

中国平安
PINGAN
保险·银行·投资

30th
1988-2018
中国平安三十年
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2018 Interim Results

Embracing the future with a thankful heart

August 2018

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, 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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Chairman and CEO

Peter Ma

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



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Customer Development

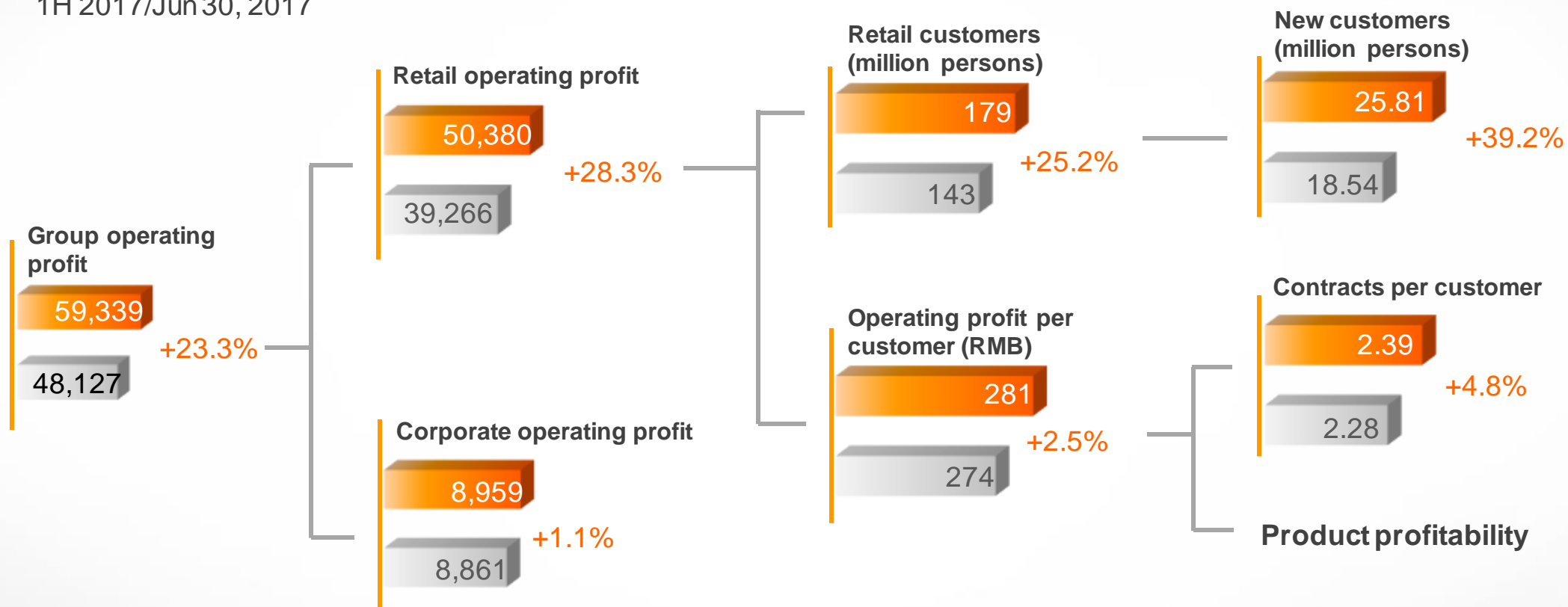
Group CFO

Jason Yao

Core drivers of Ping An's profit growth

■ 1H 2018/Jun 30, 2018
■ 1H 2017/Jun 30, 2017

(in RMB million)



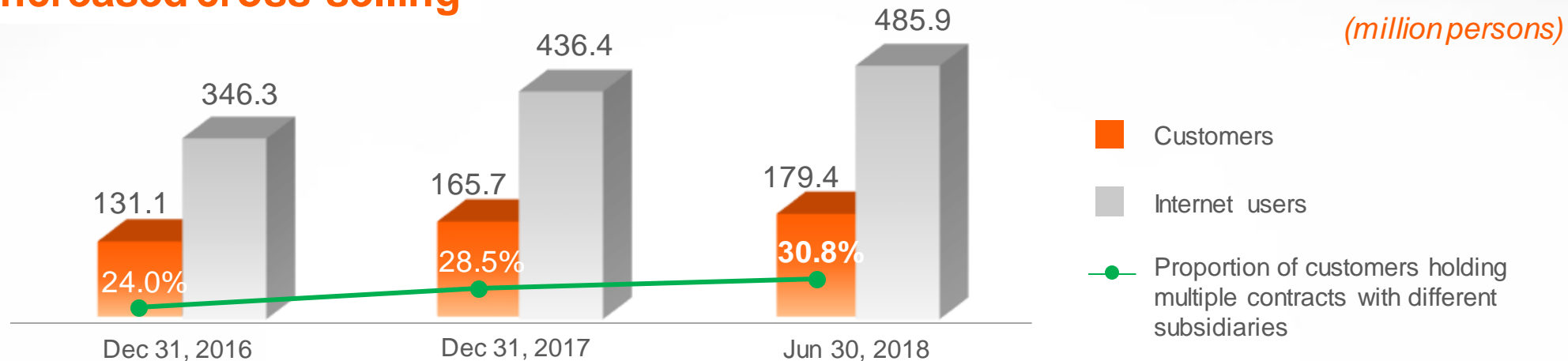
Notes: (1) The Group operating profit refers to the operating profit attributable to shareholders of the parent company.

(2) The number of customers as at June 30, 2018 is not equal to the number of customers as at December 31, 2017 plus new customers acquired in the Reporting Period due to customer attrition.

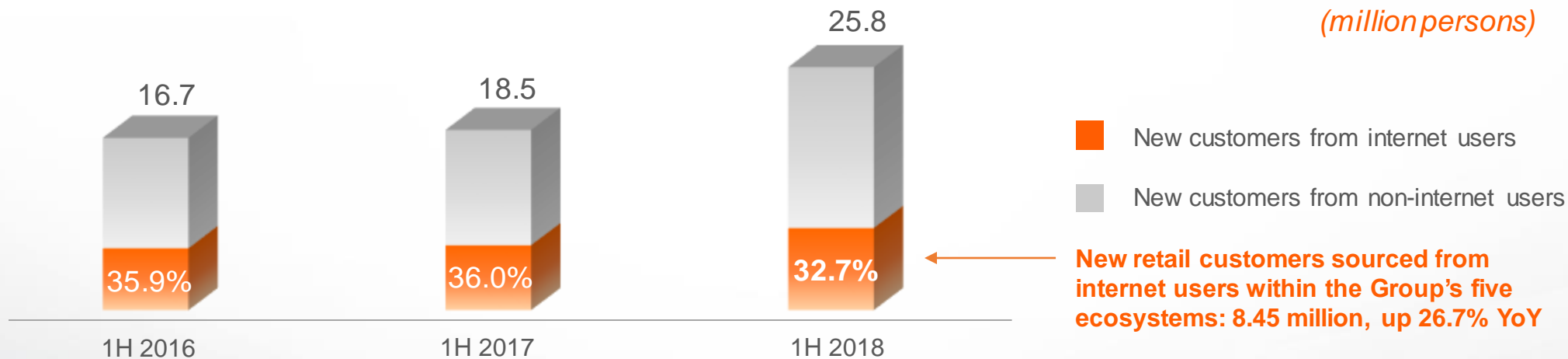
(3) Figures may not match the calculation due to rounding.

Increased customers, internet users and cross-selling

Increased cross-selling



Increased new customers



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Group CFO

Jason Yao

2018 interim business highlights

(in RMB)

**Operating profit
attributable to
shareholders of parent
company**

59,339 million

+23.3%

**Net profit attributable to
shareholders of parent
company**

58,095 million

+33.8%

**Net profit attributable to
shareholders of parent
company under old
accounting standards⁽¹⁾**

62,405 million

+43.7%

**Interim dividend
per share**

RMB0.62

+24.0%

**ROE
(not annualized)**

11.6%

+1.0pps

**ROEV
(not annualized)**

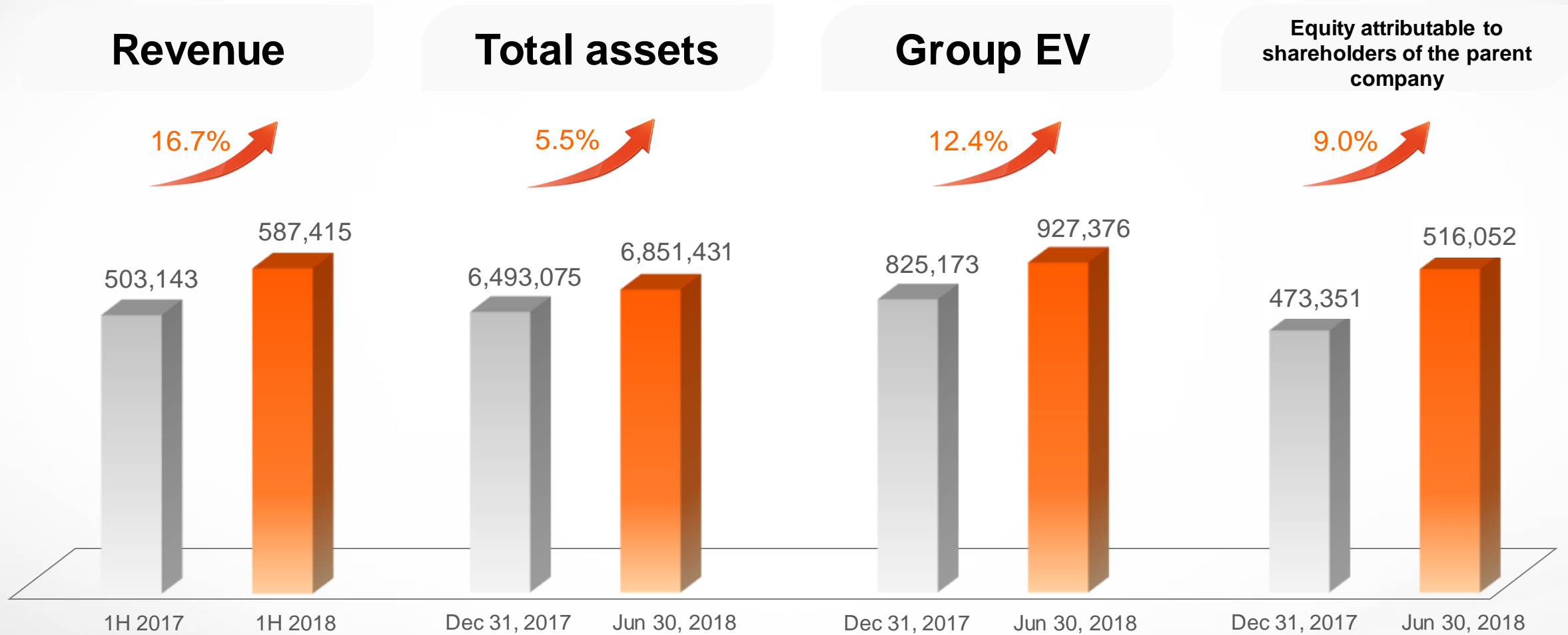
13.5%

-1.9pps

Note:(1) Net profit attributable to shareholders of the parent company under the old accounting standards = net profit attributable to shareholders of the parent company-reconciliation of net profit of insurance business attributable to shareholders of the parent company between old and new accounting standards for financial instruments.

Sustained business growth

(in RMB million)



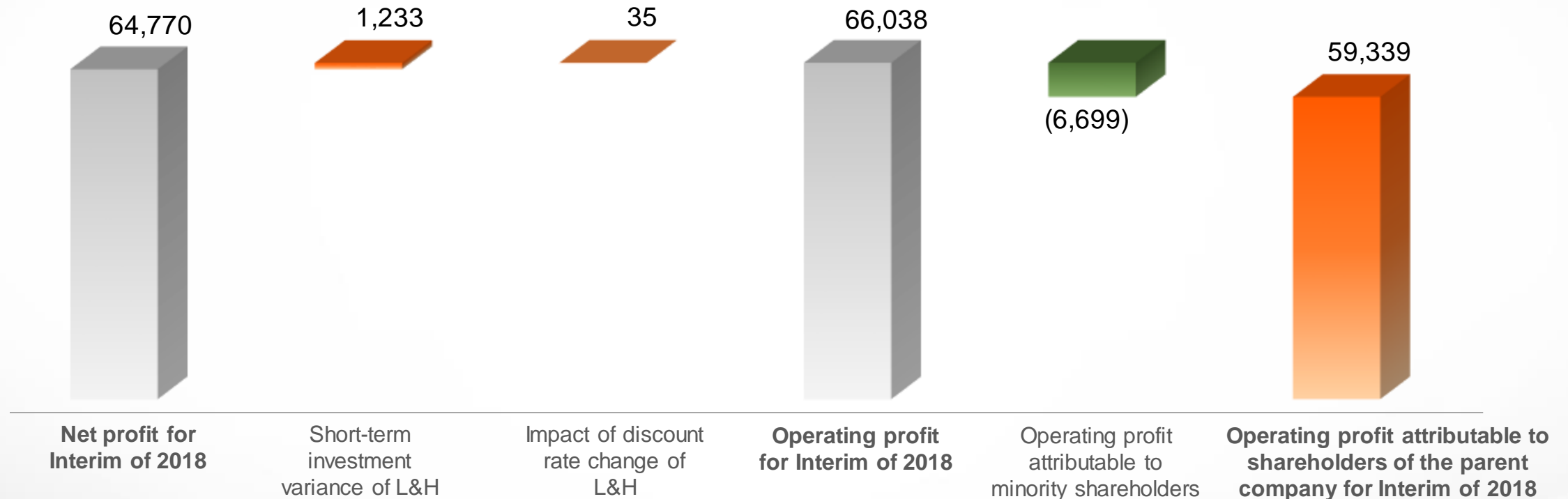
Note: Revenues are reported under the International Financial Reporting Standards (IFRS).

