

中国平安 PINGAN

金融 · 科技

2021 First Quarter Results

April 2021



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.

Business highlights for 1Q 2021

Group

- Operating profit attributable to shareholders of the parent company rose by **8.9%** year on year to **RMB39,120 million**. Annualized operating ROE was **20.0%**.

Customer development

- Retail customers **totaled over 220 million** as of March 31 2021. There were **84.57 million** retail customers holding multiple contracts with different subsidiaries, an increase to **38.3%** of the total.

L&H insurance

- New business value (NBV) of L&H insurance business increased by **15.4%** year on year to **RMB18,980 million**. Operating profit rose steadily by **4.2%** year on year to **RMB25,580 million**. Moreover, Ping An Life's reform has entered its comprehensive rollout and execution stage.

P&C insurance

- Ping An Property & Casualty's combined ratio **improved by 1.3 pps** year on year to **95.2%**. Operating profit grew by **15.2%** year on year to **RMB5,119 million**.

Banking

- Ping An Bank's net profit grew by **18.5%** year on year to **RMB10,132 million**. Non-performing loan ratio **improved by 0.08 pps** year to date to **1.10%**; provision coverage ratio **rose by 44 pps** year to date to **245%**.

Technology

- Ping An's technology patent applications increased by **1,100** year to date to **32,512**, more than most of international financial institutions'.

Financial performance for 1Q 2021

(in RMB million)

Operating profit⁽¹⁾

39,120

+8.9%

Net profit⁽¹⁾

27,223

+4.5%

NBV⁽²⁾

18,980

+15.4%

Annualized
operating ROE

20.0%

-1.2 pps

Notes: (1) Both the operating profit and the net profit are attributable to shareholders of the parent company.

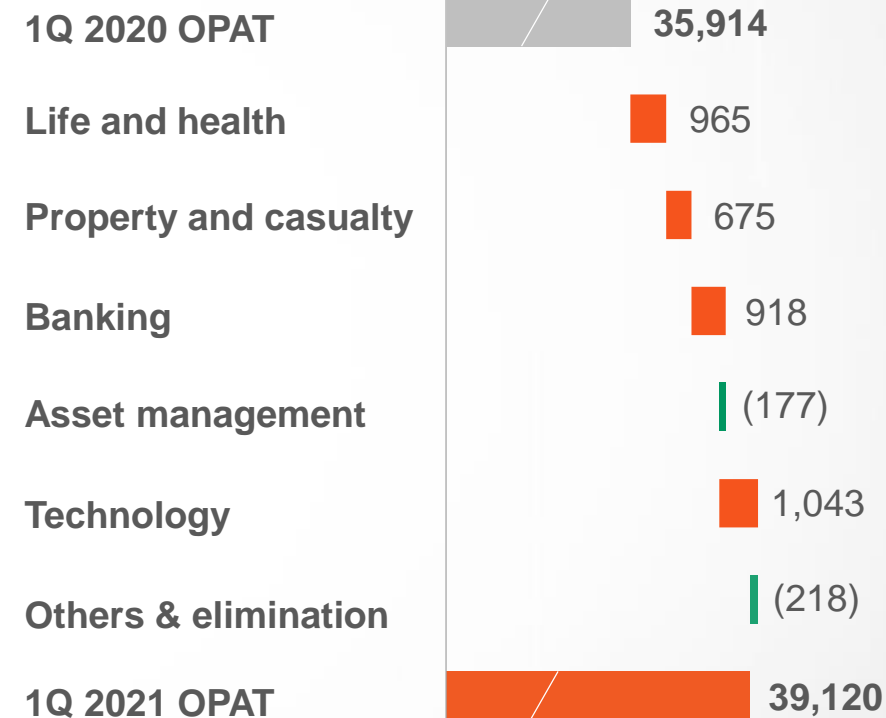
(2) The computation of NBV is based on the 11.0% risk discount rate.

Group operating profit rose 8.9% YoY

(in RMB million)

	1Q 2020	Proportion (%)	YoY Change (%)
Life and health	25,267	64.6	4.0
Property and casualty	5,096	13.0	15.3
Banking	5,872	15.0	18.5
Trust	240	0.6	(73.4)
Securities	771	2.0	(4.0)
Other asset management ⁽¹⁾	1,269	3.2	68.8
Technology ⁽²⁾	2,333	6.0	80.9
Others & elimination	(1,728)	(4.4)	14.4
The Group	39,120	100.0	8.9

Operating profit growth drivers



Notes: (1) The other asset management business represents the results of subsidiaries that engage in asset management business including Ping An Asset Management, Ping An Financial Leasing, and Ping An Overseas Holdings.

(2) The technology business represents the results of subsidiaries, associates and jointly controlled entities that engage in technology business including Autohome, Lufax Holding, OneConnect, Ping An Good Doctor, and Ping An HealthKconnect.

