

中国平安 PINGAN

金融 · 科技

2018 Annual Results

March 2019

Cautionary Statements Regarding Forward-Looking Statements

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

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

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Jason Yao, CFO

Insurance Business

Lee Yuansiong, Co-CEO

Banking Business

Xie Yonglin, Co-CEO

Fintech & Healthtech Business

Jessica Tan, Co-CEO

Overview

Jason Yao

CFO

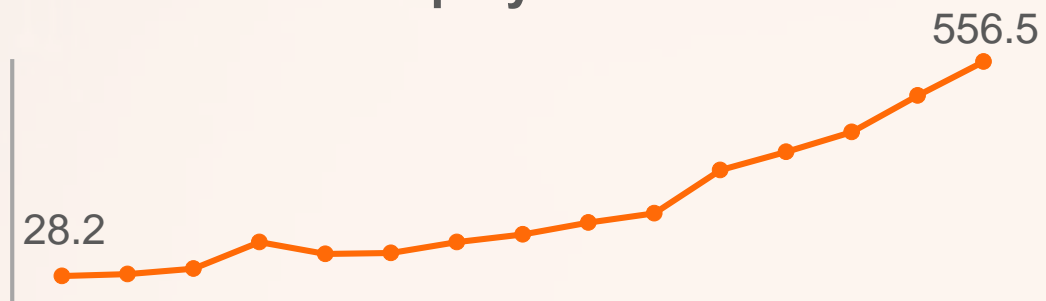
Ping An's strategy: A World-leading Technology-powered Retail Financial Services Group



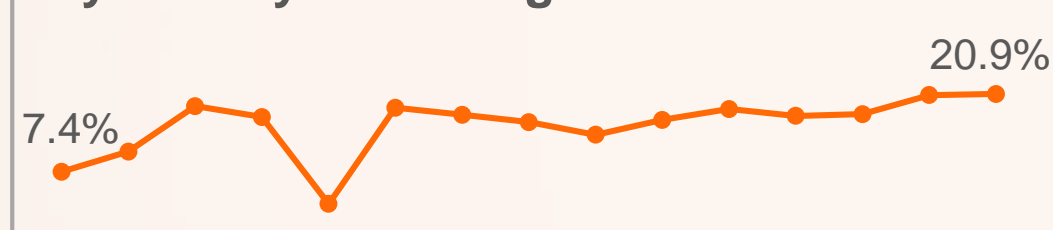
Strong track record since 2004 IPO

(in RMB billion)

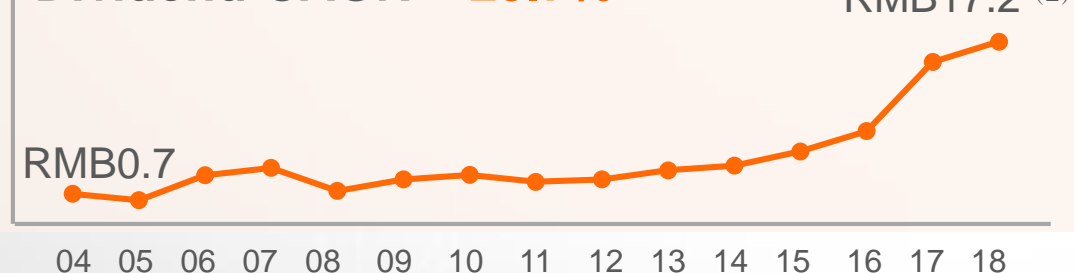
Shareholders' Equity CAGR = 23.7%



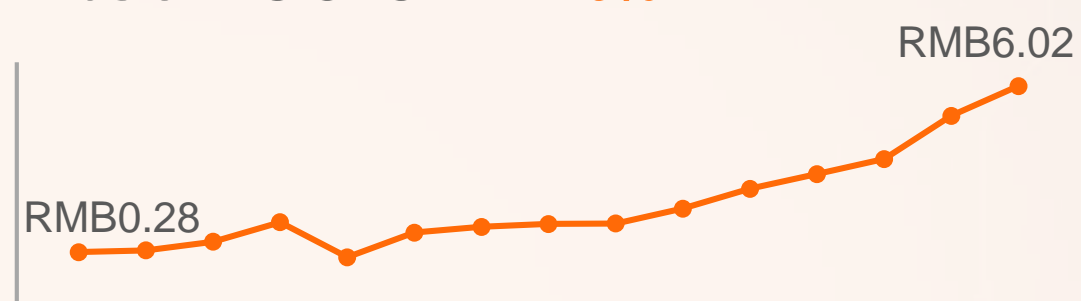
5-year/15-year average ROE = 18.9%/15.5%



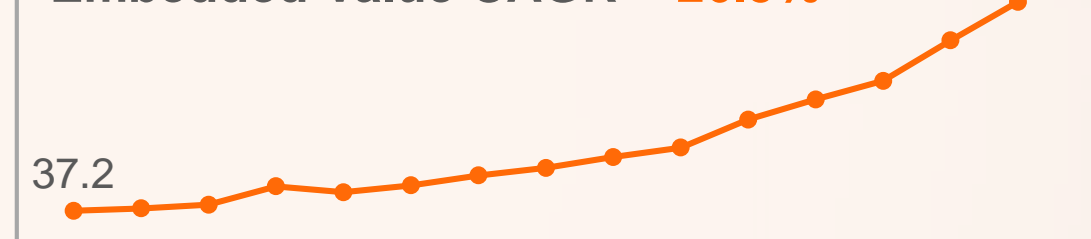
Dividend CAGR = 25.7%



Basic EPS CAGR = 24.5%



Embedded Value CAGR = 26.5%



Total Assets CAGR = 26.5%



Notes:

(1) The dividend refers to the cash dividend paid per ten shares.

(2) The dividend per share was RMB1.72 in 2018. In addition, the Company distributed the 30th Anniversary Special Dividend of RMB0.20 per share in the first quarter of 2018.

Financial Review

Jason Yao
CFO

| 2018 business highlights

(in RMB)

Operating profit⁽¹⁾

112,573 million

+18.9%

Net profit⁽¹⁾

107,404 million

+20.6%

**Annual dividend
(excluding special)**

1.72/share

+14.7%

**Embedded
value per share**

54.84

+21.5%

Operating ROE

21.9%

-0.1 pps

**Group
Operating ROEV**

23.7%

-3.0 pps

Note: (1) Operating profit and net profit refer to the operating profit and net profit attributable to shareholders of the parent company respectively.

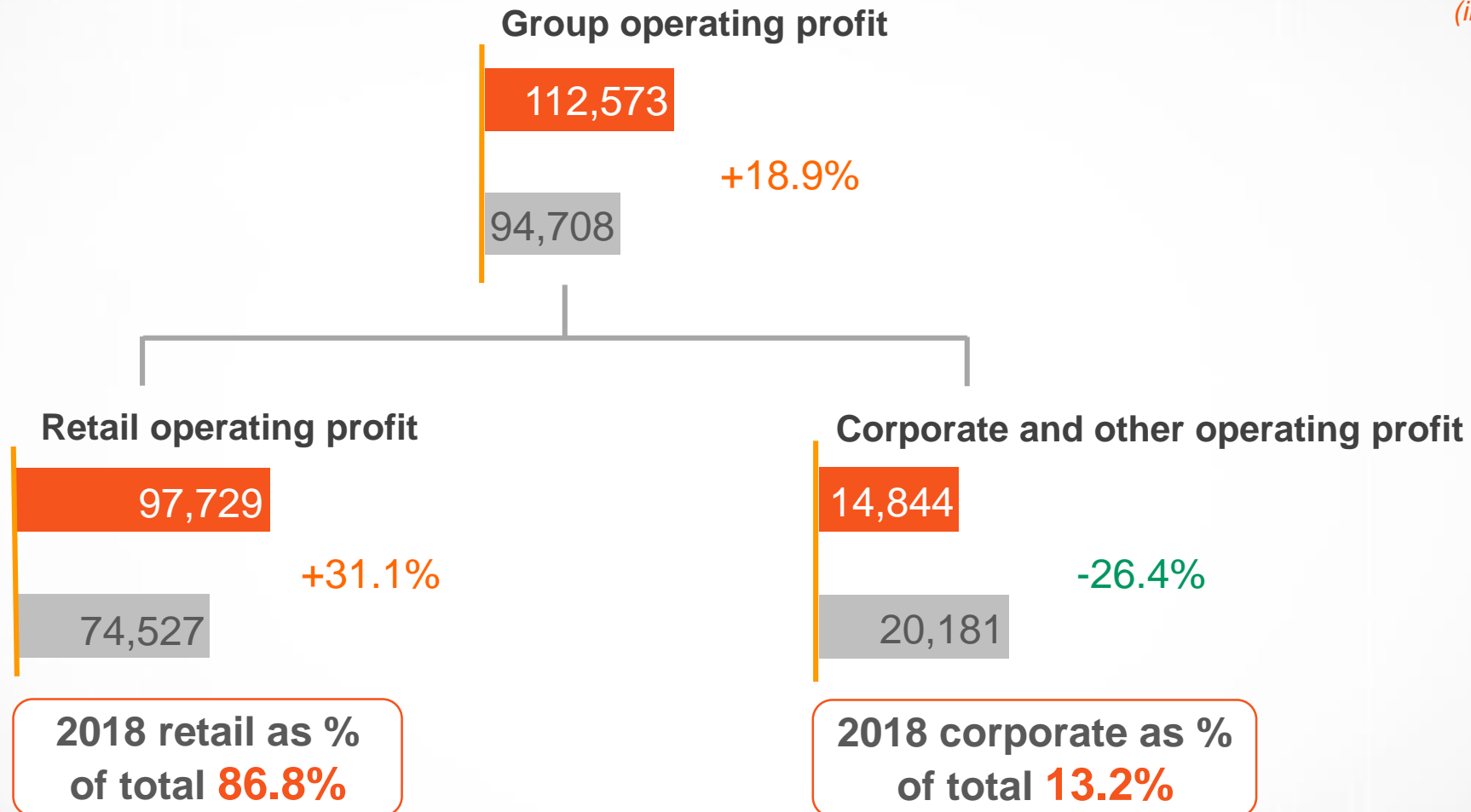


1. Customer-centric profit drivers

Retail accounts for nearly 87% of operating profit

■ 2018
■ 2017

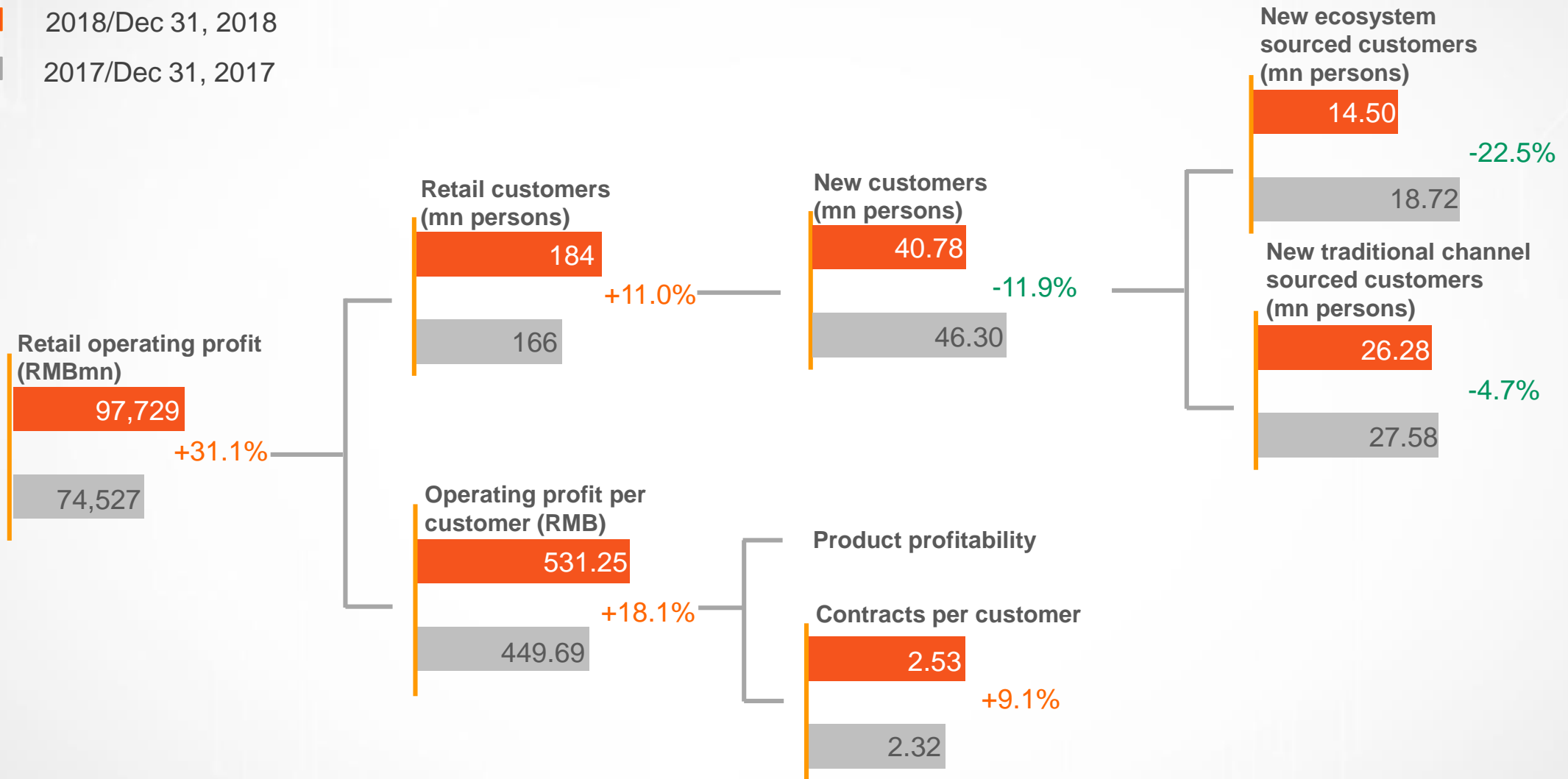
(in RMB million)



Note: Operating profit refers to the operating profit attributable to shareholders of the parent company.

Retail profit growth drivers

- 2018/Dec 31, 2018
- 2017/Dec 31, 2017



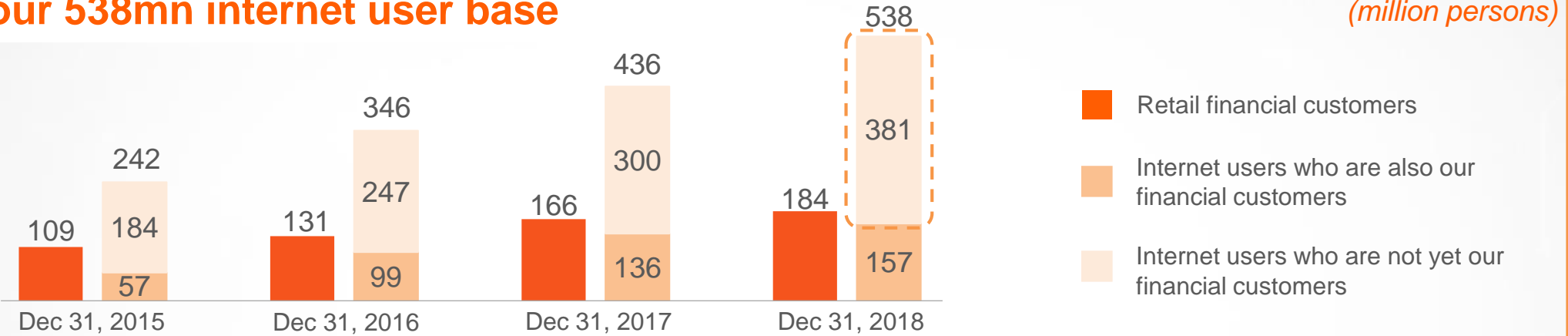
Notes: (1) Operating profit refers to the operating profit attributable to shareholders of the parent company.

(2) The number of customers as at December 31, 2018 is not equal to the number of customers as at December 31, 2017 plus new customers acquired during the Reporting Period due to customer attrition.