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

(in RMB million)

Operating Profit =

Net Profit - Short-term Investment Variance⁽¹⁾ - Impact of Discount Rate Change - One-off Material Non-operating Items⁽²⁾



Note: (1) Short-term investment variance is the variance between actual investment return of L&H and the ultimate investment return assumption, net of associated relevant impact on insurance and investment contract liability. The investment return of L&H is locked at 5% after excluding the short-term investment variance.
 (2) There was no one-off material non-operating item in 1H 2018. Historically we have excluded financial gains made from transfer of Puhui to Lufax in 2016, and financial gains made from Good Doctor stake sale in 2017.

Operating profit contribution by business lines

<i>(in RMB million)</i>	1H 2018	Proportion(%)	1H 2017	YoY change (%)
Life and health insurance	35,035	59.0	28,275	23.9
Property and casualty insurance	5,896	9.9	6,861	(14.1)
Banking business	7,756	13.1	7,281	6.5
Trust business	1,693	2.9	2,260	(25.1)
Securities business	918	1.5	1,142	(19.6)
Other asset management business	6,548	11.0	3,557	84.1 ⁽²⁾
Fintech & healthtech business	4,204	7.1	420	901.0 ⁽³⁾
Others & elimination	(2,711)	(4.5)	(1,670)	62.3
The Group	59,339	100.0	48,127	23.3

Note: (1) Operating profits attributable to shareholders of the parent company contributed by the property and casualty insurance business, banking business, trust business, securities business, other asset management business, fintech & healthtech business and others and elimination are the same as the net profits attributable to shareholders of the parent company contributed by them respectively.

(2) High profit growth was primarily contributed by Ping An Real Estate, Ping An Financial Leasing, Ping An Overseas Holdings and others.

(3) High profit growth was primarily contributed by Lufax Holding.

L&H's operating profit driven by release of residual margin and excellent management

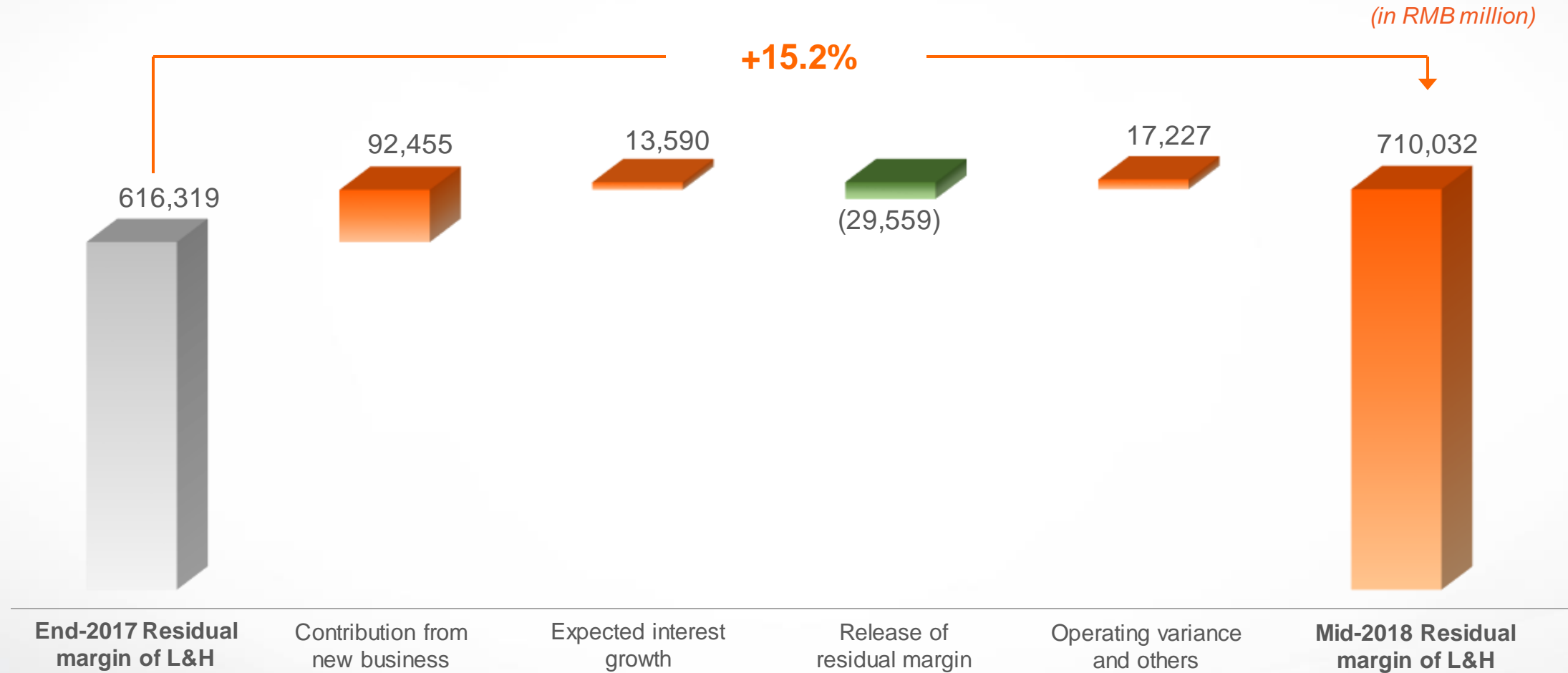
<i>(in RMB million)</i>	1H 2018	1H 2017	YoY change (%)
Release of residual margin	29,559	23,989	23.2
Return on net worth ⁽¹⁾	4,310	3,245	32.8
Spread income ⁽²⁾	2,800	2,472	13.3
Operating variance and others	11,168	8,973	24.5
Total operating profit before tax	47,838	38,679	23.7
Income tax	(12,243)	(10,125)	20.9
Total operating profit after tax	35,595	28,554	24.7
Operating profit attributable to the parent company	35,035	28,275	23.9

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

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

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

Residual margin of L&H up by 15.2% to RMB710,032 million primarily due to quality new business



1H 2018 equity and ROE of business lines

<i>(in RMB million)</i>	Equity attributable to shareholders of the parent company		ROE (not annualized)	
	Amount	Proportion (%)	(%)	YoY change (pps)
Life and health insurance	172,801	33.5	19.9	1.8
Property and casualty insurance	72,464	14.0	8.3	(2.2)
Banking business	132,321	25.6	6.1	(0.1)
Trust business	19,490	3.8	8.7	(2.8)
Securities business	26,971	5.2	3.4	(1.2)
Other asset management business	64,436	12.5	9.7	2.5
Fintech & healthtech business	53,006	10.3	8.8	7.6
Others & elimination	(25,437)	(4.9)	N/A	N/A
The Group	516,052	100.0	11.6	1.0

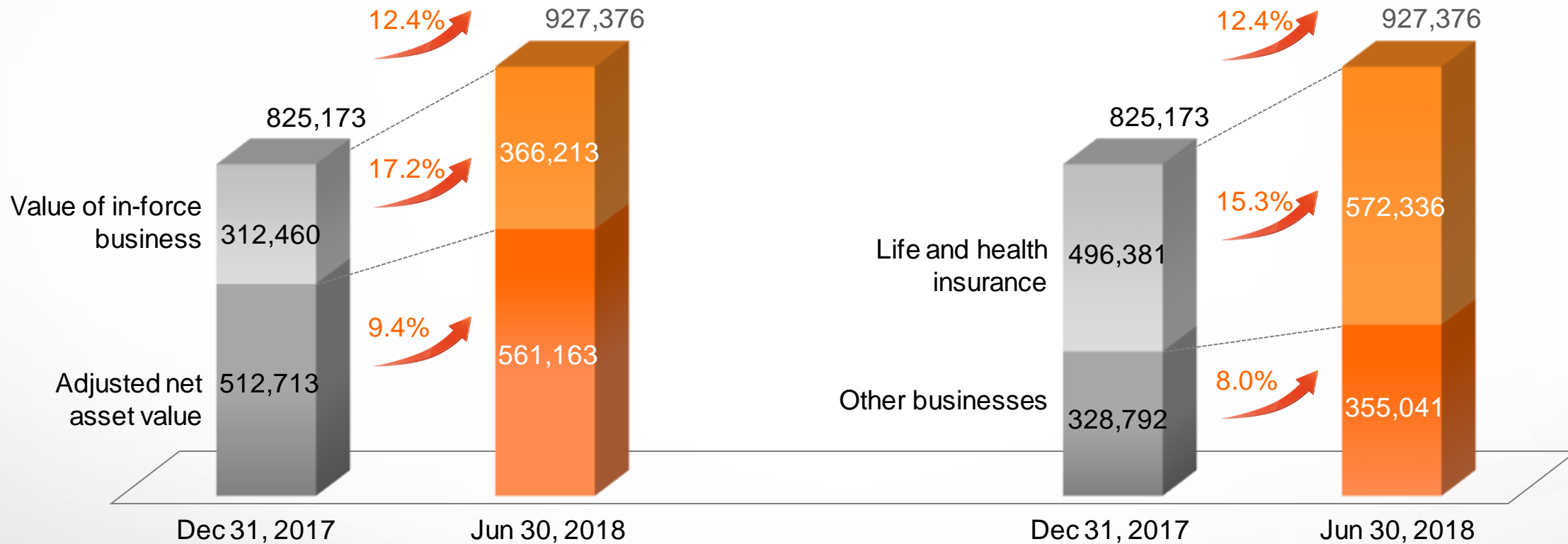
Note: ROE is calculated based on the net profit attributable to shareholders of the parent company.

Steady growth of Group EV

(in RMB million)

Embedded Value per Share @ Dec 31, 2017 = RMB 45.14

Embedded Value per Share @ Jun 30, 2018 = RMB 50.73

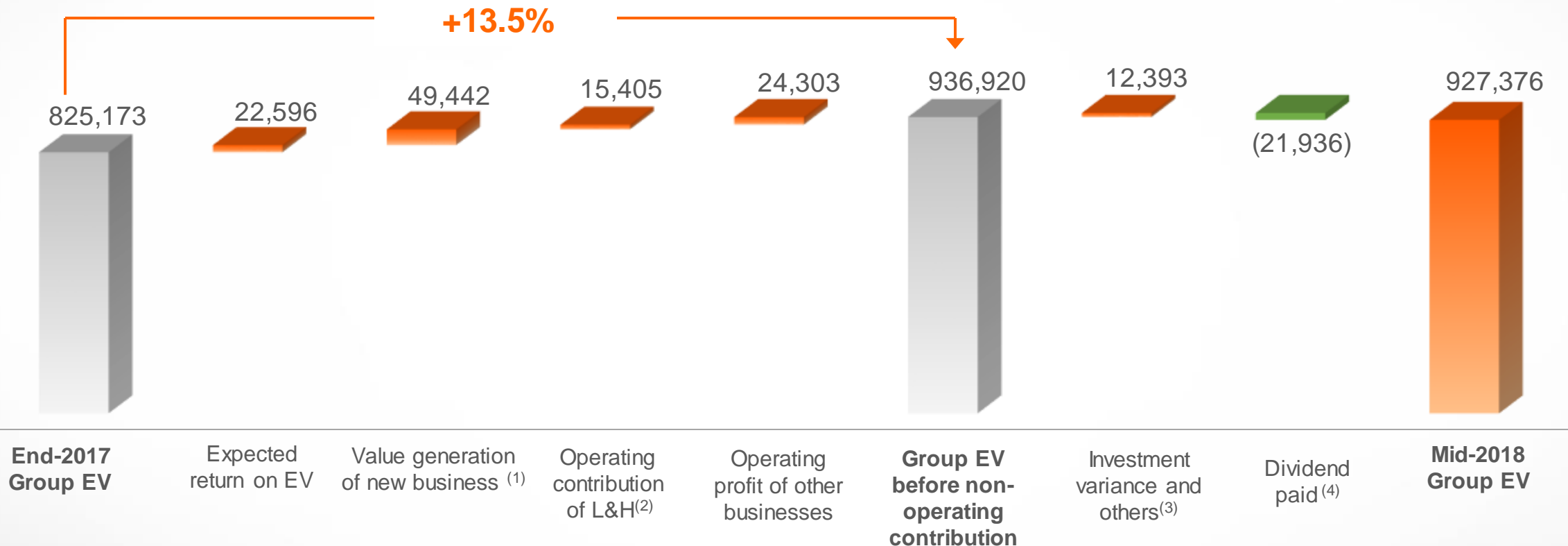


Notes: Figures may not match the calculation due to rounding.

