

2019 Annual Results

February 2020



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

**Retail Integrated Finance &
Insurance Business**

Lu Min
Chief Insurance Business Officer

**Corporate Integrated Finance &
Banking Business**

Xie Yonglin
President and Co-CEO

Technology Business

Jessica Tan
Co-CEO

Overview

Jason Yao
CFO

Ping An's strategy: a world-leading technology-powered retail financial services group

One positioning

World-leading
Technology-powered
Retail Financial Services Group

Two focuses



Pan Financial Assets



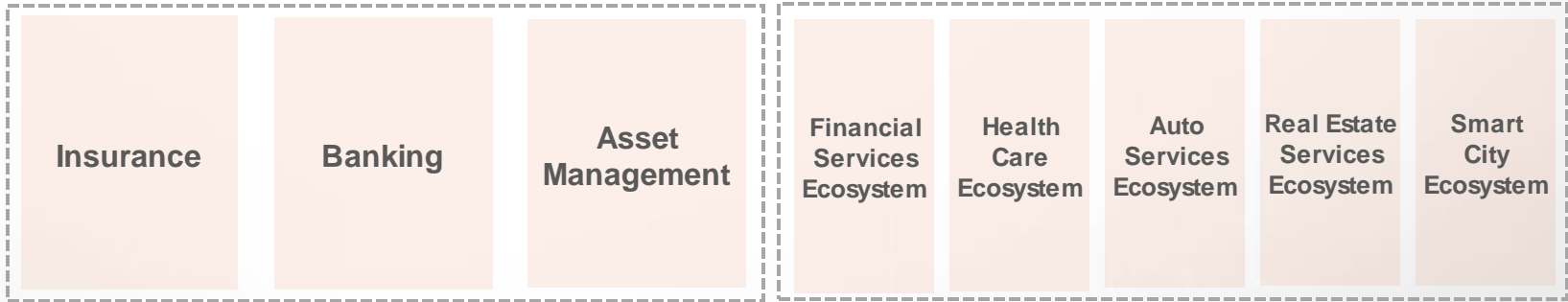
Pan Health Care

Two growth models

Finance + Technology

Finance + Ecosystem

N pillars



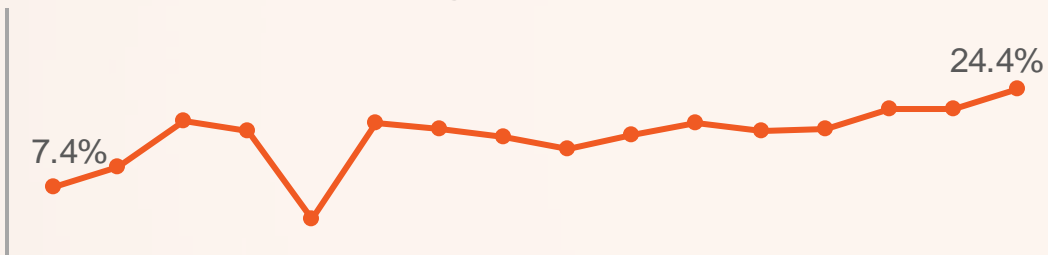
Strong and consistent track record since 2004 IPO

(in RMB billion)

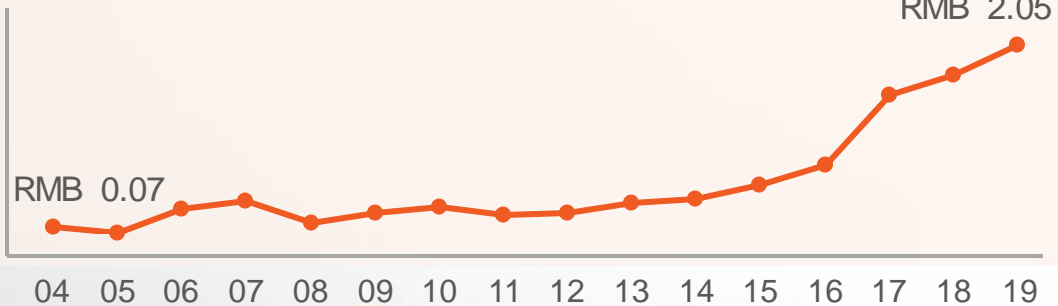
Shareholders' Equity CAGR = 23.6%



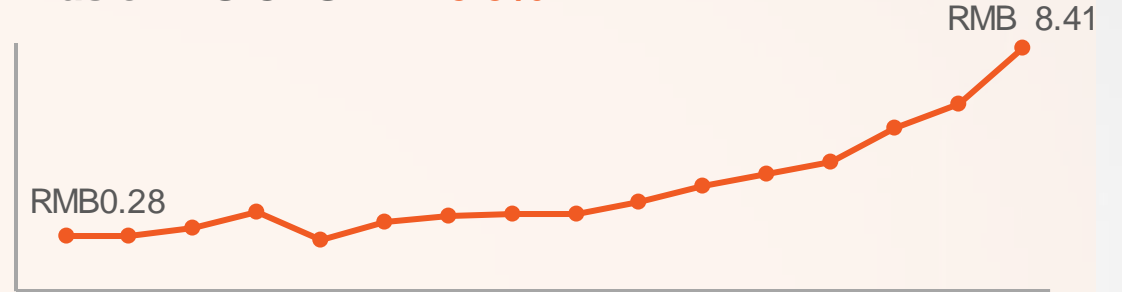
5-year/15-year average ROE = 20.1% / 16.6%



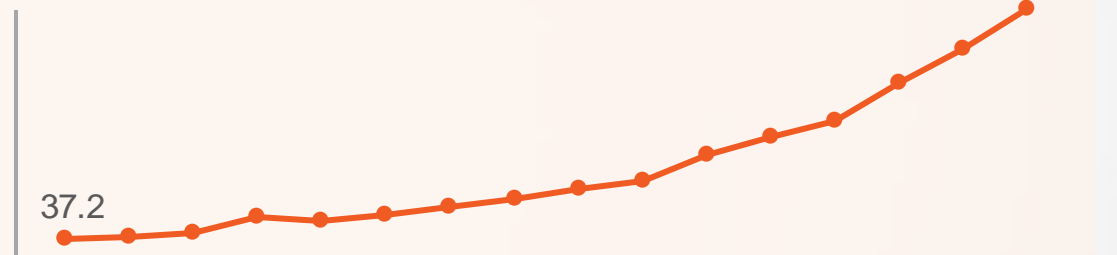
Dividend per share CAGR = 25.2%



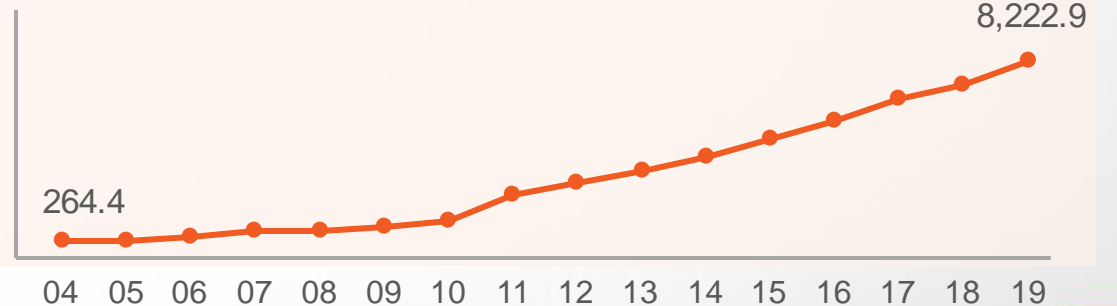
Basic EPS CAGR = 25.5%



Embedded Value CAGR = 26.1%



Total Assets CAGR = 25.8%



Financial Review

Jason Yao
CFO

2019 Business Highlights

(RMB)

Operating profit⁽¹⁾

132,955 million

+18.1%

Net profit⁽¹⁾

149,407 million

+39.1%

Dividend per share

2.05/share

+19.2%

Embedded value per share

65.67

+19.8%

NBV margin

47.3%

+3.6 pps

Operating ROE

21.7%

-0.2 pps

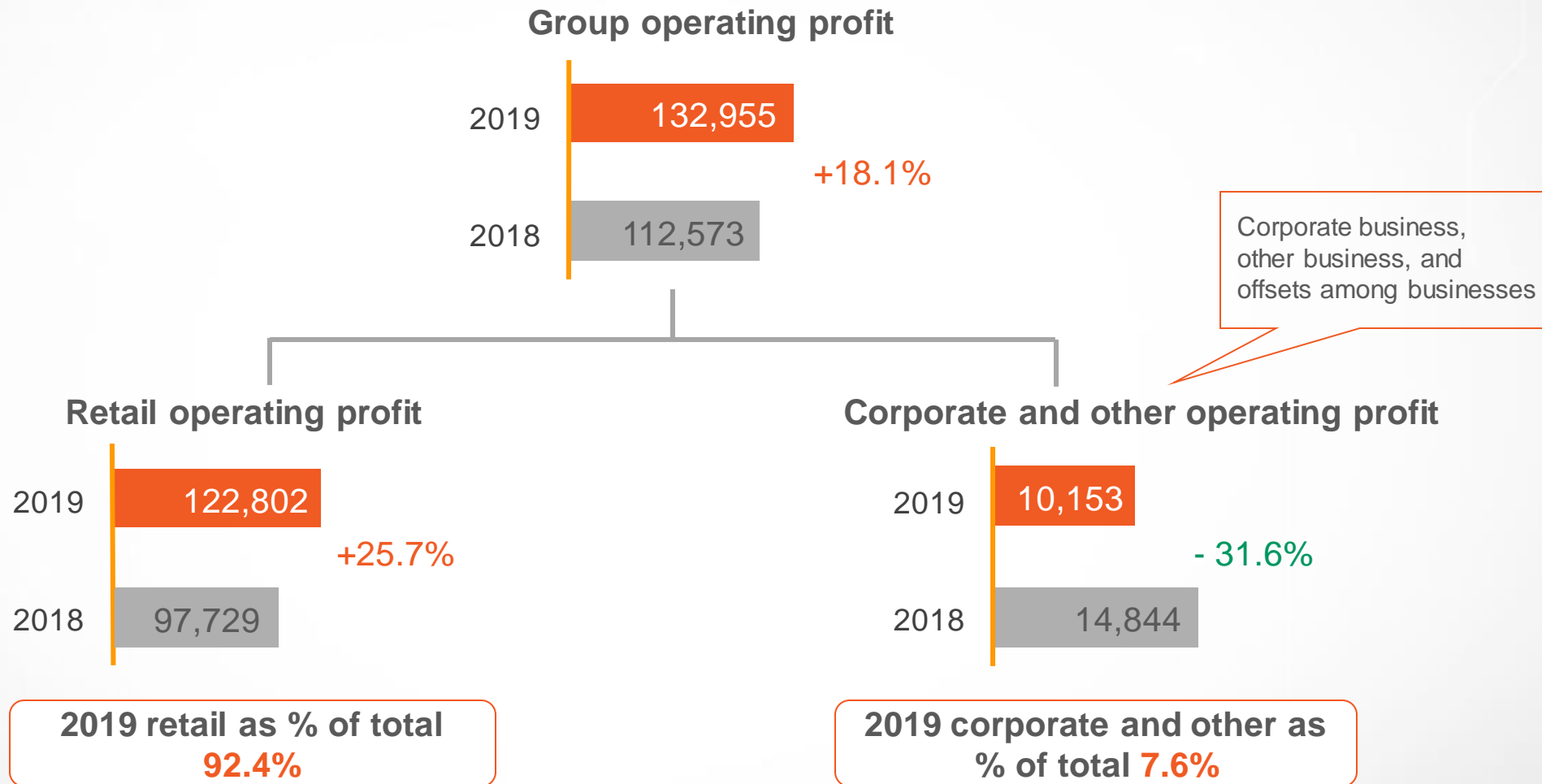
Note: (1) Operating profit and net profit refer to the operating profit and net profit attributable to shareholders of the parent company respectively.



1. Customer-centric profit drivers

Retail accounted for 92% of operating profit

(in RMB million)



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



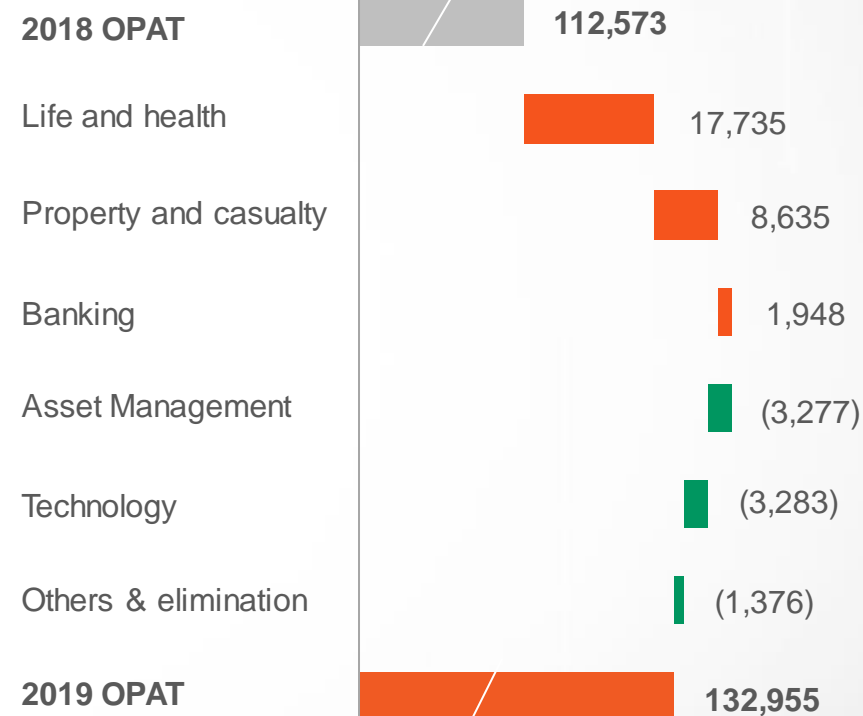
2. Operating profit

Group operating profit rose 18.1% YoY

(in RMB million)

	2019	Proportion (%)	YoY Change (%)
Life and health	88,054	66.2	25.2
Property and casualty	20,850	15.7	70.7
Banking	16,342	12.3	13.5
Trust	2,595	2.0	(13.7)
Securities	2,319	1.7	45.0
Other asset management ⁽¹⁾	4,680	3.5	(43.4)
Technology ⁽²⁾	3,487	2.6	(48.5)
Others & elimination	(5,372)	(4.0)	34.4
The Group	132,955	100.0	18.1

Operating profit growth drivers



Notes: (1) 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.