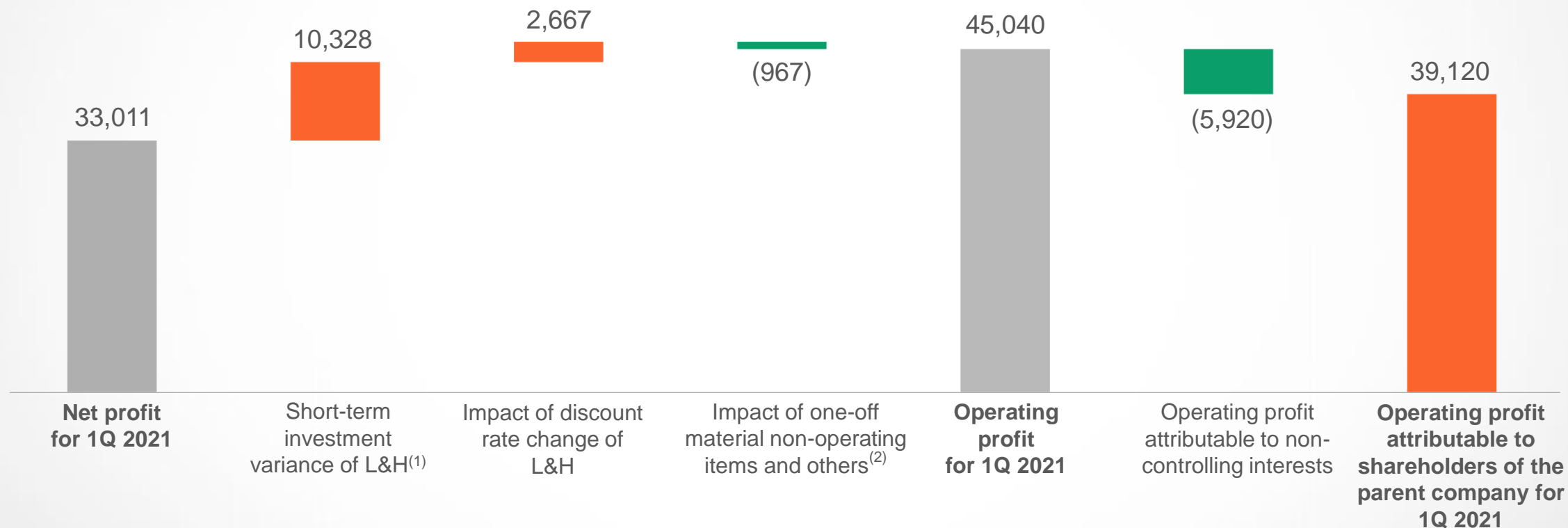
(3) Operating profit refers to the operating profit attributable to shareholders of the parent company.

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

Operating profit excluded non-operating items and others to reflect underlying performance

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

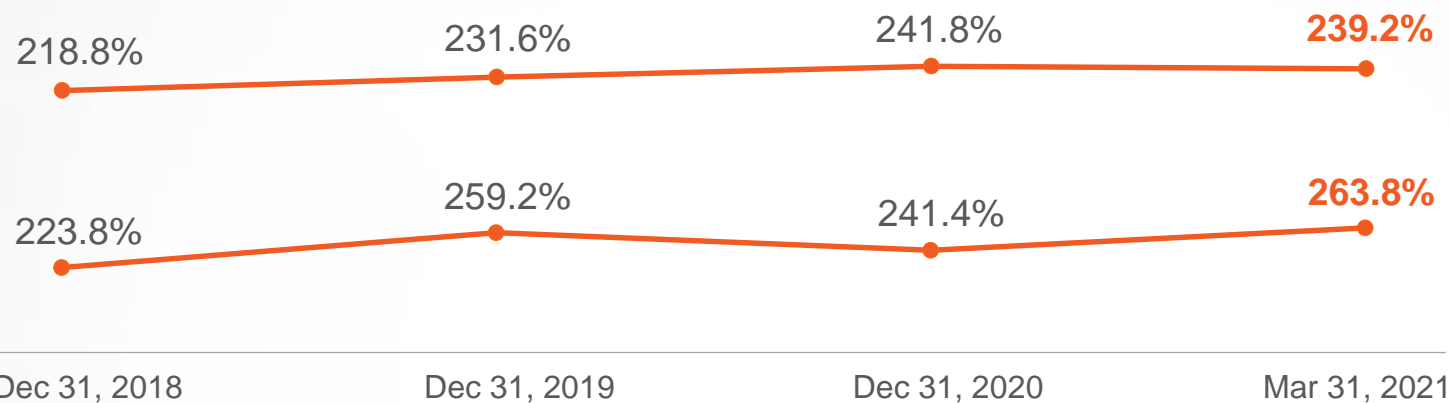
(in RMB million)



- Notes: (1) Short-term investment variance is the variance between the actual investment return and the EV long-run investment return assumption (5%), net of the associated impact on insurance and investment contract liability.
 (2) The impact of one-off non-operating items and others is the impact of material items that management considered to be non-operating incomes and expenses. In 1Q 2021, such impact comprised the revaluation gain on the convertible bonds issued by Lufax Holding to the Group.
 (3) Ping An made provisions for impairment losses and adjusted the valuations of investments related with China Fortune Land Development in the first three months of 2021. The impairment provisions and valuation adjustments totaled RMB18.2 billion, reducing net profit after tax attributable to shareholders of the parent company by RMB10 billion and operating profit after tax attributable to shareholders of the parent company by RMB2.9 billion.
 (4) Figures may not match the calculation due to rounding.

Stable capital position

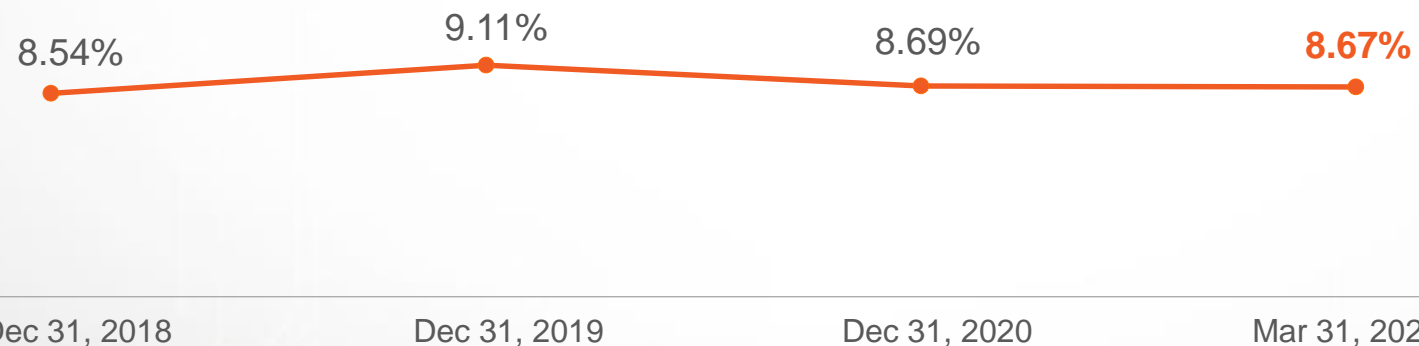
Comprehensive solvency margin ratios significantly exceeded regulatory requirements



