December 2021	31 December 2020
Contracted but not provided for	**15,810**	66,759

62. EMPLOYEE BENEFITS

(1) PENSION

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by relevant government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

(2) HOUSING BENEFITS

The employees of the Group are entitled to participate in and make contributions to various government sponsored funds for housing purposes. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(3) MEDICAL BENEFITS

The Group makes monthly contributions for medical benefits to the local authorities in accordance with relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

62. EMPLOYEE BENEFITS (CONTINUED)

(4) KEY EMPLOYEE SHARE PURCHASE PLAN

The Group has adopted a Key Employee Share Purchase Plan for the key employees of the Company and its subsidiaries. Refer to Note 41 for more details.

(5) LONG-TERM SERVICE PLAN

The Company has adopted a Long-term Service Plan for the employees of the Company and its subsidiaries. Refer to Note 42 for more details.

63. CONTINGENT LIABILITIES

Owing to the nature of the insurance, bank and other financial services business, the Group is involved in contingencies and legal proceedings in the ordinary course of business, including, but not limited to, being the plaintiff or the defendant in litigations and arbitrations. Legal proceedings mostly involve claims on the Group's insurance policies and other claims. Provision has been made for probable losses to the Group, including those claims where management can reasonably estimate the outcome of the lawsuits taking into account any applicable legal advice.

No provision has been made for pending assessments, lawsuits or possible violations of contracts when the outcome cannot be reasonably estimated or management believes the probability is low or remote. For pending lawsuits, management also believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group or any of its subsidiaries.

64. EVENTS AFTER THE REPORTING PERIOD

(1) PROFIT DISTRIBUTION

On 17 March 2022, the Board of Directors of the Company approved the Resolution of the Profit Distribution Plan for 2021, and declared a final cash dividend of 2021 in the amount of RMB1.50 (tax inclusive) per share as disclosed in Note 17.

65. OTHER SIGNIFICANT EVENTS

(1) On 29 January 2021 and 30 April 2021 respectively, the Company announced that a consortium formed by the Company, Zhuhai Huafa Group Co., Ltd. (representing the state-owned enterprises of Zhuhai Municipality) and Shenzhen SDG Co., Ltd. will participate in the substantive consolidated restructuring (the "Founder Group Restructuring") of Peking University Founder Group Company Limited, Peking University Founder Information Industry Group Co., Ltd., PKU Healthcare Industry Group Co., Ltd., Peking University Resources Group Limited and Founder Industry Holdings Co., Ltd. (the "Restructuring Entities"). Authorized by the Company, Ping An Life, participated in the substantive consolidated restructuring and entered into the restructuring investment agreement of the Founder Group Restructuring ("the Restructuring Investment Agreement"). On 5 July 2021, the Company announced that, The Restructuring Plan (Draft) of Five Companies including Peking University Founder Group Company Limited, was resolved and approved at the creditors' meeting held by the Restructuring Entities, and was approved by the civil order of the Court and has come into effect. On 31 January 2022, the Company announced that, Ping An Life received the *Approval in relation to Ping An Life Insurance Company of China, Ltd. Equity Investment in New Founder Group from the CBIRC* (Yin Bao Jian Fu [2022] No.81) on 30 January 2022, and the CBIRC approved Ping An Life's investment in New Founder Group. In accordance with the terms of the Restructuring Investment Agreement and the selection of the debt repayment plan by the creditors of the Restructuring Entities, Ping An Life shall pay a consideration of approximately RMB48.2 billion to acquire approximately 66.51% equity interest in New Founder Holding Development Company Limited.

(2) The Group has made accounting treatment on provision for impairment on assets, adjustment to the valuation of investments and equity method adjustment with respect to the investment assets related to China Fortune as of 31 December 2021. The Group made adjustments including impairment provisions, valuation adjustments, and equity method adjustments totaling RMB43.2 billion to investments related to China Fortune in 2021, including RMB15.9 billion for equity investments and RMB27.3 billion for debt investments.

66. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform to the current year's presentation.

67. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(1) STATEMENT OF FINANCIAL POSITION OF THE COMPANY:

(in RMB million)	31 December 2021	31 December 2020
Assets		
Cash and amounts due from banks and other financial institutions	**32,706**	28,159
Financial assets purchased under reverse repurchase agreements	**4,786**	70
Financial assets at fair value through profit or loss	**6,460**	9,638
Financial assets at amortized cost	**1,036**	–
Debt financial assets at fair value through other comprehensive income	**2,903**	6,525
Investments in subsidiaries and associates	**219,972**	219,175
Investment properties	**926**	603
Property and equipment	**38**	44
Intangible assets	**1,002**	1,010
Right-of-use assets	**87**	179
Other assets	**10,165**	25,955
Total assets	**280,081**	291,358
Equity and liabilities		
Equity		
Share capital	**18,280**	18,280
Reserves	**144,483**	144,303
Treasury shares	**(9,895)**	(5,995)
Retained profits	**108,854**	120,592
Total equity	**261,722**	277,180
Liabilities		
Due to banks and other financial institutions	**17,081**	12,725
Assets sold under agreements to repurchase	**–**	210
Income tax payable	**28**	25
Lease liabilities	**91**	183
Other liabilities	**1,159**	1,035
Total liabilities	**18,359**	14,178
Total equity and liabilities	**280,081**	291,358

The statement of financial position of the Company was approved by the Board of Directors on 17 March 2022 and was signed on its behalf.

MA Mingzhe	**XIE Yonglin**	**YAO Jason Bo**
Director	*Director*	*Director*

FINANCIAL STATEMENTS

67. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(2) RESERVE MOVEMENT OF THE COMPANY:

	For the year ended 31 December 2021						
(in RMB million)	**Share premium**	**Financial assets at FVOCI reserves**	**Others**	**Surplus reserve fund**	**General reserve**	**Retained profits**	**Total**
As at 1 January	**128,737**	**181**	**2,826**	**12,164**	**395**	**120,592**	**264,895**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**29,731**	**29,731**
Other comprehensive income	**–**	**30**	**5**	**–**	**–**	**–**	**35**
Dividend declared	**–**	**–**	**–**	**–**	**–**	**(41,469)**	**(41,469)**
Employee Share Purchase Plan	**–**	**–**	**144**	**–**	**–**	**–**	**144**
Others	**–**	**–**	**1**	**–**	**–**	**–**	**1**
As at 31 December	**128,737**	**211**	**2,976**	**12,164**	**395**	**108,854**	**253,337**

	For the year ended 31 December 2020						
(in RMB million)	Share premium	Financial assets at FVOCI reserves	Others	Surplus reserve fund	General reserve	Retained profits	Total
As at 1 January	128,737	172	2,698	12,164	395	100,153	244,319
Profit for the year	–	–	–	–	–	58,680	58,680
Other comprehensive income	–	9	18	–	–	–	27
Dividend declared	–	–	–	–	–	(38,241)	(38,241)
Employee Share Purchase Plan	–	–	108	–	–	–	108
Others	–	–	2	–	–	–	2
As at 31 December	128,737	181	2,826	12,164	395	120,592	264,895

According to the Company's articles of association, the Company shall set aside 10% of its net profit determined in its statutory financial statements, prepared in accordance with PRC Accounting Standards, to a statutory surplus reserve fund. The Company can cease such profit appropriation to this fund if its balance reaches 50% of the Company's registered share capital. The Company may also make appropriations from its net profit to the discretionary surplus reserve fund provided the appropriation is approved by a resolution of the shareholders. These reserves cannot be used for purposes other than those for which they are created. Profits are used to offset prior year losses before allocations to such reserves.