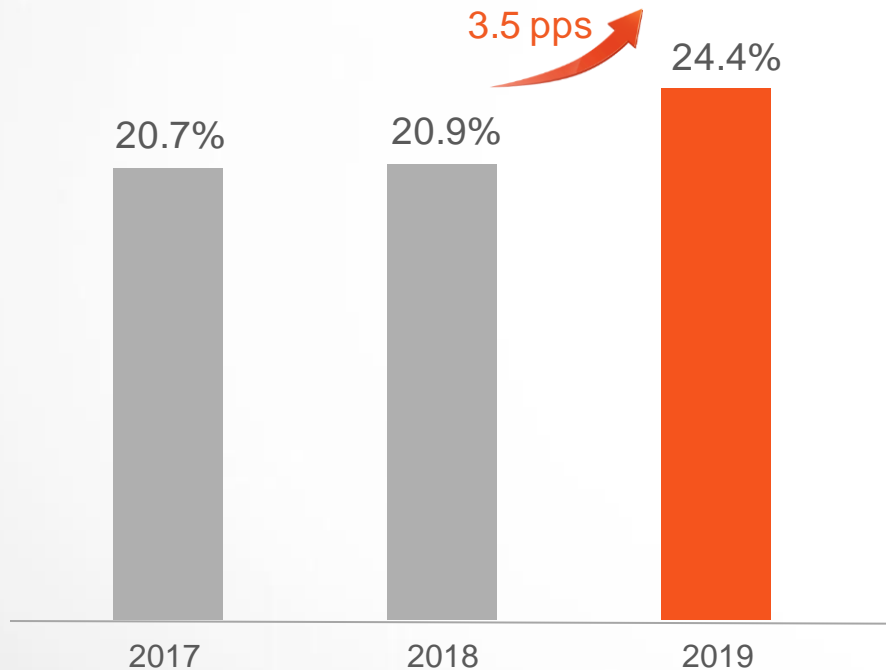
(2) The technology business represents results of companies that engage in technology business including Lufax Holding, OneConnect, Ping An Good Doctor, Ping An HealthKconnect, and Autohome.

(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.

ROE rose steadily in 2019

ROE



Operating ROE

	2019	YoY Change (pps)
Life and health insurance	40.5%	(0.2)
Property and casualty insurance	24.6%	7.9
Banking	11.3%	(0.2)
Trust	14.2%	(1.9)
Securities	7.8%	1.9
Other asset management	10.5%	(9.0)
Technology	5.1%	(5.7)
Others & elimination	N/A	N/A
The Group	21.7%	(0.2)

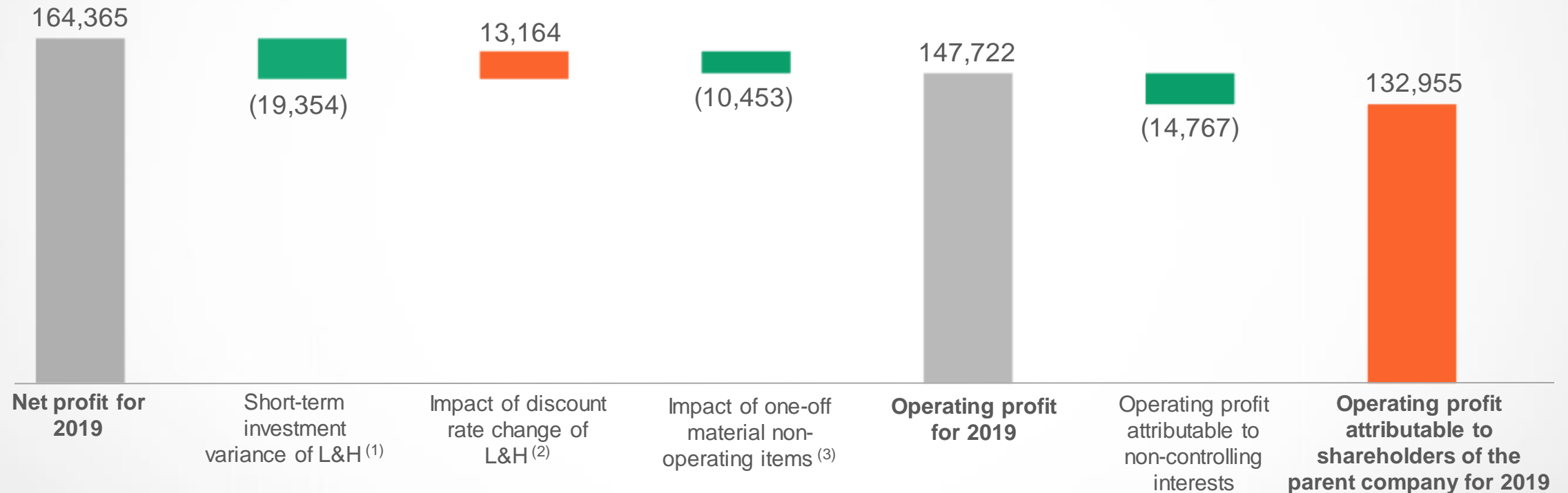
Note: ROE is calculated based on the net profit attributable to shareholders of the parent company. Operating ROE is calculated based on the operating profit attributable to shareholders of the parent company.

Operating profit excludes non-operating items to reflect underlying performance

Operating Profit =

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

(in RMB million)



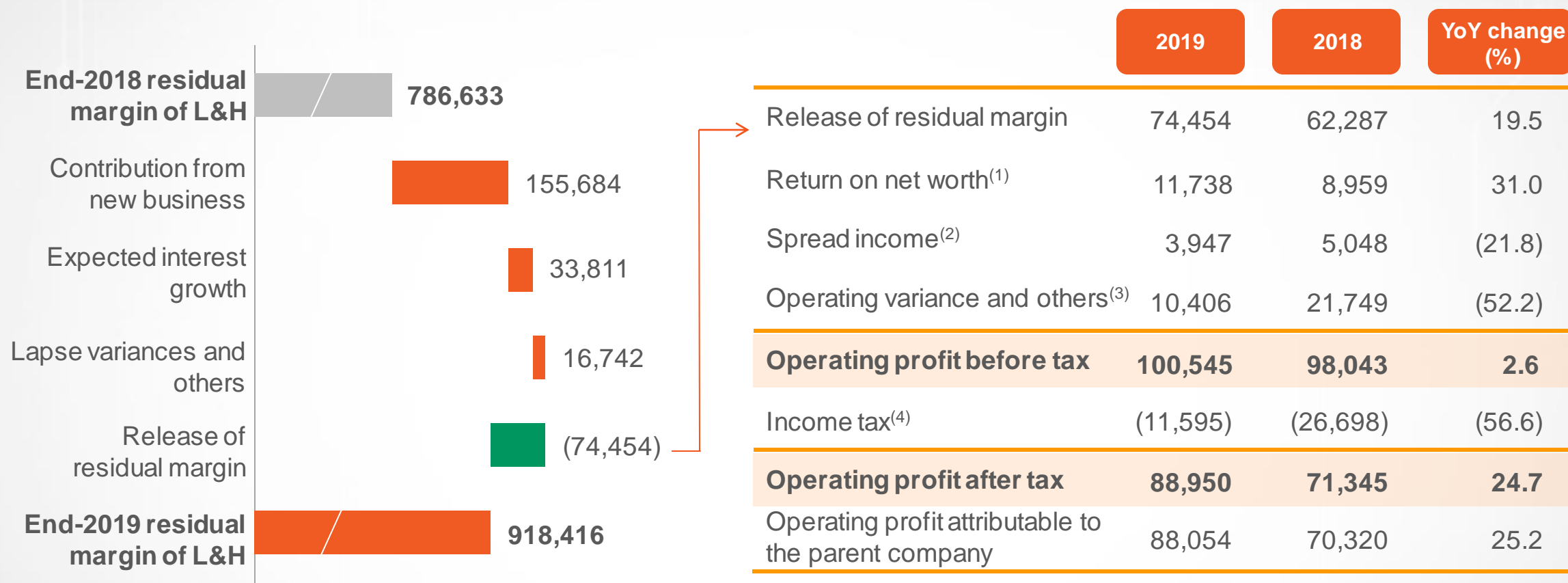
Notes: (1) Short-term investment variance is the variance between the actual investment return and the EV ultimate investment return assumption (5%), net of the associated impact on insurance and investment contract liability.

(2) The impact of discount rate change on net profit after tax was a decrease of RMB13,164 million, which was a result of a lower tax and liquidity premium in the fourth quarter factoring in the currently low and possibly lowering interest environment, as well as the changing liability structure.

(3) The impact of one-off material non-operating item in 2019 was the impact of the decrease in income tax for 2018 factored into the income tax for 2019 due to insurance subsidiaries' implementation of the Circular on Pre-tax Deduction of Fee and Commission Expense for Insurers issued by the Ministry of Finance and the State Administration of Taxation on May 29, 2019.

L&H operating profit attributable to shareholders of the parent company rose 25.2% YoY

(in RMB million)



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. The spread income decreased by 21.8% year on year in 2019 as the Company lowered spread charges on its participating and universal insurance products to maintain their long-term interest settlement competitiveness in response to volatile capital markets in 2018. The impact continued into 2019.

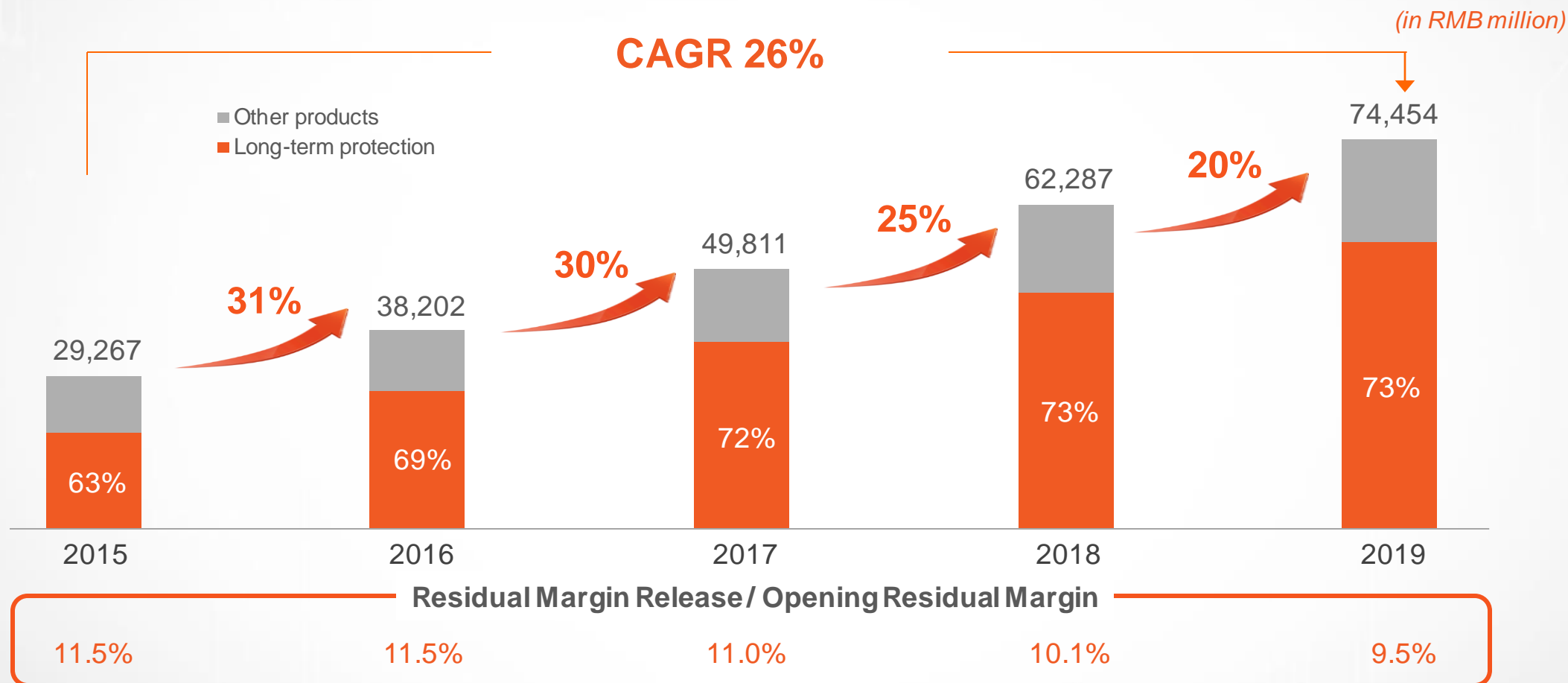
(3) Operating variance and others dropped 52.2% year on year, largely because of increased strategic investment in technologies and agent team building as well as short-term fluctuation of policy persistency causing a decrease in operating variance.

(4) Income tax decreased by 56.6% year on year due to a lower effective tax rate attributable to the *Circular on Pre-tax Deduction of Fee and Commission Expense for Insurers* issued by the Ministry of Finance and the State Administration of Taxation on May 29, 2019. The impact will continue in 2019 and future years.

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

L&H residual margin release rose 20% 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 2015 and data of the L&H business for 2016-2019.