Ping An Life
(regulatory requirement:
core solvency margin ratio \geq 50%,
comprehensive solvency margin ratio \geq 100%)

Ping An P&C
(regulatory requirement:
core solvency margin ratio \geq 50%,
comprehensive solvency margin ratio \geq 100%)

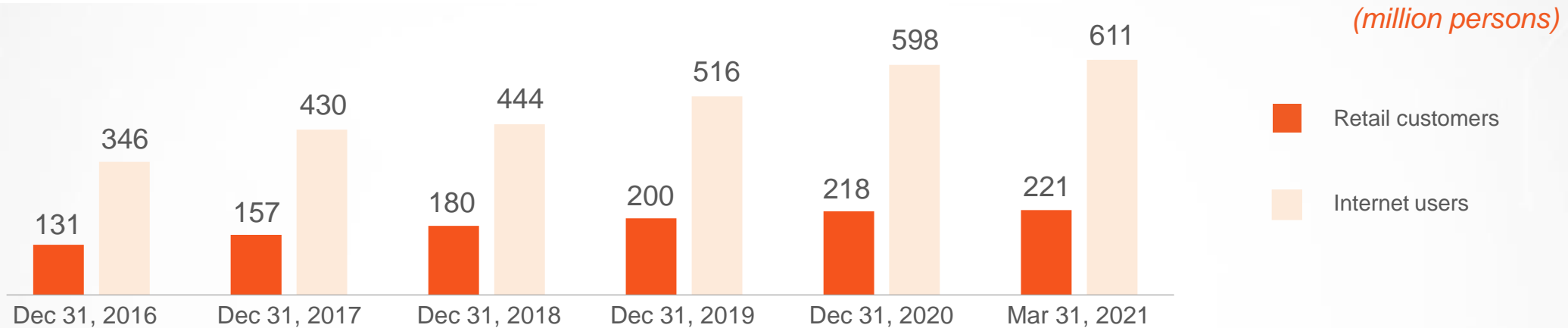
Core tier 1 capital adequacy ratio above regulatory minimum



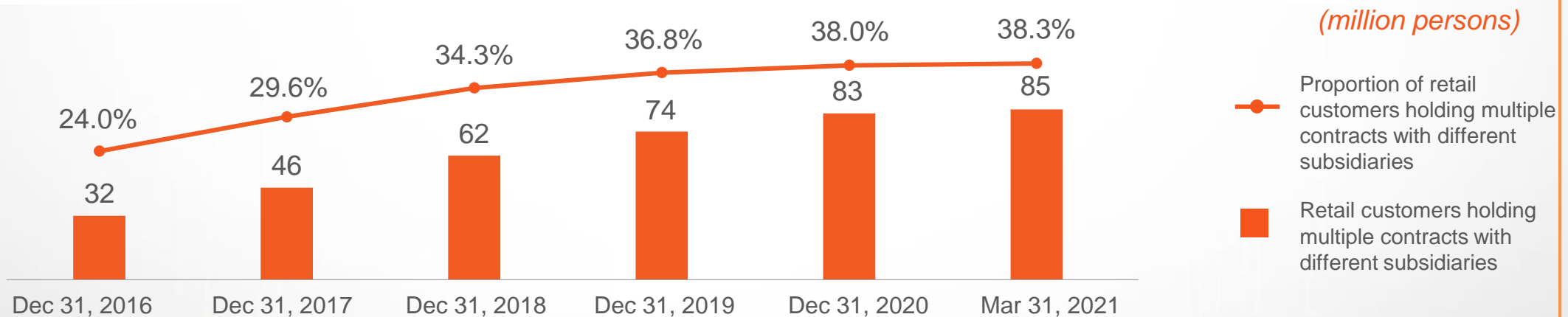
Ping An Bank
(regulatory requirement \geq 7.5%)

Retail integrated finance: growing retail customer base and cross-selling penetration

Significant potential to further penetrate our 611 million internet users



Cross-selling penetration ratio has increased materially despite rapid growth in customers



Notes: (1) At the end of 2019, we optimized the definitions of retail customers and internet customers by removing customers with complimentary insurance from retail customers and unique users of suspended internet platforms from internet users. Moreover, we restated the data for the comparable periods of 2017 and 2018.

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

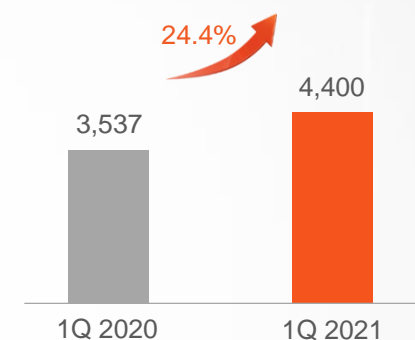
Corporate integrated finance: significant customer development results boosting business scale

“1+N” corporate business model

<p>Clear customer development approaches</p>	<p>Strategic/large customers and government customers</p> <ul style="list-style-type: none"> Integrating the Group's four major capabilities (namely <i>investment research, investment banking, asset-liability management, and supply chain services</i>) Providing tailor-made integrated finance solutions 	<p>Micro-, small and medium-sized business customers</p> <ul style="list-style-type: none"> Building a uniform customer development platform and standardized products through technological empowerment Online and mass customer acquisition and development 	<p>Financial institution customers</p> <ul style="list-style-type: none"> Driven by expertise and technology Pooling the expertise of trading teams across the Group, and promoting empowerment in terms of strategies, evaluation and risk management
<p>Breakthroughs in three models</p>	<p>Sophisticated investment and financing model</p> <ul style="list-style-type: none"> In six areas including infrastructure, mixed ownership reform and M&As, we set up task forces and established 18 benchmarking models We established an expert database and a case database to empower account managers 	<p>Simple, standard model</p> <ul style="list-style-type: none"> We reshaped the “Ping An Digital Pocket” app which has over one million corporate registered users, realizing the cross-company development of corporate customers Thanks to the synergies between retail and corporate businesses, we established the profiles of small and micro-businesses, and supported the open bank and Ping An Life's customer acquisition We built a strong middle office 	<p>Transaction collaboration model</p> <ul style="list-style-type: none"> We conducted uniform strategy research and established a strategy committee to effectively improve the accuracy of research and judgment Unified risk warning and reminding
<p>Technological empowerment</p>	<p>System We built a smart middle office to empower the three models, and achieved online data-driven operations</p>	<p>Data We launched databases covering regional taxation, employment and investment flows to present whole pictures of regional cooperation</p>	