Group operating ROEV (not annualized): 13.5%

(in RMB million)

EV operating profit of the Group: RMB 111,747 million



Notes: (1) Value generation of new business includes NBEV (RMB38,757 million) and risk diversification effects (RMB10,685 million).

(2) Operating contribution of L&H include operating assumption and model changes (RMB15 million), operating variance and others (RMB15,391 million).

(3) Investment variance and others include investment variance, market value adjustments and others.

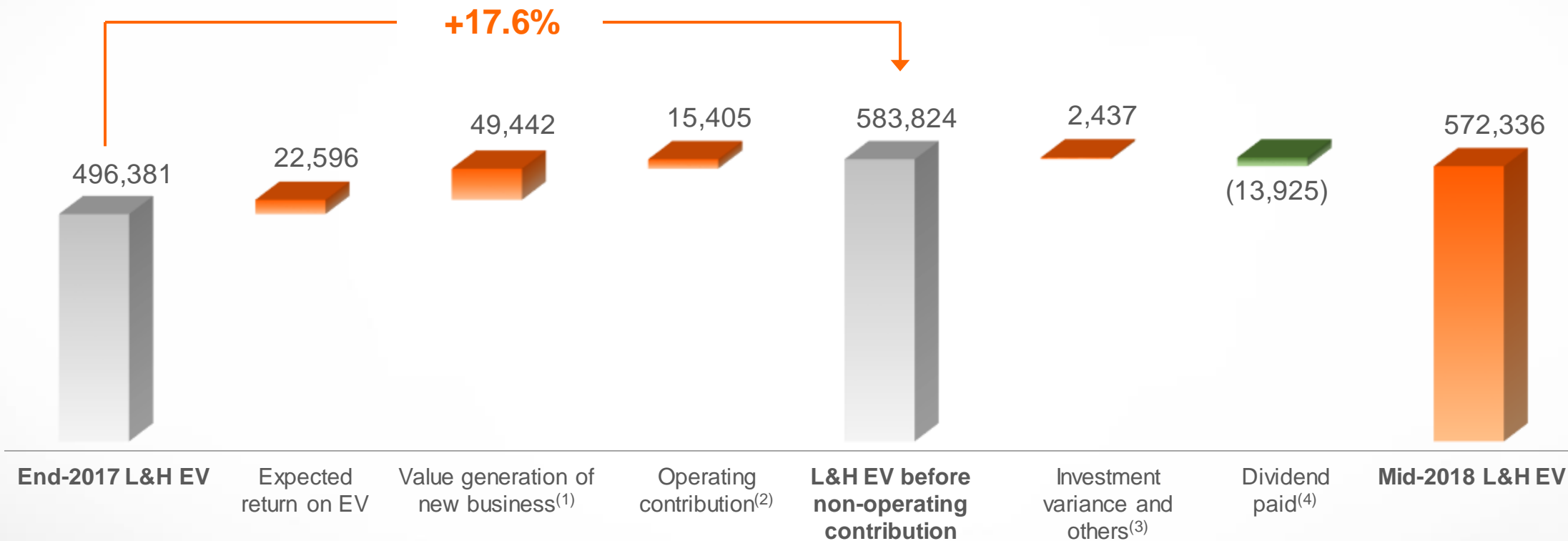
(4) The annual dividend of 18,280 million for 2017 and 30th Anniversary Special Dividend of 3,656 million were paid to shareholders by the Company.

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

L&H operating ROEV (not annualized): 17.6%

(in RMB million)

EV operating profit of L&H: RMB 87,443million



Notes: (1) Value generation of new business includes NBEV (RMB38,757 million) and risk diversification effects (RMB10,685 million).

(2) Operating contribution includes operating assumption and model changes (RMB15 million), operating variance and others (RMB15,391 million).

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

(4) Ping An Life paid dividend of RMB13,925 million to the Company.

Sustained positive NBEV growth while quality of L&H business continued to rise

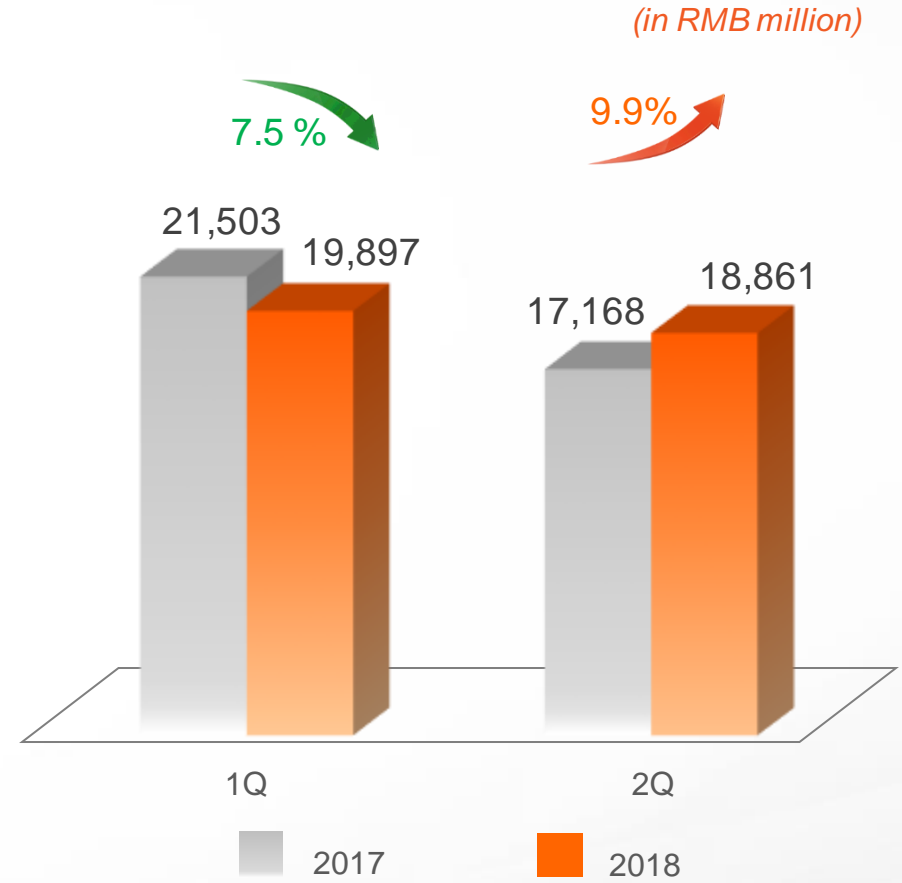
NBEV (margin)

<i>(in RMB million)</i>	1H 2018	1H 2017	YoY change (%)
Total NBEV	38,757	38,670	0.2
Total FYP	100,544	112,147	(10.3)
NBEV margin	38.5%	34.5%	4.1pps ⁽¹⁾

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

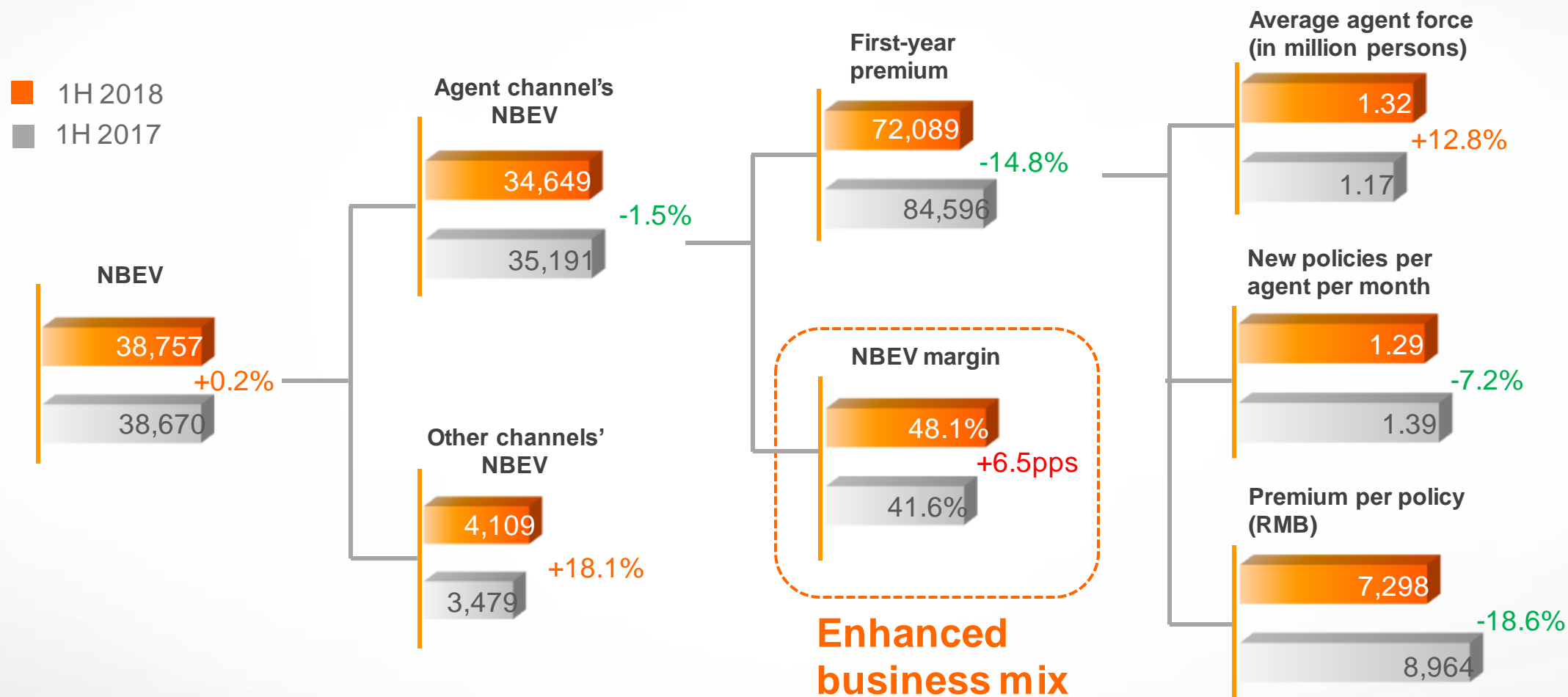
(2) The assumptions and method used to calculate the value of the quarterly and half-yearly NBEV in 2017 are the same as the assumptions and method used for 2017 year-end valuation.

NBEV and growth by quarter



NBEV margin was up by 6.5 pps due to enhanced business mix amid pressure on agent channel

(in RMB million)

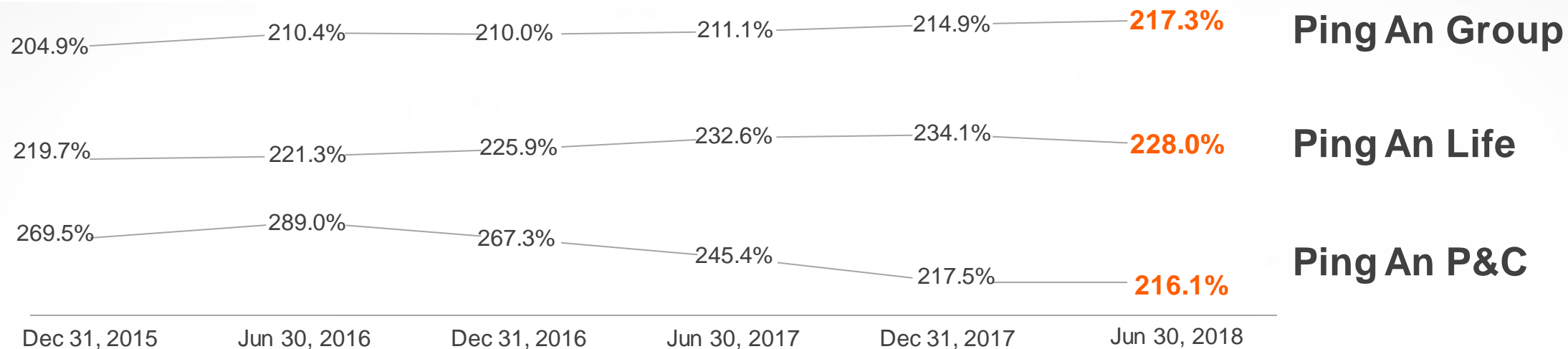


Note: (1) The “average agent force * 6 * new policies per agent per month * premium per policy” is slightly higher than the first-year premium of the agent channel, because the first-year premiums achieved by agents via the internet channel are ascribed to other channels.