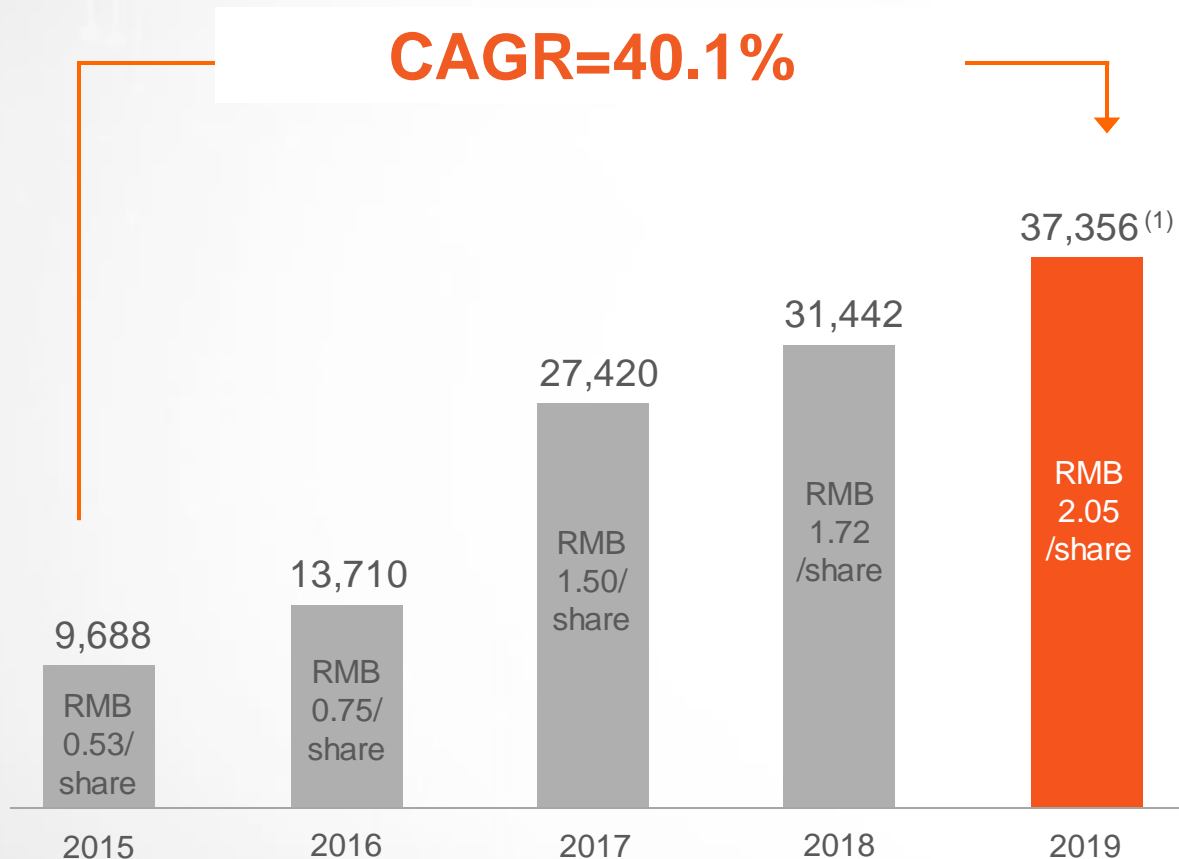
(2) Long-term protection products cover whole-life, term life, illness and long term accident insurance. The critical illness plus savings combination sold over the past two years contains high protection elements, though its main products are classified as Long-PPP Protection & Saving hybrid due to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



3. Dividends and capital

5-Year Dividend CAGR reached 40.1%

(in RMB million)



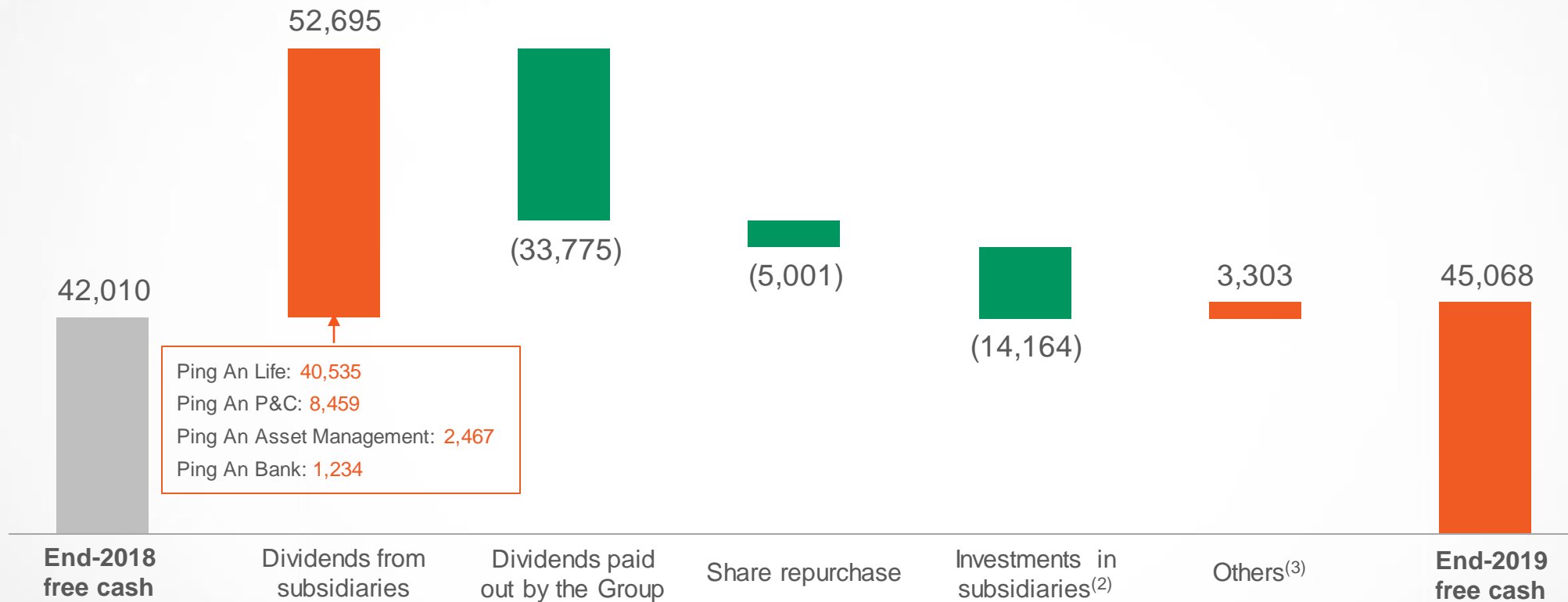
- The Company is increasing dividends steadily in light of the growing profitability and strong solvency position.
- Dividend per share for 2019 reached **RMB2.05 per share**, up **19.2%** YoY. Interim dividend reached RMB0.75 per share, and final dividend **RMB1.30 per share**⁽²⁾. The dividend payout ratio based on operating profit attributable to shareholders of the parent company (excluding share repurchases in cash) stood at **28.1%** (vs. **27.9%** for 2018).
- The 2018 annual general meeting deliberated and approved the plan for repurchasing A shares worth RMB5-10 billion. As of December 31, 2019, the Company had repurchased about **57.59 million shares** worth **RMB5,001 million** in total.

Notes : (1) The calculation of total dividends for 2019 is based on 18,223 million shares after deduction of the repurchased shares, without factoring in the RMB5,001 million worth of share repurchases. The actual total amount of dividend payment is subject to the actual number of shares entitled to the dividend distribution.

(2) The proposed final dividend distribution is subject to approval at the Company's annual general meeting of shareholders for 2019.

Free cash of the parent company

(in RMB million)



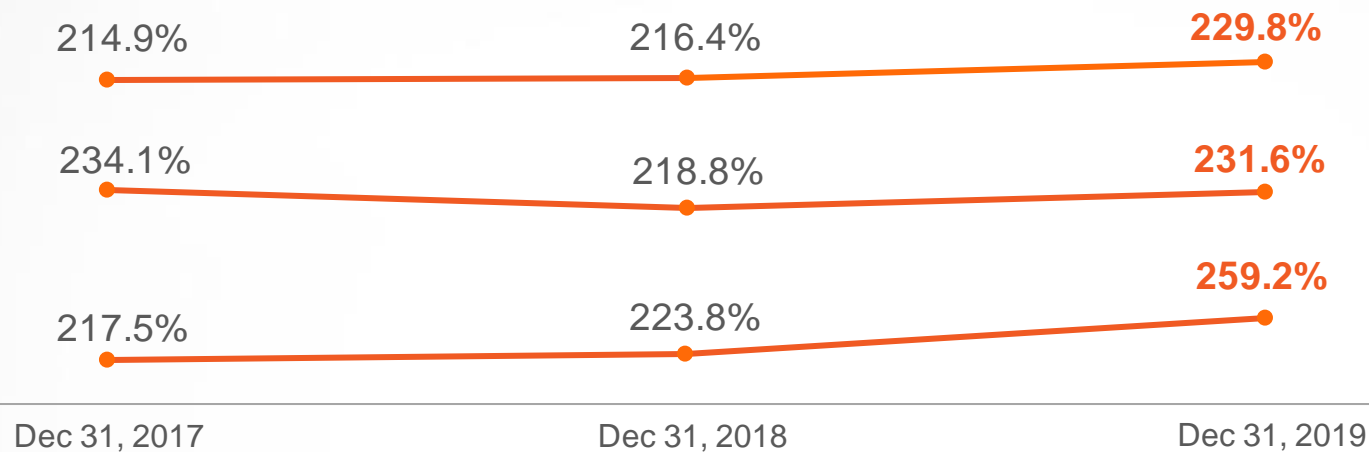
Notes: (1) The free cash of the parent company includes bonds, equity securities, bank deposits and cash equivalents that the parent company holds. They are mainly invested in subsidiaries or used in daily operations or for dividend distribution.

(2) The Company's investments in subsidiaries in 2019 mainly include the capital injections into Ping An Financial Leasing and Ping An Health, and the subscription for convertible bonds issued by Ping An Bank.

(3) Others mainly include short-term borrowings.

Strong capital adequacy position

Comprehensive solvency margin ratio

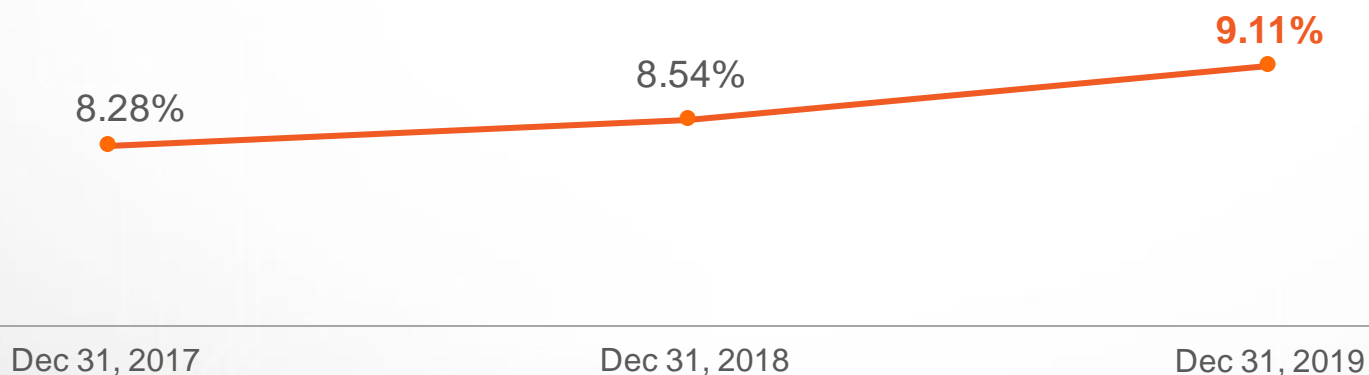


Ping An Group
(regulatory requirement $\geq 100\%$)

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

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

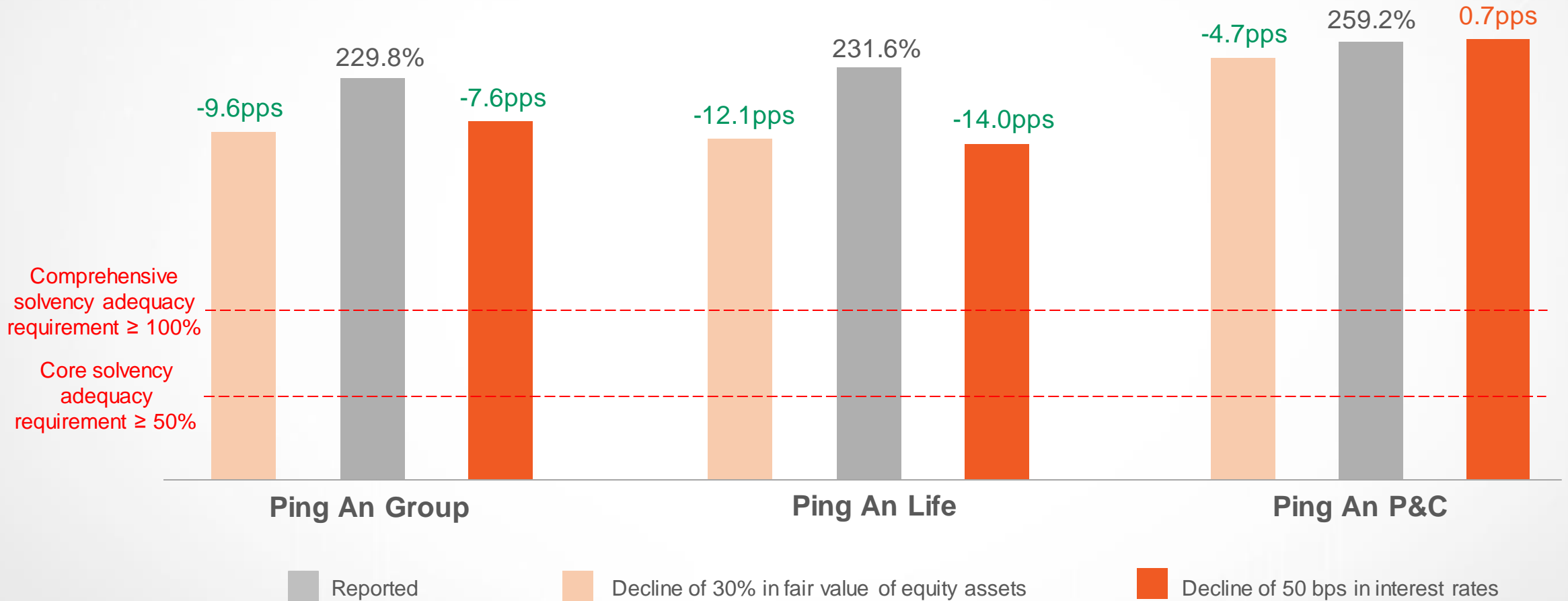
Core tier 1 capital adequacy ratio



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

In 2019, Ping An Bank completed the issuance and conversion of RMB26bn worth of A-share convertible bonds, which boosted core tier 1 capital.