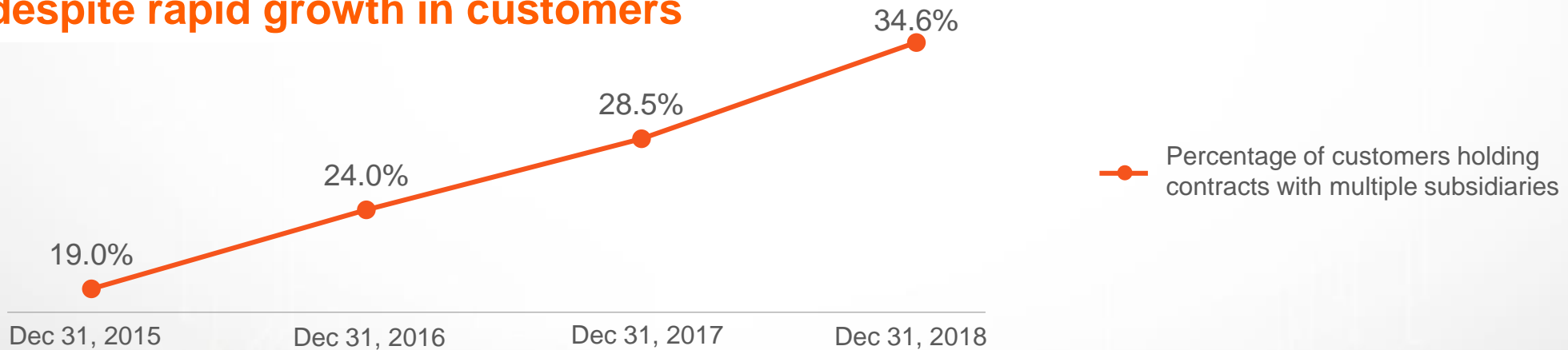
(3) Figures may not match the calculation due to rounding.

Increased customers and cross-selling

Significant potential to further penetrate our 538mn internet user base



Cross sell penetration ratio has increased materially despite rapid growth in customers



Note: Figures may not match totals due to rounding.



2. Operating profit

| Group operating profit rose 18.9% YoY

	2018	Proportion (%)	2017	YoY change (%)
<i>(in RMB million)</i>				
Life and health insurance	70,320	62.5	52,128	34.9
Property and casualty insurance	12,215	10.9	13,307	(8.2)
Banking business	14,394	12.8	13,449	7.0
Trust business	3,008	2.7	3,953	(23.9)
Securities business	1,599	1.4	2,043	(21.7)
Other asset management business ⁽²⁾	8,264	7.3	7,108	16.3
Fintech & healthtech business ⁽³⁾	6,770	6.0	5,420	24.9
Others & elimination	(3,996)	(3.6)	(2,700)	48.0
The Group	112,573	100.0	94,708	18.9

Notes: (1) In 2018, the Company reviewed the presentation of cross-shareholding within the Company based on the operations of various business lines to provide clearer and more concise information. The 2017 data was restated for comparison purposes.

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

(3) The fintech & healthtech business represents results of companies that engage in fintech & healthtech business including Lufax Holding, Ping An Good Doctor, OneConnect, Ping An HealthKconnect, and Autohome.

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

Group operating ROE for 2018

Group ROE for 2018 was 20.9%, up 0.2 pps YoY

(in RMB million)	Equity attributable to shareholders of parent company		Operating ROE	
	Amount	Proportion (%)	(%)	YoY change (pps)
Life and health insurance	178,824	32.1	40.7	3.1
Property and casualty	77,014	13.8	16.7	(3.3)
Banking business	139,224	25.0	11.5	(0.1)
Trust business	17,717	3.2	16.1	(4.5)
Securities business	27,976	5.0	5.9	(2.1)
Other asset management	43,161	7.8	19.5	(2.8)
Fintech & healthtech	79,541	14.3	10.8	(0.9)
Others & elimination	(6,949)	(1.2)	N/A	N/A
The Group	556,508	100.0	21.9	(0.1)

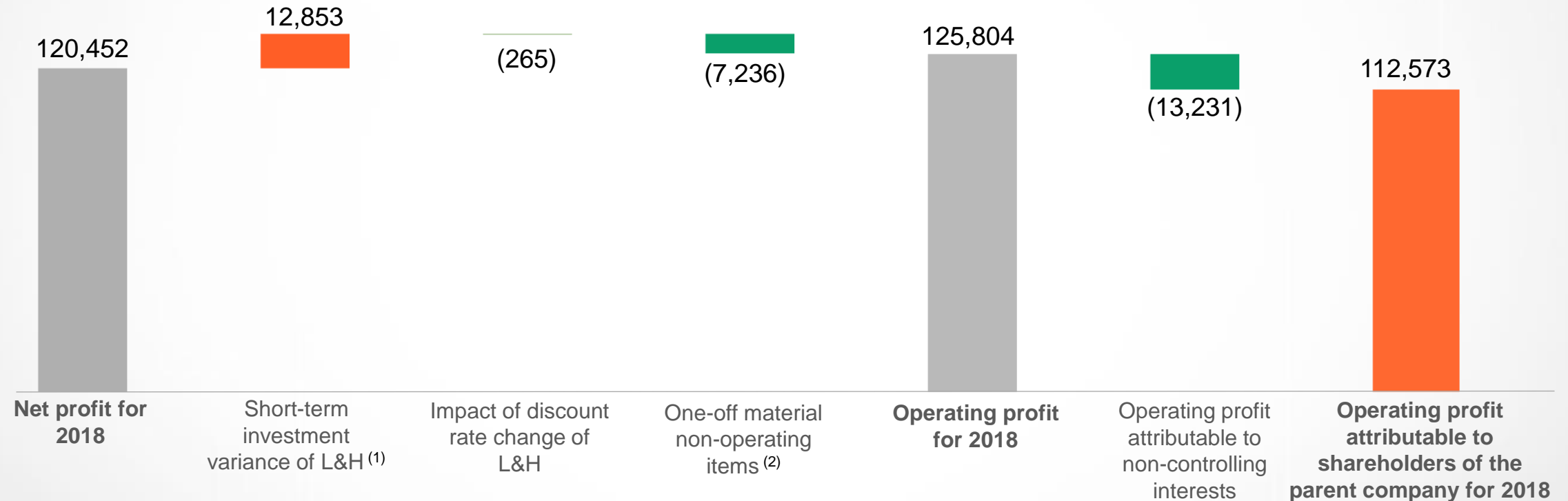
Note: The operating ROE is calculated based on the operating profit.

Operating profit: excluded non-operating items to reflect underlying results and trend

Operating Profit =

Net Profit - Short-term Investment Variance - Impact of Discount Rate Change - One-off Material Non-operating Items

(in RMB million)



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

(2) The impact of one-off non-operating item in 2018 was the fair value revaluation gain of the convertible bonds issued by Lufax Holding to the Group as the consideration of Puhui transaction. The fair value of the convertible bonds significantly increased due to Lufax Holding's Series C financing.

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

L&H operating profit attributable to shareholders of the parent company rose 34.9% YoY

(in RMB million)

		2018	2017	YoY change (%)
End-2017 Residual margin of L&H	616,319			
Contribution from new business	177,485			
Expected interest growth	28,498			
Lapse variances and others	26,617			
Release of residual margin	(62,287)			
End-2018 Residual margin of L&H	786,633			
		62,287	49,811	25.0
		8,959	7,357	21.8
		5,048	5,637	(10.4)
		21,749	10,108	115.2
		98,043	72,912	34.5
		(26,698)	(20,088)	32.9
		71,345	52,824	35.1
		70,320	52,128	34.9

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

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

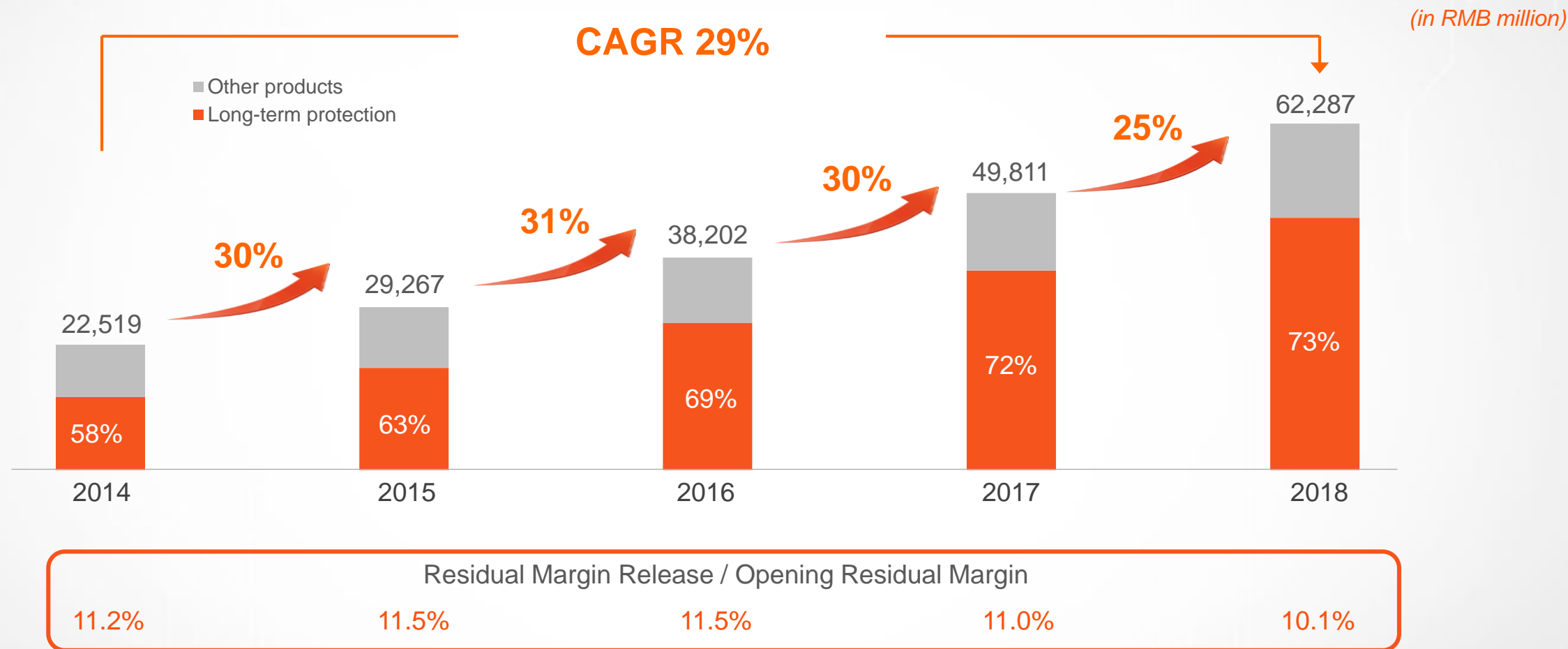
(3) Operating variance and others include the impacts of operating assumption changes on profit, which were RMB2,649 million and RMB-3,909 million for 2018 and 2017 respectively.

The year-on-year change would be 36.3% if this impact is excluded.

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

L&H residual margin release rose 25% YoY

RM release: • Major source of profit • Locked in at issuance • Immune to capital market fluctuation



Notes: (1) The above figures are data of Ping An Life for 2014-2015 and data of the L&H business for 2016-2018.

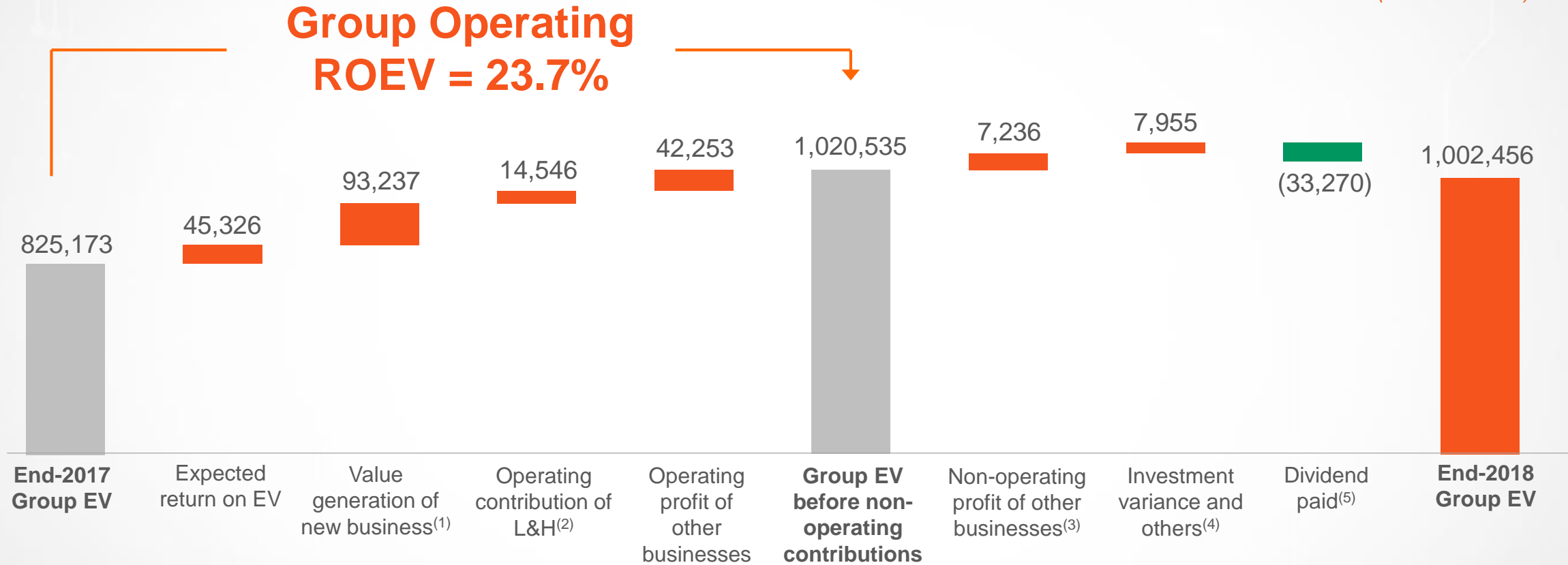
(2) Long-term protection products cover whole-life, term life, illness and long term accident insurance. The critical illness plus savings combination sold over the past two years contains high protection elements, though its main products are classified as Long-PPP Protection & Saving hybrid due to conservative classification.



3. Embedded value

| EV per share was RMB54.84, up 21.5% YoY

(in RMB million)



Notes: (1) Value generation of new business includes NBV (RMB72,294 million) and risk diversification effects (RMB20,943 million).

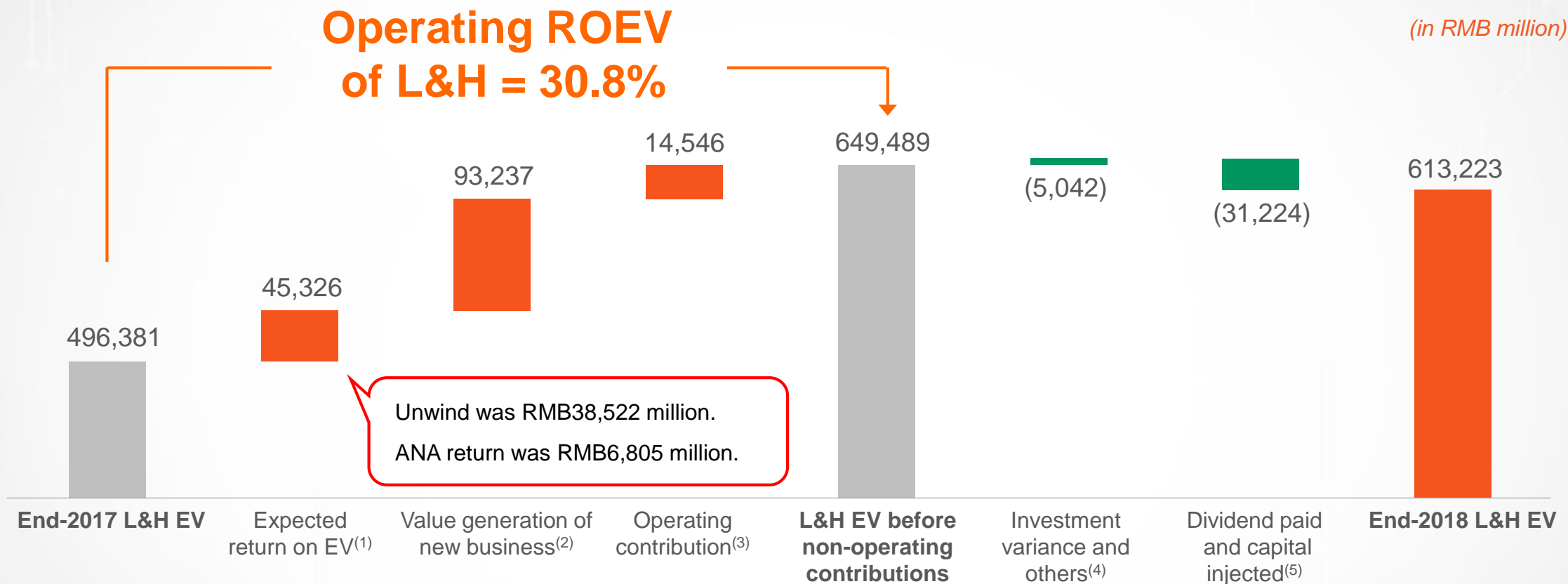
(2) Operating contribution of L&H includes operating assumptions and model changes (RMB608 million), L&H operating variance and others (RMB13,938 million).