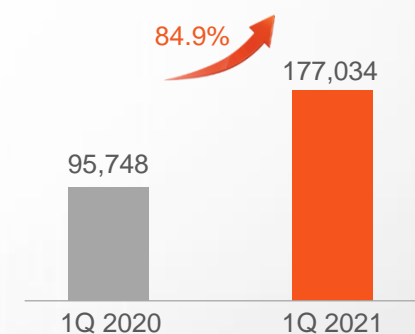
Corporate premiums achieved through cross-selling⁽¹⁾

(in RMB million)



New financing scale achieved through corporate business cross-selling⁽²⁾

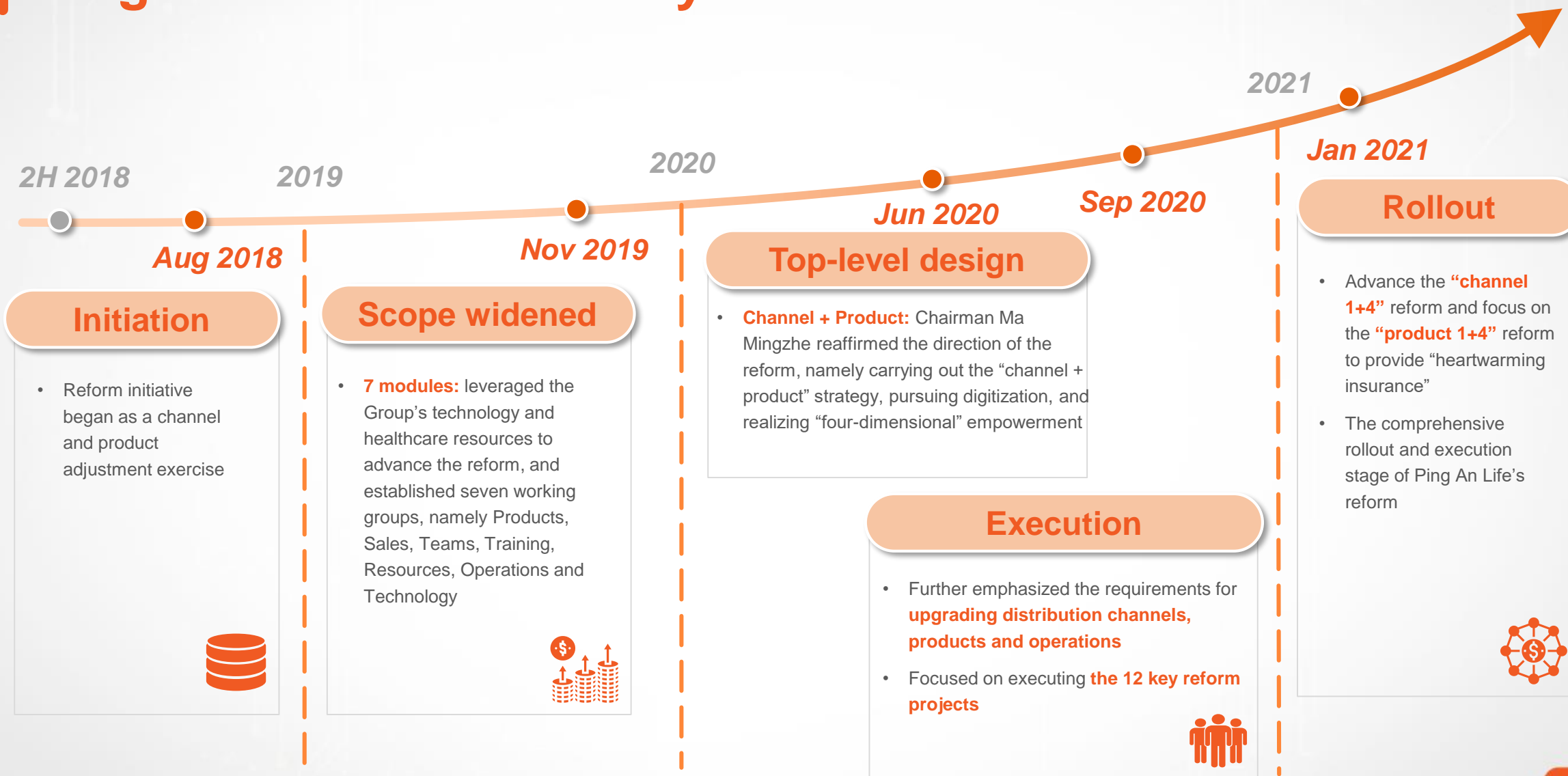
(in RMB million)



Notes: (1) Corporate premiums achieved through cross-selling refer to written premiums of insurance policies sold by the Group to corporate customers through cross-selling.

(2) New financing scale achieved through corporate business cross-selling refers to the scale of new financing projects achieved by the Group's member companies through cross-selling.

Ping An Life's reform: key timeline



Ping An Life's reform: boost operational efficiency and lay a foundation for high-quality development via "channel 1+4"

Build the evaluation framework of "5-star outlets with strong performance, high quality, and good behavior"

Strong performance

High quality

Good behavior

1

Evaluation
framework

+

4

Reform
projects

Digital business outlets

Empower business outlets
in all aspects

**Digital agent
recruitment**

Launch the new
E-recruitment platform

Smart training

Upgrade training with
real-life sales scenarios

Activity management

Improve customer
development processes

Main
channels

Agent channel

Bancassurance channel

Other channels

1

Basic
management
procedure
for sales
agents

Dynamically revised the basic management procedure for sales agents
Vitalize teams by implementing benefit plans and piloting a business outlet manager care plan

Ping An Life's reform: build competitive moat by developing service system via "product 1+4"

Build a leading brand in the "pan health management" service industry

Targets

- **Overall target:** provide one-stop healthcare services according to customer needs
- **Target customers:** high-end and middle-class customers