Strong solvency resilient to capital market volatility



Notes: (1) The Company conducts stress tests on a quarterly basis to assess the adequacy of its solvency.

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



4. Investment portfolio of insurance funds

Investment portfolio of insurance funds – by category

<i>Proportion</i>	Dec 31, 2019	Dec 31, 2018	Change (pps)
Cash and cash equivalents	3.0%	4.1%	(1.1)
Term deposits	6.6%	7.2%	(0.6)
Debt financial assets			
Bond investments	46.9%	45.4%	1.5
Bond funds	1.3%	1.6%	(0.3)
Preferred stocks	3.6%	2.9%	0.7
Perpetual bonds	0.6%	-	0.6
Policy loans	4.3%	4.0%	0.3
Debt schemes	4.1%	5.6%	(1.5)
Wealth management products ⁽¹⁾	9.3%	10.2%	(0.9)
Equity financial assets			
Stocks	9.2%	8.3%	0.9
Equity funds	1.5%	1.6%	(0.1)
Wealth management products ⁽¹⁾	1.2%	1.2%	-
Unlisted equities	2.1%	1.8%	0.3
Long-term equity stakes	3.8%	3.3%	0.5
Investment properties	1.9%	1.9%	-
Other investments⁽²⁾	0.6%	0.9%	(0.3)
Total investments (in RMB million)	3,208,836	2,794,620	

Non-standard debt assets % fell 2.4pps:
Dec 31, 2019: 13.4%
Dec 31, 2018: 15.8%

Non-standard equity asset % was stable:
Dec 31, 2019: 1.2%
Dec 31, 2018: 1.2%

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.

Under IFRS9, 18.3% of insurance assets are marked to market through P&L

<i>Proportion</i>	Dec 31, 2019	Dec 31, 2018	Change (pps)
Carried at fair value through profit or loss	18.3%	18.5%	(0.2)
Fixed income	10.5%	11.2%	(0.7)
Stocks	3.0%	2.8%	0.2
Equity funds	1.5%	1.6%	(0.1)
Other equity financial assets	3.3%	2.9%	0.4
Carried at fair value through other comprehensive income⁽¹⁾	15.9%	14.7%	1.2
Measured at amortized cost⁽²⁾	60.2%	61.6%	(1.4)
Others⁽³⁾	5.6%	5.2%	0.4
Total investments (in RMB million)	3,208,836	2,794,620	

Notes: (1) 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.

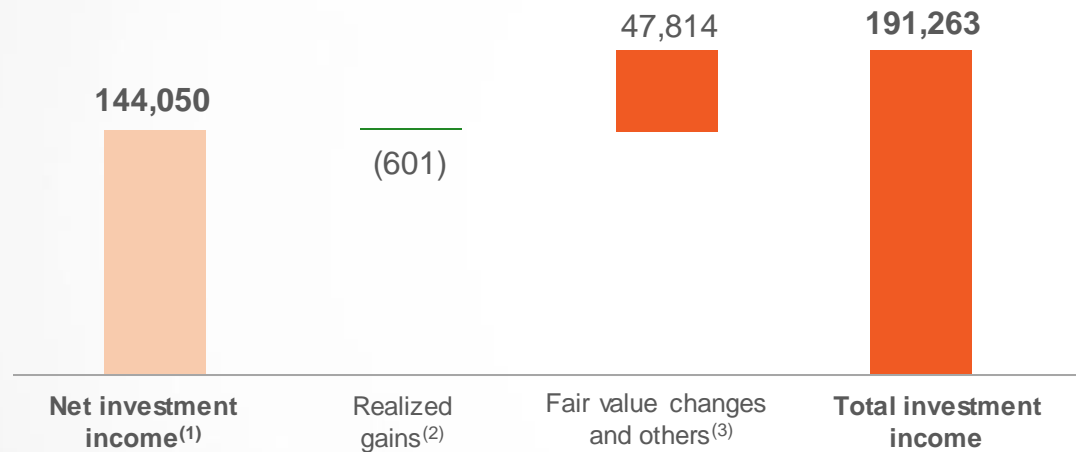
(2) Assets measured at amortized cost include “financial assets measured at amortized cost,” “term deposits” and “statutory deposits for insurance operations” under the new accounting standards for financial instruments.

(3) Others include long-term equity stakes, investment properties and financial derivatives.

Net investment yield was 5.2%, and total investment yield was 6.9%

Investment income

(in RMB million)



Investment yield

	2019	2018
Net investment yield⁽⁴⁾	5.2%	5.2%
Total investment yield⁽⁴⁾	6.9%	3.7%

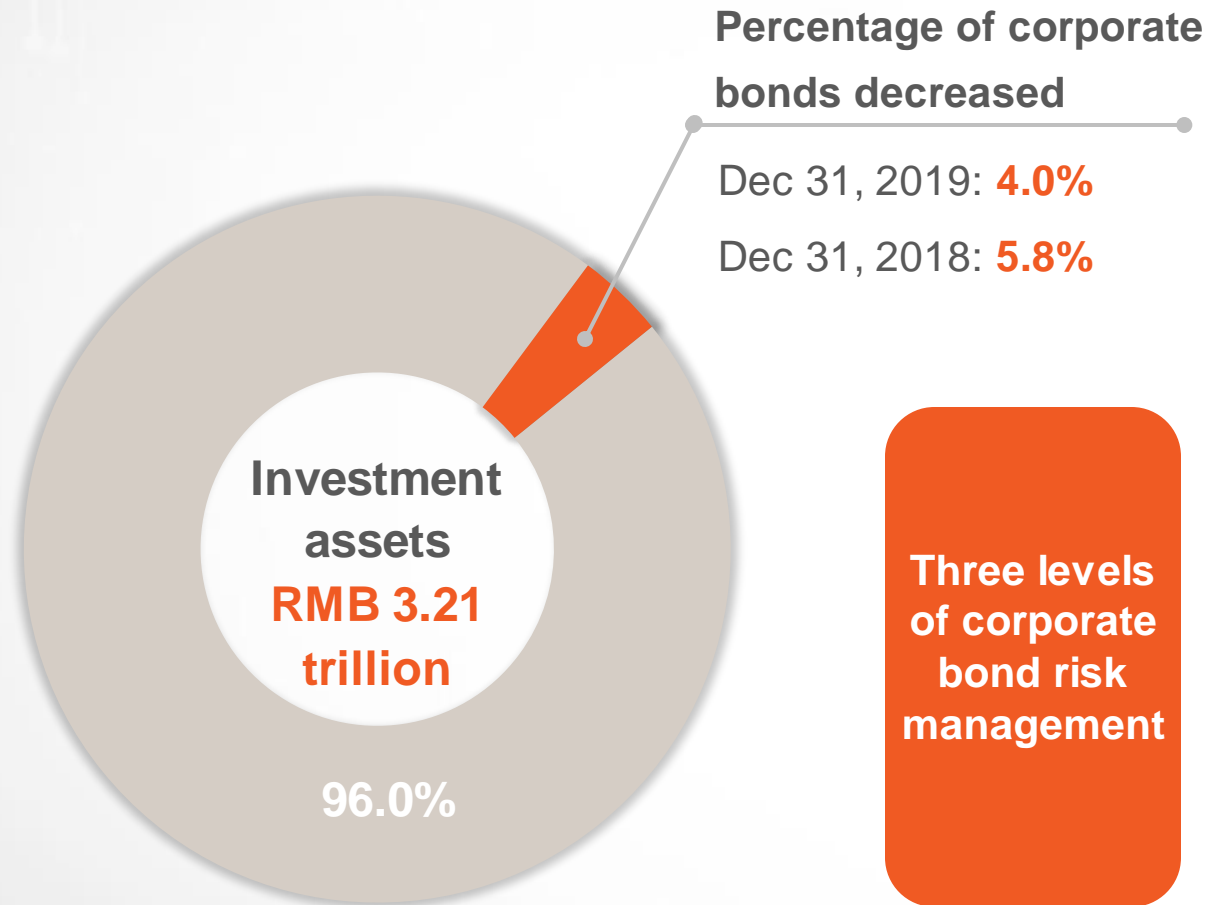
Notes: (1) Net investment income includes interest revenue from deposits and debt financial assets, dividend income from equity financial assets, operating lease income from investment properties, and the share of profits and losses of associates and jointly controlled entities.

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

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

(4) The above investment income and yield data are under IFRS 9. Net exchange gains or losses on investment assets denominated in foreign currencies are excluded from computation of investment yields.

Corporate bonds account for 4.0% of investments, down 1.8pps



Including:

AA and higher ratings **≈ 99%** (~92% as of Dec 31, 2018)

AAA ratings **≈ 89%** (~80% as of Dec 31, 2018)

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 5.75% nominal yield

	Investment proportion (%)	Nominal yield (%)	Remaining maturity (year)
Infrastructure	33.5	5.75	5.19
Expressway	12.5	5.85	5.74
Electric power	2.9	5.34	3.91
Infrastructure and development zones	8.7	5.85	5.90
Others (water supply, environmental protection, railway...)	9.4	5.65	4.21
Non-banking financial services	36.3	5.74	2.71
Real estate	18.3	5.90	2.05
Coal mining	1.5	5.90	3.07
Others	10.4	5.48	5.11
Total	100.0	5.75	3.68

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



5. Sustainability and honors

Sustainability: Pioneering in China's ESG and continue the positive influence

Through the positioning of the five roles of Ping An, we continuously exert the influence on E\S\G

A Responsible Investor

Objective: investing to create economic, environmental and social value

- Responsible investment: **nearly RMB1 trillion**
- Loan balance of green credit : **RMB24.3 billion**
- Loan balance of inclusive credit : **RMB898.9 billion**

A Trustworthy Insurance Company

Objective: exploring sustainable insurance, while enhancing customer experience

- Sustainable insurance products: **1,053**
- Insured amount: **RMB121 trillion**

An Attractive Employer

Objective: making employees an important and long term driver of the business

- Employee remunerations: **RMB59,144 million**
- Employees covered by Long-term service plan: **30 thousand+**
- Score of employee satisfaction: **4.33**

An Upright and Transparent Listed Company

Objective: achieving long-term stable operation with excellent corporate governance

- Integrity promotion activities: **2,046**
- Suppliers received ESG training: **100**

A Caring Corporate Citizen

Objective: environment friendly and promoting harmonious community

- Poverty alleviation provide: **RMB15,745 million**
- Village doctors: **11,175**
- Village teachers: **11,826**
- Carbon emissions: **797,251 tCO₂e**
- Carbon emissions reduction potential: **64,497 tCO₂e**



China's first asset owner to join Principles for Responsible Investment (PRI)