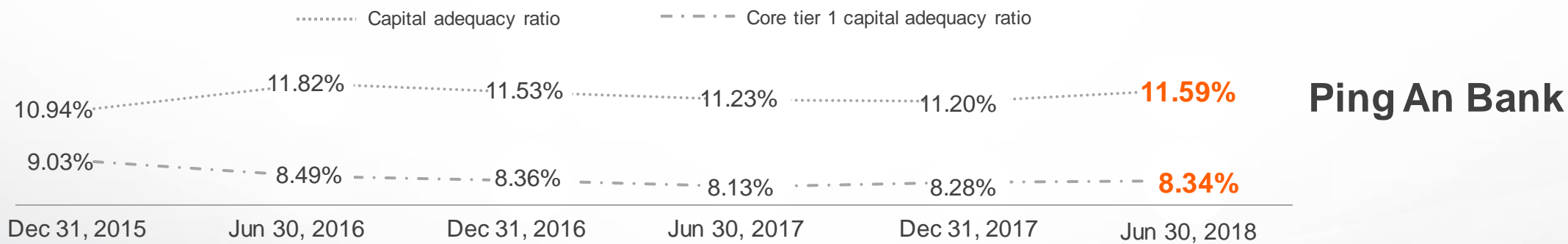
(2) Figures may not match the calculation due to rounding.

Strong capital adequacy position

Comprehensive solvency margin ratio

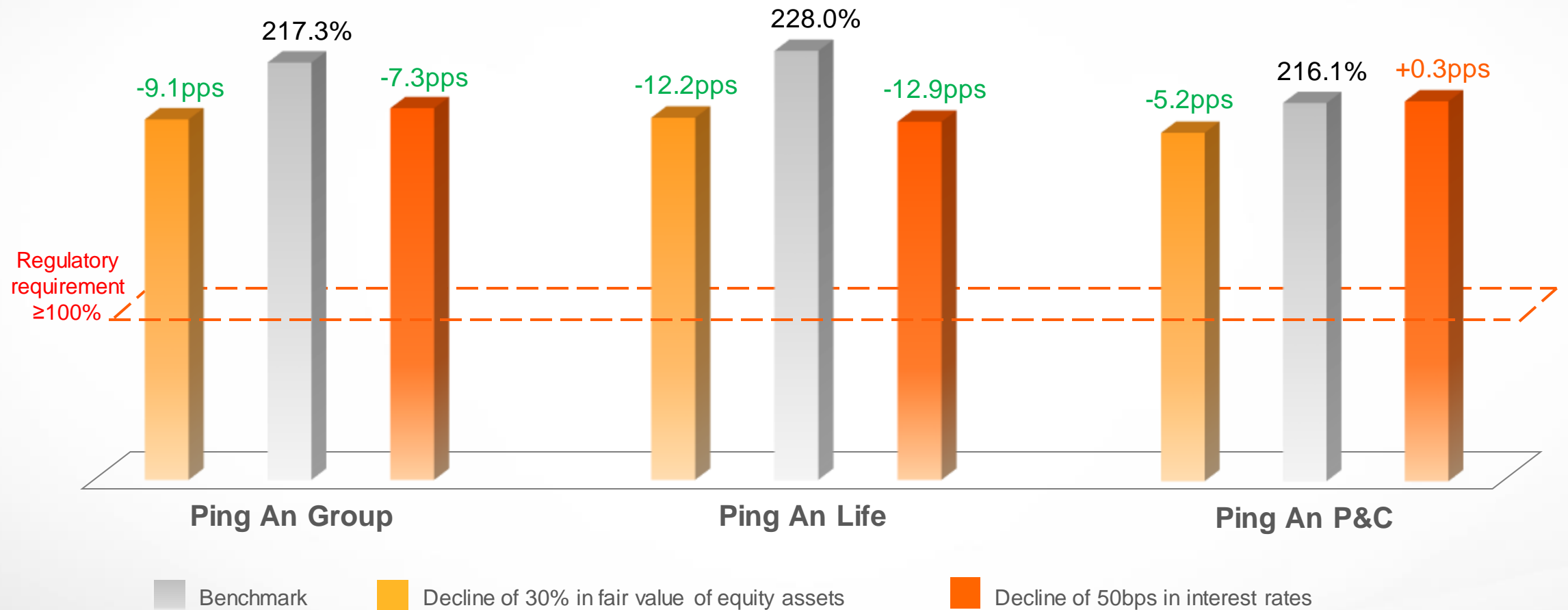


Capital adequacy ratio



Note: Regulatory requirements: comprehensive solvency margin ratio \geq 100%; capital adequacy ratio \geq 10.5%; core tier 1 capital adequacy ratio \geq 7.5%

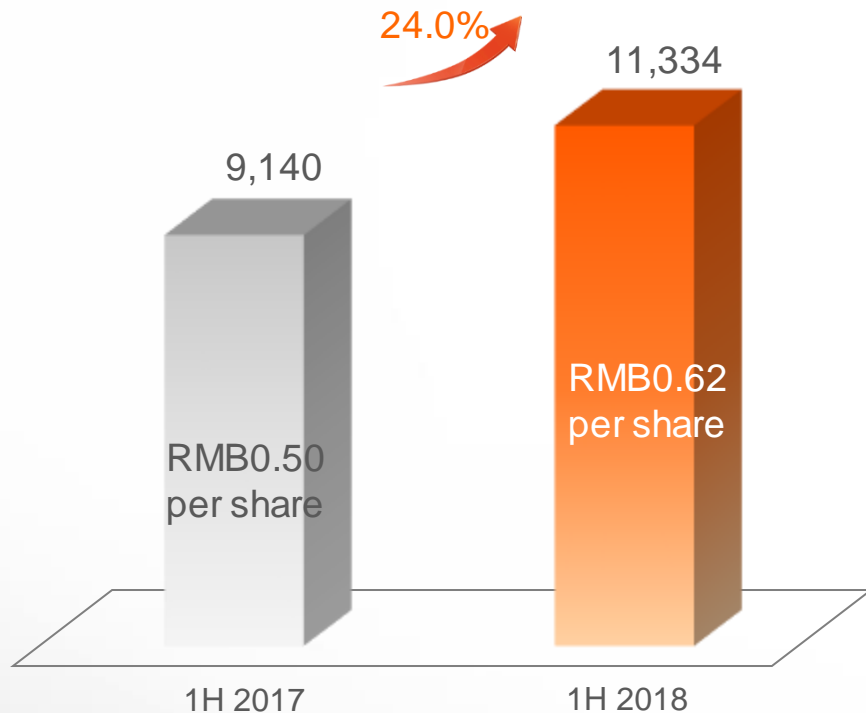
Strong solvency ratios resilient to capital market volatilities



Interim dividend per share up 24.0% year on year

Interim dividend

(in RMB million)



- Given growing profitability and adequate solvency, the Company is increasing dividends.
- As the operating profit attributable to shareholders of the parent company grew by **23.3%** YoY, the Company will pay an interim cash dividend of **RMB0.62** per share, up **24.0%** YoY.

Note: The Company paid a 30th Anniversary Special Dividend of RMB0.2 per share in cash for 1Q 2018.

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Group President

Alex Ren

Results of business lines

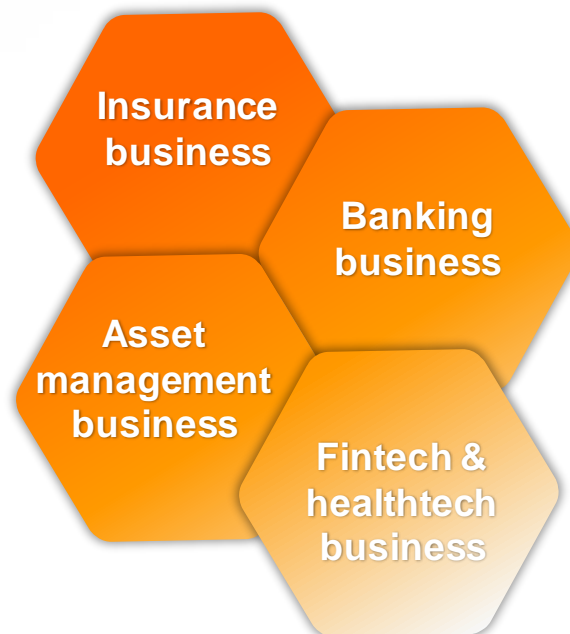
Life and health insurance: Operating profit rose 24.7% YoY to RMB35,595 million; the NBEV rose by 0.2% YoY to RMB38,757 million with 2Q NBEV up 9.9%; the sales agent force rose 5.5% YoY to 1.399 million agents.

Property and casualty insurance: Premium income rose 14.9% YoY while the combined ratio decreased by 0.3 pps to 95.8%.

Investment Portfolio of Insurance Funds: The size grew to RMB2.58 trillion, with an annualized net investment yield of 4.2% and an annualized total investment yield of 4.0% for 1H 2018.

Ping An Securities: Net profit reached RMB956 million, down YoY but the performance was better than peers.

Ping An Asset Management: Business expanded steadily as assets under management (AUM) grew by 5.4% YTD to RMB2,810 billion.



Ping An Bank: Ping An Bank realized a net profit of RMB13,372 million. The retail transformation continues. Retail business accounted for 51.2% of revenues (up 10.9 pps YoY) and 67.9% of net profit (up 3.4 pps YoY).

Lufax Holding: Ending AUM reached RMB385,212 million; loans under management grew by 8.8% YTD; profit rose rapidly

Ping An Good Doctor: Listed on the Main Board of HKEX on May 4, 2018 (stock code: 01833.HK). Revenue increased 150.3% YoY in 1H.

OneConnect: Raised USD750 million at a post-money valuation of USD7,500 million in 1H.

Ping An Healthcare Technology: Raised USD1,150 million at a post-money valuation of USD8,800 million in early 2018.

Autohome: The market capitalization rose above USD10 billion by 40.0% YTD.

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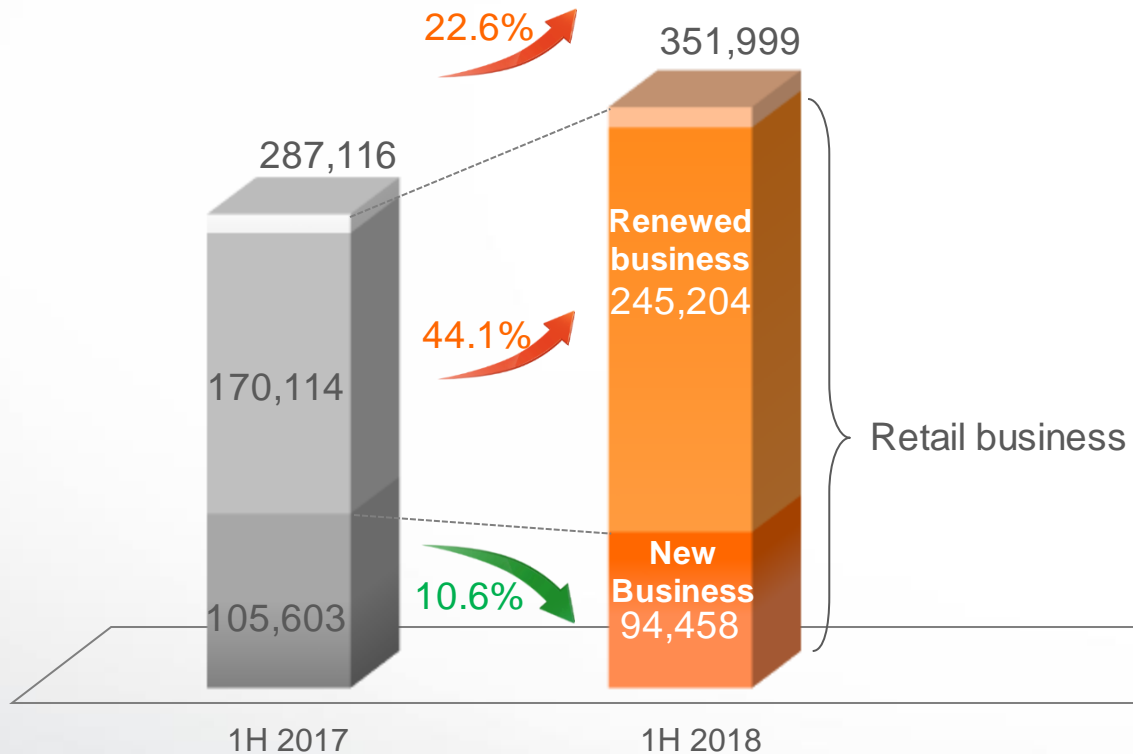