Subject to resolutions passed in shareholders' meetings, the statutory surplus reserve fund, discretionary surplus reserve fund and capital reserve can be transferred to share capital. The balance of the statutory surplus reserve fund after transfers to share capital shall not be less than 25% of the registered capital.

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance, banking, trust, securities, futures and fund businesses. The Group's respective entities engaged in such businesses would need to make appropriations for such reserves based on their respective year-end profit or risk assets, as determined in accordance with PRC Accounting Standards, and based on the applicable PRC financial regulations, in their annual financial statements. Such reserves are not available for profit distribution or transfer to capital.

In accordance with the relevant regulations, the net profit after tax of the Company for profit distribution is deemed to be the lower of (i) the retained profits determined in accordance with PRC Accounting Standards and (ii) the retained profits determined in accordance with IFRSs.

APPENDIX II

REPRODUCTION OF THE PRESS RELEASE DATED 10 FEBRUARY 2022 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

The information set out below is a reproduction of the press release dated 10 February 2022 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 2021.

SOCIETE GENERALE

RESULTS AT DECEMBER 31ST 2021

Press release
Paris, February 10th 2022

2021, RECORD GROUP NET INCOME

Substantial increase in underlying revenues of +16.1%(1) vs. 2020 (+17.2%(1)*), with a historically high level of Financing & Advisory and Financial Services activities, very solid Global Markets activities throughout the year, and a healthy momentum in Retail Banking

Underlying gross operating income of EUR 8.5 billion(1), up 51.0%(1) vs. 2020, with a significant positive jaws effect and costs under control, up +4.3%(1)

Still low cost of risk at 13 basis points

Underlying Group net income of EUR 5.3 billion(1) (EUR 5.6 billion on a reported basis)

Underlying profitability (ROTE) of 10.2%(1) (11.7% on a reported basis)

In Q4 21, underlying gross operating income of EUR 1.9 billion(1), +24.1% vs. Q4 20

Underlying Group net income of EUR 1.2 billion(1), +94.4% vs. Q4 20 (EUR 1.8 billion on a reported basis)

Underlying profitability (ROTE) of 9.2%(1) (16.6% on a reported basis)

ATTRACTIVE SHAREHOLDER DISTRIBUTION

Distribution equivalent to EUR 2.75 per share, or:

- **a dividend in cash,** proposed to the General Meeting, **of EUR 1.65 per share**
- **a share buyback programme,** for around EUR 915 million, **equivalent to EUR 1.1 per share**

Solid CET 1 ratio of 13.7%(2) at end-2021, around 470 basis points above the regulatory requirement

ACCELERATION IN STRATEGIC AND BUSINESS DEVELOPMENTS

Strengthening of our competitive position on mobility, announcement of the planned acquisition of LeasePlan by ALD with a view to creating a mobility leader

Client onboarding by Boursorama one year ahead of schedule, announcement of entry into exclusive discussions with the ING group with a view to offering ING's customers in France the best alternative banking solution

Good momentum of the retail banking networks in France in the context of **preparations for the merger**

Continued digitalisation initiatives and improvement of operational efficiency in International Retail Banking

Solid performance by Global Markets throughout the year, with the successful repositioning of structured products and a reduction in the risk profile

Record performance by Financing & Advisory, driven by strong market momentum and an increase in allocated capital

Fréderic Oudéa, the Group's Chief Executive Officer, commented:

"2021 marks a milestone for the Societe Generale Group, which achieved the best financial results in its history, enabling it to generate a good level of profitability and offer its shareholders an attractive return. All the businesses have contributed to this excellent performance. The Group also had a very robust balance sheet at the end of the year, with a very good quality loan portfolio and high capital ratios. In addition, the Group was able, firstly, to successfully continue advancing on major projects such as the merger of the two retail banking networks Societe Generale and Crédit du Nord and secondly, achieve two strategic transactions strengthening two differentiating assets, with the entry into exclusive discussions for the acquisition of Leaseplan by ALD and with ING concerning its retail banking activities in France. The Group is therefore entering 2022 with confidence, with the priority objective of the disciplined execution of this high value-creating roadmap and the finalisation of its outlines by accelerating the transformations around ESG issues and new technologies."

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(1) Underlying data (see methodology note section 10.5 for the transition from accounting data to underlying data)
(2) Phased-in ratio (fully-loaded ratio of 13.6%) after distribution provision
*The footnote * in this document corresponds to data adjusted for changes in Group Structure and at constant exchange rates*

1. GROUP CONSOLIDATED RESULTS

In EURm	Q4 21	Q4 20	Change		2021	2020	Change	
Net banking income	6,620	5,838	+13.4%	+11.7%*	25,798	22,113	+16.7%	+17.7%*
Underlying net banking income(1)	6,503	5,838	+11.4%	+9.8%*	25,681	22,113	+4.3%	+17.2%*
Operating expenses	(4,565)	(4,351)	+4.9%	+3.6%*	(17,590)	(16,714)	+5.2%	+5.8%*
Underlying operating expenses(1)	*(4,617)*	*(4,318)*	*+6.9%*	*+5.6%**	*(17,211)*	*(16,504)*	*+4.3%*	*+4.9%**
Gross operating income	2,055	1,487	+38.2%	+35.3%*	8,208	5,399	+52.0%	+55.1%*
Underlying gross operating income(1)	*1,886*	*1,520*	*+24.1%*	*+21.4%**	*8,470*	*5,609*	*+51.0%*	*+53.9%**
Net cost of risk	(86)	(689)	-87.5%	-87.7%*	(700)	(3,306)	-78.8%	-78.6%*
Operating income	1,969	798	x 2.5	x 2.4	7,508	2,093	x 3.6	x 3.7*
Underlying operating income(1)	*1,800*	*851*	*x 2.1*	*x 2.1*	*7,770*	*2,323*	*x 3.3*	*x 3.4**
Net profits or losses from other assets	449	(94)	n/s	n/s	635	(12)	n/s	n/s*
Impairment losses on goodwill	(114)	0	n/s	n/s	(114)	(684)	n/s	n/s
Income tax	(311)	(125)	x 2.5	x 2.4	(1,697)	(1,204)	+41.0%	+43.2%*
Net income	1,995	582	x 3.4	x 3.3	6,338	196	x 32.3	x 43.8
O.w. non-controlling interests	208	112	+85.7%	+81.2%*	697	454	+53.5%	+53.6%*
Reported Group net income	1,787	470	x 3.8	x 3.7	5,641	(258)	n/s	n/s
Underlying Group net income(1)	*1,226*	*631*	*+94.4%*	*+90.4%**	*5,264*	*1,435*	*x 3.7*	*x 3.8**
ROE	12.1%	2.4%			9.6%	-1.7%		
ROTE	16.6%	2.7%			11.7%	-0.4%		
Underlying ROTE(1)	*9.2%*	*4.1%*			*10.2%*	*1.7%*		

(1) Adjusted for exceptional items and linearisation of IFRIC 21

Societe Generale's Board of Directors, which met on February 9th, 2022 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q4 and full-year 2021.

The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 10.5).

Net banking income

Net banking income was substantially higher in 2021, up +16.7% (+17.7%*) vs. 2020, and +16.1% (+17.2%*) vs. 2020 on an underlying basis, with a very strong momentum in all the businesses.

French Retail Banking posted a solid performance in 2021. As a result, net banking income (excluding PEL/CEL provision) increased by +4.8% vs. 2020, driven by the recovery in net interest income and buoyant commissions, particularly financial commissions.

International Retail Banking & Financial Services enjoyed strong revenue growth (+9.9%* vs. 2020), underpinned by the excellent momentum in Financial Services to Corporates (+32.0%* vs. 2020) and Insurance (+8.6%* vs. 2020). International Retail Banking benefited from a rebound in its activities (+2.8%* vs. 2020).