First DJSI selected insurance company in Chinese mainland



Included in the HSCEI ESG Index



Nationally leading position for MSCI ESG rating

Honors and Awards



Fortune

Fortune 500

No. **29**

Global financial groups

No. **4**



Forbes

Global 2000

No. **7**

Global insurance conglomerates

No. **1**

Global financial groups

No. **6**



Millward Brown & WPP,
the world's largest
communications group

100 most valuable
global brands

No. **40**

Most valuable
financial brands

No. **3**



Brand Finance,
the world's largest brand
consulting company

Most valuable global
insurance brands

No. **1**

Global financial
groups

No. **4**

Retail Integrated Finance and Insurance Business

Lu Min

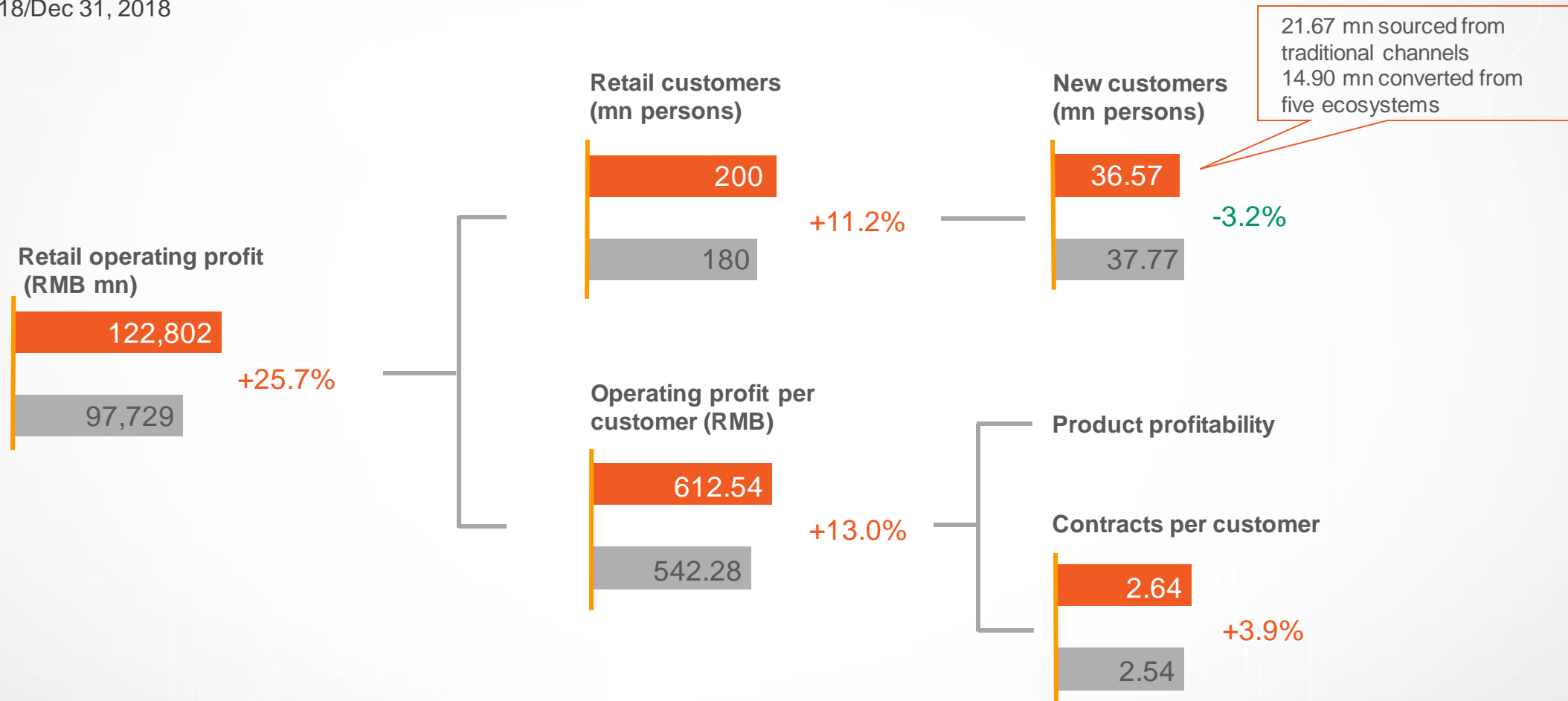
Chief Insurance Business Officer



1. Retail integrated finance

Retail OPAT growth drivers

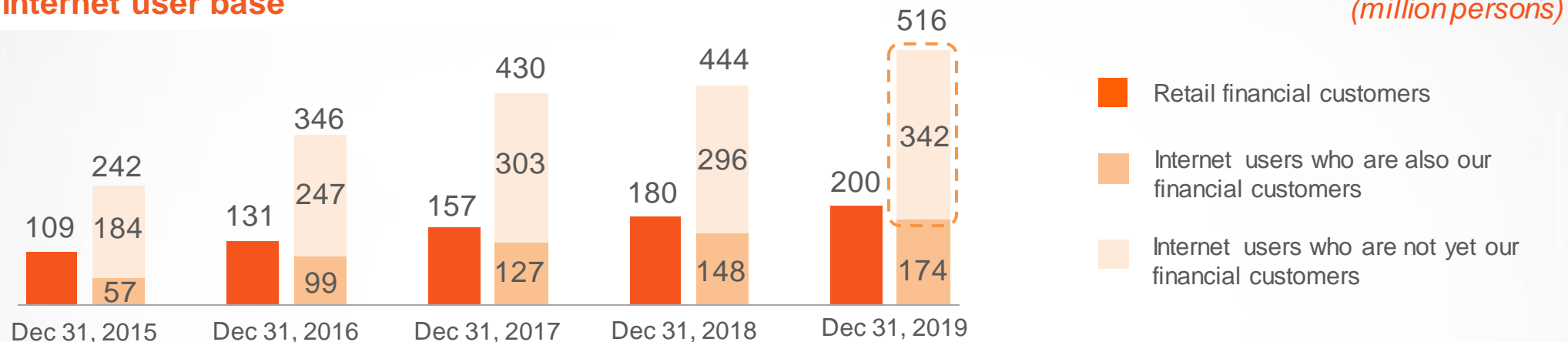
■ 2019/Dec 31, 2019
 ■ 2018/Dec 31, 2018



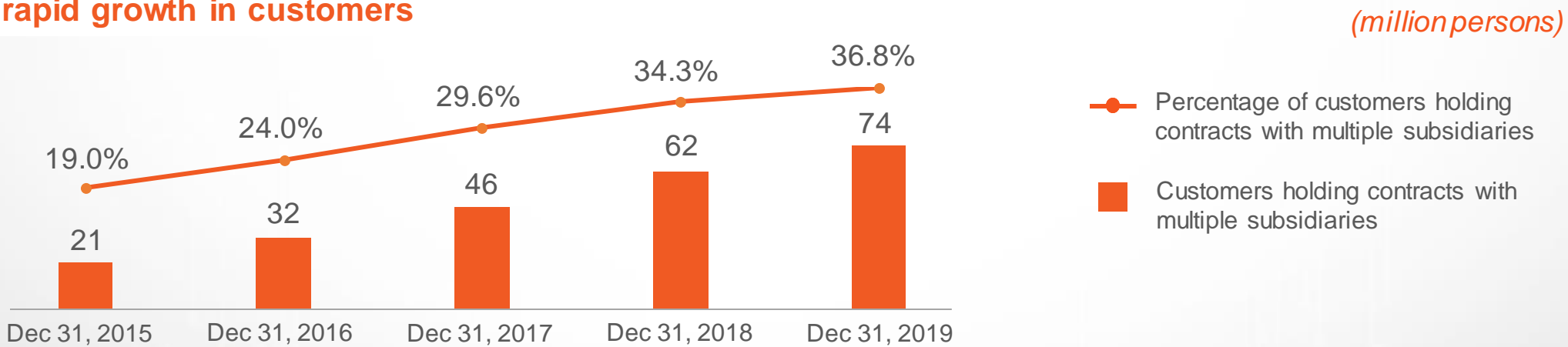
Notes: (1) Operating profit refers to the operating profit attributable to shareholders of the parent company.
 (2) At the end of 2019, we revised the definition of retail customers, removing customers with complimentary insurance from retail customers and restating the data for comparable periods in 2018.
 (3) The number of customers as of Dec 31, 2019 is not equal to the number of customers as of December 31, 2018 plus new customers acquired during the Reporting Period due to customer attrition.
 (4) Figures may not match the calculation due to rounding.

Increased customers and cross-selling

Significant potential to further penetrate our 516 mn internet user base



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



Notes: (1) At the end of 2019, we revised the definition of retail customers and internet users, removing customers with complimentary insurance from retail customers and independent users of suspended internet platforms from internet users, and restating the data for comparable periods in 2017 and 2018 accordingly.

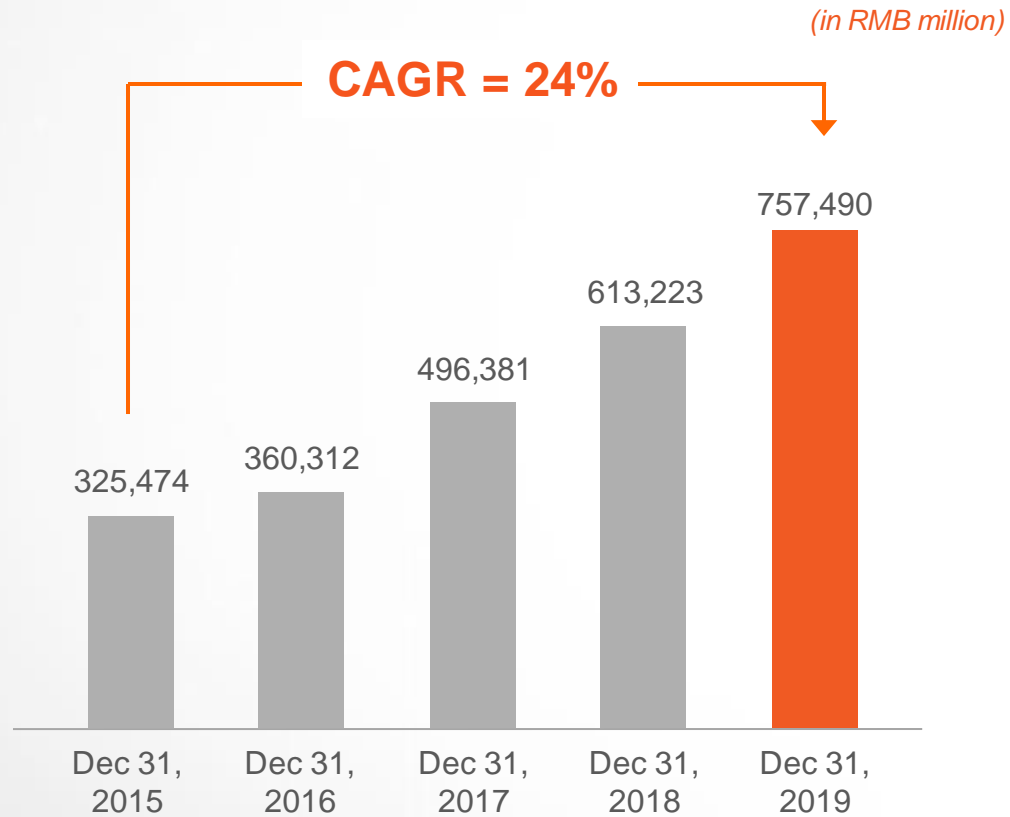
(2) Figures may not match the calculation due to rounding.



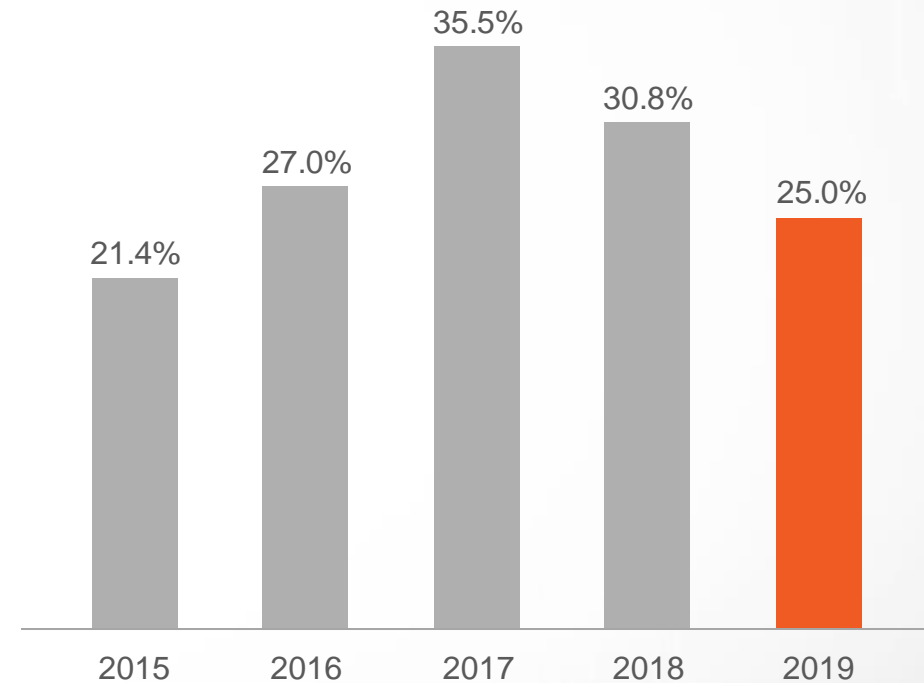
2. Insurance business

5-Year CAGR of Life & Health EV reached 24%

Life & Health EV



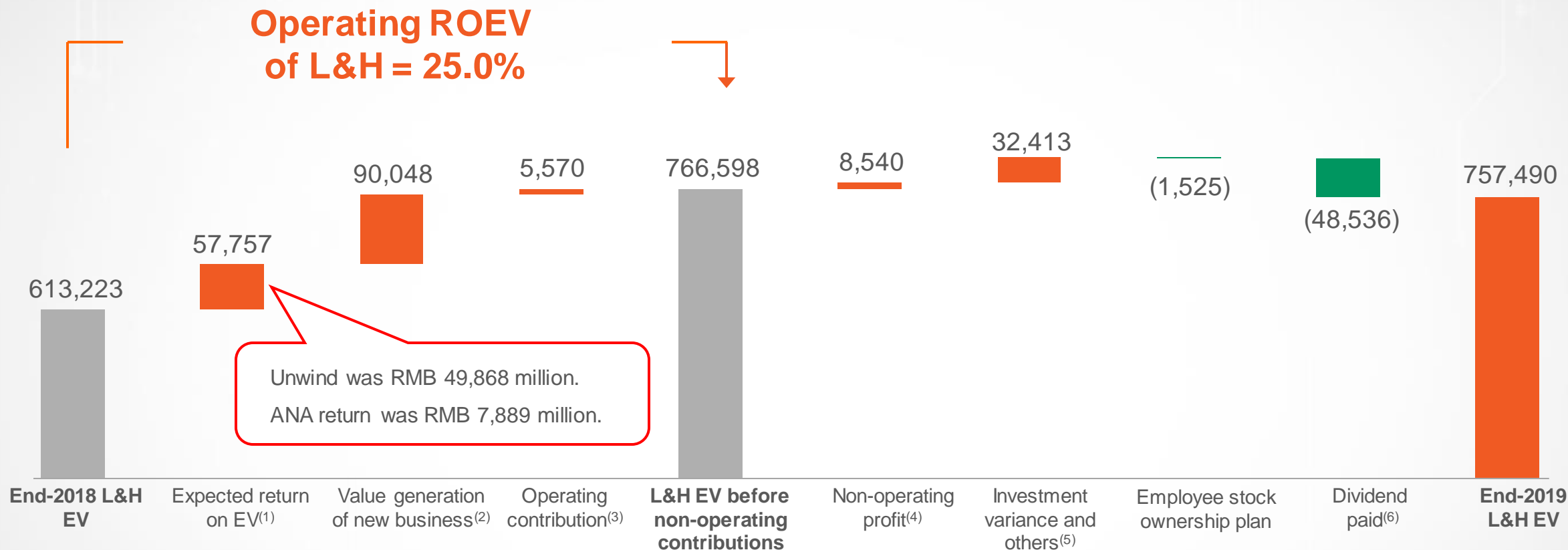
Life & Health Operating ROEV



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

L&H Operating ROEV was 25%

(in RMB million)



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 (RMB75,945million) and risk diversification effects (RMB14,103 million).