1+4 Services



1 dedicated doctor for 1 customer



Health management



Chronic disease management



Critical illness management



Eldercare management

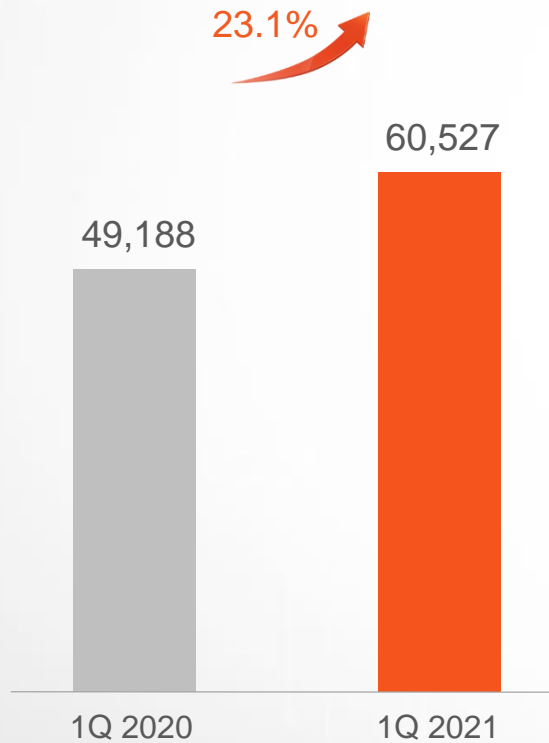
Progress

- **Critical illness+ and chronic disease+:** upgraded "Ping An Fu" and "Man Fen," and penetrated the mid- to high-end market by rolling out new **critical illness insurance products that allow multiple claims**
- **Health+:** set up the brand-new "Zhen Xiang RUN" service framework to match insurance products with graded "RUN" programs and provide value-added health services in multiple scenarios
- **Eldercare+:** proactively sought market opportunities by further promoting **long-term savings products**

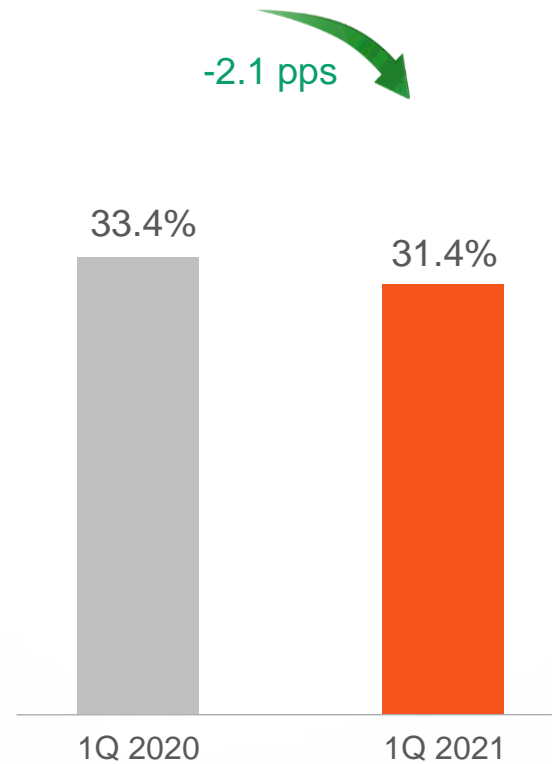
Life & Health: operations stabilized and NBV grew 15.4% YoY

(in RMB million)

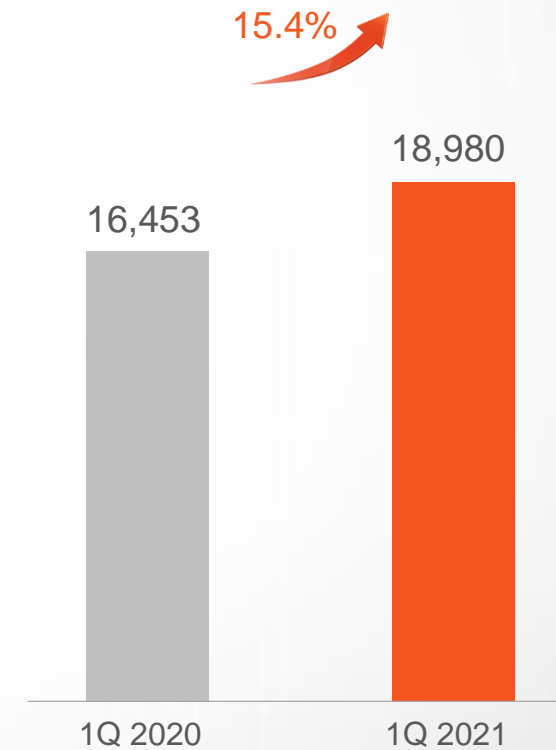
FYP used to calculate NBV



NBV margin



NBV

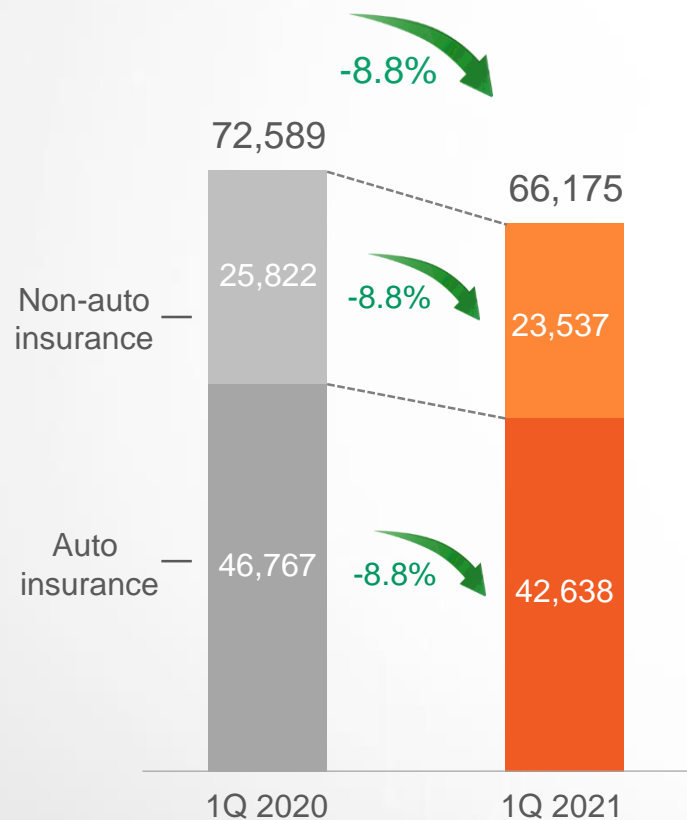


Note: Figures may not match the calculation due to rounding.