Global Banking & Investor Solutions delivered a remarkable performance, with revenues up +25.2% (+26.1%*) vs. 2020. Financing & Advisory enjoyed a record performance, with growth of +14.8% (+15.8%*) vs. 2020, while the revenues of Global Markets & Investor Services were substantially higher (+35.6%, +36.9%*) than in 2020.

In Q4 21, the Group continued to enjoy a strong revenue growth momentum (+13.4%, +11.7%*) vs. Q4 20, with a positive and evenly balanced contribution from all the businesses.

Operating expenses

In 2021, operating expenses totalled EUR 17,590 million on a reported basis and EUR 17,211 million on an underlying basis (restated for transformation costs), an increase of +4.3% vs. 2020.
This increase can be explained primarily by the rise in variable costs linked to the growth in revenues (EUR +701 million) and the increase in the contribution to the Single Resolution Fund (EUR +116 million). The other operating expenses declined by EUR 70 million, excluding structure effect.

Driven by a very positive jaws effect, underlying gross operating income grew substantially (+51.0%) to EUR 8,470 million and the underlying cost to income ratio improved by nearly 8 points (67.0% vs. 74.6% in 2020).

In **Q4 21**, operating expenses totalled EUR 4,565 million on a reported basis and EUR 4,617 million on an underlying basis (restated for the linearisation of IFRIC 21 and transformation costs), representing an increase of +6.9% vs. Q4 20.

Excluding the contribution to the Single Resolution Fund, the underlying cost to income ratio is expected to be between 66% and 68% in 2022 and improving onwards. This aggregate, excluding the contribution to the SRF, amounts to 64.7% in 2021, it being specified that the contribution to the Single Resolution Fund is EUR 586 million in 2021.

There is expected to be an increase in the contribution to the Single Resolution Fund until 2023 included.

The Group's radical transformations as announced in 2021 have led to changes in 2023 cost outlook. The various initiatives in progress will contribute to a decline in the Group's underlying cost to income ratio beyond 2022 excluding the contribution to the Single Resolution Fund year after year.

Cost of risk

In 2021, the cost of risk stood at a low level of 13 basis points, lower than in 2020 (64 basis points), or EUR 700 million (vs. EUR 3,306 million in 2020). It breaks down into a provision on non-performing loans of EUR 949 million and a provision write-back on performing loans of EUR 249 million.

The Group's provisions on performing loans amounted to EUR 3,355 million at end-2021.

In Q4 21, the cost of risk stood at 6 basis points, lower than in Q4 20 (54 basis points), or EUR 86 million and lower than in Q3 21 (15 basis points). It breaks down into a provision on non-performing loans of EUR 218 million and a provision write-back on performing loans of EUR 132 million.

In order to support its customers during the crisis, the Group granted State Guaranteed Loans. At December 31st 2021, the residual amount of State Guaranteed Loans represented around EUR 17 billion. In France, the total amount of State Guaranteed Loans ("PGE") amounts to around EUR 14 billion and net exposure is around EUR 1.5 billion.

The gross doubtful outstandings ratio amounted to 2.9%(1) at December 31st 2021, lower than at end-September 2021 (3.1%). The Group's gross coverage ratio for doubtful outstandings amounted to 51%(2) at December 31st 2021.

The cost of risk is expected to be below 30 basis points in 2022.

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(1) *NPL ratio calculated according to the EBA methodology published on July 16th, 2019*
(2) *Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings*

Group net income

In EURm	Q4 21	Q4 20	2021	2020
Reported Group net income	1,787	470	5,641	(258)
Underlying Group net income (1)	1,226	631	5,264	1,435

In EURm	Q4 21	Q4 20	2021	2020
Reported Group net income	16.6%	2.7%	11.7%	-0.4%
Underlying Group net income (1)	9.2%	4.1%	10.2%	1.7%

(1) Adjusted for exceptional items and linearisation of IFRIC21

Earnings per share amounts to EUR 5.97 in 2021 (EUR -1.02 in 2020). Underlying earnings per share amounts to EUR 5.52 over the same period (EUR 0.97 in 2020).

Distribution to shareholders

The Board of Directors has established its distribution policy at 50% of underlying Group net income[2], which is equivalent to EUR 2.75 per share.

A dividend in cash of EUR 1.65 per share will therefore be proposed to the Combined General Meeting of Shareholders on May 17th 2022. The dividend will be detached on May 25th 2022 and paid on May 27th 2022.

Furthermore, the Group plans to launch a share buyback programme for a total amount of around EUR 915 million, or the equivalent of EUR 1.1 per share. This programme is subject to the customary authorisation of the ECB and the General Meeting for its implementation.

[2] *After deducting interest on deeply subordinated notes and undated subordinated notes*

2. THE GROUP'S FINANCIAL STRUCTURE

Group shareholders' equity totalled EUR 65.1 billion at December 31st, 2021 (EUR 61.7 billion at December 31st, 2020). Net asset value per share was EUR 68.7 and tangible net asset value per share was EUR 61.1.

The consolidated balance sheet totalled EUR 1,464 billion at December 31st, 2021 (EUR 1,444 billion(1) at December 31st, 2020). The net amount of customer loan outstandings at December 31st, 2021, including lease financing, was EUR 488 billion (EUR 440 billion at December 31st, 2020) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 502 billion, vs. EUR 451 billion at December 31st, 2020 (excluding assets and securities sold under repurchase agreements).

At December 31st, 2021, the parent company had issued EUR 35.3 billion of medium/long-term debt, having an average maturity of 5.1 years and an average spread of 33 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 3.8 billion. In total, the Group had issued EUR 39.1 billion of medium/long-term debt.

The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 129% at end-December 2021 (131% on average in Q4), vs. 149% at end-December 2020. At the same time, the NSFR (Net Stable Funding Ratio) was at a level of 110% at end-December 2021.

The Group's **risk-weighted assets** (RWA) amounted to EUR 363.4 billion at December 31st, 2021 (vs. EUR 351.9 billion at end-December 2020) according to CRR2/CRD5 rules. Risk-weighted assets in respect of credit risk represent 83.9% of the total, at EUR 304.9 billion, up 6.1% vs. December 31st, 2020.

At December 31st, 2021, the Group's **Common Equity Tier 1** ratio stood at 13.7%, or around 470 basis points above the regulatory requirement. The CET1 ratio at December 31st, 2021 includes an effect of +16 basis points for phasing of the IFRS 9 impact. Excluding this effect, the fully-loaded ratio amounts to 13.6%. The Tier 1 ratio stood at 15.9% at end-December 2021 (16% at end-December 2020) and the total capital ratio amounted to 18.8% (19.2% at end-December 2020).

The Group is aiming for a CET1 ratio between 200-250 basis points minimum above the regulatory requirement including after the entry into force of the regulation finalising the Basel III reform.

The **leverage ratio** stood at 4.9% at December 31st, 2021 (4.8% at end-December 2020).

With a level of 31.1% of RWA and 9.5% of leverage exposure at end-December 2021, the Group's TLAC ratio is above the Financial Stability Board's requirements for 2021 and 2022. At December 31st, 2021, the Group was also above its 2022 MREL requirements of 25.2% of RWA and 5.91% of leverage exposure.

The Group is rated by four rating agencies: (i) Fitch Ratings - long-term rating "A-", stable rating, senior preferred debt rating "A", short-term rating "F1" (ii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1" (iii) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (iv) S&P Global Ratings - long-term rating (senior preferred debt) "A", stable outlook, short-term rating "A-1".