(3) Operating contribution includes operating assumptions and model changes (RMB1,898 million), L&H operating variance and others (RMB3,672 million).

(4) Non-operating profit refers to the one-off impact of the decrease in income tax for 2018 factored into a decrease in the income tax expense in 2019 due to implementation of the *Circular on Pre-tax Deduction of Fee and Commission Expense for Insurers* issued by the Ministry of Finance and the State Administration of Taxation, the effect of which attributable to the parent company from L&H was RMB8,540 million.

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

(6) Dividends paid by Ping An Life to the Group amounted to RMB48,536 million.

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

NBV rose 5.1% year on year

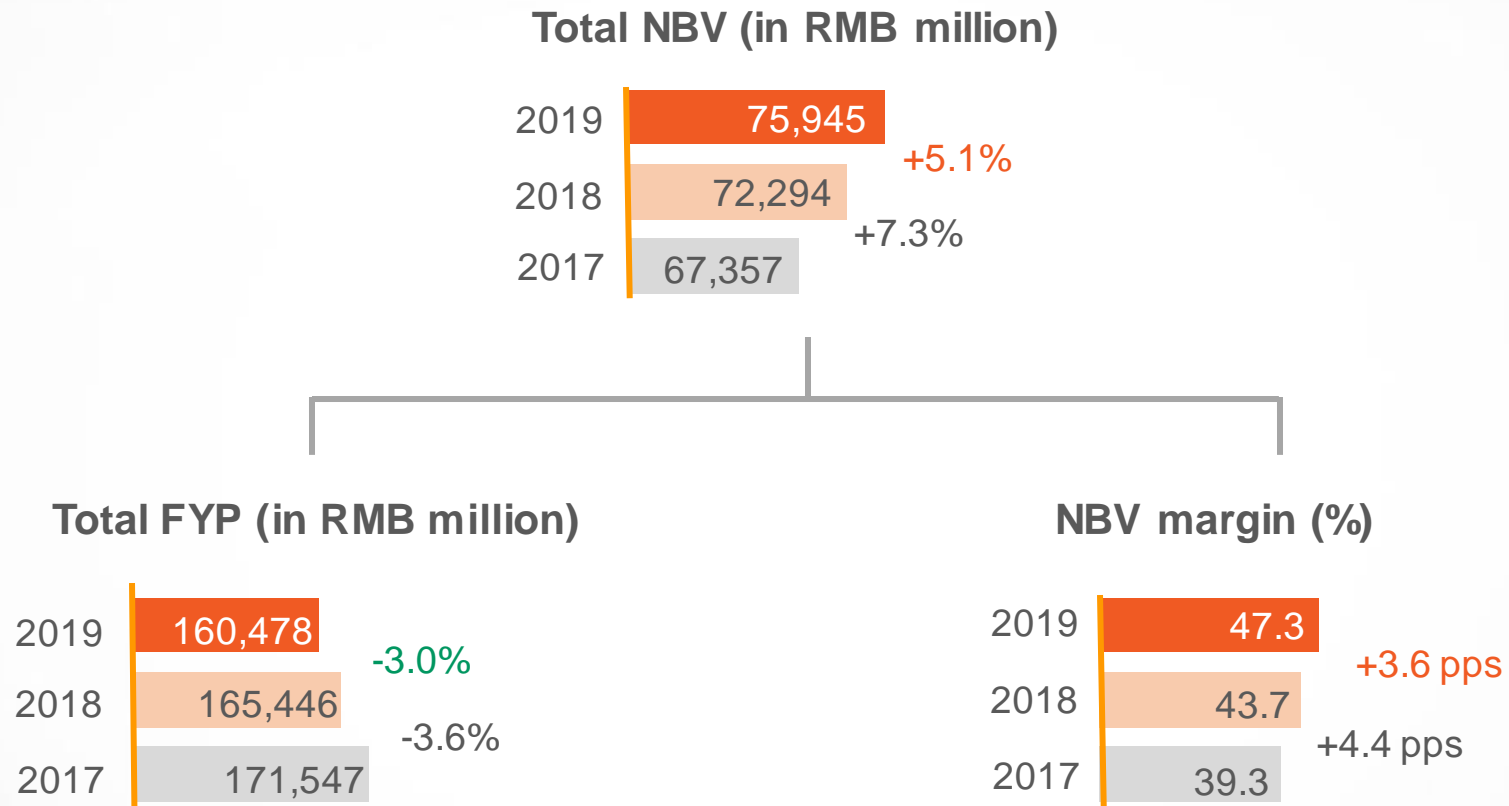
(in RMB million)	NBV	Change (%)	NBV Margin (%)	Change (pps)	
Retail business	75,486	5.0	59.7	5.9	
Agent channel	68,209	5.9	64.9	7.8	
Long-term protection ⁽¹⁾	49,998	2.1	104.9	10.2	High-protection business
Protection & Saving hybrid (long-PPP) ⁽²⁾	6,661	28.3	56.2	0.8	
Protection & Saving hybrid (short-PPP)	8,640	14.0	22.1	5.1	
Short-term insurance	2,909	9.5	45.4	7.0	
Telemarketing, internet and others	6,087	(7.9)	39.3	(1.7)	
Bancassurance	1,191	37.7	20.4	1.7	
Group business	459	9.3	1.3	-	
Total NBV	75,945	5.1	47.3	3.6	

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.

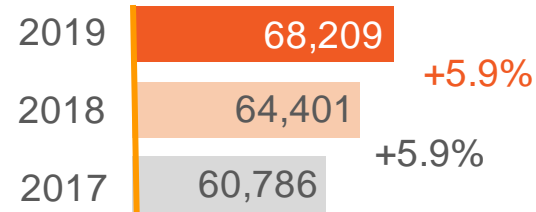
(3) Figures may not match the calculation due to rounding.

| Sustainable NBV margin expansion driving NBV growth

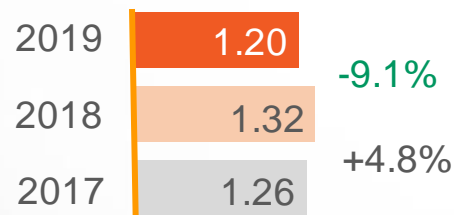


Agent channel NBV growth driven by productivity improvements

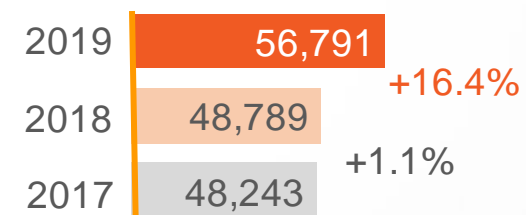
NBV of agent channel (in RMB million)



Average agent force (in million persons)

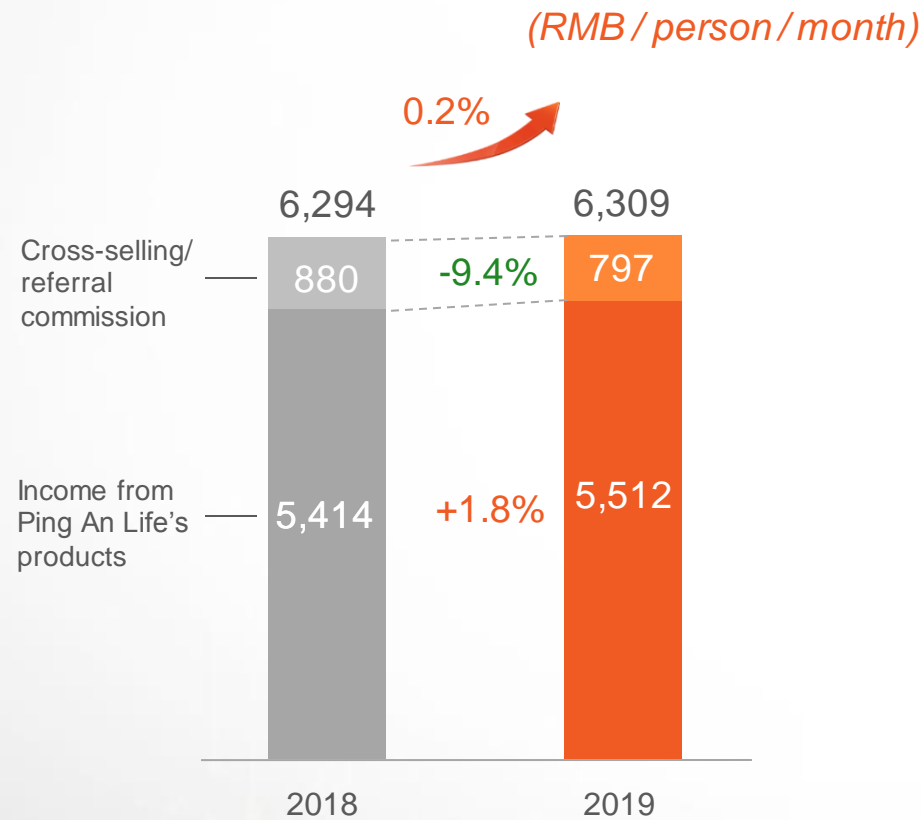


NBV per agent (in RMB)

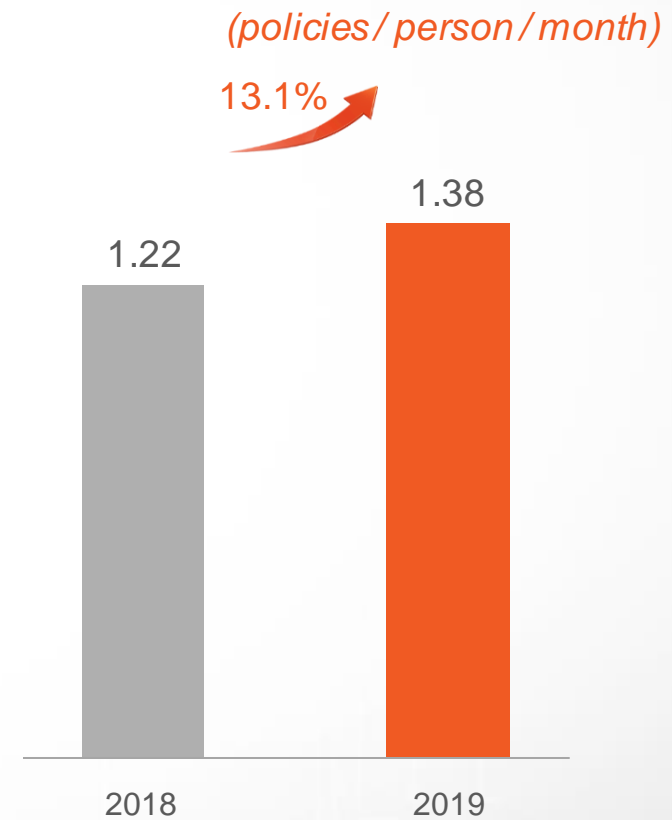


Proactive pivot of business toward high-value protection products

Agent income



New individual life insurance policies per agent



Technology-powered life insurance business

Data-driven marketing: support agent management

- **Sales agent recruitment:** 100% of interviews were AI-based. Ping An Life conducted **over 6 million** AI-based interviews, reducing manual interviews by **over 680 thousand hours**.
- **Talent training:** Ping An Life provided **24/7 online training** for agents. The time for developing a high-potential agent into a top performer was reduced by **3.6 months** compared with in 2018.
- **Sales support:** AskBob served agents **340 million times**, with an average of **920 thousand** visits/day.

Data-driven customer services: improve customer experiences

In respect of policy administration

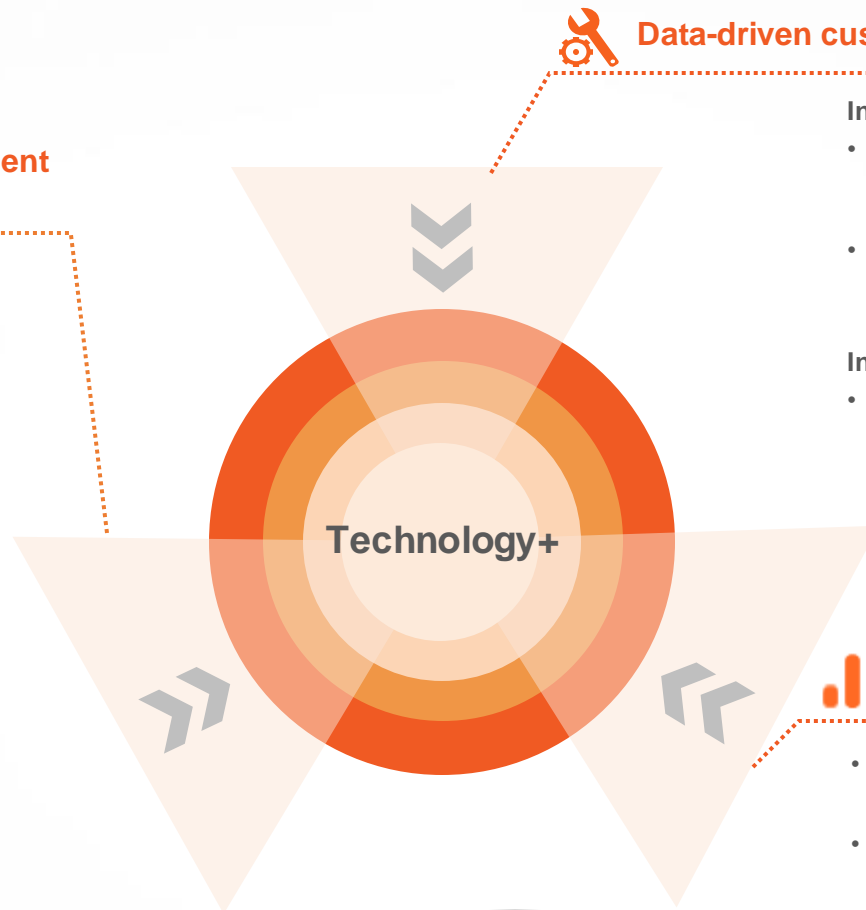
- Ping An Life provided online **smart customer services 50 million times**; **99%** of such service tasks were completed online within as short as **1 minute**.
- The **"Jin Guan Jia" app** launched the AI-powered video customer survey function, allowing customers to receive online customer surveys **at any time**.