(3) Non-operating profit of other businesses in 2018 refers to the impact of the fair value revaluation gain of the convertible bonds issued by Lufax Holding to the Group as the consideration of Puhui transaction. The fair value of the convertible bonds significantly increased due to Lufax Holding's Series C financing.

(4) Investment variance and others include economic assumption changes, investment variance and market value adjustments.

(5) Dividend paid by the Company to shareholders (RMB33,270 million).

| Operating ROEV of L&H was 30.8%



Notes: (1) Expected return on EV consists of the expected return from opening adjusted net assets, the opening value of in-force and the NBV during the Reporting Period.

(2) Value generation of new business includes NBV (RMB72,294 million) and risk diversification effects (RMB20,943 million).

(3) Operating contribution includes operating assumption and model changes (RMB608 million), operating variance and others (RMB13,938 million).

(4) Investment variance and others include the investment variance and market value adjustments.

(5) Dividends paid by Ping An Life to the Group amounted to RMB31,449 million. The Company injected RMB225 million of capital into Ping An Health.

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

Sustained NBV growth of L&H while business quality enhanced

(in RMB million)	2018	2017	YoY change(%)
Retail business	71,874	67,027	7.2
Agent channel	64,401	60,786	5.9
Long-term protection ⁽¹⁾	48,975	46,933	4.4
Protection & Saving hybrid (long-PPP) ⁽²⁾	5,192	3,431	51.3
Protection & Saving hybrid (short-PPP)	7,577	8,113	(6.6)
Short-term insurance	2,657	2,309	15.1
Bancassurance	865	716	20.7
Telemarketing, internet and others	6,608	5,524	19.6
Group business	420	330	27.2
Total NBV	72,294	67,357	7.3
Total FYP	165,446	171,547	(3.6)
NBV margin	43.7%	39.3%	4.4 pps

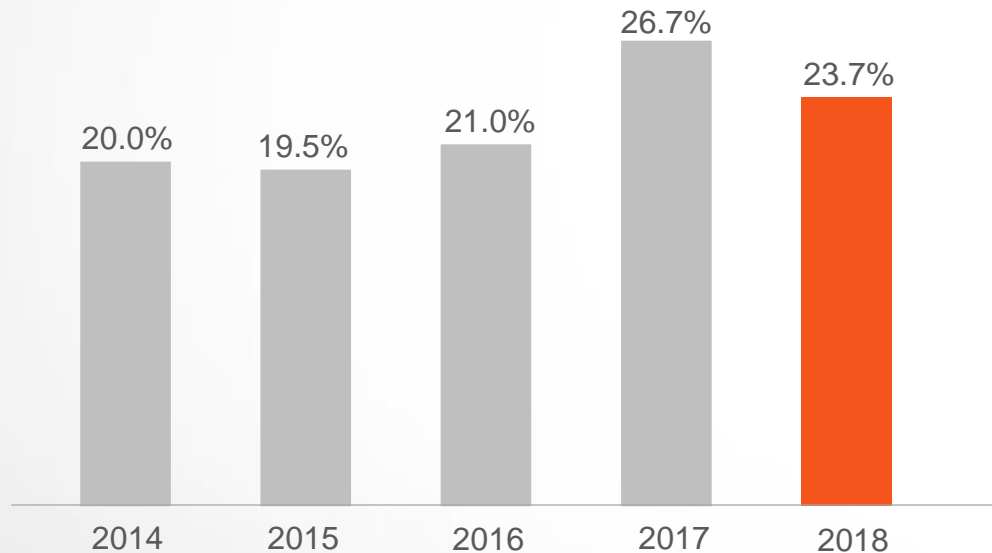
Notes: (1) Long-term protection covers whole-life, term life, critical illness and long term accident insurance.

(2) PPP stands for premium paying period. Long-PPP Protection & Saving hybrid covers endowment and annuity with PPP no less than 10 years. The critical illness plus savings combination sold over the past two years contains high protection elements, though its main products are classified as Long-PPP Protection & Saving hybrid due to conservative classification.

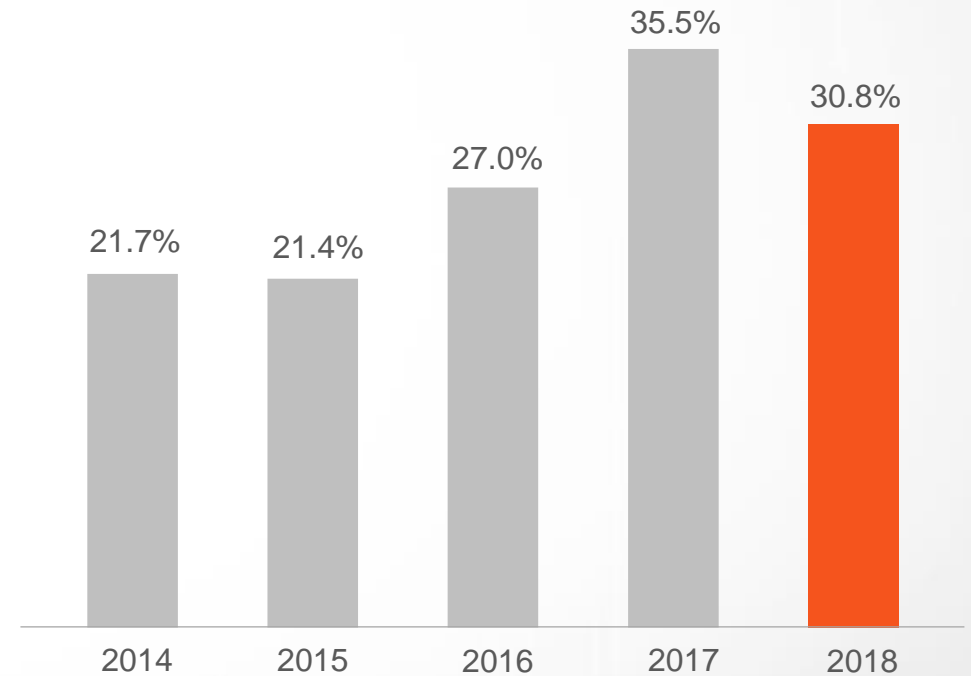
(3) Figures may not match the calculation due to rounding.

| Operating ROEV was consistently high

5-year average of
Group operating ROEV = 22.2%



5-year average of
L&H operating ROEV = 27.2%



Note: The averages of operating ROEV were calculated on a geometric average basis.

EV and NBV exhibited low sensitivity to future investment return



Notes: (1) In the above investment sensitivity scenarios, adjusted net asset value will not change with future investment returns.

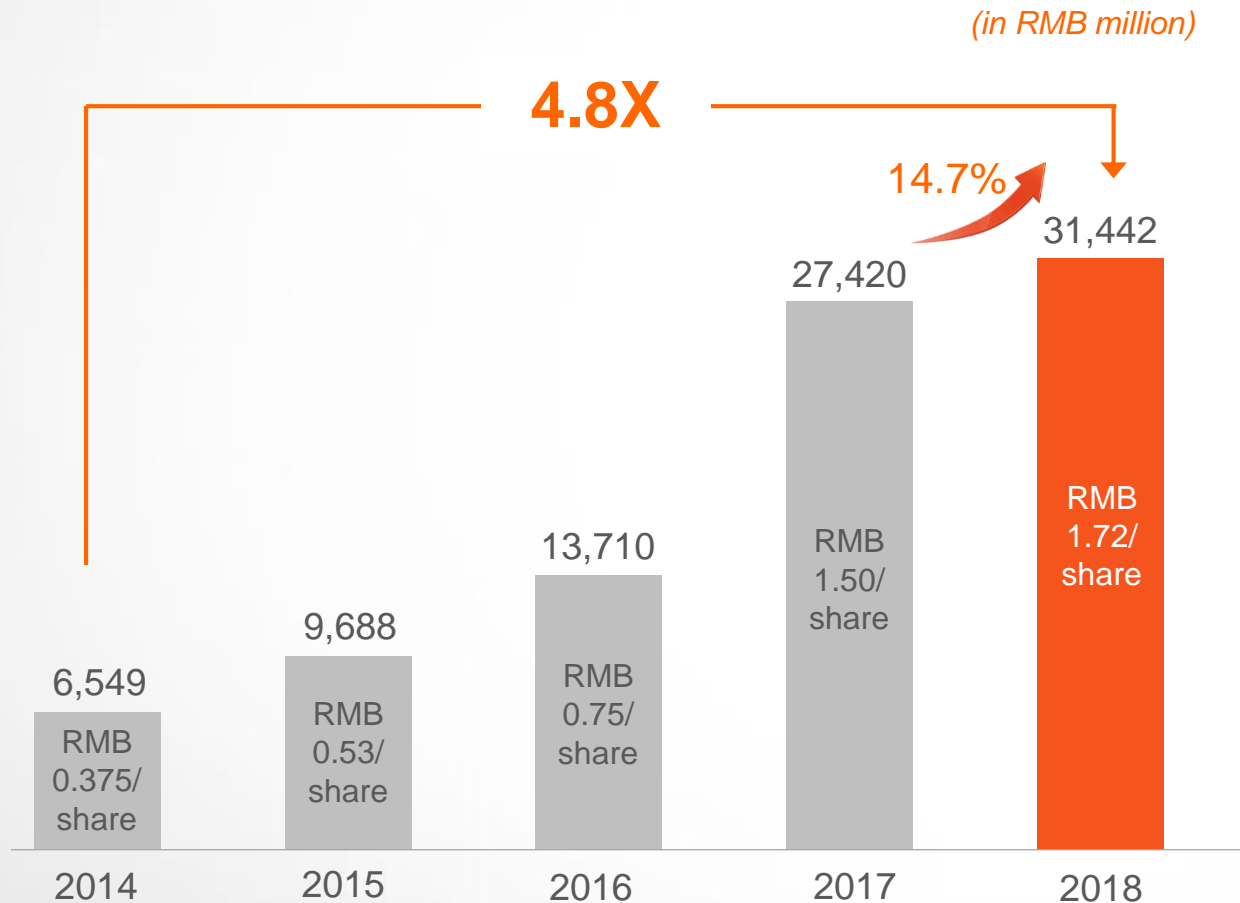
(2) Figures may not match the calculation due to rounding.



4. Dividends and capital

Rising dividends

- We increased dividends in light of the growing profitability and strong solvency position.



- Total ordinary dividend per share for FY18 was **RMB1.72⁽²⁾**, up **14.7%** YoY comprising RMB0.62 interim dividend and **RMB1.10** proposed final dividend.
- The total ordinary cash dividend of RMB31,442 million for FY18 equates to a **27.9%** payout ratio on the Group's operating profit attributable to shareholders of the parent company.

Notes: (1) On August 4, 2015, the Company completed the conversion of the capital reserve into share capital in the proportion of 10 shares for every 10 shares held. The Company recalculated the dividend per share for 2014.

(2) In addition, the Company distributed the 30th Anniversary Special Dividend of RMB0.20 per share in the first quarter of 2018.

| Share repurchase



Details of the repurchase

- The Company plans to repurchase A shares worth **RMB5-10 billion**.
- The repurchase will be completed within **12 months** following an approval at an annual general meeting and a separate class meeting of shareholders.



Source of funds

- All the funds to be used for the repurchase will come from the Company's **free cash**.

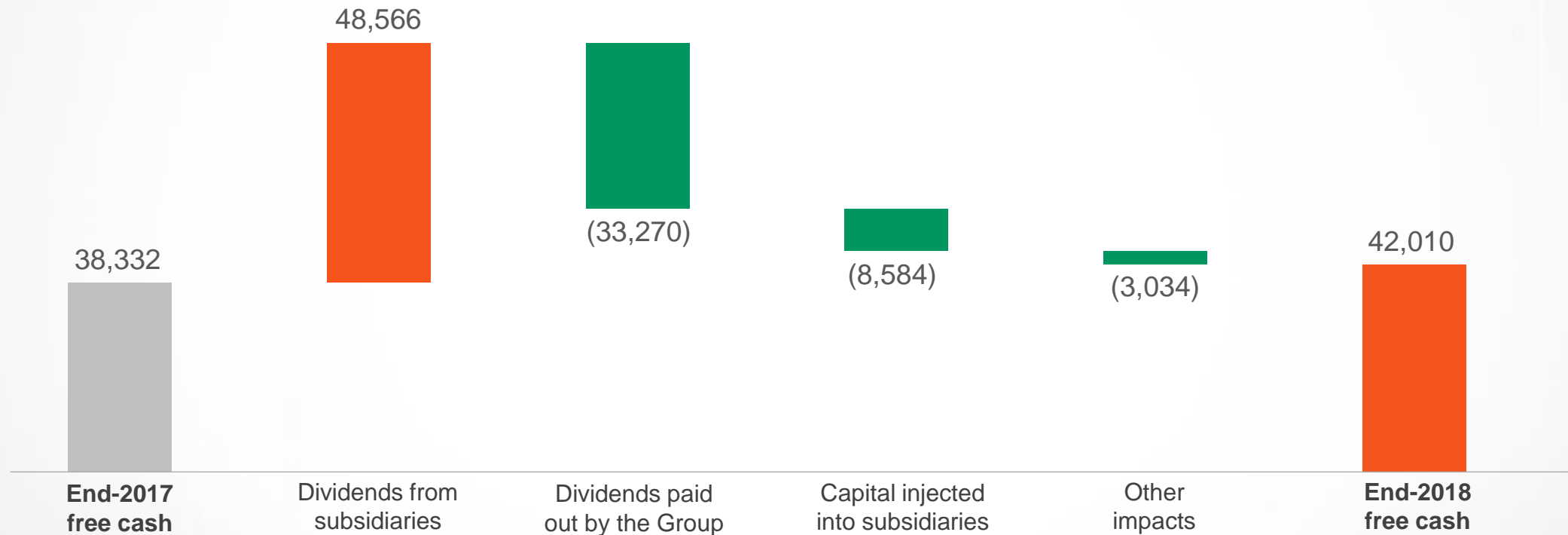


Impact of the repurchase

- The repurchase will **NOT** have material negative impacts on the Company's operations, financial position, fulfillment of repayment obligations and future development.

| Free cash of the parent company

(in RMB million)

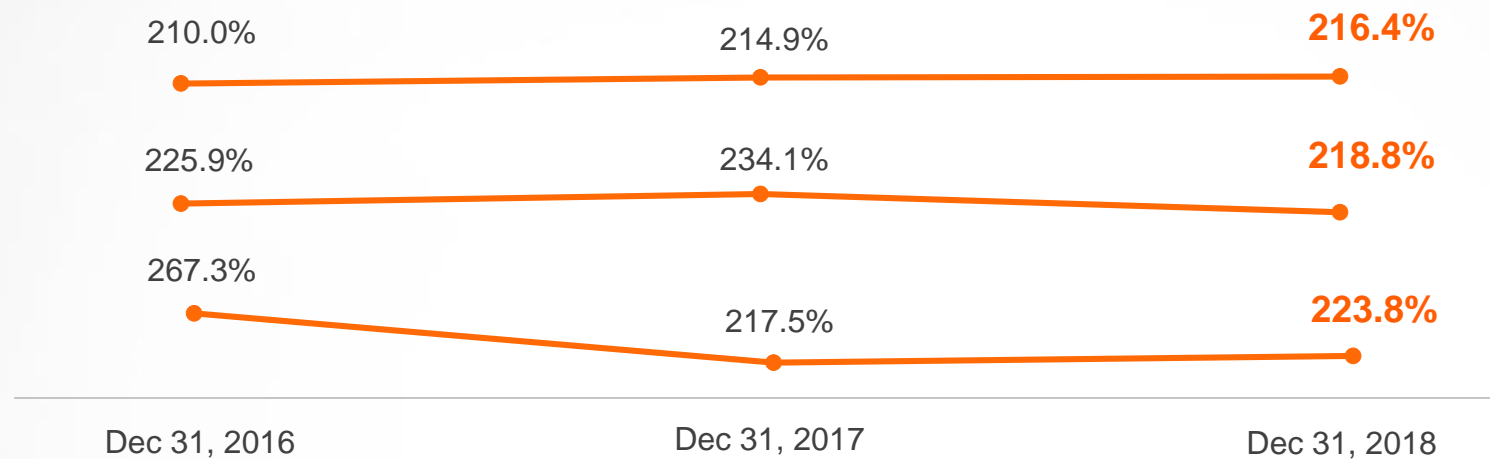


Notes: (1) The free cash of the Company includes bonds, equity securities, bank deposits and cash equivalents held by the Company. The free cash can be invested in subsidiaries or used in daily operations or for dividend distribution.