| Insurance Business

L&H Insurance: fast-growing written premium

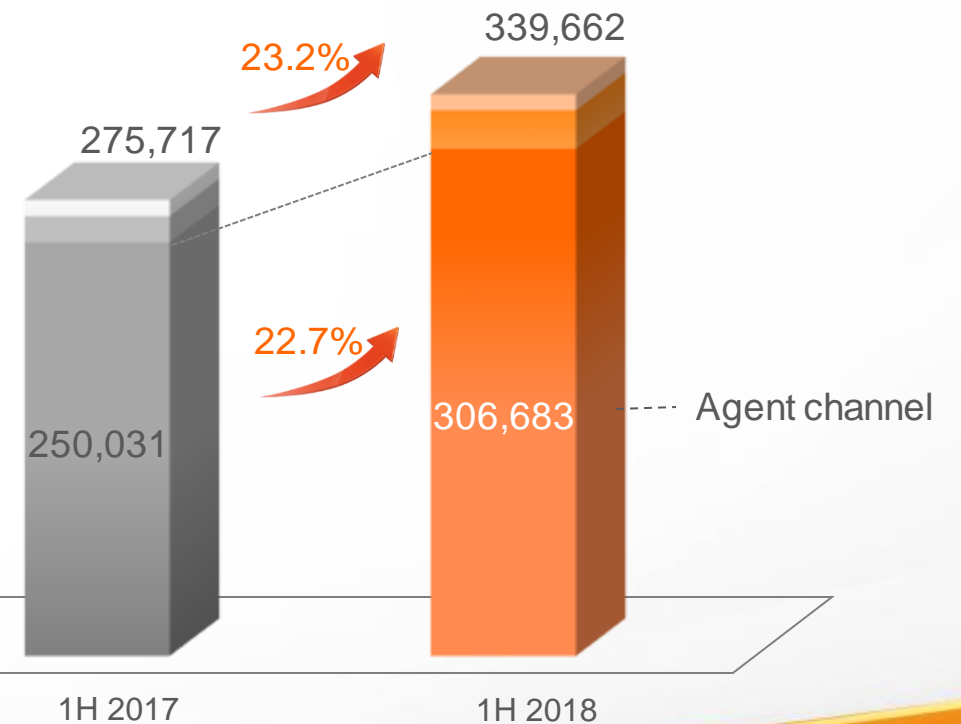
Written premium by business type

(in RMB million)

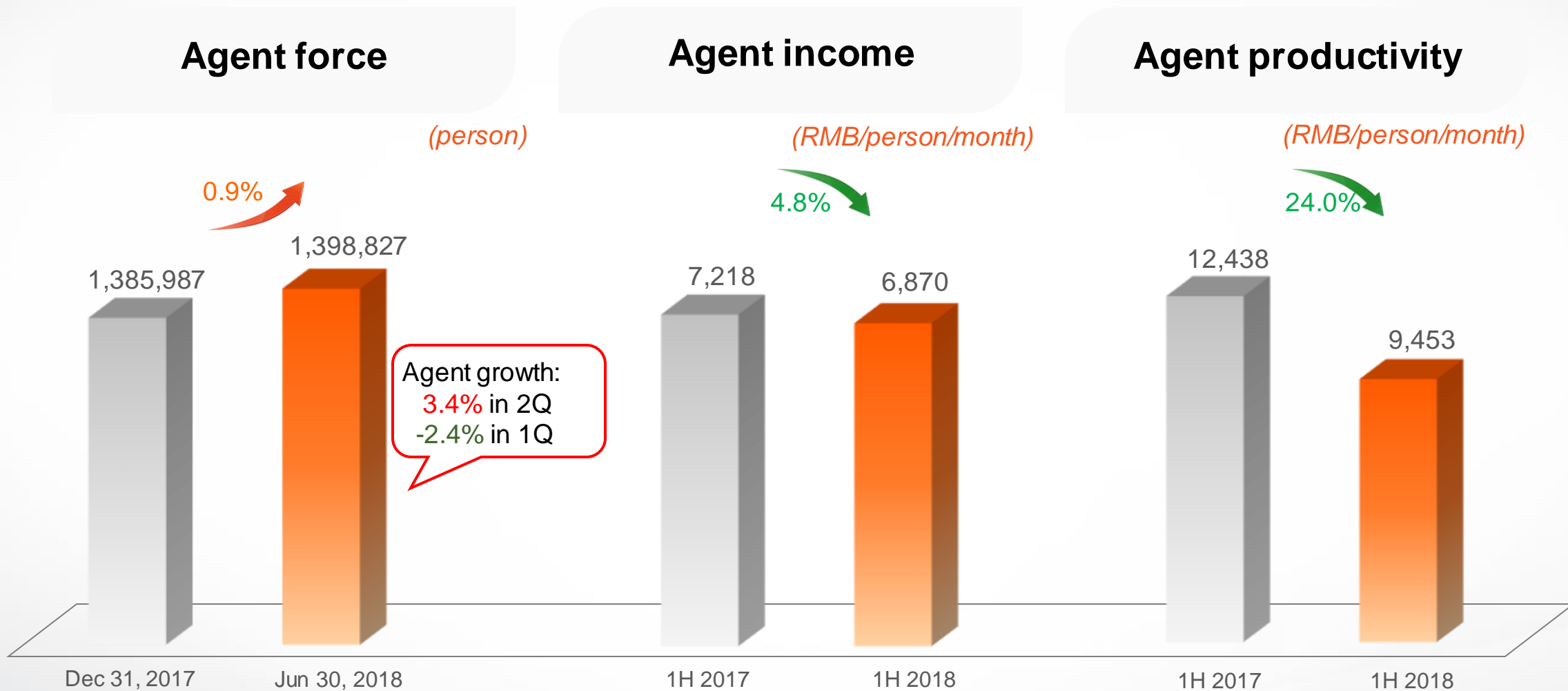


Retail written premium by channel

(in RMB million)



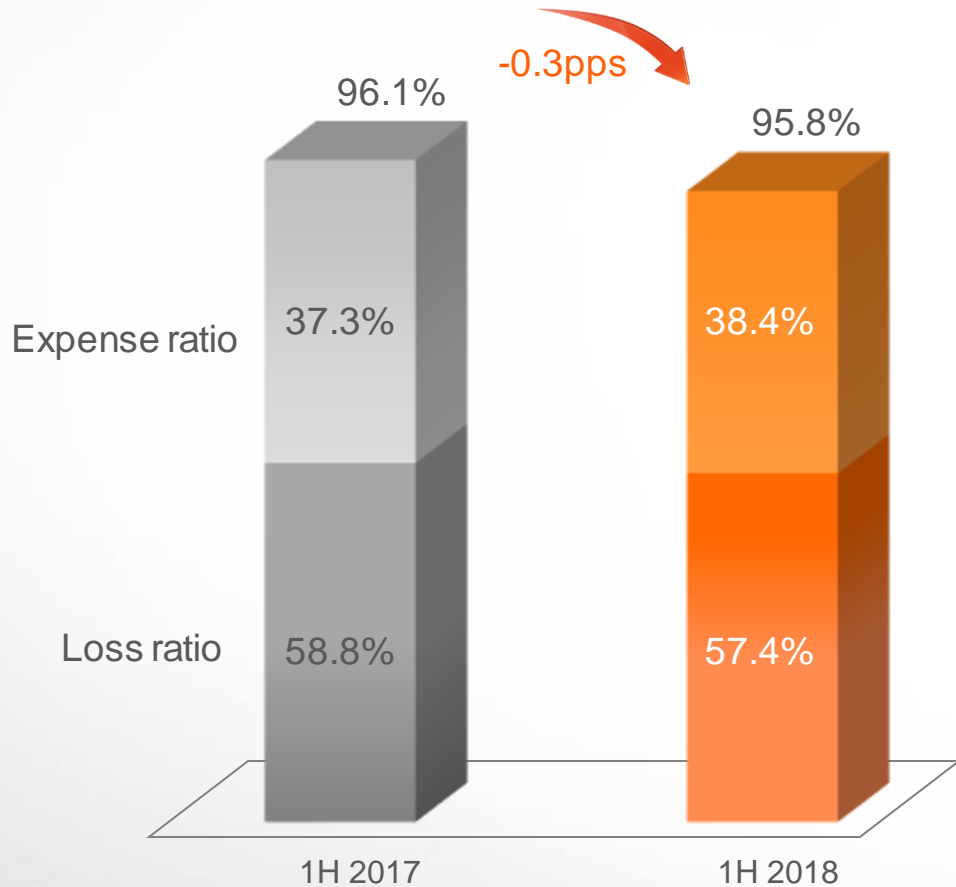
Steadily growing agent force



Note: Agent productivity refers to monthly first year premium (FYP) per agent.

P&C Insurance: steadily growing premium income and excellent combined ratio

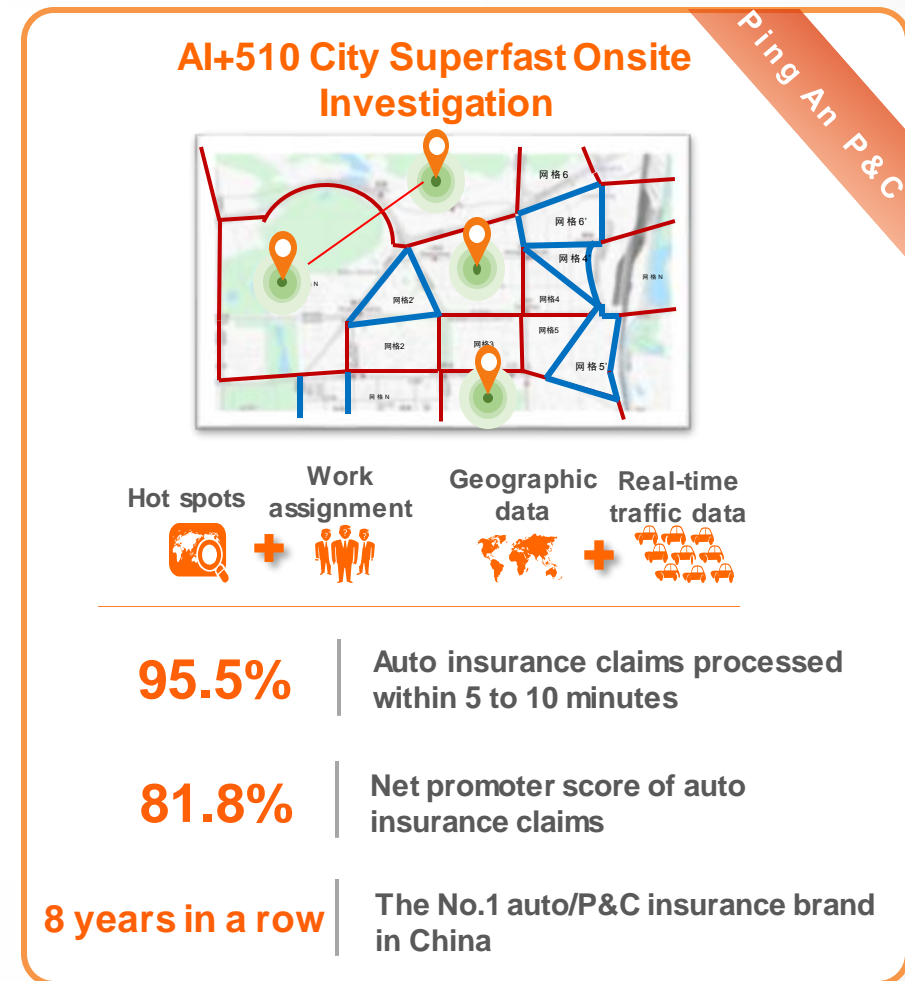
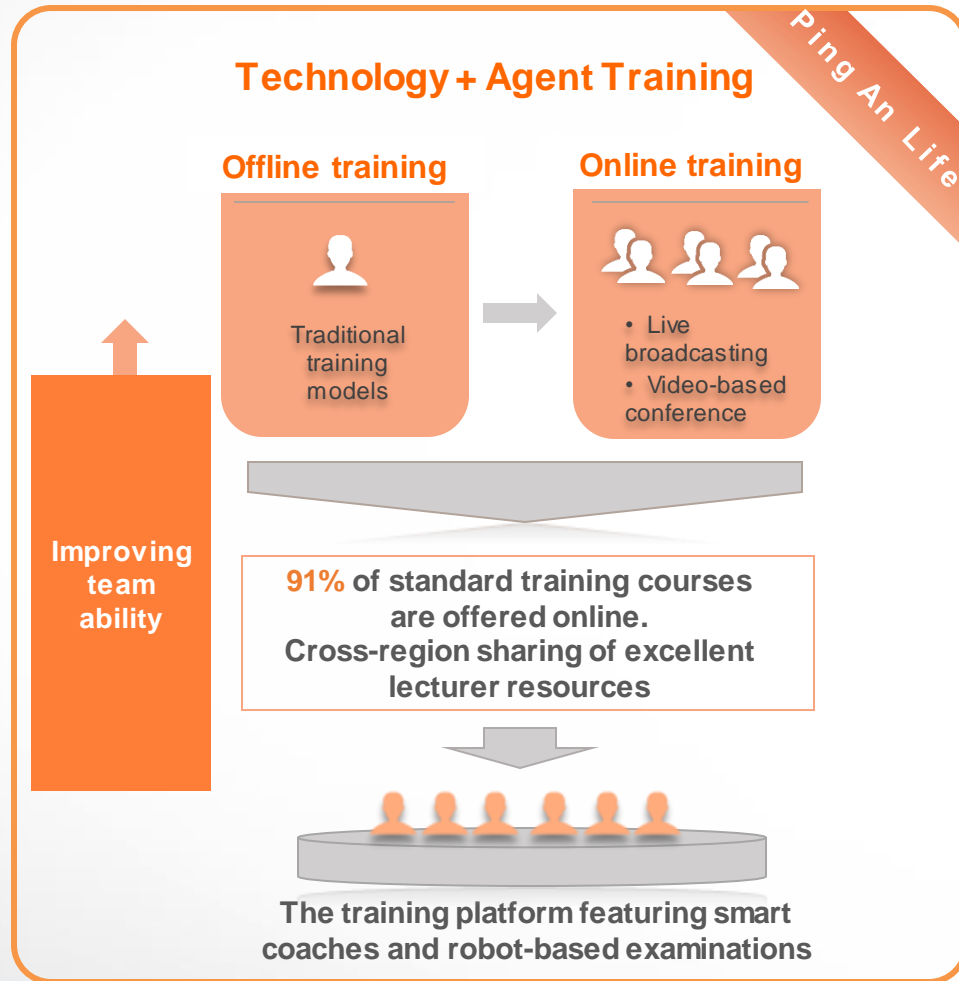
Combined ratio