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(1) *Amounts restated compared with the financial statements published in 2020 (See Note1.7 of financial statements)*

3. FRENCH RETAIL BANKING

In EURm	Q4 21	Q4 20	Change	2021	2020	Change
Net banking income	2,048	1,845	+11.0%	7,777	7,315	+6.3%
Net banking income excl. PEL/CEL	*2,027*	*1,870*	*+8.4%*	*7,738*	*7,381*	*+4.8%*
Operating expenses	(1,534)	(1,443)	+6.3%	(5,635)	(5,418)	+4.0%
Underlying operating expenses(1)	*(1,573)*	*(1,476)*	*+6.6%*	*(5,635)*	*(5,418)*	*+4.0%*
Gross operating income	514	402	+27.9%	2,142	1,897	+12.9%
Underlying gross operating income(1)	*454*	*394*	*+15.3%*	*2,103*	*1,963*	*+7.1%*
Net cost of risk	20	(276)	n/s	(104)	(1,097)	-90.5%
Operating income	534	126	x 4.2	2,038	800	x 2.5
Net profits or losses from other assets	22	19	+15.8%	24	158	-84.8%
Reported Group net income	400	104	x 3.8	1,492	666	x 2.2
Underlying Group net income(1)	*356*	*99*	*x 3.6*	*1,463*	*712*	*x 2.1*
RONE	14.6%	3.7%		13.4%	5.8%	
Underlying RONE(1)	*13.0%*	*3.5%*		*13.1%*	*6.2%*	

(1) Adjusted for the linearisation of IFRIC 21 and PEL/CEL provision

Societe Generale and Crédit du Nord networks

Average loan outstandings were -1% lower than in Q4 20 at EUR 210 billion. They were 9% higher than in Q4 19. Average outstanding loans to individuals were up +2%, bolstered by the growth in home loan production (+33% vs. Q4 20). The production of medium/long-term loans to corporate and professional customers climbed +45% excluding State Guaranteed Loans vs. Q4 20.

Average outstanding balance sheet deposits increased by +7% vs. Q4 20 to EUR 241 billion (+22% vs. Q4 19), still driven by sight deposits.

As a result, the average loan/deposit ratio stood at 87% in Q4 21 vs. 94% in Q4 20.

Insurance assets under management totalled EUR 93 billion at end-December 2021, up +6% year-on-year. Gross life insurance inflow amounted to EUR 1.9 billion in Q4 21, with the unit-linked share accounting for 36%.

Private Banking's assets under management totalled EUR 78 billion at end-December 2021. Net inflow was buoyant at EUR 4.1 billion in 2021, an increase of 68% vs. 2020.

Property/casualty insurance premiums were up +5% vs. Q4 20, while personal protection insurance premiums were up +4% vs. Q4 20. The penetration rate for our customer base has improved both for property/casualty insurance and personal protection insurance.

Boursorama

The bank consolidated its position as the leading online bank in France, with more than 3.3 million clients at end-December 2021, thanks to the onboarding of 266,000 new clients in Q4 21 (+38% vs. Q4 20). Boursorama is aiming to have more than 4 million clients at end-2022, one year ahead of schedule relative to its plan.

This quarter, Boursorama distinguished itself by obtaining the highest NPS score among French banks in 2021 in the classification established by Bain & Company in December 2021. Moreover, Boursorama was ranked No. 1 in the classification best bank for Customer Experience Excellence in France in 2021 awarded by KPMG in November 2021. The bank also obtained the highest rating scores for its App among French banks with 4.8 on iOS (App Store) and 4.9 on Android (Google Play Store). In addition, Boursorama was voted the least expensive bank for the 14th consecutive year by Le Monde and Meilleurebanque.com in December 2021.

Average outstanding loans rose +28% vs. Q4 20 to EUR 14 billion. Home loan outstandings were up +30% vs. Q4 20.

Average outstanding savings including deposits and financial savings were 25% higher than in Q4 20 at EUR 35 billion, while outstanding deposits were up +25% vs. Q4 20. Life insurance outstandings were 13% higher than in Q4 20 while assets under management in UCITS increased by +16% vs. Q4 20. Brokerage volumes were stable in 2021 compared to 2020 at a record level (x3 compared to 2019).

Net banking income excluding PEL/CEL

2021: revenues (excluding PEL/CEL) totalled EUR 7,738 million, up +4.8% vs. 2020. Net interest income (excluding PEL/CEL) was up +2.1% vs. 2020, underpinned by catch-up effects related to the TLTRO allowance and to State Guaranteed Loans. Commissions enjoyed a healthy momentum (+5.1% vs. 2020) against the backdrop of a recovery in activity following the lockdowns in 2020.

Q4 21: revenues (excluding PEL/CEL) totalled EUR 2,027 million, up +8.4% vs. Q4 20. Net interest income (excluding PEL/CEL) was up +6.7% vs. Q4 20. Commissions were 5.0% higher than in Q4 20.

Operating expenses

2021: operating expenses totalled EUR 5,635 million (+4.0% vs. 2020). The cost to income ratio (restated for the PEL/CEL provision) stood at 72.8%, an improvement of 0.6 points vs. 2020.

Q4 21: operating expenses amounted to EUR 1,534 million (+6.3% vs. Q4 20) and EUR 1,573 million on an underlying basis. The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 77.6%, an improvement of 1.3 points vs. Q4 20.

Cost of risk

2021: the cost of risk amounted to EUR 104 million or 5 basis points, a substantial decline compared to 2020 (52 basis points) which was marked by an environment of uncertainty linked to the pandemic.

Q4 21: the cost of risk represented a write-back of EUR 20 million or -4 basis points, a significant improvement vs. Q4 20 (50 basis points) and Q3 21 (write-back of 1 basis point).

Contribution to Group net income

2021: the contribution to Group net income was EUR 1,492 million (x2.2 vs. 2020 impacted by the pandemic). RONE (restated for the PEL/CEL provision) stood at 13.1% in 2021 (6.2% in 2020) and 14.4% excluding Boursorama.

Q4 21: the contribution to Group net income was EUR 400 million vs. EUR 104 million in Q4 20. RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 13.0% in Q4 21 (3.5% in Q4 20).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	Q4 21	Q4 20	Change		2021	2020	Change	
Net banking income	2,159	1,919	*+12.5%*	*+10.3%**	8,117	7,524	*+7.9%*	*+9.9%**
Operating expenses	(1,088)	(1,018)	*+6.9%*	*+4.2%**	(4,203)	(4,142)	*+1.5%*	*+3.1%**
Underlying operating expenses(1)	(1,112)	(1,042)	*+6.7%*	*+4.1%**	(4,203)	(4,142)	*+1.5%*	*+3.1%**
Gross operating income	1,071	901	*+18.9%*	*+17.3%**	3,914	3,382	*+15.7%*	*+18.3%**
Underlying gross operating income(1)	1,047	877	*+19.4%*	*+17.8%**	3,914	3,382	*+15.7%*	*+18.3%**
Net cost of risk	(96)	(287)	*-66.6%*	*-67.2%**	(504)	(1,265)	*-60.2%*	*-59.4%**
Operating income	975	614	*+58.8%*	*+57.5%**	3,410	2,117	*+61.1%*	*+65.2%**
Net profits or losses from other assets	8	6	*+33.3%*	*+36.6%**	18	15	*+20.0%*	*+21.2%**
Reported Group net income	584	376	*+55.3%*	*+54.9%**	2,082	1,304	*+59.7%*	*+64.4%**
Underlying Group net income(1)	570	362	*+57.5%*	*+57.1%**	2,082	1,304	*+59.7%*	*+64.4%**
RONE	22.2%	14.9%			20.3%	12.4%		
Underlying RONE(1)	*21.7%*	*14.3%*			*20.3%*	*12.4%*		

(1) Adjusted for the linearisation of IFRIC 21

International Retail Banking's loan and deposit production provided confirmation in Q4 of its rebound in all geographical regions. Outstanding loans totalled EUR 93.6 billion. They rose +6.0%* vs. end-December 2020. Outstanding deposits were 8.5%* higher than in December 2020, at EUR 89.5 billion.