(2) Dividends from subsidiaries include RMB31,449 million from Ping An Life, RMB7,001 million from Ping An Property & Casualty, RMB6,492 million from Ping An Trust, RMB2,467 million from Ping An Asset Management, and RMB1,157 million from Ping An Bank.

Strong capital adequacy position

Comprehensive solvency margin ratio

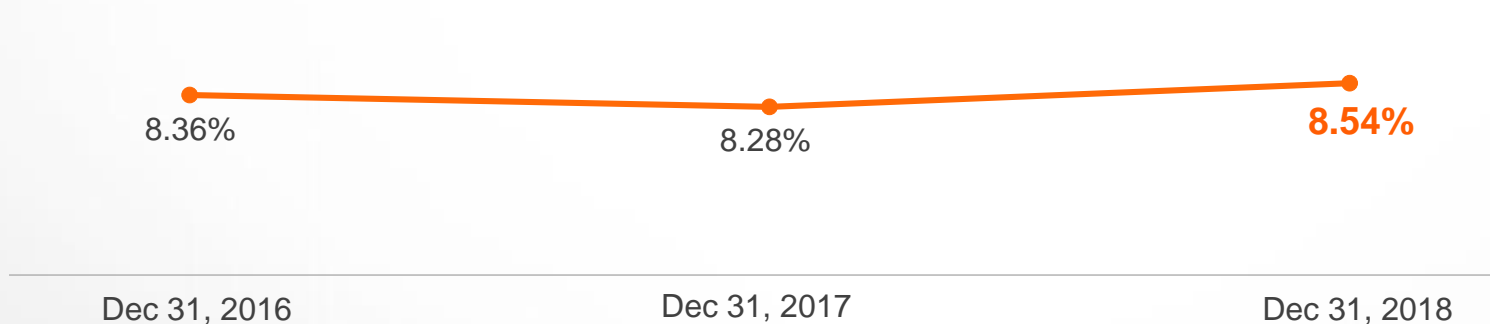


Ping An Group
(regulatory requirement $\geq 100\%$)

Ping An Life
(regulatory requirement $\geq 100\%$)

Ping An P&C
(regulatory requirement $\geq 100\%$)

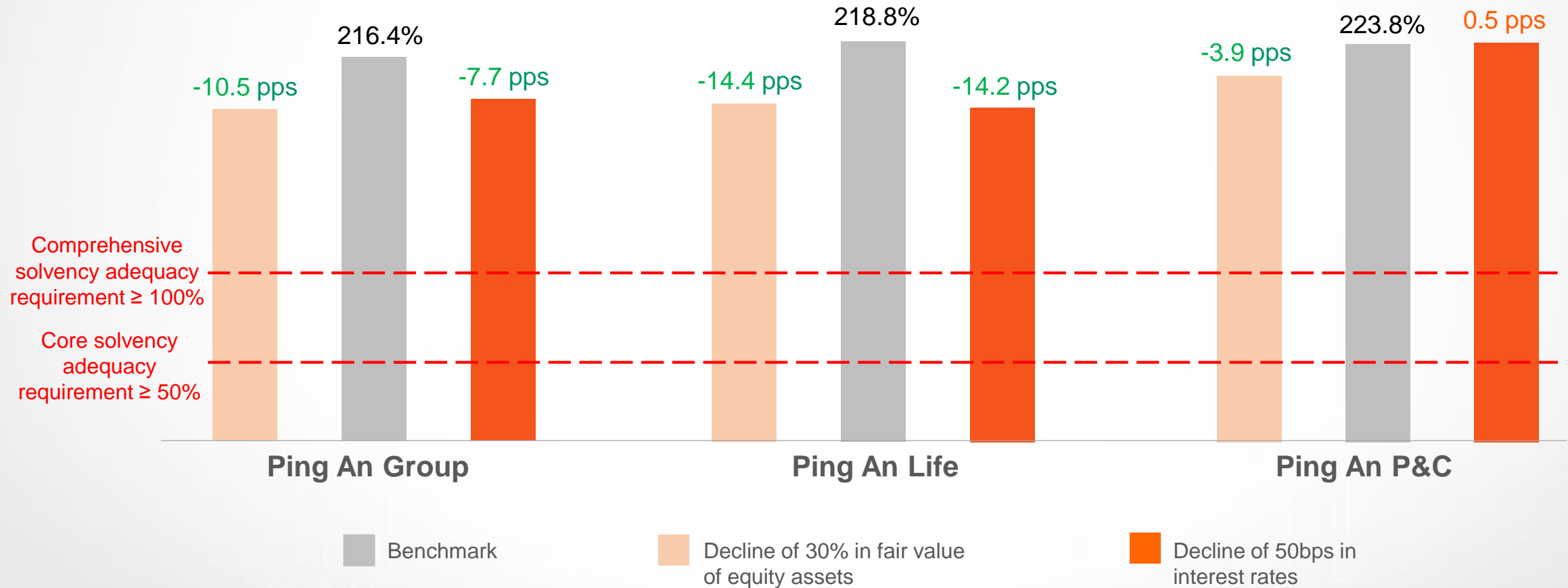
Core tier 1 capital adequacy ratio



Ping An Bank
(regulatory requirement $\geq 7.5\%$)

In January 2019, Ping An Bank issued A-share convertible bonds worth RMB26,000 million, of which RMB3,700 million was injected into Core Tier 1 upon issuance and the balance will be additive to Core Tier 1 upon conversion.

Strong solvency ratio resilient to capital market volatility



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



5. Investment portfolio of insurance funds

Investment portfolio of insurance funds – by category

<i>Proportion</i>	Dec 31, 2018	Dec 31, 2017	Change (pps)
Cash and cash equivalents	4.1%	5.7%	(1.6)
Term deposits	7.2%	6.6%	0.6
Debt financial assets			
Bond investments	45.4%	43.7%	1.7
Bond funds	1.6%	0.5%	1.1
Preferred stocks	2.9%	3.2%	(0.3)
Policy loans	4.0%	3.4%	0.6
Debt schemes	5.6%	5.7%	(0.1)
Wealth management products ⁽¹⁾	10.2%	9.9%	0.3
Equity financial assets			
Stocks	8.3%	11.1%	(2.8)
Equity funds	1.6%	1.4%	0.2
Wealth management products ⁽¹⁾	1.2%	1.6%	(0.4)
Unlisted equities	1.8%	1.6%	0.2
Long-term equity stakes	3.3%	2.4%	0.9
Investment properties	1.9%	2.0%	(0.1)
Other investments⁽²⁾	0.9%	1.2%	(0.3)
Total investments (in RMB million)	2,794,620	2,449,474	

Percentage of non-standard debt assets:

Dec 31, 2018: 15.8%

Dec 31, 2017: 15.6%

Percentage of non-standard equity assets:

Dec 31, 2018: 1.2%

Dec 31, 2017: 1.6%

Notes: (1) Wealth management products include trust plans from trust companies, products from insurance asset management companies, and wealth management products from commercial banks.

(2) Other investments mainly include statutory deposits for insurance operations, three-month or longer-term financial assets purchased under reverse repurchase agreements, and financial derivatives.

(3) In 2018, we optimized the structure of the table for 2018 based on the risk management of investments to present clearer information, and restated comparable figures for 2017.

Investment portfolio of insurance funds – by accounting measurement (IFRS 9 for 2018, IAS 39 for 2017)

<i>Proportion</i>	Dec 31, 2018	Dec 31, 2017	Change (pps)
Carried at fair value through profit or loss	18.5%	1.9%	16.6
- Fixed income	11.2%	1.3%	9.9
- Stocks	2.8%	0.4%	2.4
- Equity funds	1.6%	-	1.6
- Other equity financial assets	2.9%	0.2%	2.7
Carried at fair value through other comprehensive income⁽²⁾	14.7%	27.6%	(12.9)
Measured at amortized cost⁽³⁾	61.6%	66.2%	(4.6)
Others⁽⁴⁾	5.2%	4.3%	0.9
Total investments (in RMB million)	2,794,620	2,449,474	

Notes: (1) The Company follows the new accounting standards for financial instruments from January 1, 2018. In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate previous comparable figures.

(2) For 2018, assets carried at fair value through other comprehensive income include “debt instruments carried at fair value through other comprehensive income” and “equity instruments carried at fair value through other comprehensive income” under the new accounting standards for financial instruments. For 2017, assets carried at fair value through other comprehensive income are “available-for-sale financial assets” under the old accounting standards.

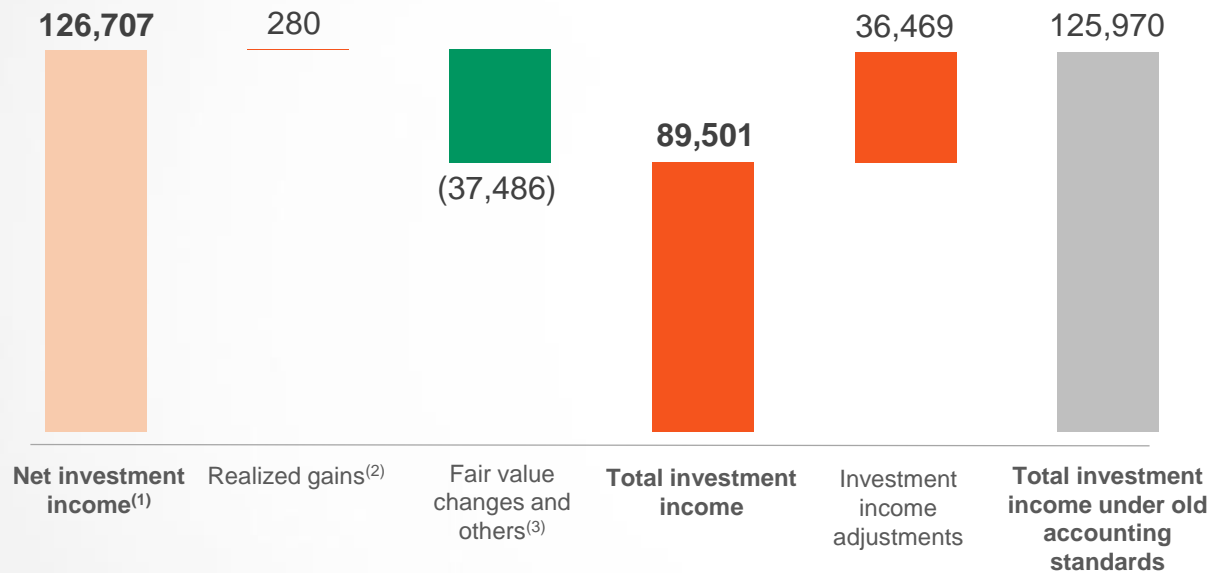
(3) For 2018, assets measured at amortized cost include “financial assets measured at amortized cost,” “term deposits” and “statutory deposits for insurance operations” under the new accounting standards for financial instruments. For 2017, assets measured at amortized cost include “held-to-maturity investment,” “receivables,” “term deposits” and “statutory deposits for insurance operations” under the old accounting standards.

(4) Others include long-term equity stakes and investment properties.

Total investment income is more sensitive to capital market volatility under IFRS 9

Investment income

(in RMB million)



Investment yield

	2018	2017
Net investment yield	5.2%	5.8%
Total investment yield	3.7%	6.0%
Total investment yield under former IAS 39 accounting standards	5.2%	6.0%

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

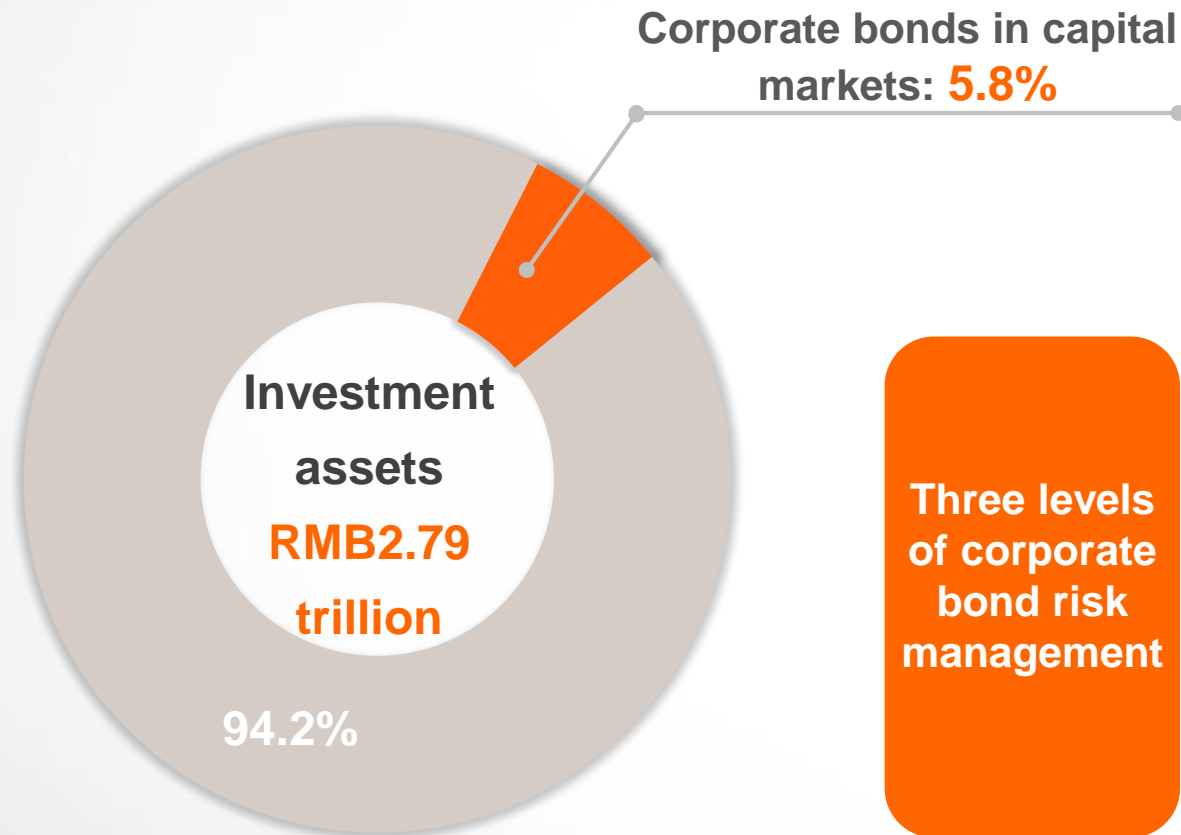
(2) Realized gains include realized capital gains from securities investments.

(3) Fair value changes and others include fair value changes in financial assets carried at fair value through profit or loss, and impairment losses on investment assets.

(4) Net exchange gains or losses on investment assets denominated in foreign currencies are excluded from computing of investment yields.