Breakdown of premium income and combined ratio

<i>(in RMB million)</i>	Premium income		Combined ratio	
	Amount	YoY change	Ratio	YoY change (pps)
Auto insurance	84,717	5.6%	97.2%	0.1
Guarantee insurance	16,161	69.8%	87.5%	(4.0)
Liability insurance	4,497	43.9%	89.6%	0.3
Accidental injury insurance	3,928	52.4%	76.2%	6.5
Corporate property insurance	3,366	8.6%	98.2%	6.3
P&C Overall	118,878	14.9%	95.8%	(0.3)

Tech-powered team management and customer development



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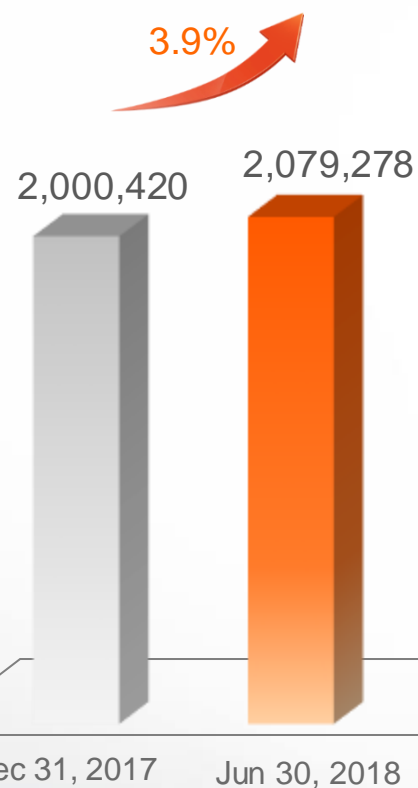


Banking Business

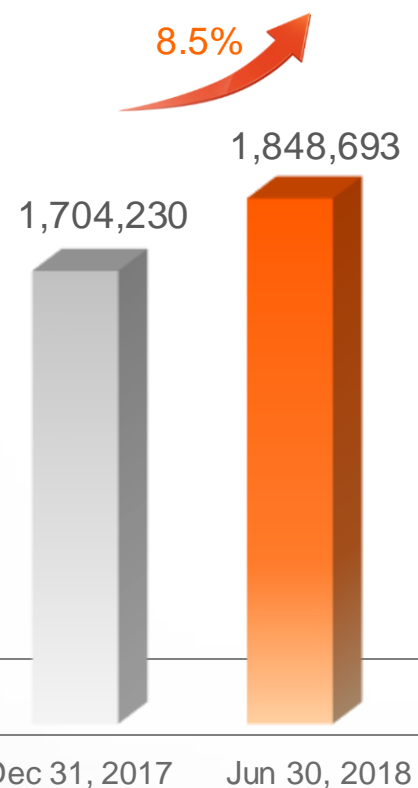
Stable business scale and profitability

(in RMB million)

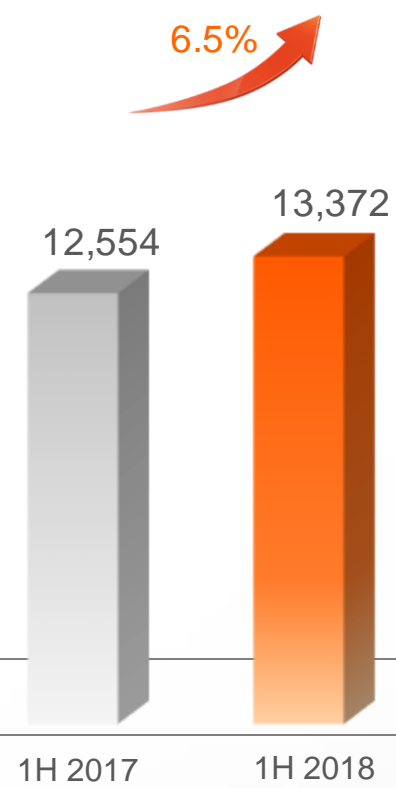
Deposits



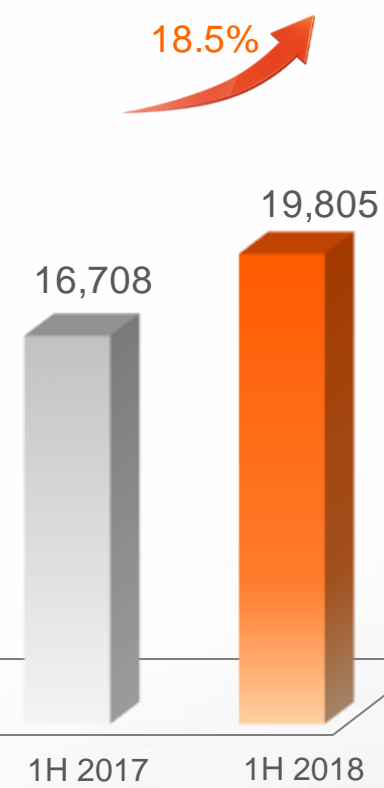
Loans and advances



Net profit



Net non-interest revenue

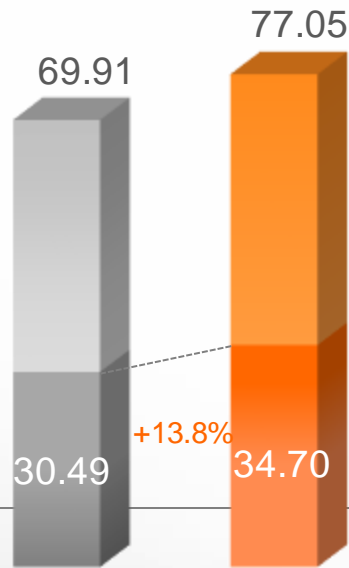


Ongoing transformation towards retail banking

Retail customers

(million persons)

10.2%

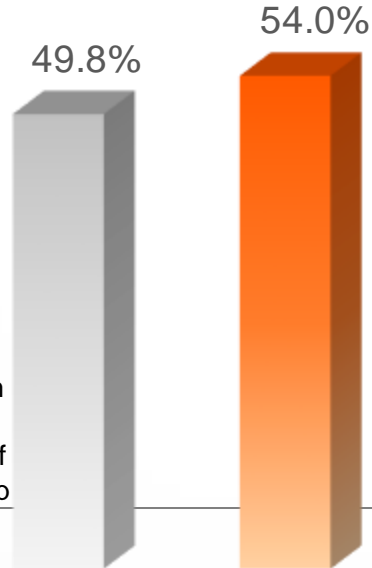


+13.8%

Customers holding products from other subsidiaries of Ping An Group

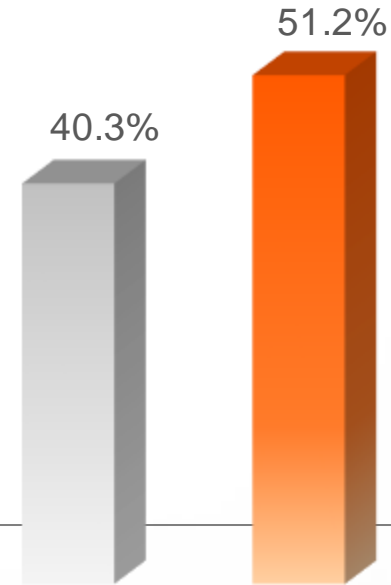
% of retail loans

4.2 pps



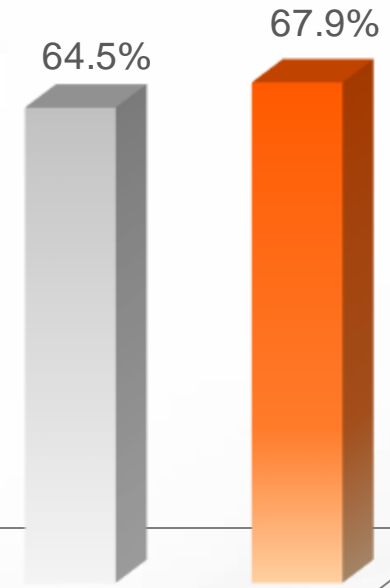
% of revenue from retail business

10.9 pps



% of net profit from retail business

3.4 pps



Improving asset quality

	Jun 30, 2018	Dec 31, 2017	Change (pps)
Non-performing loan ratio	1.68%	1.70%	(0.02)
Percentage of loans more than 90 days overdue	2.08%	2.43%	(0.35)
Percentage of special mention loans	3.41%	3.70%	(0.29)
Provision coverage ratio for loans more than 90 days overdue	141.46%	105.67%	35.79
Provision coverage ratio	175.81%	151.08%	24.73

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Investment Portfolio of Insurance Funds

Investment portfolio of insurance funds – by category

<i>Proportion</i>	Jun 30, 2018	Dec 31, 2017	Change (pps)	
Fixed-income investments				
Term deposits	7.2%	6.6%	0.6	
Bond investments	44.3%	43.7%	0.6	
Debt plan investments	5.5%	5.7%	(0.2)	Percentage of non-standard debt assets: Jun 30, 2018: 14.1% Dec 31, 2017: 13.7%
Wealth management products ⁽¹⁾	8.6%	8.0%	0.6	
Other fixed-income investments ⁽²⁾	4.8%	4.5%	0.3	
Equity investments				
Stocks	9.5%	11.1%	(1.6)	
Equity funds	1.6%	1.4%	0.2	
Equity stakes ⁽³⁾	4.7%	4.0%	0.7	
Preferred stocks	3.0%	3.2%	(0.2)	
Bond funds	0.8%	0.5%	0.3	
Wealth management products ⁽¹⁾	3.3%	3.5%	(0.2)	
Investment properties	1.8%	2.0%	(0.2)	
Cash, cash equivalents and others	4.9%	5.8%	(0.9)	
Total investment assets (in RMB million)	2,582,522	2,449,474		

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

(2) Other fixed-income investments include financial assets purchased under agreements to resell, policy loans, and statutory deposits for insurance operations.

(3) Equity stakes include investments in associates and jointly controlled entities, and unlisted equities.