P&C: combined ratio improved despite declining premiums

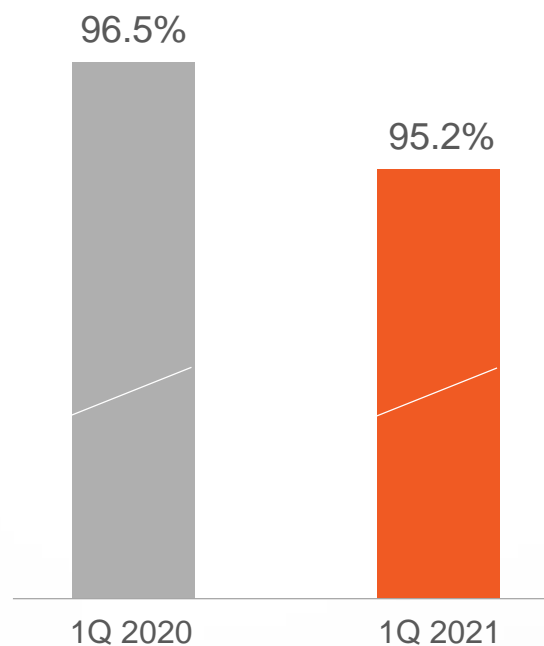
(in RMB million)

Premium income



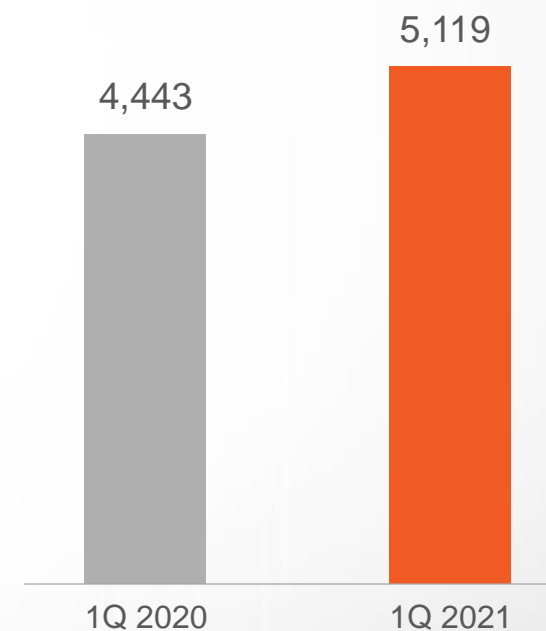
Combined ratio

-1.3 pps



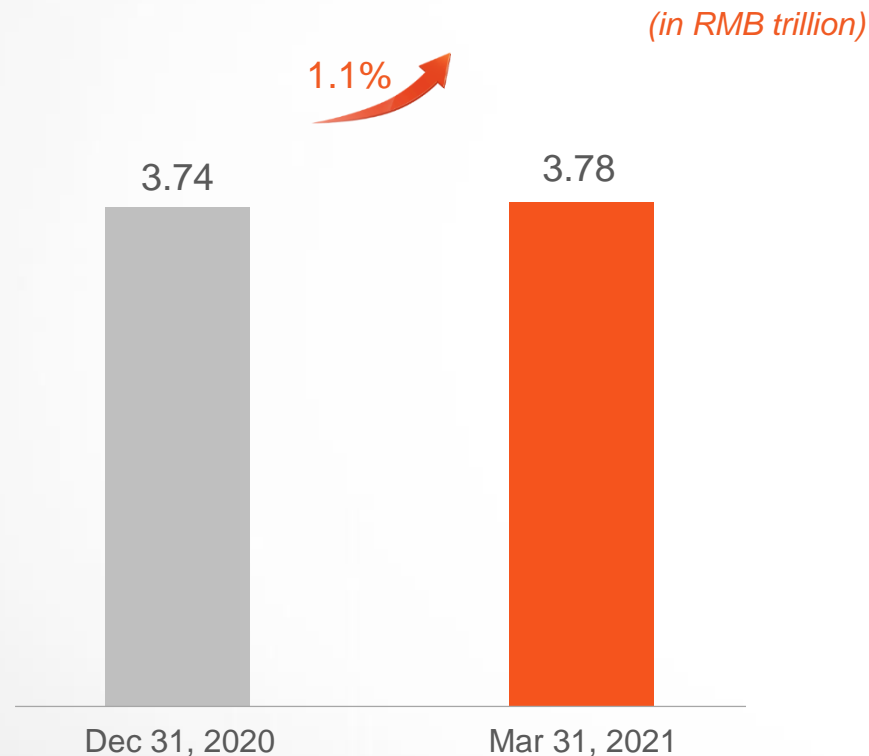
Operating profit

15.2%

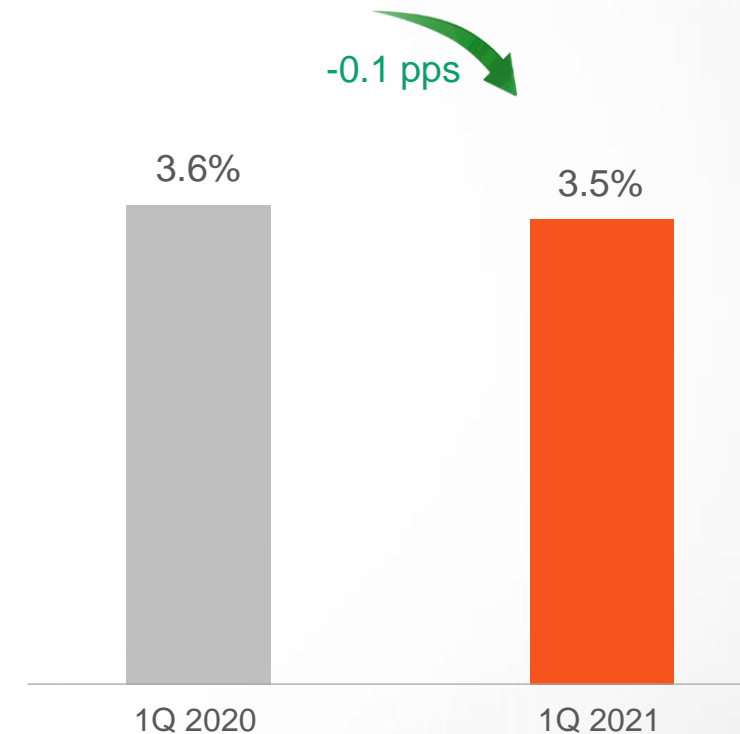


Insurance investment portfolio: investment assets up 1.1% YTD

Investment assets



Annualized net investment yield

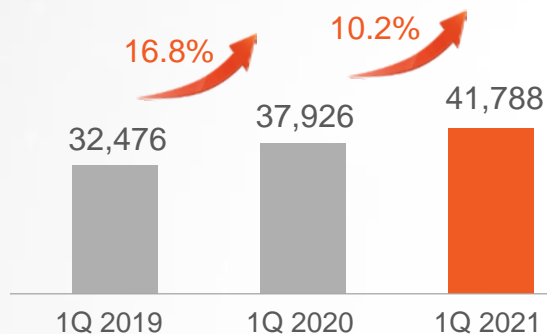


Note: In the computation of annualized investment yields, only interest revenue from deposits and debt financial assets as well as operating lease income from investment properties were annualized, while interest income from financial assets purchased under reverse repurchase agreements, interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions, dividend income, capital gains from investments, and fair value gains and losses were not annualized.

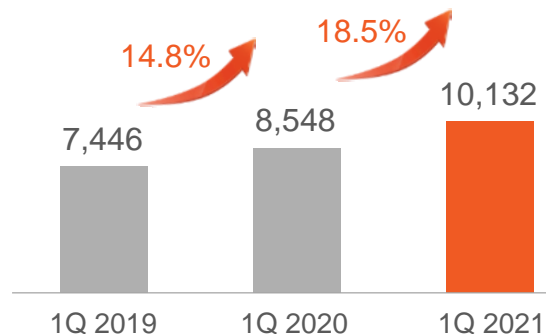
Banking: Ping An Bank maintained stable business operations and improved asset quality