In respect of underwriting

- The **smart underwriting platform's** accuracy rate of risk identification reached **90.8%**. In 2019, the platform has served **over 18 million** users, and approved **96%** of policies through automatic underwriting. The underwriting turnaround time per case was shortened from 3.8 days of manual underwriting to **10 minutes**.

Data-driven operations: anticipate trends, make timely decisions, and take action ahead of others

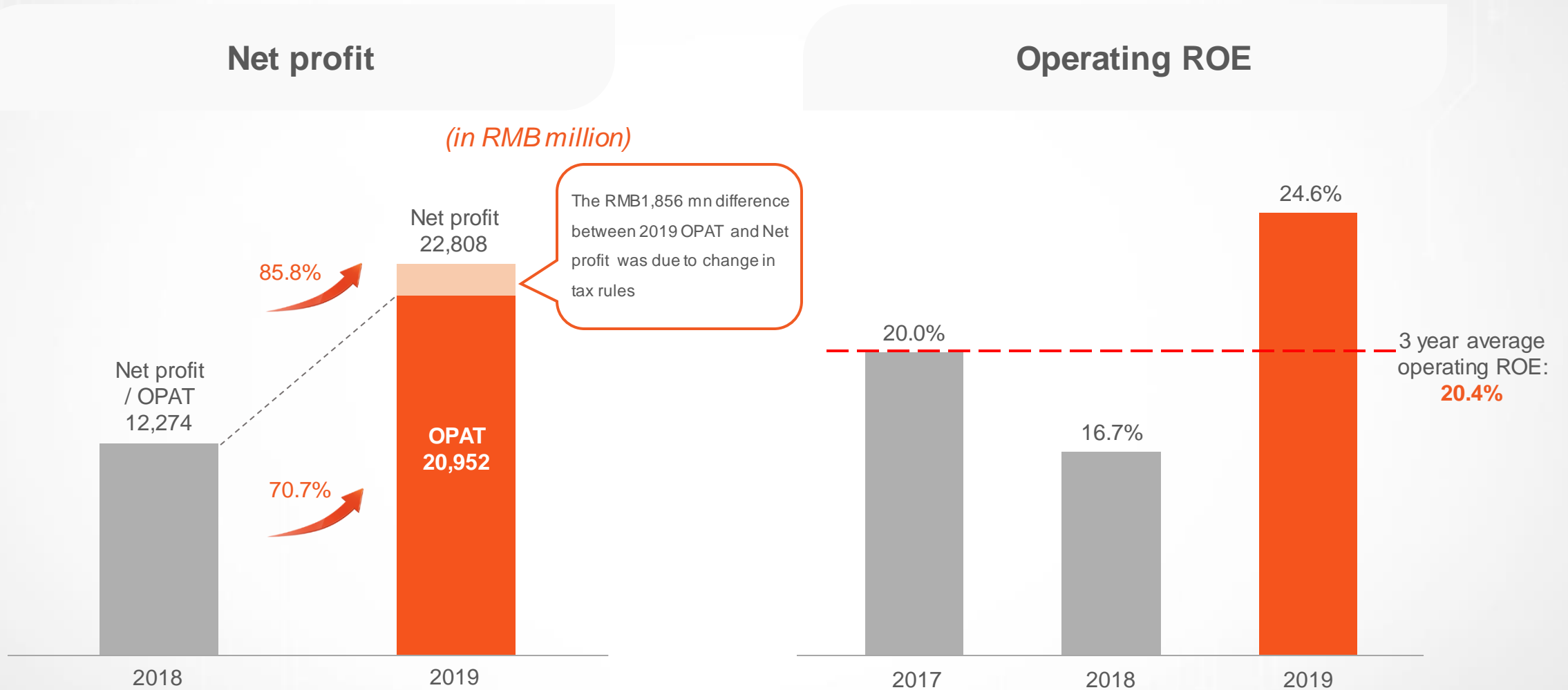
- The platform enables 3 core functionalities—**quick data check, problem identification, and exception detection**.
- The system covers business indicators for performance, teams, productivity, products, customers, and services.



Technical support

- | | | | | | | | | |
|--------------------|--------------------|----------------|----------------------------|------------------------------|------------------------|-------------------------|----------|-------------------------|
| Facial recognition | Speech recognition | Automatic Q&A | Deep neural network | Emotion understanding engine | Q&A engine | AI-based recommendation | Deeplink | Location-based services |
| Shape recognition | Speech synthesis | Smart guidance | Knowledge inference engine | Intent recognition engine | Decision-making engine | Smart task assignment | Big data | Voice interaction |

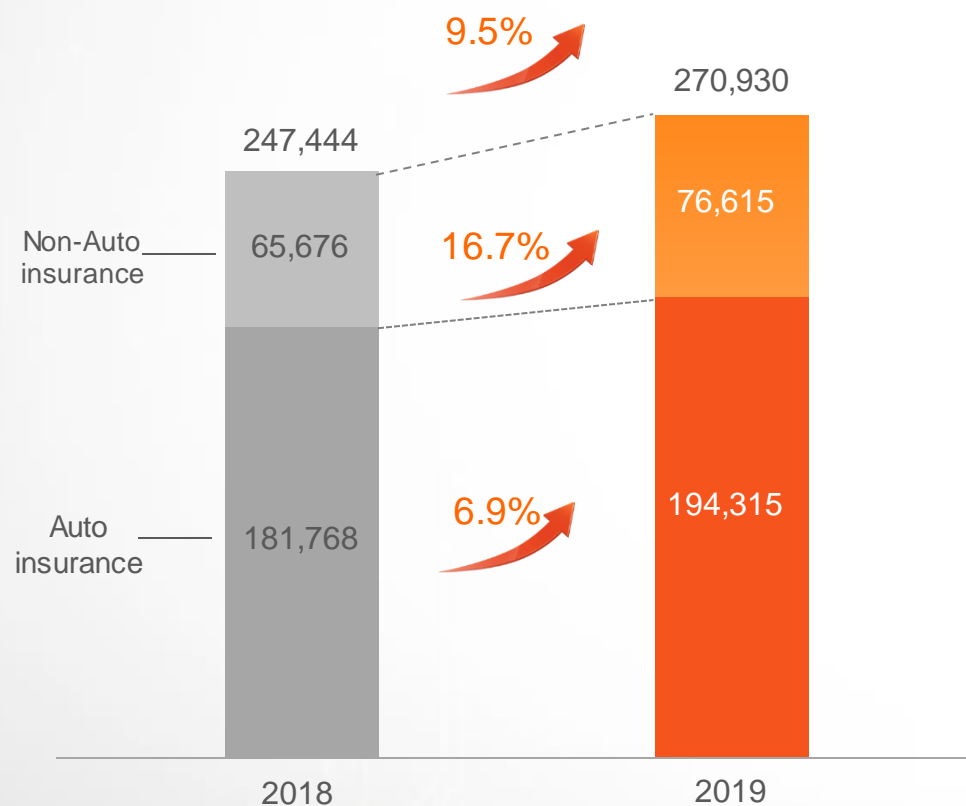
P&C has delivered 3 year average operating ROE of 20.4%



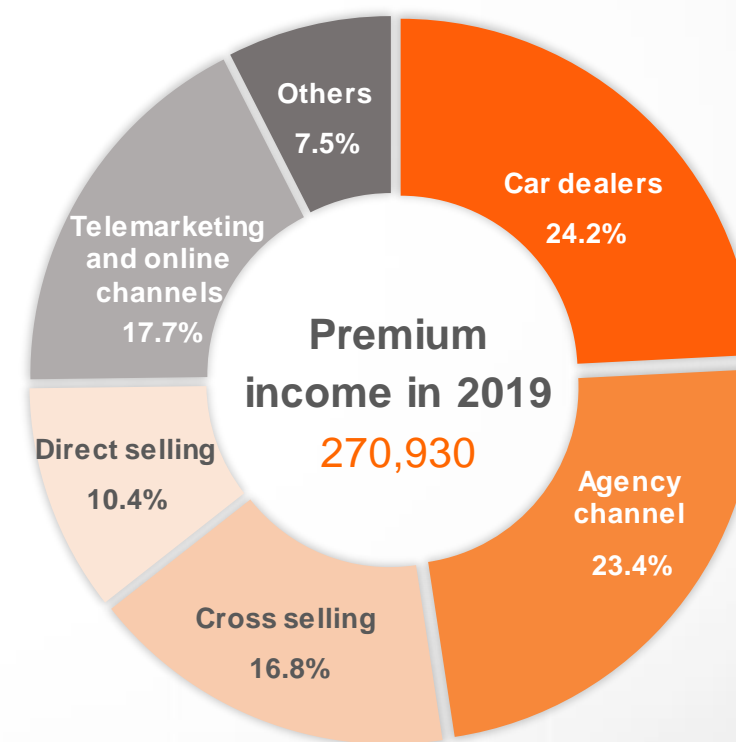
P&C insurance premium income rose 9.5% YoY

(in RMB million)

Premium income

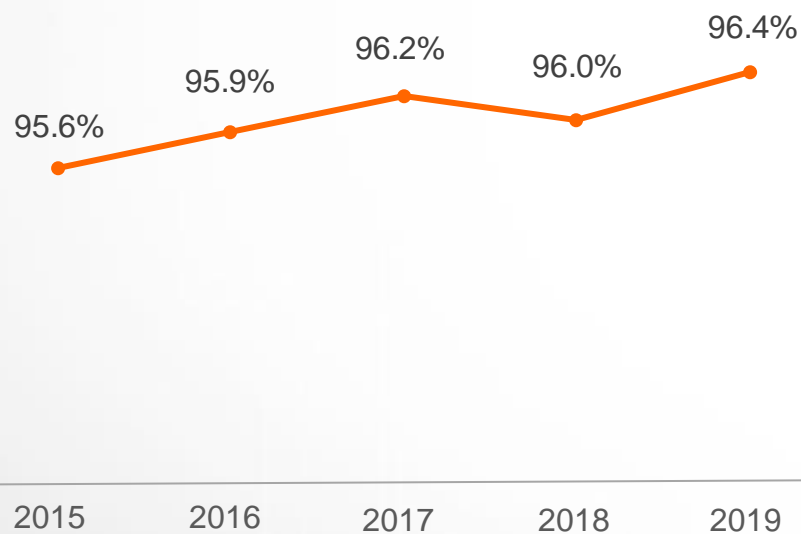


Contribution by channel



P&C maintained a better-than-industry 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	194,315	6.9	97.2	(0.2)
Guarantee insurance	34,708	5.1	93.6	5.0
Liability insurance	11,981	41.6	97.6	7.7
Accidental injury insurance	11,750	39.5	84.3	2.0
Corporate property insurance	6,356	11.5	83.6	(10.8)

Technology-powered P&C insurance business



Auto Insurance

Customer development

The “Ping An Auto Owner” app:

- **Over 90 million** registered users, **about 49 million** of whom were also auto insurance customers of Ping An Property & Casualty. In December 2019, the app had **over 25 million** monthly active users.
- **No.1** among auto service apps in China.

Claims service

- We developed cutting-edge AI-powered image-based loss assessment and precise customer profiling technologies. We provide **nearly 90%** of claimants with end-to-end online claim settlement and inquiry services, and **nearly 25% of** claims can be handled through smart loss assessment; this is at an industry-leading level.
- We launched the “Ping An Motor Insurance Trust Claim” service. Through this service, we shortened the average turnaround time of a single claim to **3 minutes** with no back-end manual operation involved.



P&C insurance

Risk management and service

- We initiated a Know Your Risk (KYR) enterprise risk management consultant project: we provided **14,280** corporate customers and key engineering projects with disaster/loss prevention services. We conducted **87** Ping An Protector emergency management training sessions, covering **over 25,000 trainees**. We carried out **10** disaster warning and loss prevention programs regarding severe natural disasters, sending **1.10 million** SMS alerts in 2019.
- **Developing a government-insurer risk management cloud platform:** we help local governments improve their control over production safety, environmental protection, and construction quality management in their jurisdictions.