Investment portfolio of insurance funds – by accounting measurement

<i>Proportion</i>	Jun 30, 2018	Dec 31, 2017	Change (pps)
Carried at fair value through profit or loss	19.5%	1.9%	17.6
—Fixed-income	7.8%	1.3%	6.5
—Stocks	4.2%	0.4%	3.8
—Equity funds	1.6%	-	1.6
—Other equity instruments	5.9%	0.2%	5.7
Carried at fair value through other comprehensive income⁽²⁾	13.5%	27.6%	(14.1)
Measured at amortized cost⁽³⁾	62.2%	66.2%	(4.0)
Others⁽⁴⁾	4.8%	4.3%	0.5
Total investments (in RMB million)	2,582,522	2,449,474	

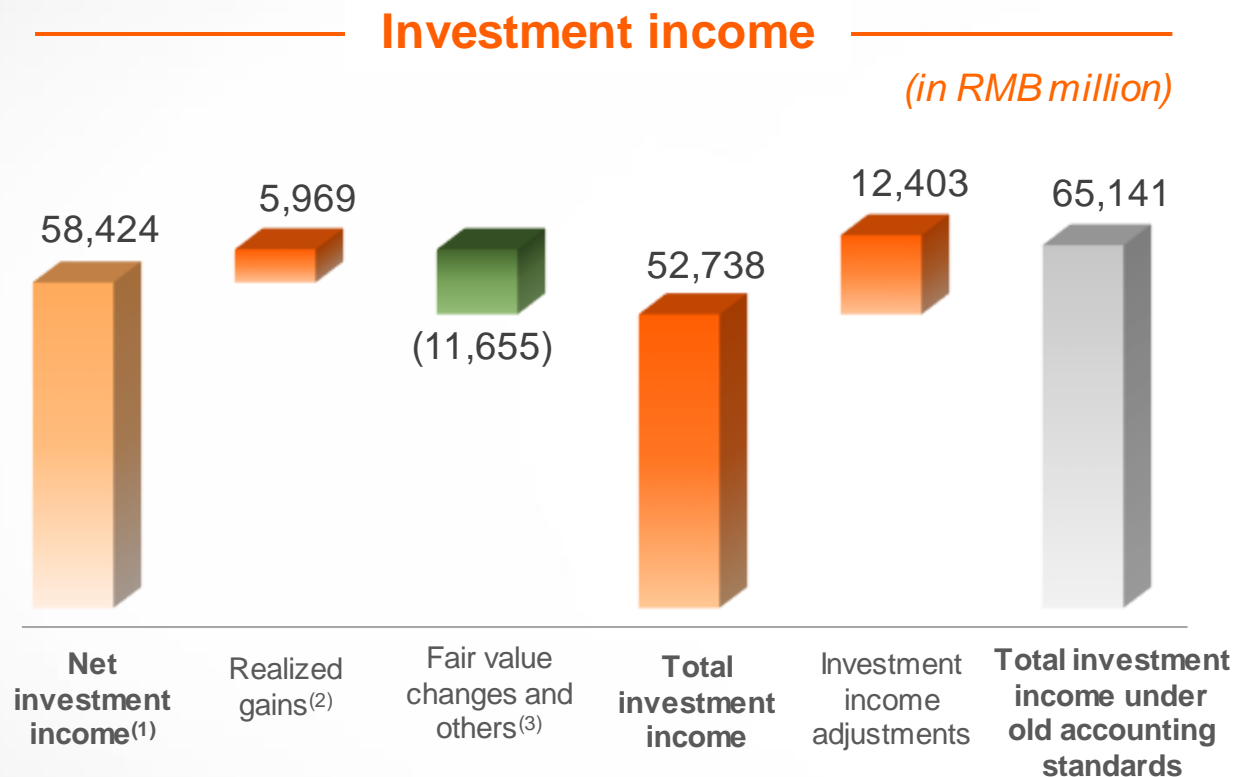
Notes:(1) The Company follows the new accounting standards for financial instruments from January 1, 2018. In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate previous comparable figures.

(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 investments in associates and jointly controlled entities as well as investment properties.

Investment income and yield on insurance funds



Investment yield

	1H 2018	1H 2017
Annualized net investment yield	4.2%	5.0%
Annualized total investment yield	4.0%	4.9%
Annualized total investment yield under old accounting standards	4.5%	4.9%

Notes: (1) Net investment income includes interest revenue from deposits and bonds, dividend income from equity investments, rents from investment properties and the share of profits and losses of associates and jointly controlled entities.

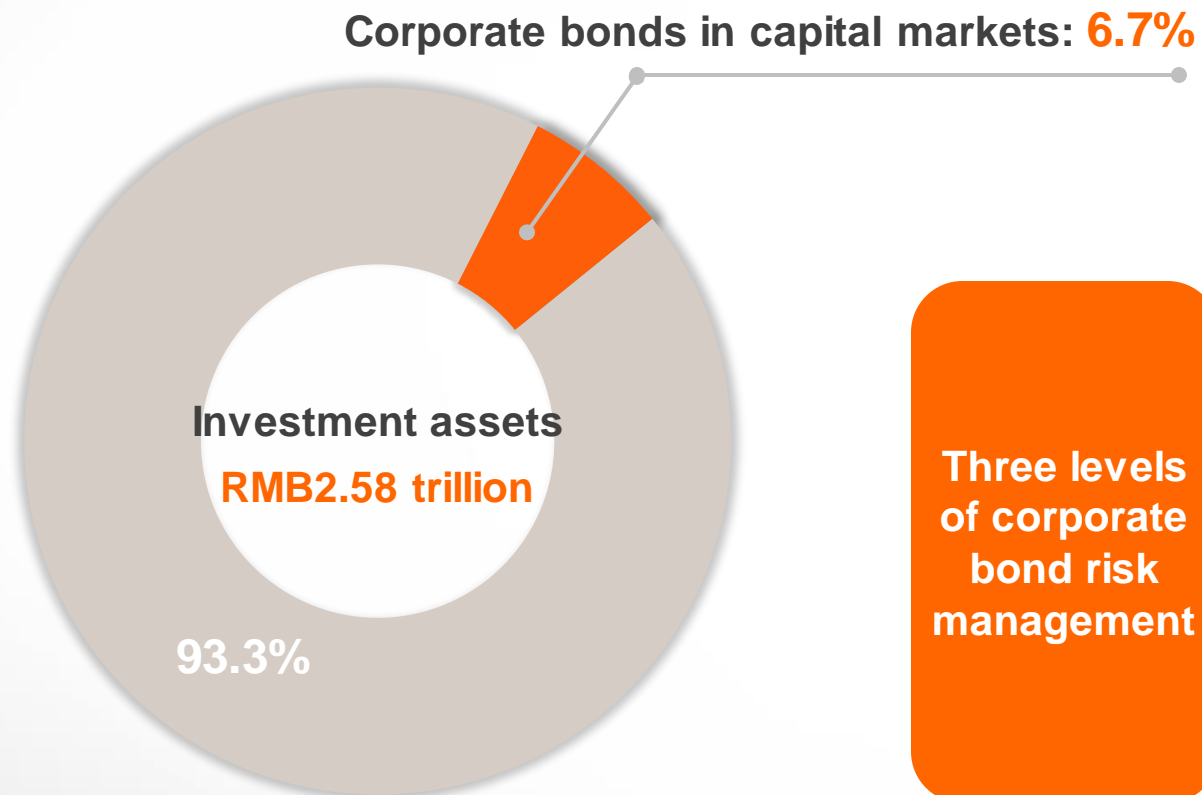
(2) Realized gains include realized capital gains from securities investments.

(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. In computing annualized investment yields, only interest revenue from deposits and bonds, and rents from investment properties were annualized, while interest revenue from securities purchased under agreements to resell, interest payment for securities sold for repo, dividend income and capital gains from investments were not annualized.

(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 previous comparable figures.

Corporate bonds held: credit risks under control



Including:

≈ 93% AA and higher ratings

≈ 80% AAA ratings

Three levels
of corporate
bond risk
management

Level 1 Asset allocation

Level 2 Admission management

Level 3 Dynamic review

Non-standard debt assets

	Investment proportion (%)	Nominal yield (%)	Remaining maturity (year)
Infrastructure	35.8	5.82	4.82
Expressway	17.7	5.93	5.85
Electric power	6.1	5.53	2.90
Infrastructure and development zone	5.5	5.77	4.58
Others (water supply, environmental protection, railway...)	6.5	5.84	4.01
Non-bank FIs	29.9	5.70	4.25
Real estate	19.8	6.12	2.62
Coal mining	3.0	6.16	2.41
Others	11.5	5.78	5.26
Total	100.0	5.85	4.22

Overview

Customer Development

Financial Review

Business Review



Fintech & Healthtech Business

Steady business growth of Lufax Holding



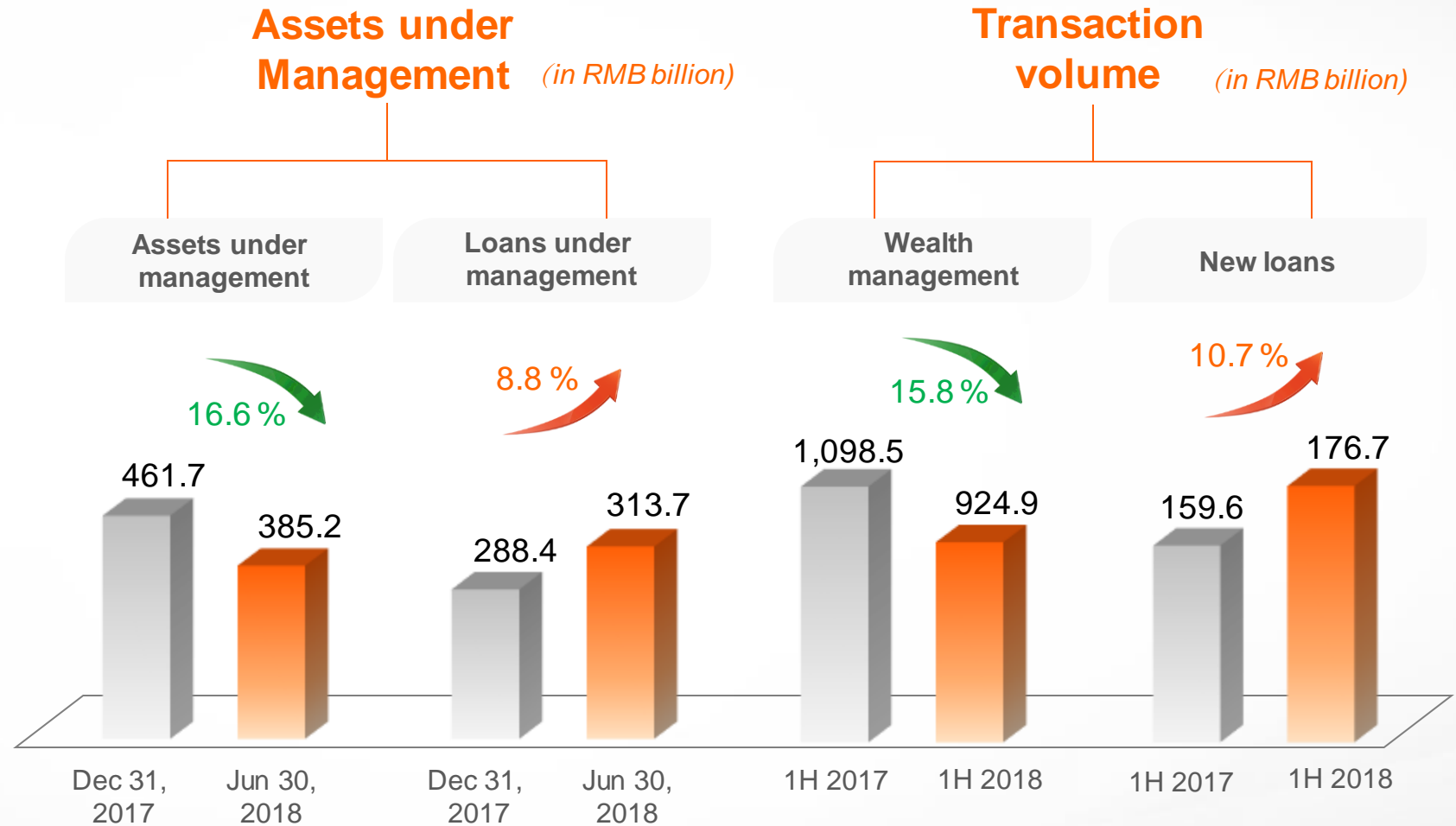
36.84 million
+18.0% YoY



9.90 million
+11.7% YoY



8.79 million
+58.7% YoY



Ping An Good Doctor is committed to building the world's largest health care ecosystem



Ping An Good Doctor

“One-stop, asset-light” health care platform

Listed on HKEX's Main Board
on May 4, 2018

1H 2018/
Jun 30, 2018

Revenue

RMB1,123 million

+150.3% YoY

Family doctor
business revenue

RMB186 million

+91.4% YoY

Consultations

308 million

+122.2% YoY

Registered users

228 million

+41.2% YoY

OneConnect is committed to building a world-leading, strategically-empowering fintech service cloud platform

Providing **441** banks, **38** insurers and **about 2,200** non-bank FIs with fintech services