(5) The Group follows the new accounting standards for financial instruments from January 1, 2018. In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate comparable figures for the same period in 2017.

| Corporate bonds: account for 5.8% of investment assets



Including:

≈ **92%** AA and higher ratings

≈ **80%** AAA ratings

Level 1 Asset allocation	Effective, robust strategic asset allocation plan based on sophisticated simulations and models for each portfolio, considering risk appetite, return and liquidity
Level 2 Admission management	Subject to strict internal and external credit rating and admission management, to ensure that credit ratings reasonably reflected the credit profiles of bond issuers
Level 3 Dynamic review	Conduct ex-ante monitoring of corporate bonds with potential risks on the basis of a name list, build a quick response mechanism to deal with negative opinions, and effectively identify and report high-risk corporate bonds

| Non-standard debt assets: generate 5.84% nominal yield

	Investment proportion (%)	Nominal yield (%)	Remaining maturity (year)
Infrastructure	34.9	5.77	5.17
Expressway	16.5	5.88	5.41
Electric power	6.3	5.50	2.89
Infrastructure and development zones	5.5	5.69	7.59
Others (water supply, environmental protection, railway...)	6.6	5.84	4.74
Non-banking financial services	30.8	5.73	3.77
Real estate	22.2	6.14	2.33
Coal mining	2.7	7.20	2.08
Others	9.4	5.75	4.23
Total	100.0	5.84	3.96

Note: Non-banking financial services refer to financial institutions other than banks, including insurers, asset management companies and financial leasing companies.

Insurance Business

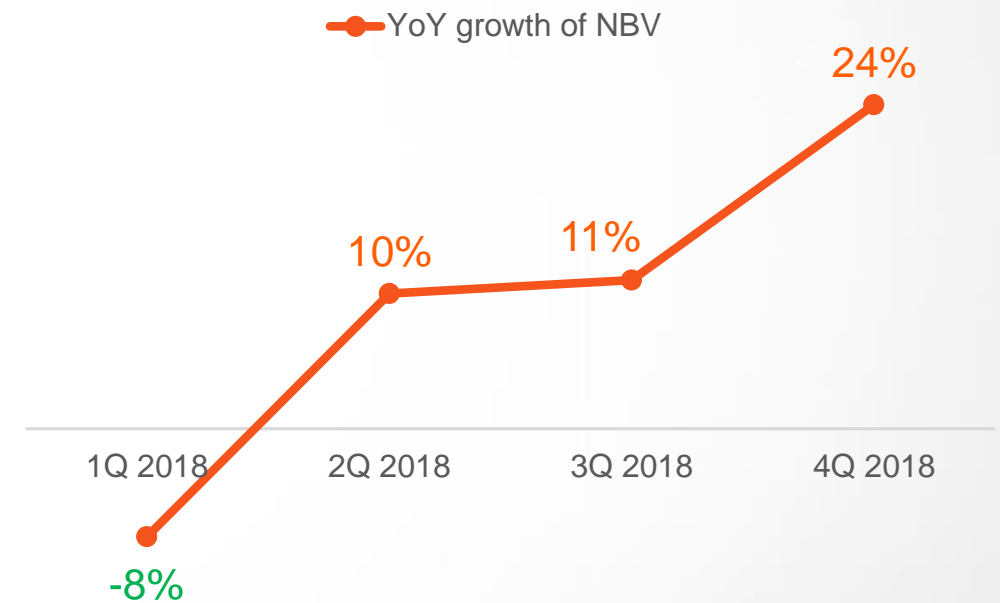
Lee Yuansiong
Co-CEO

Quarterly NBV growth rate accelerated

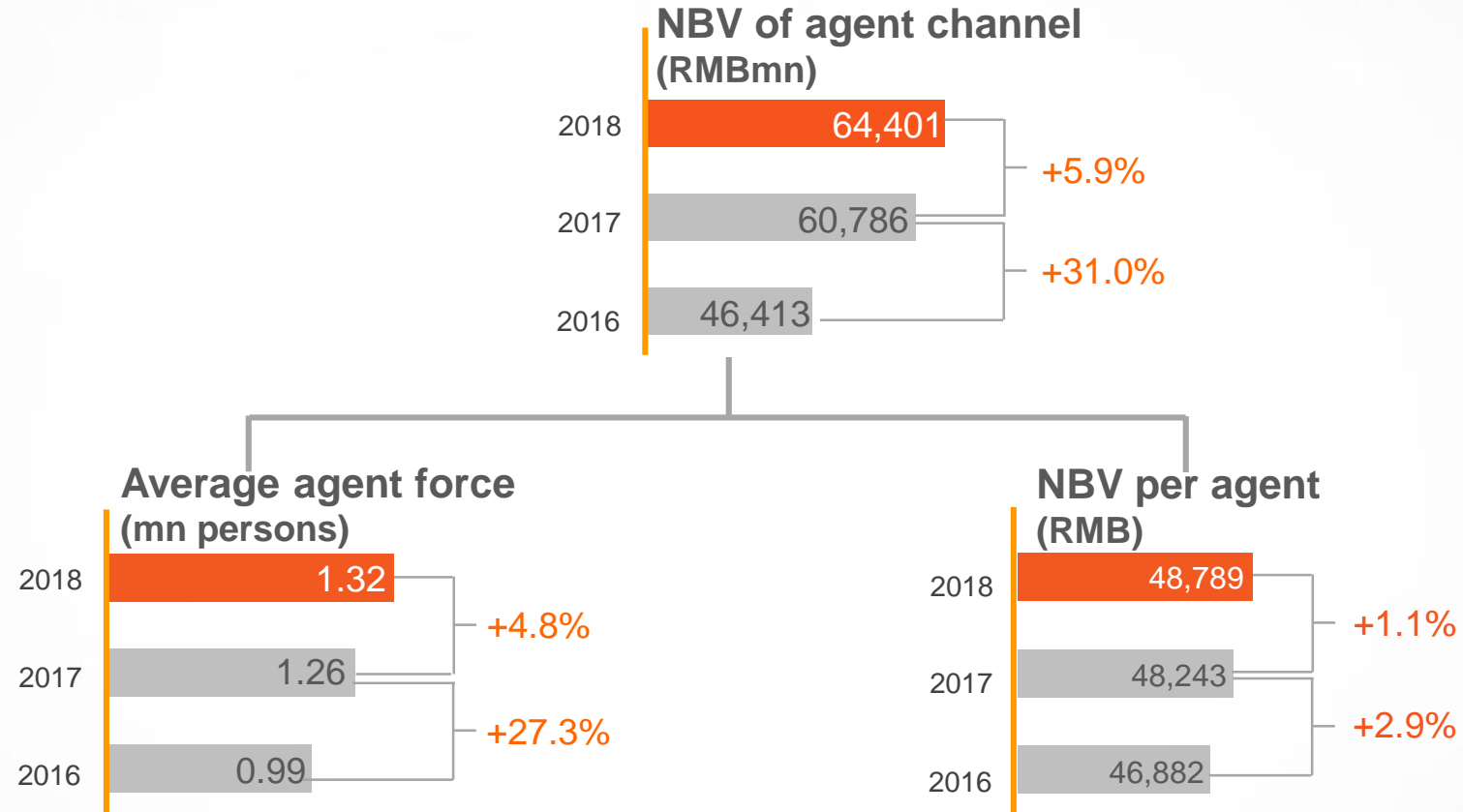
NBV

(in RMB million)	2018	2017	YoY change (%)
Total NBV	72,294	67,357	7.3
Total FYP	165,446	171,547	(3.6)
NBV margin	43.7%	39.3%	4.4 pps

Quarterly YoY growth of NBV



| Sustained growth of NBV per agent

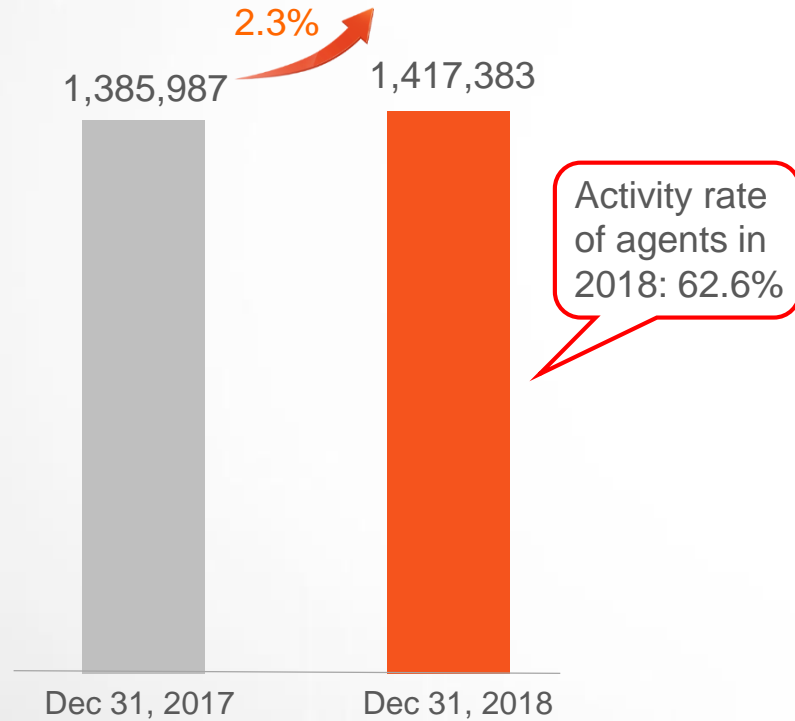


Note: Figures may not match the calculation due to rounding.

| Life agent force rose 2.3% whilst maintaining quality

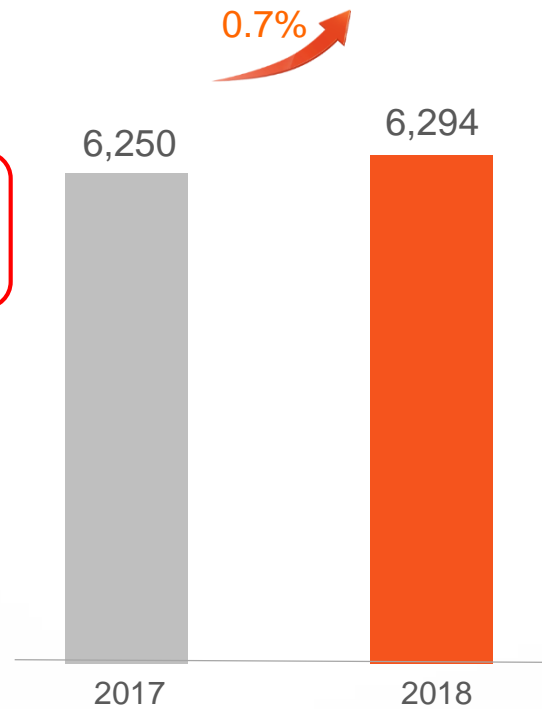
Total agent force

(person)



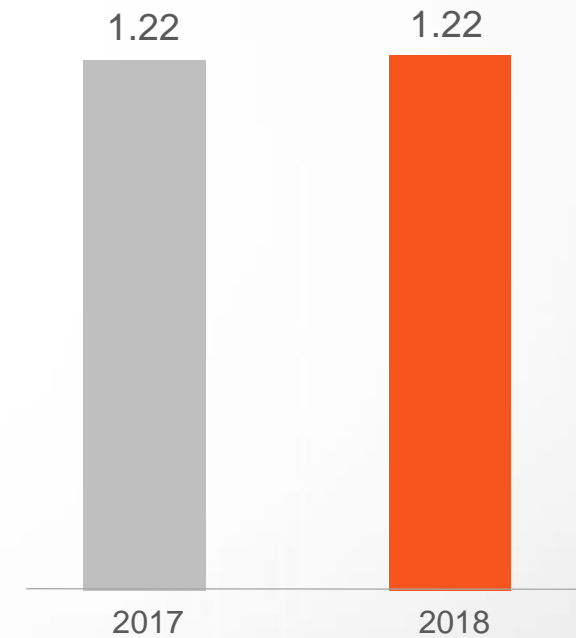
Agent monthly income

(RMB/person/month)



New policies per agent per month

(Policy/person/month)



Note: Activity rate of agents = annual total of monthly agents who issued policies / annual total of monthly onboard agents.

Empower Life Insurance with technologies

Smart Customer Services

- Of the nearly 20 million insurance applications per year, **96%** were underwritten by AI automatically in real time.
- Of the 40 million policy administration cases, **90%** were processed by AI automatically.
- Of the **3.81 million** claims, **60%** were settled within **30 minutes**, the shortest turnaround time being **26 seconds**.
- Designated family doctors were assigned to **60%** or **33 million** of customers, handling **2.2** online consultations per customer. **All** the customers enrolled after 2016 have been assigned family doctors.

Customer Development

Upgraded the “Jin Guan Jia” app

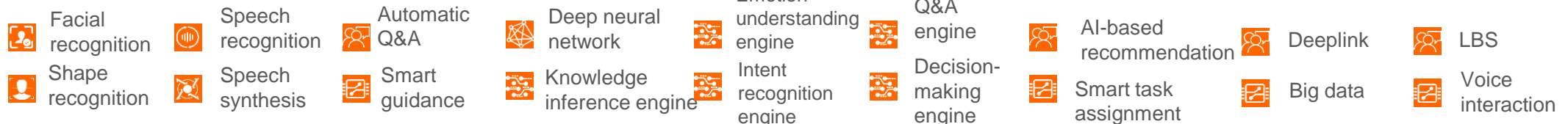
- Recommend products based on precise profiling and develop customers by segment
- **184 million** registered users
- Over **26 million** monthly active users

Sales Management

AI-based screening and interview functionalities went live for the agent channel:

- Applied to **over 11 million** potential agents
- An accuracy rate of **95.4%** in identifying agents who would remain with Ping An for 13 months

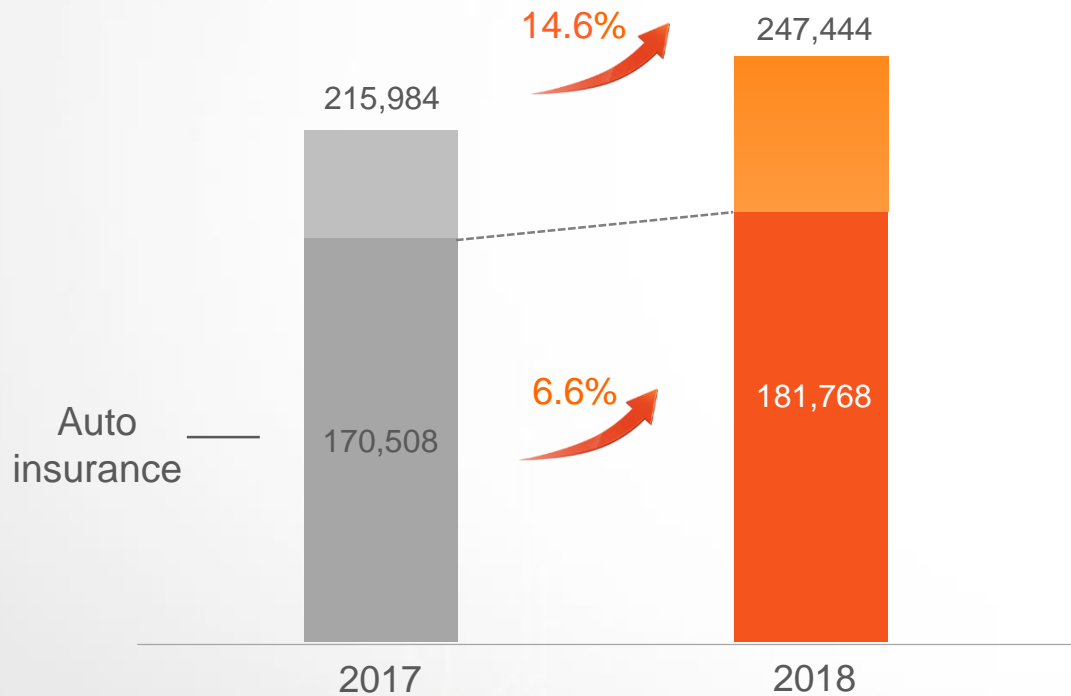
Technical support



| P&C insurance premium income rose 14.6% YoY

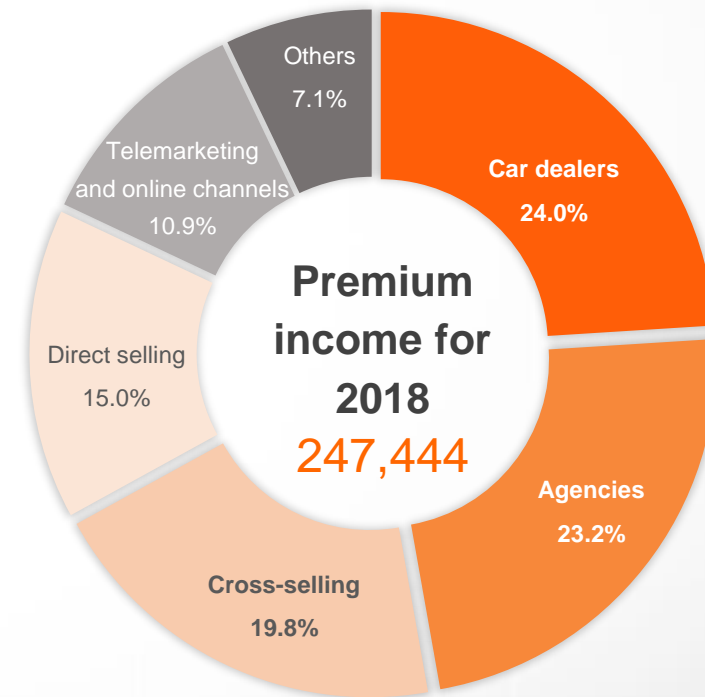
Premium income

(in RMB million)