For the Europe scope, outstanding loans were up +6.6%* vs. December 2020 at EUR 59.9 billion, driven by all the regions: +6.5%* in the Czech Republic, +11.1%* in Romania, and +5.4%* in Western Europe. Outstanding deposits increased by +6.0%* to EUR 50.8 billion.

In Russia, outstanding loans rose +13.3%* vs. end-December 2020, with a robust commercial performance particularly in home loans (+15%* year-on-year) and in the corporate customers segment (+22%* year-on-year). There was a significant increase in outstanding deposits (+20.8%*).

In Africa, Mediterranean Basin and French Overseas Territories, outstanding loans rose +1.6%* year-on-year. Outstanding deposits continued to enjoy a healthy momentum, up +7.7%*.

In the Insurance business, the life insurance savings business saw outstandings increase +7%* at end-December 2021 vs. end-December 2020 to EUR 135 billion. The share of unit-linked products in outstandings was 37%, an increase of +4 points vs. December 2020.

Financial Services to Corporates also enjoyed a healthy momentum. Operational Vehicle Leasing and Fleet Management had 1.7 million contracts, including 1.4 million financed vehicles, an increase of +4.0% vs. end-December 2020. Equipment Finance's new leasing business was up +12.1%* vs. 2020, while outstanding loans rose +1.1% vs. end-December 2020, to EUR 14.7 billion (excluding factoring).

Net banking income

Net banking income amounted to EUR 8,117 million in 2021, up +9.9%* vs. 2020. Revenues amounted to EUR 2,159 million in Q4 21, up +10.3%* vs. Q4 20.

International Retail Banking's net banking income totalled EUR 5,000 million in 2021, an increase of +2.8%* vs. 2020. It was up +3.5%* in Q4 21 at EUR 1,311 million.

Thanks to a rise in interest rates, a healthy commercial momentum and an increase in commissions (+16%* vs. Q4 20), revenues in Europe were 10.7%* higher than in Q4 20. Activity in the individual customers segment remained particularly robust in specialised consumer finance, with revenues up +9%* vs. Q4 20.

In 2021, the revenues of SG Russia[1] were down -2.8%* (-7.0%* vs. Q4 20), adversely affected firstly, by a temporary squeeze on individual customer margins (part of the rise in rates not being passed on to individual customers) and secondly, by a non-recurring item affecting the recognition of commissions.

The Africa, Mediterranean Basin and French Overseas Territories scope posted revenues up +4.6%* vs. 2020 at EUR 1,770 million. Despite persistent supply chain pressures and the sharp decline in tourism, activity proved resilient in Q4 21, with a gradual improvement in the commercial momentum. As a result, revenues were slightly lower (-1.2%) at EUR 453 million, with strong growth in certain key countries of Sub-Saharan Africa (Cote d'Ivoire, Senegal and Madagascar) particularly in the corporate customers segment.

The Insurance business posted net banking income up +8.6%* vs. 2020, at EUR 963 million in 2021. The gross premiums of the life insurance savings business were 25%* higher in Q4 21 than in Q4 20, with an attractive share of unit-linked products (44%). Protection insurance saw an increase of +5%* vs. December 2020. Property/casualty premiums rose +9%* in Q4 21 (including +7%* in France and +10%* internationally) and +8%* in 2021, as did personal protection insurance (+3%* vs. 2020). The Insurance business' net banking income was 8.1%* higher in Q4 21 than in Q4 20 at EUR 243 million.

Financial Services to Corporates' net banking income was substantially higher (+32.0%*) than in 2020, at EUR 2,154 million. This performance was driven primarily by the activities of ALD which posted strong growth in its fleet and the used car sale result (EUR 1,422 per vehicle in 2021). Financial Services to Corporates' net banking income totalled EUR 605 million in Q4 21, up +30.6%* vs. Q4 20.

Operating expenses

Operating expenses totalled EUR 4,203 million, an increase of +3.1%* on a reported and underlying basis vs. 2020. Operating expenses amounted to EUR 1,088 million in Q4 21, up +4.2%* vs. Q4 20, in conjunction with the growth in revenue. As a result, the quarter generated a positive jaws effect. The cost to income ratio stood at 51.8% in 2021.

In International Retail Banking, operating expenses were slightly higher (+2.5%*) than in 2020. Operating expenses were 4.0%* higher than in Q4 20.

In the **Insurance** business, operating expenses were in line with the expansion ambitions and rose +4.8%* vs. 2020 and +6.6%* vs. Q4 20.

In **Financial Services to Corporates,** operating expenses increased by +4.4%* vs. 2020 and +4.7%* vs. Q4 20.

Cost of risk

Q4 21: the cost of risk amounted to 28 basis points (EUR 96 million), vs. 43 basis points in Q3 21 and 89 basis points in Q4 20.

2021: the cost of risk amounted to 38 basis points (EUR 504 million). It was 96 basis points in 2020.

Contribution to Group net income

The contribution to Group net income totalled EUR 2,082 million in 2021 (+64.4%* vs. 2020) and EUR 584 million in Q4 21 (+54.9%* vs. Q4 20).

Underlying RONE stood at 20.3% in 2021 (vs. 12.4% in 2020) and 21.7% in Q4 21 (14.3% in Q4 20), with RONE of 16% in International Retail Banking and 26% in Financial Services.

[1] *SG Russia encompasses the entities Rosbank, Rosbank Insurance, ALD Automotive and their consolidated subsidiaries*

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q4 21	Q4 20	Variation		2021	2020	Variation	
Net banking income	2,320	2,072	+12.0%	+9.7%*	9,530	7,613	+25.2%	+26.1%*
Operating expenses	(1,556)	(1,688)	-7.8%	-9.3%*	(6,863)	(6,713)	+2.2%	+2.7%*
Underlying operating expenses(1)	*(1,681)*	*(1,638)*	*+2.6%*	*+0.9%**	*(6,863)*	*(6,556)*	*+4.7%*	*+5.1%**
Gross operating income	764	384	+99.0%	+91.5%*	2,667	900	x 3.0	x 3.0*
Underlying gross operating income(1)	*639*	*434*	*+47.3%*	*+42.4%**	*2,667*	*1,057*	*x 2.5*	*x 2.6*
Net cost of risk	(3)	(104)	-97.1%	-97.2%*	(86)	(922)	-90.7%	-90.5%*
Operating income	761	280	x 2.7	x 2.6	2,581	(22)	n/s	n/s
Reported Group net income	635	280	x 2.3	x 2.2	2,076	57	x 36.4	x 40.8
Underlying Group net income(1)	*539*	*320*	*+68.4%*	*+64.1%**	*2,076*	*183*	*x 11.4*	*x 11.8*
RONE	16.3%	7.8%			13.9%	0.4%		
Underlying RONE(1)	*13.8%*	*9.0%*			*13.9%*	*1.3%*		

(1) Adjusted for the linearisation of IFRIC 21

Net banking income

In 2021, Global Banking & Investor Solutions posted substantially higher revenues (+25.2%) than in 2020 at EUR 9,530 million, driven by a very strong momentum in all the businesses. Revenues rose +9.5% compared to 2019. This solid financial performance reflects the successful execution of the strategic plan presented in May 2021.
In Q4 21, revenues rose +12.0% vs. Q4 20, to EUR 2,320 million.