(in RMB million)

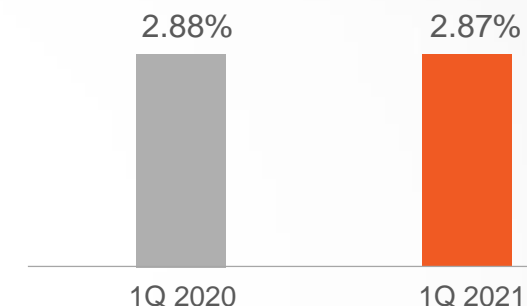
Increased revenue



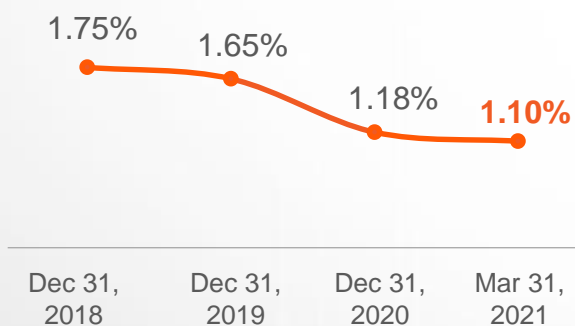
Increased net profit



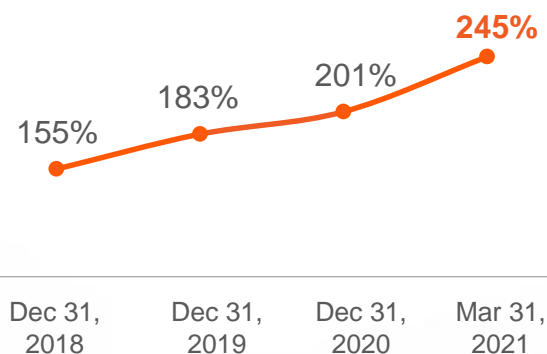
Stable annualized NIM⁽²⁾



Decreased NPL ratio



Provision coverage ratio strengthened further



Deviation of loans 60+ days overdue⁽¹⁾ below 1



Notes: (1) Deviation of loans more than 60 days overdue = balance of loans more than 60 days overdue / balance of non-performing loans.

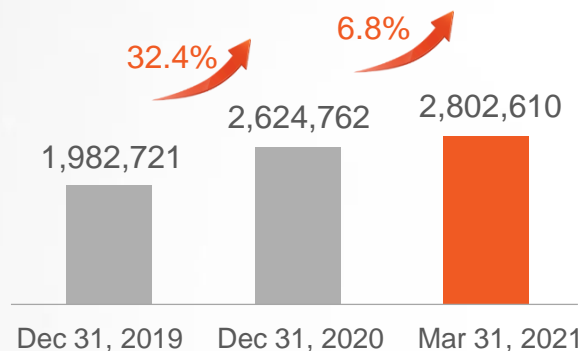
(2) The revenue from credit card installment services was reclassified from fee and commission revenue to interest revenue in accordance with the *Circular on Strictly Implementing the Accounting Standards for Business Enterprises and Effectively Strengthening the Work on the 2020 Annual Reports of Enterprises* (Cai Kuai [2021] No.2) jointly released by the Ministry of Finance and related commissions on February 5, 2021. Corresponding indicators for the comparable period have been restated accordingly.