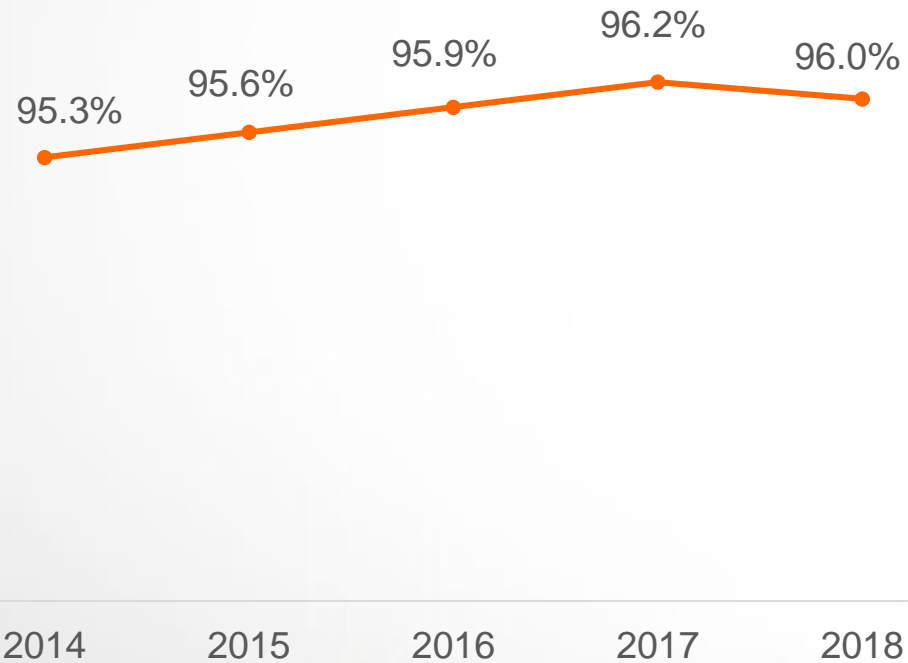
Contribution by channel

(in RMB million)



| P&C combined ratio improved 0.20 pps to 96.0%

Combined ratio



Breakdown of premium income and combined ratio

	Premium income		Combined ratio	
(in RMB million)	Amount	YoY change (%)	Ratio	YoY change (pps)
Auto insurance	181,768	6.6	97.4%	(0.1)
Guarantee insurance	33,012	66.1	88.6%	-
Liability insurance	8,463	34.6	89.9%	(1.3)
Accidental injury insurance	8,422	49.5	82.3%	4.1
Corporate property insurance	5,701	8.9	94.4%	11.6

Empower P&C Insurance with technologies

- The “smart grid” can dynamically assign investigators based on their locations
- The “smart management engine” can automatically plan the optimal paths
- Proportion of daytime auto accidents investigated offline within 5-10 minutes: **96.4%**

**510 City
Superfast
Onsite
Investigation**

**Customer
services/
claims**

- Assessed losses within seconds via “AI-based image recognition” and settled claims online via “facial recognition”
- At present, **62.6%** of claimants use self-service powered by the app

The “Ping An Auto Owner” app:

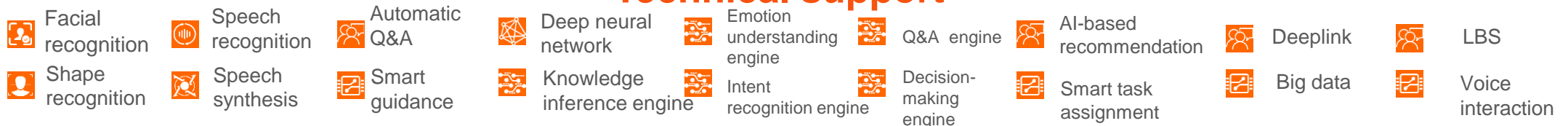
- Over **55 million** registered users
- Over **11 million** monthly active users in December
- Over **34 million** users bundled auto use with the app, **26 million** of whom are also auto insurance customers

**Auto
insurance
customer
development**

**P&C customer
development**

- Provided **over 12,000** corporate customers with disaster/loss prevention services
- Provided **over 400** major engineering projects with risk monitoring services
- Launched **13** major disaster warning/prevention campaigns

Technical support

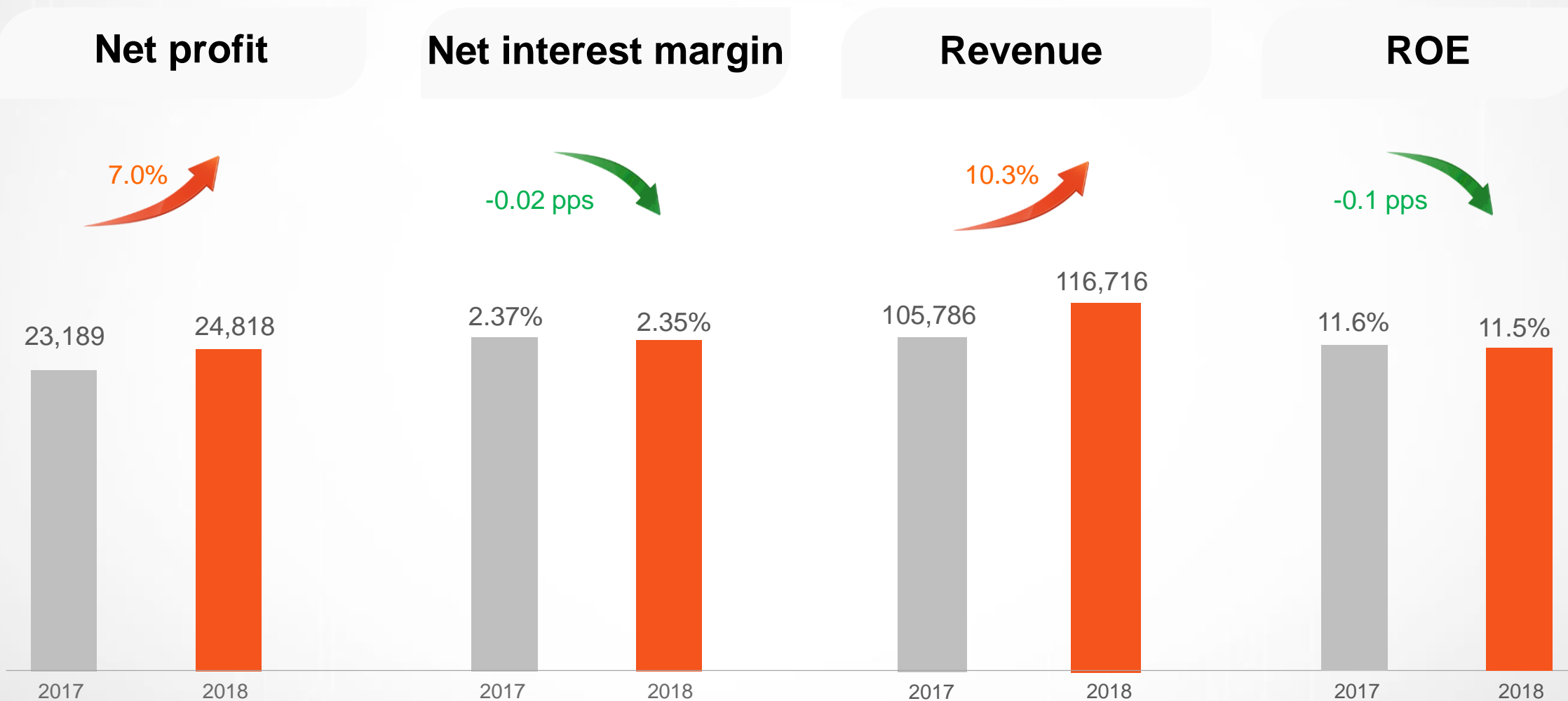


Banking Business

Xie Yonglin
Co-CEO

Net profit of Ping An Bank rose 7% YoY

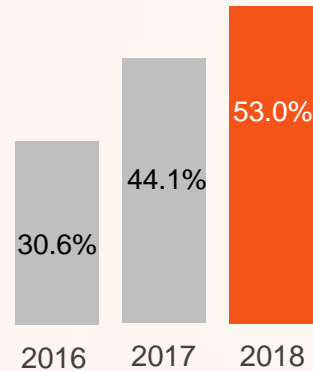
(in RMB million)



Continued execution of retail transformation in FY18

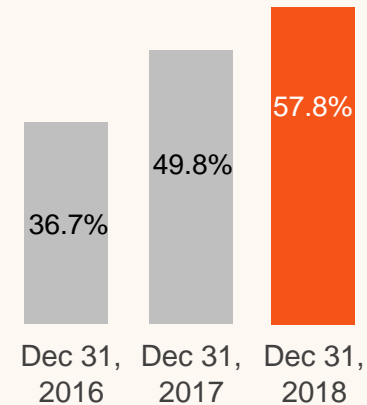
Revenue

% of retail
banking:
53.0%



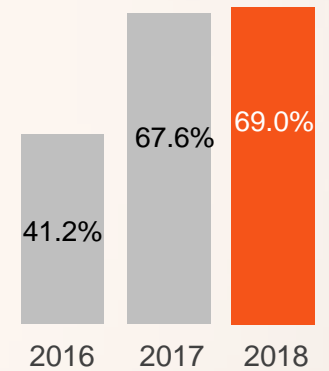
Total loans

% of retail
banking:
57.8%



Net profit

% of retail
banking:
69.0%



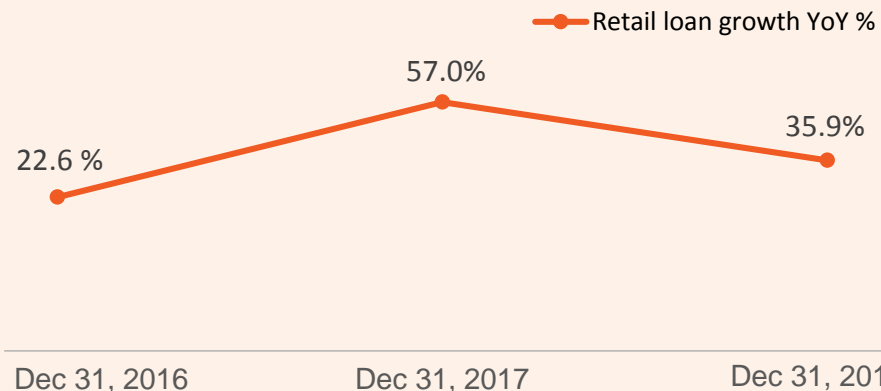
| De-risking: asset quality has improved significantly since 2016

Asset quality improved	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
Percentage of special mention loans	2.73%	3.70%	4.11%
Percentage of loans more than 90 days overdue	1.70%	2.43%	2.75%
Non-performing loan ratio	1.75%	1.70%	1.74%
NPL recognition improved			
Deviation ratio of non-performing loans ⁽¹⁾	97%	143%	158%
Stronger provisioning			
Provision coverage ratio of loans more than 90 days overdue	159.45%	105.67%	98.51%
Provision coverage ratio	155.24%	151.08%	155.37%

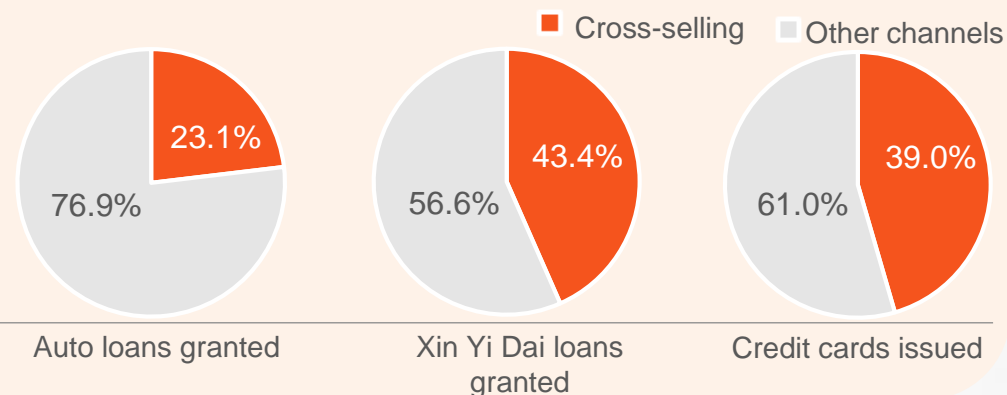
Note: (1) Deviation ratio of non-performing loans = Balance of loans more than 90 days overdue / balance of non-performing loans

Retail loans recorded strong growth and stable quality due to the Group's support

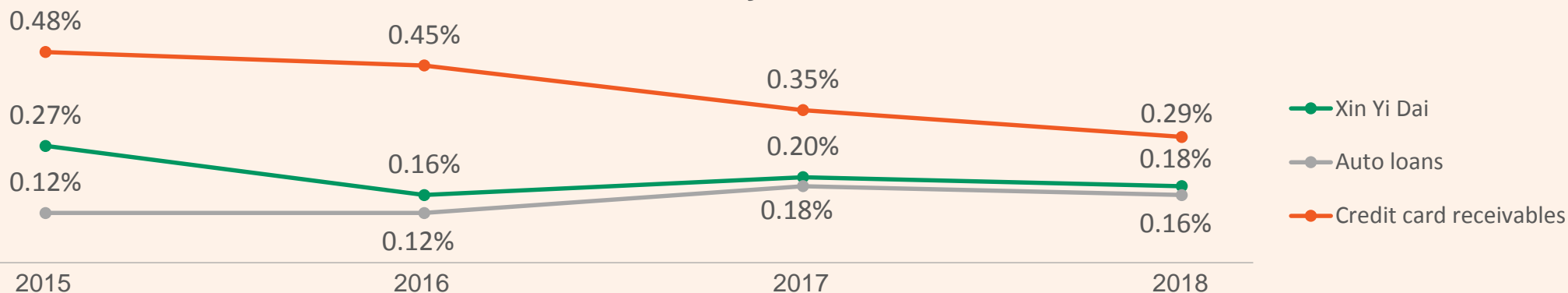
Retail loans grew strongly



Cross-selling channel's contributions to retail banking (2018)