In Global Markets & Investor Services, net banking income totalled EUR 5,648 million in 2021 (+35.6% vs. 2020). It amounted to EUR 1,260 million in Q4 21 (+8.6% vs. Q4 20).

Global Markets turned in a very strong performance in 2021 (EUR 5,001 million), with an increase of +40.2% compared to 2020 which was heavily impacted by the health crisis. Market conditions were favourable in the Equity market and more complex in the fixed income markets in 2021. The reduction in the risk profile of structured products was completed in the first half of the year, ahead of schedule.
Q4 21 also delivered a solid performance (EUR 1,103 million), with an increase of +9.5% vs. Q4 20. The fourth quarter was marked by very buoyant commercial activity in most client segments.

The Equity activity enjoyed its best year since 2009 (EUR 3,150 million vs. EUR 1,275 million in 2020 and EUR 2,502 million in 2019), driven by good market conditions and the successful repositioning of the Investment Solutions product offering.
In Q4 21, the business was able to take advantage of still favourable market conditions on all products, and posted revenues of EUR 727 million, up +22.6% vs. Q4 20.

Fixed Income & Currency activities posted revenues of EUR 1,851 million in 2021, down -19.2% compared to 2020 which was marked by exceptional market conditions in the first half of the year.
Q4 21 delivered a resilient performance (-9.2% vs. Q4 20) in a more complex market, with higher revenues in emerging markets and financing.

There was a significant increase in Securities Services' revenues in 2021, with revenues up +8.4% vs. 2020, at EUR 647 million. They were 2.6% higher in Q4 21 than in Q4 20, at EUR 157 million.
Securities Services' assets under custody and assets under administration amounted to EUR 4,586 billion and EUR 697 billion respectively, up +6.3% and +9.2% in 2021.

Financing & Advisory delivered the best historical annual performance, with revenues of EUR 2,924 million, up +14.8% vs. 2020. Firstly, the business capitalised on the good market momentum, particularly in Investment Banking, by playing key roles in our clients' major transactions and secondly, it benefited from an additional capital allocation.

In Q4 21, the business again enjoyed record revenues of EUR 814 million, substantially higher (+19.5%) than in Q4 20.
Investment Banking enjoyed an excellent quarter, driven by the strong momentum of M&A, Leveraged Buyout and equity capital market activities. Revenues from Asset Finance, Natural Resources and Infrastructure activities and the Asset-Backed Products platform also showed a substantial increase.
Global Transaction and Payment Services continued to experience strong growth, up +25.2% vs. Q4 20.

Asset and Wealth Management's net banking income totalled EUR 958 million in 2021 (+6.1% vs. 2020). It was 6.5% higher in Q4 21 vs. Q4 20.

In 2021, Private Banking posted an increase in revenues of +3.1% vs. 2020, to EUR 699 million (when restated for an exceptional impact of EUR +29 million related to an insurance payout received in 2020, revenues are up +7.7%). The business benefited from strong commercial activity in all regions. Net inflow amounted to EUR +7.7 billion in 2021. Assets under management totalled EUR 130 billion. They rose +12% in 2021.
In Q4 21, net banking income amounted to EUR 171 million, up +5.6% vs. Q4 20.

In 2021, Lyxor's net banking income totalled EUR 239 million, an increase of +15.5% vs. 2020. Assets under management were up +27% in 2021, at EUR 178 billion.
In Q4 21, revenues were 10.9% higher than in Q4 20.

Operating expenses

2021: operating expenses totalled EUR 6,863 million, an increase of +2.2% vs. 2020 on a reported basis, and +4.7% on an underlying basis (operating expenses included a restructuring charge of EUR 157 million in Q4 20). This increase can be explained by the rise in variable costs related to the increase in earnings and IFRIC 21 charges. Thanks to a very positive jaws effect, there was a significant improvement in the cost to income ratio of 14 points (72% vs. 86% on an underlying basis in 2020).
Q4 21: operating expenses were up +2.6% on an underlying basis (at EUR 1,681 million).

Net cost of risk

2021: the cost of risk was at a low level of 5 basis points (or EUR 86 million), well below 2020 (57 basis points) which was adversely affected by the health crisis.
Q4 21: it amounted to 1 basis point (or EUR 3 million), vs. 28 basis points in Q4 20.

Contribution to Group net income

2021: the contribution to Group net income was EUR 2,076 million.
Q4 21: it was EUR 635 million on a reported basis and EUR 539 million on an underlying basis (+68.4% vs. Q4 20).

Global Banking & Investor Solutions posted a significant RONE of 13.9% in 2021 (16.1% when restated for the impact of the contribution to the Single Resolution Fund).
The underlying RONE was 13.8% in Q4 21.

6. CORPORATE CENTRE

In EURm	Q4 21	Q4 20	2021	2020
Net banking income	93	2	374	(339)
Underlying net banking income(1)	*(24)*	2	*257*	(339)
Operating expenses	(387)	(202)	(889)	(441)
Underlying operating expenses(1)	*(251)*	*(162)*	*(510)*	*(388)*
Gross operating income	(294)	(200)	(515)	(780)
Underlying gross operating income(1)	*(275)*	*(160)*	*(253)*	*(727)*
Net cost of risk	(7)	(22)	(6)	(22)
Net profits or losses from other assets	429	(105)	603	(185)
Impairment losses on goodwill	(114)	-	(114)	(684)
Income tax	193	52	187	(482)
Reported Group net income	168	(290)	(9)	(2,285)
Underlying Group net income(1)	*(255)*	*(133)*	*(386)*	*(718)*

(1) Adjusted for the linearisation of IFRIC 21

The Corporate Centre includes the property management of the Group's head office, the Group's equity portfolio, the Treasury activities for the Group, certain costs related to cross-functional projects as well as certain costs incurred by the Group not re-invoiced to the businesses.

The Corporate Centre's net banking income totalled EUR +374 million in 2021 vs. EUR -339 million in 2020 and EUR +93 million in Q4 21, including the positive impact of a revaluation of securities for EUR 117 million vs. EUR +2 million in Q4 20.

Operating expenses totalled EUR 889 million in 2021 vs. EUR 441 million in 2020. They include the Group's transformation costs for a total amount of EUR 379 million relating to the activities of French Retail Banking (EUR 194 million), Global Banking & Investor Solutions (EUR 99 million) and the Corporate Centre (EUR 86 million). Underlying costs came to EUR 510 million in 2021 compared to EUR 388 million in 2020.
Operating expenses totalled EUR 387 million in Q4 21 vs. EUR 202 million in Q4 20. They include the Group's transformation costs for a total amount of EUR 147 million relating to the activities of French Retail Banking (EUR 88 million), Global Banking & Investor Solutions (EUR 33 million) and the Corporate Centre (EUR 26 million). Underlying costs came to EUR 251 million in Q4 21 compared to EUR 162 million in Q4 20.

Gross operating income totalled EUR -515 million in 2021 vs. EUR -780 million in 2020 and EUR -294 million in Q4 21 vs. EUR -200 million in Q4 20. Underlying gross operating income came to EUR -253 million in 2021 vs. EUR -727 million in 2020.

Net profits or losses from other assets amounted to EUR +603 million in 2021 vs. EUR -185 million in 2020. In Q4 21, they totalled EUR +429 million including the proceeds of the disposal of Lyxor's asset management activities for EUR 439 million, vs. EUR -105 million in Q4 20 including EUR -101 million in respect of the disposal of SG Finans.
In Q4 21, the Group benefited from the recognition of EUR 130 million of deferred tax assets. Furthermore, the review of International Retail Banking's financial trajectory led to the impairment of goodwill for EUR 114 million in Q4 21.