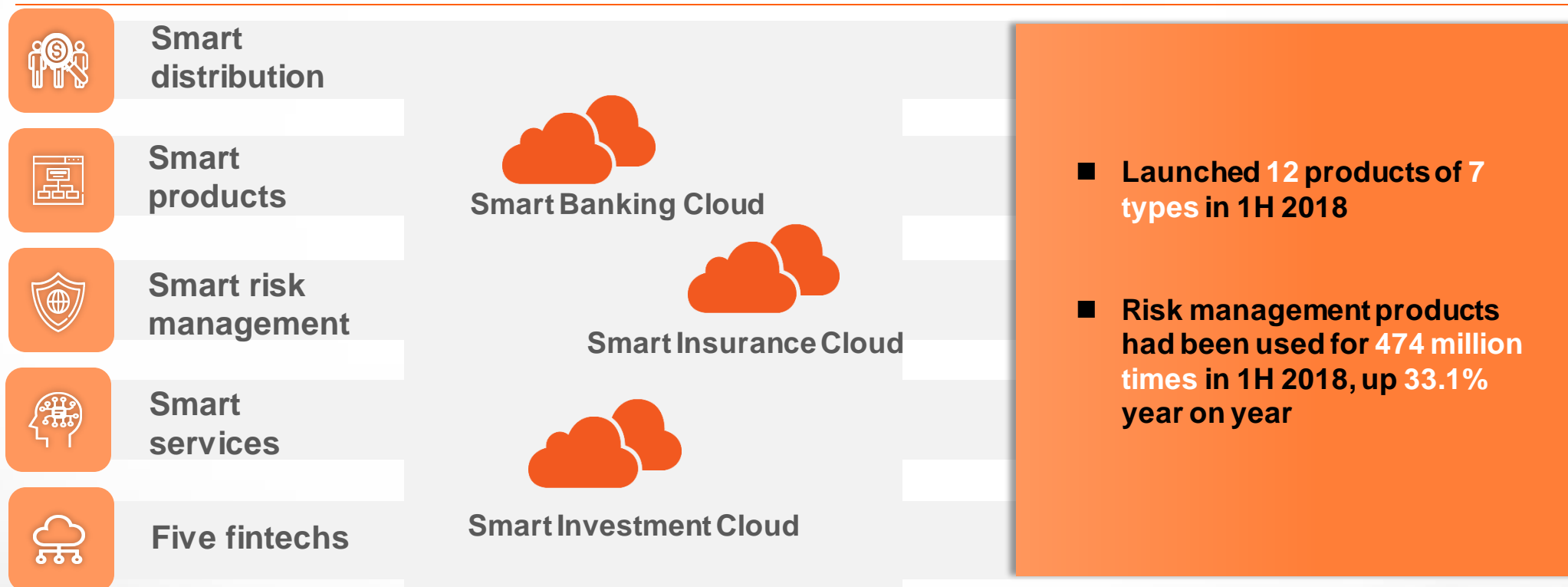
2C:
consumers



2B:
businesses

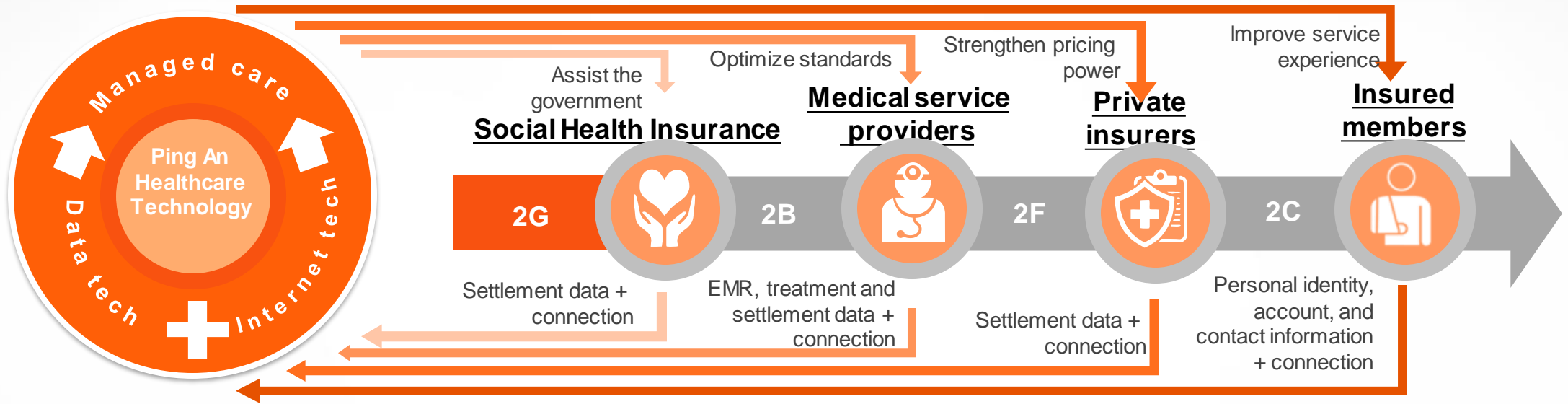


2F: financial
institutions



Raised **USD750 million** at a post-money valuation of **USD7.5 billion** in 1H 2018

Ping An Healthcare Technology is committed to building China's leading tech-powered managed care service platform



Provide social health insurance services to **over 200 cities**

Over 2,300 hospitals have connected with the service platform

“City OneConnect” app has covered **53 cities**

Raised **USD1.15 billion** at a post-money valuation of **USD8.8 billion**

Technology-powered business transformation

We have facilitated precise, efficient identity verification and empowered various application scenarios

Face recognition accuracy rate of **99.8%**

Voiceprint recognition within one second at an accuracy rate of **99.7%**

Micro-expression recognition accuracy rate of **95.8%**, **ranking first** in the One-Minute Gradual-Emotion Behavior Challenge in 2018

We have successfully applied blockchain to scenarios including financial services and health care

We have applied Ping An Blockchain to **7** scenarios and established over **37,000** blockchain nodes

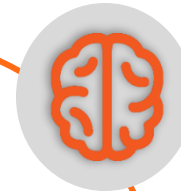
We have launched a blockchain-based trade finance platform in cooperation with **HKMA** and **major Hong Kong-based banks**

Ping An Blockchain offers industry-leading services with a throughput of **tens of thousands of transactions per second**

AI-based cognition



AI



We have applied AI to extensive scenarios

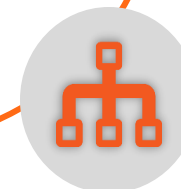
We cover **800 million** people with smart diagnosis/treatment assistance models for **700+** common diseases

中国平安
PING AN

Blockchain



Cloud computing



Ping An Cloud hosts the trillion-yuan core business of Ping An

Ping An Cloud has received **9** authoritative certifications

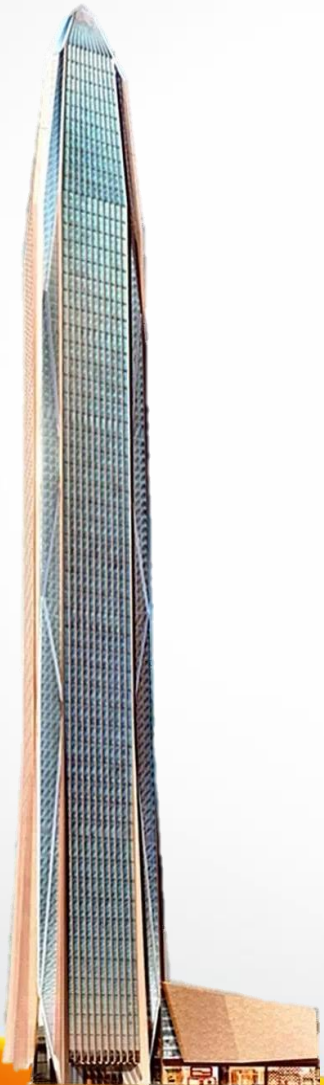
Ping An Cloud launched **18 new products** in 1H 2018

We have begun to establish overseas data centers in Hong Kong and other places

Technology patent applications reached **6,121**, up by **3,091** from the beginning of 2018

Honors and awards

Rising on *Fortune's* 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.5 among Chinese companies on the list



- No.30 on the “Brand Finance Global 500 2018” list
- No.1 on the “Brand Finance Insurance 100 2018” list



- No.43 on the “BrandZ Top 100 Most Valuable Global Brands 2018” 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



- No.6 on Interbrand’s “Best China Brands 2018” list, and still No.1 among Chinese insurance brands



- “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
PINGAN
保险·银行·投资

30th
1988-2018
中国平安三十年
三十 更懂你

Q&A

Appendices: Group operating profit (Table A)

	See Table B	See Table C	See Table D	See Table E	See Table F				
<i>(in RMB million)</i>	Life & Health	P&C	Banking	Trust	Securities	Other Asset Management	Fintech & Healthtech	Other businesses and elimination	Group
Net profit attributable to shareholders of the parent company	33,791	5,896	7,756	1,693	918	6,548	4,204	(2,711)	58,095
Minority interests	537	28	5,616	1	38	178	403	(126)	6,675
Net profit (A)	34,328	5,924	13,372	1,694	956	6,726	4,607	(2,837)	64,770
Excluding:									
Short-term investment return variance (B)	(1,233)	-	-	-	-	-	-	-	(1,233)
Impact of discount rate change (C)	(35)	-	-	-	-	-	-	-	(35)
Impact of one-off material non-operating items (D)	-	-	-	-	-	-	-	-	-
Operating profit (E = A – B – C – D)	35,595	5,924	13,372	1,694	956	6,726	4,607	(2,837)	66,038
Operating profit attributable to shareholders of the parent company	35,035	5,896	7,756	1,693	918	6,548	4,204	(2,711)	59,339
Operating profit attributable to minority shareholders	560	28	5,616	1	38	178	403	(126)	6,699

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

Appendices: Life & Health earnings (Table B)

Profit Analysis

<i>(in RMB million)</i>	1H 2018	1H 2017	Notes
Release of residual margin	29,559	23,989	A
Return on net worth	4,310	3,245	
Spread income	2,800	2,472	
Operating variance and others	11,168	8,973	
Operating profit before tax	47,838	38,679	
Income tax	(12,243)	(10,125)	
Operating profit after tax	35,595	28,554	See Table A
Net profit	34,328	23,806	See Table A

Residual Margin

<i>(in RMB million)</i>	1H 2018	1H 2017	Note
Beginning residual margin	616,319	454,705	
Contribution from new business	92,455	93,459	
Expected interest growth	13,590	10,678	
Release of residual margin	(29,559)	(23,989)	A
Operating variance and others	17,227	10,524	
Ending residual margin	710,032	545,376	

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

Appendices: P&C earnings (Table C)

(in RMB million)

	1H 2018	1H 2017	Notes
Premium income	118,878	103,443	
Net earned premiums	103,016	87,386	B
Claim expenses	(59,112)	(51,410)	
Commission expenses	(25,740)	(15,926)	
Administrative expenses	(17,373)	(20,294)	
Reinsurance commission revenue	3,504	3,653	
Underwriting profit	4,295	3,409	D = B x (1-C)
Combined ratio	95.8%	96.1%	C
Total investment income	5,778	5,411	E = F x G
Average P&C investment assets	240,088	202,296	F
P&C total investment yield	2.4%	2.7%	G
Other net revenue and expenses	(35)	(136)	
Profit before tax	10,038	8,684	
Income tax	(4,114)	(1,789)	
Net profit	5,924	6,895	See Table A

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

Appendices: Banking earnings (Table D)

(in RMB million)

	1H 2018	1H 2017	Notes
Net interest revenue	37,436	37,361	H = I x J
Average interest earning assets	3,342,036	3,070,356	I
Net interest margin	1.12%	1.22%	J
Net non-interest revenue	19,805	16,708	
Revenue	57,241	54,069	K
General and administrative expenses	(16,980)	(13,386)	L = - (K x M)
Cost-to-income ratio	29.66%	24.76%	M
Loan impairment loss	(21,044)	(22,856)	N = - (O x P)
Average balance of loans (including bill discount)	1,778,740	1,555,091	O
Credit cost	1.18%	1.47%	P
Other expenses	(1,850)	(1,395)	
Profit before tax	17,367	16,432	
Income tax	(3,995)	(3,878)	
Net profit	13,372	12,554	See Table A

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

Appendices: Trust earnings (Table E)

(in RMB million)

	1H 2018	1H 2017	Notes
Fees and commission revenue	2,104	2,153	Q = R x S
Monthly average assets held in trust	623,272	663,636	R
Fee rate of assets held in trust	0.34%	0.32%	S
Fees and commission expenses	(33)	(88)	
Net fees and commission revenue	2,071	2,065	
Administrative expenses	(513)	(603)	
Total investment income	541	1,470	
Other net revenue and expenses	75	(37)	
Profit before tax	2,174	2,895	
Income tax	(480)	(633)	
Net profit	1,694	2,262	See Table A

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

Appendices: Securities earnings (Table F)

(in RMB million)

	1H 2018	1H 2017	Notes
Fees and commission revenue	2,112	1,903	
Fees and commission expense	(434)	(334)	
Net fees and commission revenue	1,678	1,569	
Total investment income	1,749	2,024	
Other revenue	1,365	667	
Revenue	4,792	4,260	T
Administrative expenses	(1,781)	(1,793)	U = - (T + W) x V
Cost-to-income ratio	51.8%	50.4%	V
Finance costs	(499)	(350)	
Other expenses	(1,356)	(702)	W
Profit before tax	1,156	1,415	
Income tax	(200)	(228)	
Net profit	956	1,187	See Table A

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