M6 loans more than 30 days overdue



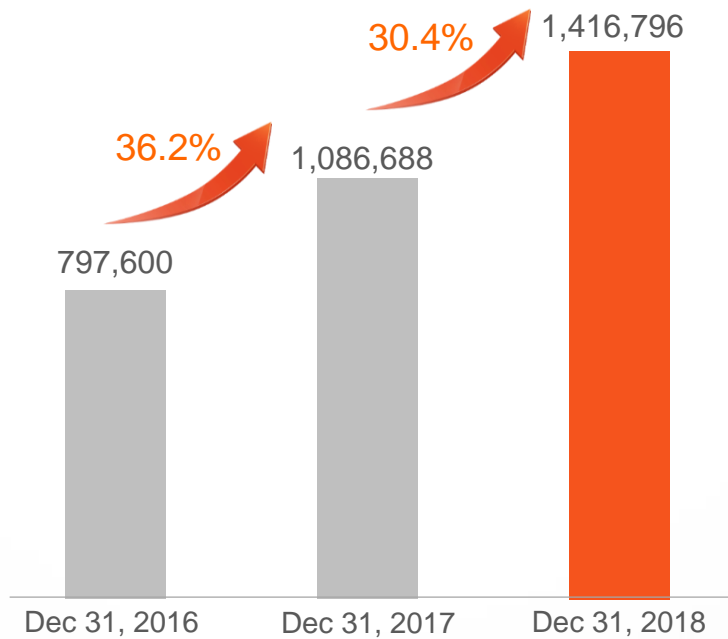
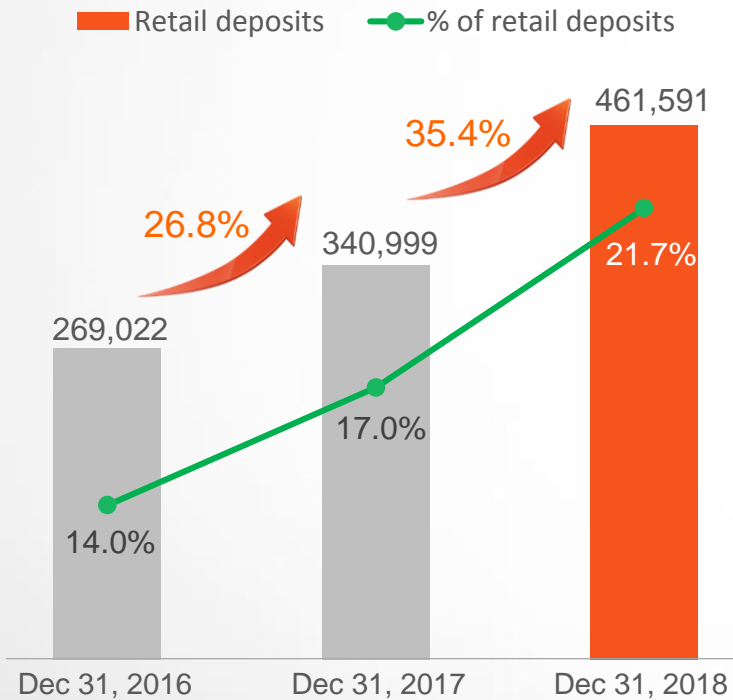
Note: The proportion of loans more than 30 days overdue as at the end of the 6-month vintage period = the balance of current-year new loans or credit card receivables more than 30 days overdue as at the end of the 6-month vintage period / the balance of current-year new loans or credit card receivables that have been on books for 6 months.

| Growing retail deposits

Growing retail deposits

Retail AUM

(in RMB million)



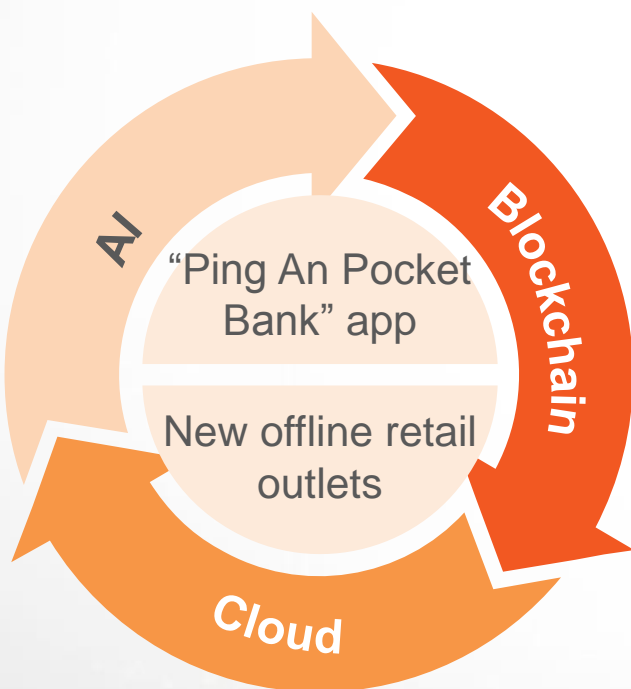
- Increased customer assets and took deposits by adhering to the strategy of customer development and resources allocation
- Raised settlement deposits by developing payroll and acquiring services
- Boosted retail deposits by enhancing active liability products

Empower banking business with technologies

Smart OMO service system

Online: The “Ping An Pocket Bank” app had **25.88 million** monthly active users, up **74.6%** YoY

Offline: Built **136** new offline retail outlets



Increased investment in technology

- IT capital expenditure grew by **82%** YoY in 2018
- IT staff members (including outsourcing personnel) grew to nearly **6,000**, up by **over 44%** from the beginning of 2018



Implemented agile transformation

- Under the lean and agile R&D models, Ping An Bank’s business requirement development deliveries increased by **over 100%** YoY in 2018

Promoted technological innovations

- Ping An Bank applied the robotic process automation (RPA) technology to various use cases, including background checking for corporate account opening; business processing efficiency rose by **over 60%** compared with manual operation

Fintech & Healthtech Business

Jessica Tan
Co-CEO

Technological innovations: Ping An's core technologies lead the Group's innovations

Technology patents

- **12,051** technology patent applications
- **3,397** technology patent applications filed under the Patent Cooperation Treaty (PCT) and abroad

Awards and certifications

- Won the **Wu Wenjun AI Science & Technology Award**
- FiMax won the **IDC FinTech Ranking Real Result Award**

Contests

- Ranked **No.1** in the 2018 SQuAD2.0 contest
- The AI-based medical decision support system defeated doctors by a margin of **86.2-51.5**

Staff

- **99,000** fintech and healthtech staff members
- **29,000** R&D staff members

AI



- **Technology:** The facial and voiceprint recognition technologies have accuracy rates of **99.8%** and **99.7%** respectively.
- **AI + risk management:** **1,500 million+ inquiries** with smart risk management products
- **AI + operations:** Through “510 City Superfast Onsite Investigation” services, **96.4%** of the urban onsite auto claim investigations were processed within 5-10 minutes in daytime in 2018.

Blockchain



- **World-leading technologies:** **50,000+ transactions per second with latency lower than 0.05 seconds**
- **Application:** **The world's largest commercial blockchain platform** covering **over 200** banks, **200,000** enterprises and **500** government and other commercial organizations.

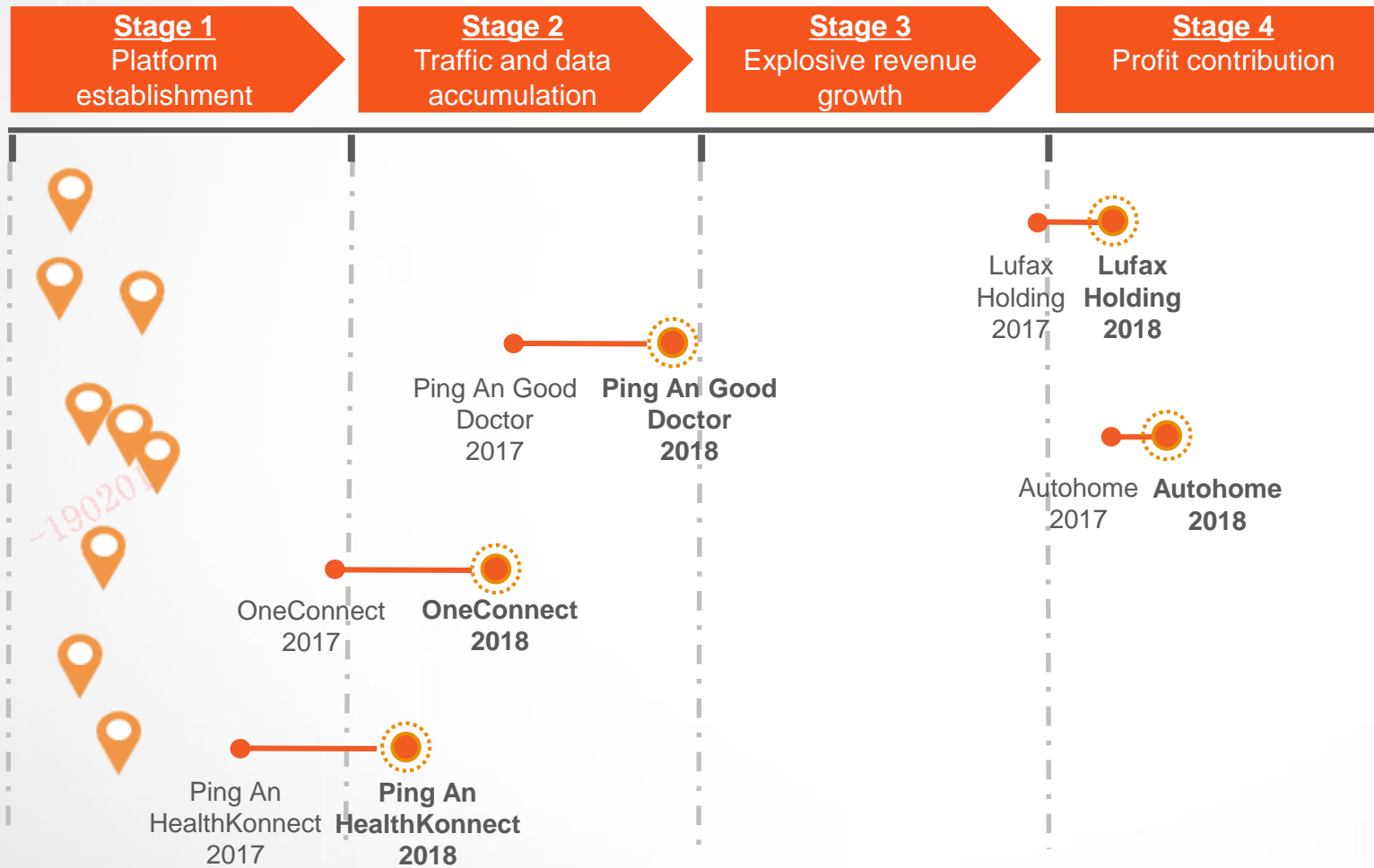
Cloud



- **Technology:** **12** authoritative certifications and **over 400** cloud computing patent applications
- **Application:** Users from **financial services**, **health care** and other industries

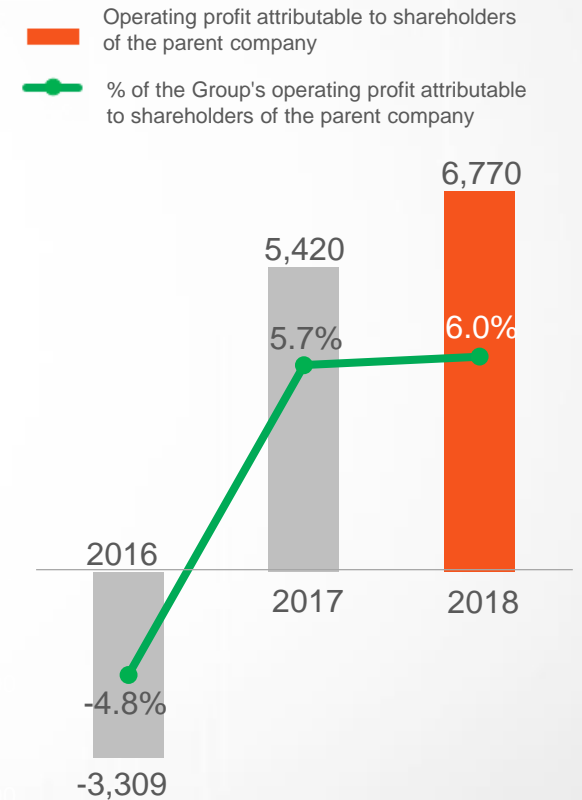
Fintech & healthtech operating profit attributable to shareholders of the parent company up 24.9% YoY

Four stages of incubation of tech companies



Contribution to the Group's operating profit

(in RMB million)



Note: The above stages are classified by the Company based on the operations.

Lufax Holding: the world-leading online wealth management platform and retail lending tech platform

Lufax completed its Series C financing at a post-money valuation of USD**39,400 million**

Customer metrics



40.35 million
+19.3% YoY



11.17 million
+16.2% YoY



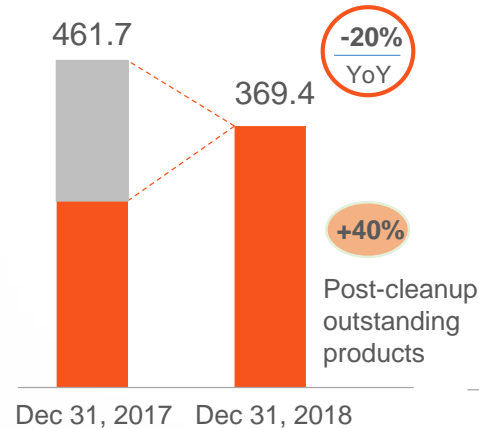
10.28 million
+37.2% YoY

Business metrics

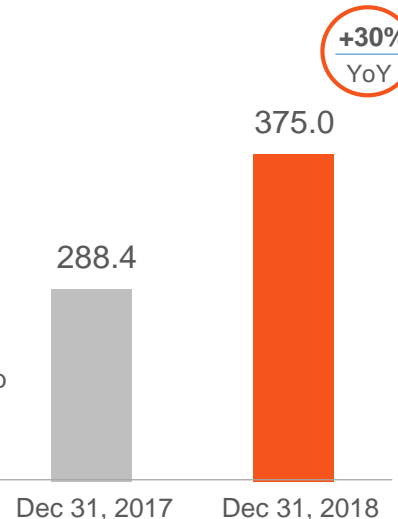
(in RMB billion)

Assets under management

Post-cleanup outstanding products
Legacy products



Loans under management



Business development



Wealth management

Expanding market share in each segment of investment products



Retail lending

Proportion of loans more than 30 days overdue stable at **2.3%** (about 1/3 of other P2P platforms')



Government finance

Smart Fiscal Cloud launched in 3 cities and expanding into other regions

- Wealth management: Lufax Holding is the leading online wealth management platform in China, with a leading market share. AUM stabilized and began to rise in Q4.
- Retail lending: Lufax Holding is the leading non-bank retail lending platform in China, with a steadily growing scale and stable credit quality.
- Government finance: Lufax Holding provides governments with customized smart fiscal management solutions. With first-mover advantages, the solutions have been deployed in several provinces and cities.

OneConnect: Committed to building a world-leading fintech service cloud platform covering the whole industry chain, serving 590 banks, 72 insurers and 2,627 non-bank financial institution customers

Domestic business

Building a fintech service platform covering the whole industry chain

- Focusing on the “technology + business” model, OneConnect provided over **270** systems and **47** product categories, covering front, middle and back offices of financial institutions.
- OneConnect established **5** research institutes and won global awards in areas including AI and blockchain.

Overseas business

Expanding overseas and gaining recognition among foreign customers

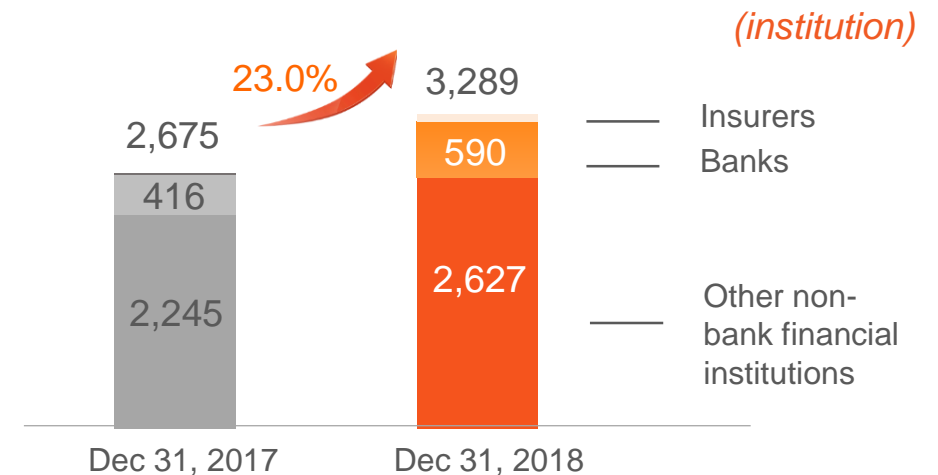
- OneConnect established subsidiaries in Hong Kong, Singapore and Indonesia to serve local financial institutions.
- eTradeConnect, a cross-border trade finance platform in Hong Kong based on OneConnect’s blockchain, was successfully launched.