The **Corporate Centre's contribution to Group net income was EUR -9 million** in 2021 vs. EUR -2,285 million in 2020 and EUR +168 million in Q4 21 vs. EUR -290 million in Q4 20. The Corporate Centre's contribution to Group net income on an underlying basis was EUR -255 million.

7. CONCLUSION

In 2021, the Group delivered the best annual performance in its history, with Group net income of EUR 5.6 billion and a strong contribution from all its businesses.

2021 was also marked by major progress in the execution of all our strategic initiatives and in the strategic reallocation of our capital in favour of businesses offering profitable growth. The Group therefore announced the planned acquisition of LeasePlan by ALD to create a mobility leader, as well as Boursorama's entry into exclusive discussions with ING with a view to offering ING's individual customers in France the best alternative banking solution.

At end-December 2021, the Group had a CET1 ratio of 13.7%(1), comfortably above its regulatory requirement.

The Board of Directors has established an attractive distribution of 2021 financial results to shareholders equivalent to EUR 2.75 per share. A dividend in cash of EUR 1.65 per share will be proposed to the General Meeting of Shareholders on May 17th.

Furthermore, the Group foresee a buyback programme for around EUR 915 million, or an amount equivalent to EUR 1.10 per share. Exceptionally, it has been retained a split of the distribution between 60% in cash and 40% through share buy-back.

In future, the Group intends to maintain a distribution policy of 50% of underlying Group net income(2) with up to 20% of the distribution in the form of a share buyback.

(1) *Phased-in (13.6% fully-loaded) post distribution provision*
(2) *After deducting interest on deeply subordinated notes and undated subordinated notes*

8. 2022 FINANCIAL CALENDAR

2022 Financial communication calendar

May 5th, 2022	First quarter 2022 results
May 17th, 2022	2022 General Meeting
August 3rd, 2022	Second quarter and first half 2022 results
November 4th, 2022	Third quarter and nine-month 2022 results

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out (in particular the transition from published data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios.

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.
These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:
- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences,
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the section "Risk Factors" in our Universal Registration Document filed with the French Autorité des Marchés Financiers (which is available on https://investors.societegenerale.com/en).

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

9. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME BY CORE BUSINESS

In EURm	Q4 21	Q4 20	Variation	2021	2020	Variation
French Retail Banking	400	104	x 3.8	1,492	666	x 2.2
International Retail Banking and Financial Services	584	376	+55.3%	2,082	1,304	+59.7%
Global Banking and Investor Solutions	635	280	x 2.3	2,076	57	x 36.4
Core Businesses	1,619	760	x 2.1	5,650	2,027	x 2.8
Corporate Centre	168	(290)	n/s	(9)	(2,285)	+99.6%
Group	1,787	470	x 3.8	5,641	(258)	n/s

CONSOLIDATED BALANCE SHEET

In EUR m	31.12.2021	31.12.2020
Cash, due from central banks	179,969	168,179
Financial assets at fair value through profit or loss *	342,714	411,916
Hedging derivatives	13,239	20,667
Financial assets at fair value through other comprehensive income	43,450	52,060
Securities at amortised cost	19,371	15,635
Due from banks at amortised cost	55,972	53,380
Customer loans at amortised cost	497,164	448,761
Revaluation differences on portfolios hedged against interest rate risk	131	378
Investments of insurance companies	178,898	166,854
Tax assets *	4,812	4,995
Other assets	92,898	67,341
Non-current assets held for sale	27	6
Investments accounted for using the equity method	95	100
Tangible and intangible fixed assets	31,968	30,088
Goodwill	3,741	4,044
Total *	1,464,449	1,444,404

In EUR m	31.12.2021	31.12.2020
Due to central banks	5,152	1,489
Financial liabilities at fair value through profit or loss *	307,563	372,705
Hedging derivatives	10,425	12,461
Debt securities issued	135,324	138,957
Due to banks	139,177	135,571
Customer deposits	509,133	456,059
Revaluation differences on portfolios hedged against interest rate risk	2,832	7,696
Tax liabilities *	1,577	1,227
Other liabilities	106,305	84,937
Non-current liabilities held for sale	1	-
Insurance contracts related liabilities	155,288	146,126
Provisions *	4,850	4,732
Subordinated debts	15,959	15,432
Total liabilities *	**1,393,586**	**1,377,392**
Shareholder's equity		
Shareholders' equity, Group share		
Issued common stocks and capital reserves	21,913	22,333
Other equity instruments	7,534	9,295
Retained earnings *	30,631	32,102
Net income	5,641	(258)
Sub-total *	**65,719**	**63,472**
Unrealised or deferred capital gains and losses	(652)	(1,762)
Sub-total equity, Group share *	**65,067**	**61,710**
Non-controlling interests *	5,796	5,302
Total equity *	**70,863**	**67,012**
Total *	**1,464,449**	**1,444,404**

(*) Amounts restated compared with the financial statements published in 2020 (See Note1.7 of financial statements)

10. APPENDIX 2: METHODOLOGY

1 –The financial information presented in respect of Q4 and 2021 was examined by the Board of Directors on February 9th, 2021 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.

2 - Net banking income

The pillars' net banking income is defined on page 41 of Societe Generale's 2021 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 - Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2020 (pages 466 et seq. of Societe Generale's 2021 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses. The Cost/Income Ratio is defined on page 41 of Societe Generale's 2021 Universal Registration Document.

4 - IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e. a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

The contributions to **Single Resolution Fund (« SRF »)** are part of IFRIC21 adjusted charges, they include contributions to national resolution funds within the EU.

5 – Exceptional items – Transition from accounting data to underlying data

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.

Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar for PEL/CEL provision allocations or write-backs. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

The reconciliation enabling the transition from published accounting data to underlying data is set out in the table below:

Q4 21 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	6 620	(4 565)	(86)	449	(114)	(311)	1 787	
*(+) Revaluation gain**	*(117)*					*2*	*(115)*	*Corporate Center*
(+) IFRIC 21 linearisation		*(199)*				*46*	*(149)*	
*(+) Transformation charges**		*147*				*(39)*	*108*	*Corporate Center(1)*
*(+) Lyxor disposal**				*(439)*		*50*	*(389)*	*Corporate Center*
*(+) DTA recognition**						*(130)*	*(130)*	*Corporate Center*
*(+) Goodwill impairment**					*114*		*114*	*Corporate Center*
Underlying	6 503	(4 617)	(86)	10	0	(382)	1 226	

Q4 20 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	5 838	(4 351)	(689)	(94)	0	(125)	470	
(+) IFRIC 21 linearisation		*(177)*				*52*	*(121)*	
*(+) Transformation charges**		*210*				*(63)*	*147*	*o/w GBIS (EUR -157m), Corporate Center (EUR -53m)*
*(+) Group refocusing plan**			*20*	*101*		*14*	*135*	*Corporate Center*
Underlying	5 838	(4 318)	(669)	7	0	(123)	631	

2021 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	25 798	(17 590)	(700)	635	(114)	(1 697)	5 641	
*(+) Lyxor disposal**				*(439)*		*50*	*(389)*	*Corporate Center*
*(+) Transformation charges**		*379*				*(104)*	*275*	*Corporate Center(2)*
*(+) Capital gains on Haussmann office disposal**				*(185)*		*53*	*(132)*	*Corporate Center*
*(+) Revaluation gain**	*(117)*					*2*	*(115)*	*Corporate Center*
*(+) DTA recognition**						*(130)*	*(130)*	*Corporate Center*
*(+) Goodwill impairment**					*114*		*114*	*Corporate Center*
Underlying	25 681	(17 211)	(700)	11	0	(1 826)	5 264	