Banking: solid development across business lines

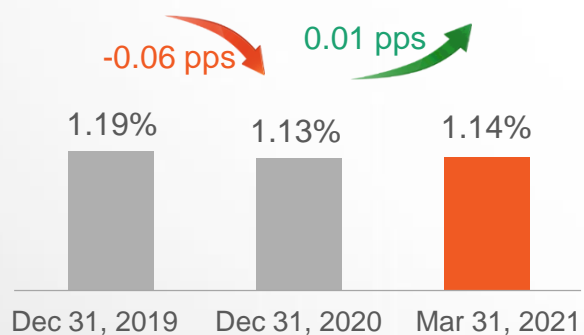
Retail banking

(in RMB million)

Retail AUM up 6.8% YTD



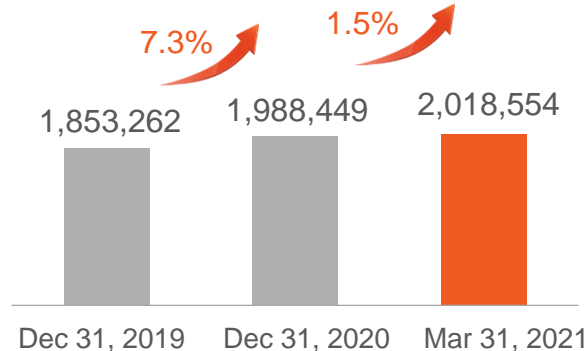
Retail NPL ratio stabilized



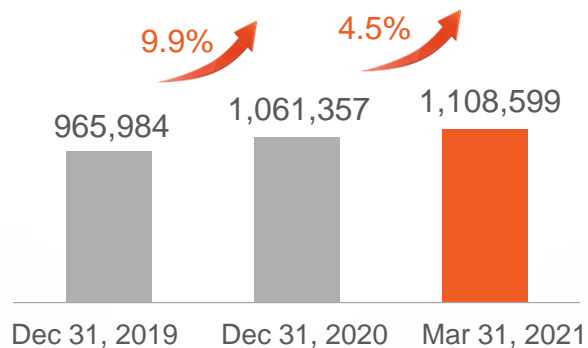
Corporate banking

(in RMB million)

Corporate deposits up 1.5% YTD



Corporate loans up 4.5% YTD



Interbank business

Interbank
institutional sales

RMB462.0 bn
+118% YoY

NAV-type products
in compliance with the
new asset management
regulation

RMB521.8 bn
+12.6% YTD

Technological innovations: upgrading core financial services with cutting-edge technologies

Tech patent applications

- **32,512** technology patent applications so far, increased by **1,100** year to date
- Including **7,929** filed under the Patent Cooperation Treaty (PCT) and abroad

Awards & certifications

- OneConnect has been honored as one of KPMG's **China Leading Fintech 50** companies for three consecutive years

Contests

- Ping An won **four championships** in the International Workshop on Semantic Evaluation (SemEval-2021)
- Ping An won one **championship** in one of the tasks of MEDIQA 2021, an international medical question answering assessment

Sales



- Ping An Life's "AI Customer Visit Assistant" was used **nearly 5 million times** in the first three months of 2021, facilitating **over 4 million** online customer visits.
- Ping An Life's "Jin Guan Jia" app recorded **nearly 289 million** online interactions with users and served users **7.21 million times** in the first three months of 2021.

Operations



Ping An Property and Casualty's operations management:

- Ping An leverages AI robot assistants to reform its traditional business operation models and streamline the operation procedures.
- A "Robot Factory" was built to comprehensively rationalize and create a property and casualty insurance knowledge graph which improves the capability of identifying customer intention based on natural language processing. As a result, **82%** of policies were issued through self-service in March 2021.

Services



- Ping An's self-developed speech robots have been widely used in banking, insurance, and other businesses. The speech robots provided services **about 480 million times** in the first three months of 2021.
- In March 2021, the net promoter score on the speech robots was **about 4.2 pps** higher than that for December 2020.

Listed technology companies



Ping An Good Doctor (01833.HK)

Ping An Good Doctor has built an AI-aided in-house medical team and integrated offline healthcare networks to provide online-merge-offline healthcare

- In January 2021, the “Ping An Good Doctor” app was officially renamed the “**Ping An Healthcare**” app. Moreover, Ping An Good Doctor established an insurance business unit to strengthen online business cooperation with insurers including Ping An Health and provide one-stop, all-round and end-to-end online “healthcare + insurance” services.
- Going forward, Ping An Good Doctor will strengthen its in-house medical team, partner with renowned doctors globally, and build a **global network of doctors** under the multi-site practice model to provide comprehensive, professional medical services.



Lufax Holding (LU US)

China’s leading technology-empowered personal financial services platform

- In retail credit facilitation, Lufax Holding efficiently connects borrowers with banks, trust companies and insurers on its “**Aggregate Model**” retail lending platform to provide small and micro-business owners with quick, convenient lending services.
- In wealth management, Lufax Holding has partnered with financial product providers, **using AI to match customers with products** and providing middle-class and affluent investors with diverse customized offerings.

Listed technology companies



OneConnect (OCFT US)

China's leading technology-as-a-service platform for financial institutions

- OneConnect established a product line featuring “**horizontal integration**” in banking, insurance and asset management sectors and “**vertical full coverage**” from Software as a Service (SaaS) to Infrastructure as a Service (IaaS). OneConnect offers full-process services including marketing and customer acquisition, risk management, operational management and smart operations, as well as end-to-end technological services including data management, core systems and cloud platforms.
- In 2021, OneConnect will continue to offer services along the entire industry chains of banking, insurance and asset management to help customers achieve digitization goals with technology.



Autohome (ATHM US / 02518.HK)

China's leading online auto services platform

- Autohome is committed to developing an auto ecosystem **centering on data and technology**. In the ecosystem, Autohome provides auto consumers with diverse products and services across the entire auto lifecycle.
- Autohome **took control of TTP Car Inc.** in late 2020, and is promoting strategic synergy and integration to develop a used car transaction ecosystem.
- On March 15, 2021, Autohome became **listed on the Main Board of the Hong Kong Stock Exchange**.

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Thank you!