RMB20.32 trn
up 76.4% YoY
Value of transactions
supported

1,223 mn times
up 527.2%YoY
Smart certification
products used

2.32
24.7%YoY
online products
per partner bank

Financial institutions using OneConnect’s platform



In **early 2018**, OneConnect completed its Series A financing at a post-money valuation of **USD7,500 million**.

Ping An Good Doctor: the largest online health care platform in China; IPO on the HKEX's Main Board on May 4, 2018

Domestic business

Developed a closed loop of online-merge-offline health care services

- Over **1,000** in-house medical staff members
- Over **5,000** contracted external doctors⁽¹⁾
- The 1-hour drug delivery network covers **86** cities across China
- The offline network covers **over 3,000** health care institutions
- Acquired Wanjia Healthcare to develop an offline network

Overseas business

Established a JV with Grab, the largest travel service company in Southeast Asia, to quickly gain a footprint in the mobile health care industry in Southeast Asia via technology export and AI empowerment

2018 Results

Revenue

RMB3,338 million

+78.7% YoY

Revenue of family doctor business

RMB411 million

+69.8% YoY

Registered users

265 million

+37.5% YoY

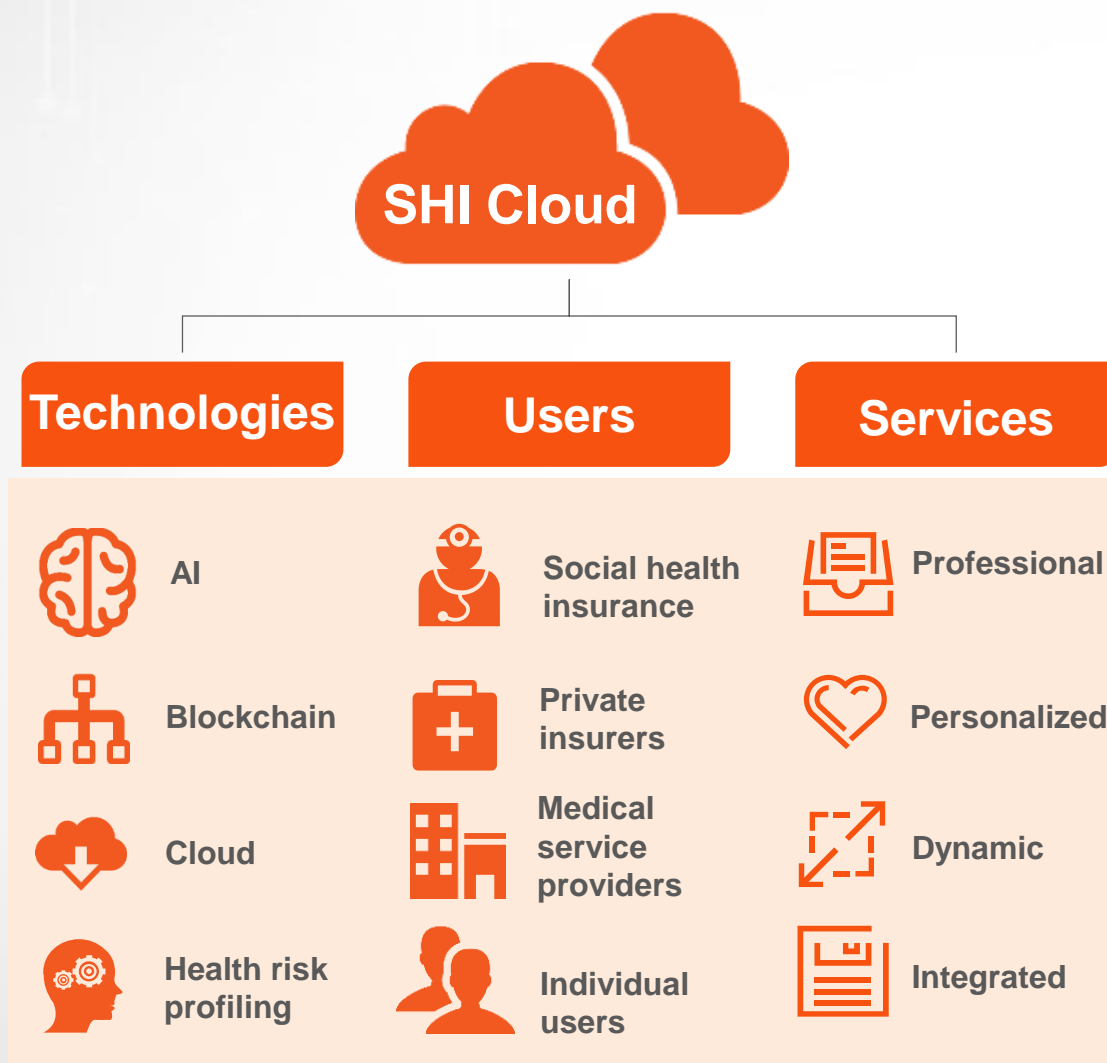
Consultations

407 million

+92.2% YoY

Note: (1) Contracted external doctors are associated chief physicians or above at 3A hospitals.

Ping An HealthKonnnect: committed to becoming China's leading tech-powered managed care service platform



**USD8,800
million**

Post-money valuation
USD1,150 million financing in early 2018

200+

Cities serviced
SHI and private insurance management services

5,000+

Hospitals connected

69

Cities covered
The "City OneConnect" app

Autohome: We have accelerated transformation in smart era 3.0, empowered merchants with AI and cloud, and formed a closed loop

Online



Browsing Car purchase Car use Car selling Learn to drive

AI smart platform

Smart marketing Smart customer services Smart trading Smart finance

Offline

Car manufacturers Dealers Secondary dealers Used car dealers Garages Driving schools

In 2018, revenue excluding direct vehicle sales grew **35.4%** YoY to RMB**7.23** billion, of which online marketplace business accounted for **11.8%**



Online traffic

The “Autohome” app had an average of **29 million** independent user visits per day, up **10%** YoY.



Closed-loop trading

Strategic investment in ttpai.cn.
Facilitated **RMB15,800 million** worth of financial lending and insurance transactions



Cloud platform

Covering over **90%** of service providers nationwide: **90+** auto assembly plants, **20,000+** new car dealers, **30,000+** second-hand car dealers and **70,000+** garages

Smart City: “1+N” smart city platforms covering government services, economic development and people’s livelihood

“1+N” platforms covering sectors under 3 concepts



Smart City Cloud

Main achievements

Nationwide expansion

- Built in **over 100 Chinese cities**
- As well as countries and regions **involved in the Belt and Road Initiative**

Government services

Smart Government: Overseeing **3.1 million** business entities; won the **Innovative Business Award** in the 2018 “Internet + Government Service” Contest

Economic development

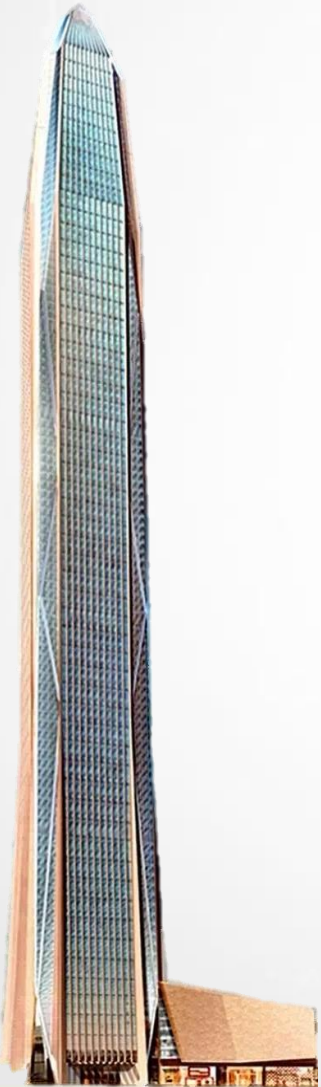
Smart Economy & Trade: The “Shenzhen Digital Economy and Trade Platform” enables economic analysis via **4,300** indicators, helping the government to strengthen business administration and servicing capabilities. The platform was among the **Top 50 “Internet + Government Service” Cases** in 2018.

People’s livelihood

Smart Life: The “i Shenzhen” app enables **over 700** online services, **sparing citizens the trouble of visiting government departments in person.**

Honors and Awards

Rising on Fortune 500 list



2018	No.29
	↑ 10
2017	No.39
	↑ 2
2016	No.41
	↑ 55
2015	No.96
	↑ 32
2014	No.128
	↑ 53
2013	No.181
	↑ 61
2012	No.242
	↑ 86
2011	No.328
	↑ 55
2010	No.383
	↑ 79
2008	No.462

Founded in 1988

Widely honored



- No.10 on the “Forbes Global 2000” list, No.1 among insurance conglomerates across the world, and No.1 among Chinese insurers on the list

Brand Finance®

- No.1 on the “Brand Finance Insurance 100 2018” list



- No.43 on Millward Brown’s “BrandZ Top 100 Most Valuable Global Brands 2018” list, again No.1 among global insurance brands, and No.3 among global financial brands on the list

- No.8 on the “BrandZ Top 100 Most Valuable Chinese Brands 2018” list, No.1 among Chinese insurance brands, and No.2 in China’s financial industry

Interbrand

- No.6 on Interbrand’s “Best China Brands 2018” list

Institutional Investor

- “Most Honored Company,” “Best CEO” and “Best CFO” on the Institutional Investor magazine’s “2018 All-Asia Executive Team Rankings” list

中国平安

金融 · 科技

Q&A

| Appendices: 2018 Group operating profit (Table A-1)

	See Table B	See Table C	See Table D	See Table E	See Table F				
	Life & Health	P&C	Banking	Trust	Securities	Other Asset Management	Fintech & Healthtech	Other businesses and elimination	Group
<i>(in RMB million)</i>									
Net profit attributable to shareholders of the parent company	57,914	12,215	14,394	3,008	1,599	8,264	14,006	(3,996)	107,404
Non-controlling interests	843	59	10,424	4	81	753	978	(94)	13,048
Net profit (A)	58,757	12,274	24,818	3,012	1,680	9,017	14,984	(4,090)	120,452
Excluding:									
Short-term investment return variance (B)	(12,853)	-	-	-	-	-	-	-	(12,853)
Impact of discount rate change (C)	265	-	-	-	-	-	-	-	265
Impact of one-off material non-operating items (D)	-	-	-	-	-	-	7,236	-	7,236
Operating profit (E = A – B – C – D)	71,345	12,274	24,818	3,012	1,680	9,017	7,748	(4,090)	125,804
Operating profit attributable to shareholders of the parent company	70,320	12,215	14,394	3,008	1,599	8,264	6,770	(3,996)	112,573
Operating profit attributable to non-controlling interests	1,026	59	10,424	4	81	753	978	(94)	13,231

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

| Appendices: 2017 Group operating profit (Table A-2)

	See Table B	See Table C	See Table D	See Table E	See Table F				
	Life & Health	P&C	Banking	Trust	Securities	Other Asset Management	Fintech & Healthtech	Other businesses and elimination	Group
<i>(in RMB million)</i>									
Net profit attributable to shareholders of the parent company	35,658	13,307	13,449	3,953	2,043	7,108	16,270	(2,700)	89,088
Non-controlling interests	485	65	9,740	4	80	395	68	53	10,890
Net profit (A)	36,143	13,372	23,189	3,957	2,123	7,503	16,338	(2,647)	99,978
Excluding:									
Short-term investment return variance (B)	4,532	-	-	-	-	-	-	-	4,532
Impact of discount rate change (C)	(21,213)	-	-	-	-	-	-	-	(21,213)
Impact of one-off material non-operating items (D)	-	-	-	-	-	-	10,850	-	10,850
Operating profit (E = A – B – C – D)	52,824	13,372	23,189	3,957	2,123	7,503	5,488	(2,647)	105,809
Operating profit attributable to shareholders of the parent company	52,128	13,307	13,449	3,953	2,043	7,108	5,420	(2,700)	94,708
Operating profit attributable to non-controlling interests	696	65	9,740	4	80	395	68	53	11,101

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

| Appendices: Life & Health earnings (Table B)

Source of Profit Analysis

<i>(in RMB million)</i>	2018	2017	Notes
Release of residual margin	62,287	49,811	A
Return on net worth	8,959	7,357	
Spread income	5,048	5,637	
Operating variance and others	21,749	10,108	
Operating profit before tax	98,043	72,912	
Income tax	(26,698)	(20,088)	
Operating profit after tax	71,345	52,824	See Table A
Net profit	58,757	36,143	See Table A

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

Residual Margin

<i>(in RMB million)</i>	2018	2017	Note
Opening residual margin	616,319	454,705	
Contribution from new business	177,485	168,426	
Expected interest growth	28,498	22,642	
Release of residual margin	(62,287)	(49,811)	A
Lapse variances and others	26,617	20,357	
Closing residual margin	786,633	616,319	

| Appendices: P&C earnings (Table C)

<i>(in RMB million)</i>	2018	2017	Notes
Premium income	247,444	215,984	
Net earned premiums	211,918	188,219	B
Claim expenses	(116,305)	(106,474)	
Commission expenses	(49,337)	(38,973)	
Administrative expenses	(44,760)	(41,886)	
Reinsurance commission revenue	6,964	6,226	
Underwriting profit	8,480	7,112	D = B x (1-C)
Combined ratio	96.0%	96.2%	C
Total investment income	11,016	11,667	E = F x G
Average P&C investment assets	249,576	219,006	F
P&C total investment yield	4.4%	5.3%	G
Other net revenue and expenses	19	120	
Profit before tax	19,515	18,899	
Income tax	(7,241)	(5,527)	
Net profit	12,274	13,372	See Table A

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

| Appendices: Banking earnings (Table D)

<i>(in RMB million)</i>	2018	2017	Notes
Net interest revenue	74,745	74,009	H = I x J
Average interest earning assets	3,186,151	3,120,038	I
Net interest margin	2.35%	2.37%	J
Net non-interest revenue	41,971	31,777	
Revenue	116,716	105,786	K
General and administrative expenses	(35,391)	(31,616)	L = - (K x M)
Cost-to-income ratio	30.32%	29.89%	M
Loan impairment loss	(43,657)	(40,803)	N = - (O x P)
Average balance of loans (including bill discount)	1,858,353	1,602,503	O
Credit cost	2.35%	2.55%	P
Other expenses	(5,437)	(3,210)	
Profit before tax	32,231	30,157	
Income tax	(7,413)	(6,968)	
Net profit	24,818	23,189	See Table A

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

| Appendices: Trust earnings (Table E)

(in RMB million)

	2018	2017	Notes
Fees and commission revenue	3,801	4,292	Q = R x S
Monthly average assets held in trust	588,788	651,302	R
Fee rate of assets held in trust	0.65%	0.66%	S
Fees and commission expenses	(116)	(276)	
Net fees and commission revenue	3,685	4,016	
Administrative expenses	(1,039)	(1,319)	
Total investment income	1,104	2,236	
Other net revenue and expenses	163	42	
Profit before tax	3,913	4,975	
Income tax	(901)	(1,018)	
Net profit	3,012	3,957	See Table A

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

| Appendices: Securities earnings (Table F)

<i>(in RMB million)</i>	2018	2017	Notes
Fees and commission revenue	4,014	4,255	
Fees and commission expense	(847)	(811)	
Net fees and commission revenue	3,167	3,444	
Total investment income	4,654	3,321	
Other revenue	2,928	2,196	
Revenue	10,749	8,961	T
Administrative expenses	(3,497)	(3,632)	U = - (T + W) x V
Cost-to-income ratio	52.7%	53.5%	V
Finance costs	(1,125)	(580)	
Other expenses	(4,113)	(2,170)	W
Profit before tax	2,014	2,579	
Income tax	(334)	(456)	
Net profit	1,680	2,123	See Table A

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