2020 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	22 113	(16 714)	(3 306)	(12)	(684)	(1 204)	(258)	
*(+) Transformation charges**		*210*				*(63)*	*147*	*o/w GBIS (EUR -157m), Corporate Center (EUR -53m)*
*(+) Group refocusing plan**			*20*	*178*		*14*	*212*	*Corporate center*
*(+) Goodwill impairment**					*684*		*684*	*Corporate center*
*(+) DTA impairment **						*650*	*650*	*Corporate center*
Underlying	22 113	(16 504)	(3 286)	166	0	(603)	1 435	

(*) Exceptional item

(1) Transformation and/or restructuring charges in Q4 21 related to RBDF (EUR 88m), GBIS (EUR 33m) and Corporate Center (EUR 26m)

(2) Transformation and/or restructuring charges in 2021 related to RBDF (EUR 194m), GBIS (EUR 99m) and Corporate Center (EUR 86m)

6 - Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk is defined on pages 43 and 635 of Societe Generale's 2021 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

In EURm		Q4 21	Q4 20	2021	2020
French Retail Banking	Net Cost Of Risk	(20)	276	104	1,097
	Gross loan Outstandings	219,522	222,926	218,043	212,185
	Cost of Risk in bp	(4)	50	5	52
International Retail Banking and Financial Services	Net Cost Of Risk	96	287	504	1,265
	Gross loan Outstandings	137,018	128,965	133,321	132,082
	Cost of Risk in bp	28	89	38	96
Global Banking and Investor Solutions	Net Cost Of Risk	3	104	86	922
	Gross loan Outstandings	178,116	147,508	165,603	160,918
	Cost of Risk in bp	1	28	5	57
Corporate Centre	Net Cost Of Risk	7	22	6	22
	Gross loan Outstandings	14,574	14,044	13,835	11,611
	Cost of Risk in bp	16	62	4	20
Societe Generale Group	Net Cost Of Risk	86	689	700	3,306
	Gross loan Outstandings	549,229	513,443	530,801	516,797
	Cost of Risk in bp	6	54	13	64

The **gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

7 - ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 43 and 44 of Societe Generale's 2021 Universal Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 44 of Societe Generale's 2021 Universal Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for "interest net of tax payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period	Q4 21	Q4 20	2021	2020
Shareholders' equity Group share*	65,067	61,710	65,067	61,710
Deeply subordinated notes	(8,003)	(8,830)	(8,003)	(8,830)
Undated subordinated notes		(264)		(264)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	20	19	20	19
OCI excluding conversion reserves	(489)	(942)	(489)	(942)
Dividend provision	(2,286)	(467)	(2,286)	(467)
ROE equity end-of-period*	54,310	51,227	54,310	51,227
Average ROE equity*	53,878	51,307	52,634	52,091
Average Goodwill	(3,776)	(3,928)	(3,890)	(4,172)
Average Intangible Assets	(2,687)	(2,477)	(2,584)	(2,432)
Average ROTE equity*	47,415	44,902	46,160	45,487
Group net Income (a)	1,787	470	5,641	(258)
Underlying Group net income (b)	1,226	631	5,264	1,435
Interest on deeply subordinated notes and undated subordinated notes (c)	(151)	(164)	(590)	(611)
Cancellation of goodwill impairment (d)	337	-	337	684
Ajusted Group net Income (e) = (a)+ (c)+(d)	1,973	306	5,388	(185)
Ajusted Underlying Group net Income (f)=(b)+(c)	1,075	467	4,674	824
Average ROTE equity (g)*	47,415	44,902	46,160	45,487
ROTE [quarter: (4*e/g), 12M: (2*e/g)]	16.6%	2.7%	11.7%	-0.4%
Average ROTE equity (underlying) (h)*	46,854	45,063	45,783	47,180
Underlying ROTE [quarter: (4*f/h), 12M: (2*f/h)]	9.2%	4.1%	10.2%	1.7%

(*) Amounts restated compared with the financial statements published in 2020 (See Note1.7 of the financial statements)

RONE calculation: Average capital allocated to Core Businesses (in EURm)

In EUR m	Q4 21	Q4 20	Change	2021	2020	Change
French Retail Banking	10,990	11,186	-1.8%	11,149	11,427	-2.4%
International Retail Banking and Financial Services	10,523	10,112	+4.1%	10,246	10,499	-2.4%
Global Banking and Investor Solutions	15,602	14,287	+9.2%	14,916	14,302	+4.3%
Core Businesses	37,115	35,585	+4.3%	36,310	36,228	+0.2%
Corporate Center	16,763	15,722	+6.7%	16,324	15,863	+2.9%
Group	53,878	51,307	+5.0%	52,634	52,091	+1.0%

(*) Amounts restated compared with the financial statements published in 2020 (See Note1.7 of the financial statements)

8 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 46 of the Group's 2021 Universal Registration Document. The items used to calculate them are presented below:

End of period – in EUR m	2021	2020	2019
Shareholders' equity Group share*	65,067	61,710	63,527
Deeply subordinated notes	(8,003)	(8,830)	(9,501)
Undated subordinated notes		(264)	(283)
Interest, net of tax, payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	20	19	4
Bookvalue of own shares in trading portfolio	37	301	375
Net Asset Value*	57,121	52,936	54,122
Goodwill	(3,624)	(3,928)	(4,510)
Intangible Assets	(2,733)	(2,484)	(2,362)
Net Tangible Asset Value*	50,764	46,524	47,250
Number of shares used to calculate NAPS**	831,162	848,859	849,665
Net Asset Value per Share	68.7	62.4	63.7
Net Tangible Asset Value per Share	61.1	54.8	55.6

(*) Amounts restated compared with the financial statements published in 2020 (See Note1.7 of the financial statements)

(*) The number of shares considered is the number of ordinary shares outstanding as at end of period, excluding treasury shares and buybacks, but including the trading shares held by the Group.*

In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.

9 - Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 45 of Societe Generale's 2021 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE. As specified on page 45 of Societe Generale's 2021 Universal Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).
The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands) – in EUR m	2021	2020	2019
Existing shares	853,371	853,371	834,062
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	3,861	2,987	4,011
Other own shares and treasury shares	3,249		149
Number of shares used to calculate EPS**	846,261	850,385	829,902
Group net Income	5,641	(258)	3,248
Interest on deeply subordinated notes and undated subordinated notes	(590)	(611)	(715)
Capital gain net of tax on partial buybacks			
Adjusted Group net income	5,051	(869)	2,533
EPS (in EUR)	5.97	(1.02)	3.05
Underlying EPS* (in EUR)	5.52	0.97	4.03

(*) Calculated on the basis of underlying Group net income.

(**) The number of shares considered is the average number of ordinary shares outstanding during the period, excluding treasury shares and buybacks, but including the trading shares held by the Group.

10 – The Societe Generale Group's Common Equity Tier 1 capital is calculated in accordance with applicable CRR2/CRD5 rules. The fully loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is also calculated according to applicable CRR2/CRD5 rules including the phased-in following the same rationale as solvency ratios.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 133,000 members of staff in 61 countries and supports on a daily basis 30 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking** which encompasses the Societe Generale, Credit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- **International Retail Banking, Insurance and Financial Services to Corporates,** with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions,** which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (Europe), FTSE4Good (Global and Europe), Bloomberg Gender-Equality Index, Refinitiv Diversity and Inclusion Index, Euronext Vigeo (Europe and Eurozone), STOXX Global ESG Leaders indexes, and the MSCI Low Carbon Leaders Index (World and Europe).

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