Technical support

- | | | | | | | | | |
|--------------------|--------------------|----------------|----------------------------|------------------------------|------------------------|-------------------------|----------|-------------------------|
| Facial recognition | Speech recognition | Automatic Q&A | Deep neural network | Emotion understanding engine | Q&A engine | AI-based recommendation | Deeplink | Location-based services |
| Shape recognition | Speech synthesis | Smart guidance | Knowledge inference engine | Intent recognition engine | Decision-making engine | Smart task assignment | Big data | Voice interaction |

Corporate Integrated Finance and Banking Business

Xie Yonglin
President and Co-CEO



1. Corporate integrated finance

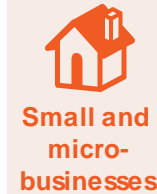
Corporate business grow sharply on the integrated financial business model

“1+N” corporate business model

Customer development



- **Tailor-made** services and targeted customer development
- Direct measures for Top 100 strategic customers
- A “**commercial banking + investment banking + investment**” model focused on industries that contribute significantly to people’s livelihoods and long-term economic development



- **Integrated the Group’s small and micro-business services** on the basis of bank accounts to provide small and medium-sized enterprises and their employees with comprehensive one-stop services
- **Reshaped supply chain finance** with blockchain and the Internet of Things (IoT)
- **Adopted online processes for product portfolios and streamlined service processes** to improve customer experiences and business efficiency

Optimization and collaboration



- Directly **involve product managers of insurance subsidiaries**, and effectively remove sales intermediaries to improve the efficiency of product inception



- Clearly defined four business categories: **simple business, sophisticated investment and financing business, transaction business, and embedded business**
- **Established a model management team for in-depth joint management and joint decision-making**

Technological empowerment



- Empower teams and business by building systems based on business models and developing functions including **smart sales and online processes**

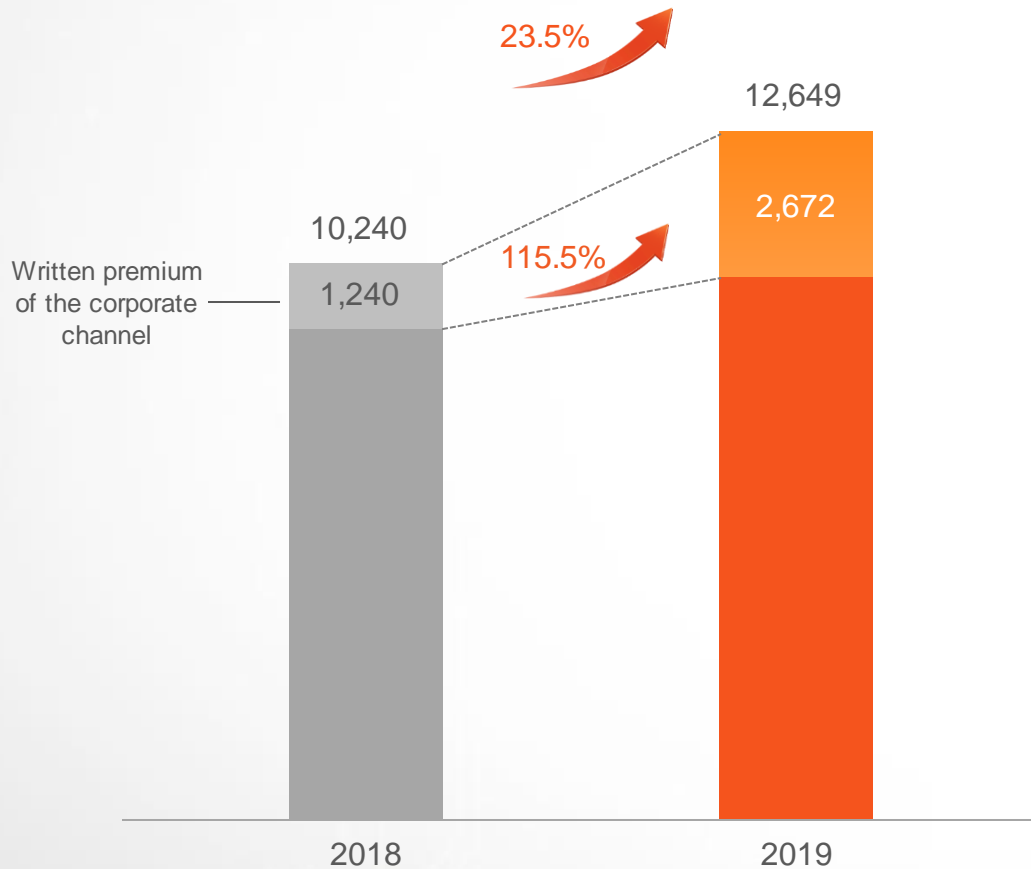


- Refined information on corporate customers of the Group, broke down the product catalog for corporate business, established the product expert database, developed tags for customers and business, and **digitalized the process for matching services with customer information**

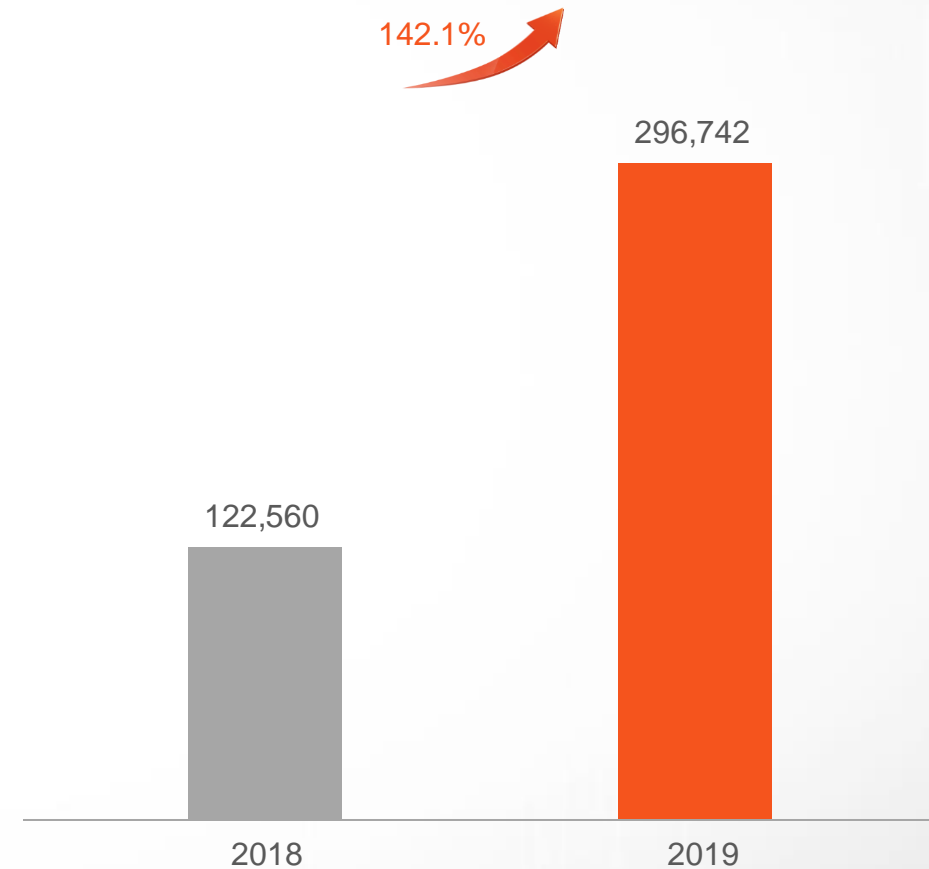
Rising corporate business volume driven by corporate customer development strategy

(in RMB million)

Corporate premiums achieved through cross-selling rose rapidly



New financing scale achieved through corporate business cross-selling



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.

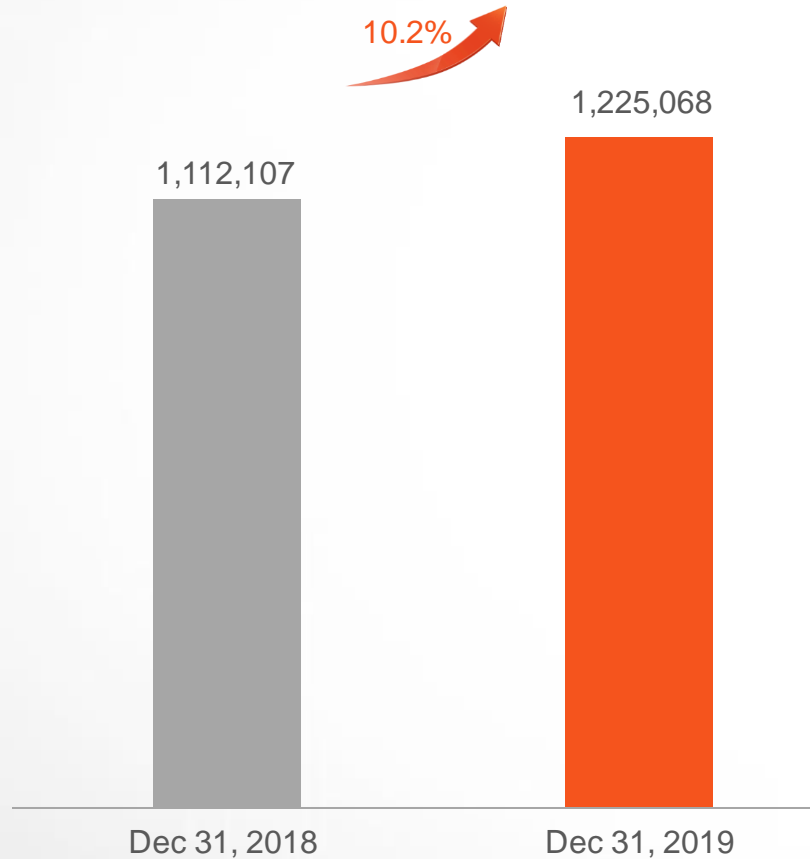
(2) Written premium of the corporate channel refers to the written premium of the integrated financial business less that of the life insurance channel.

(3) 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.

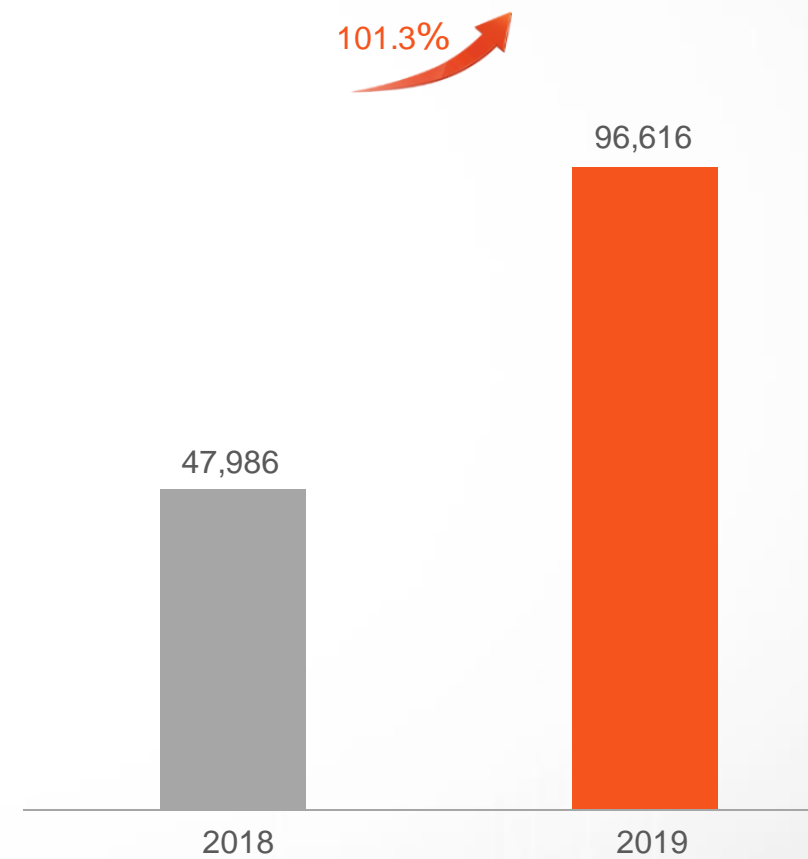
Increasing contributions from corporate business as platform of high-quality customers and assets

(in RMB million)

Outstanding balance of retail assets referred by corporate business



Underlying assets invested by insurance funds sourced from corporate business



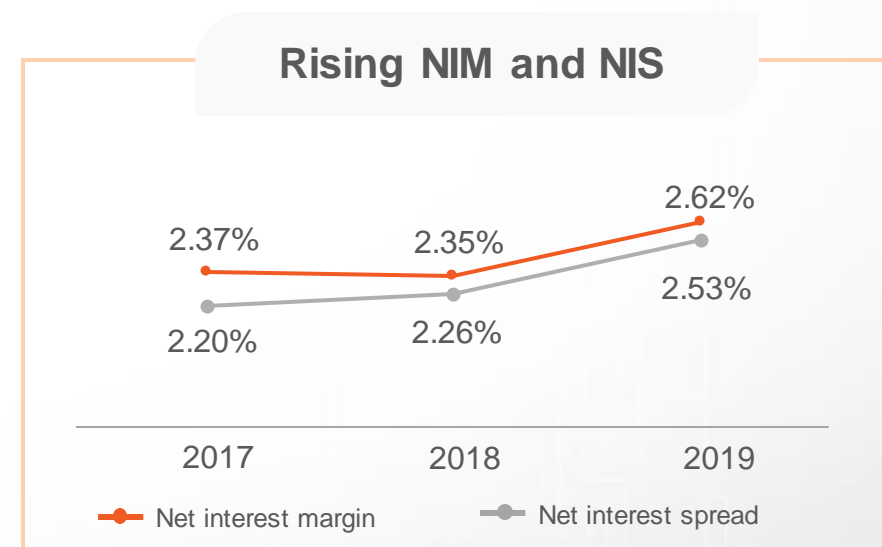
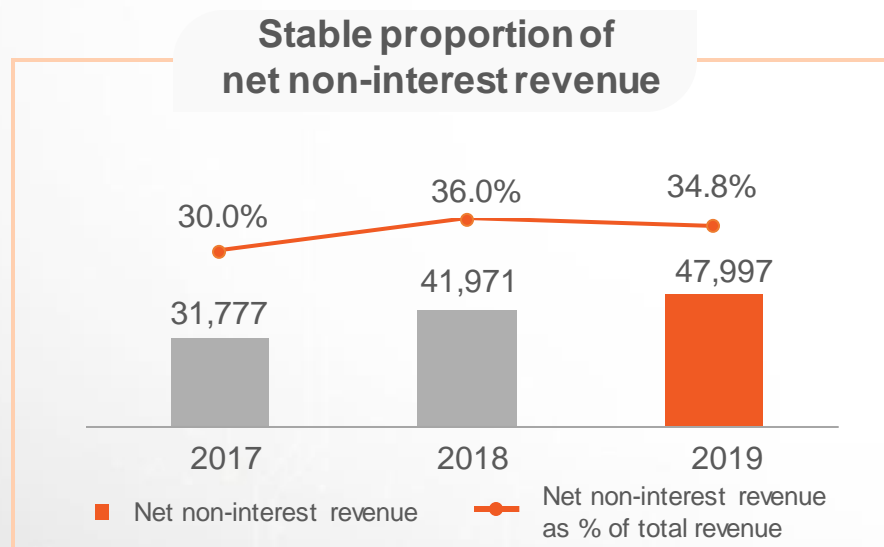
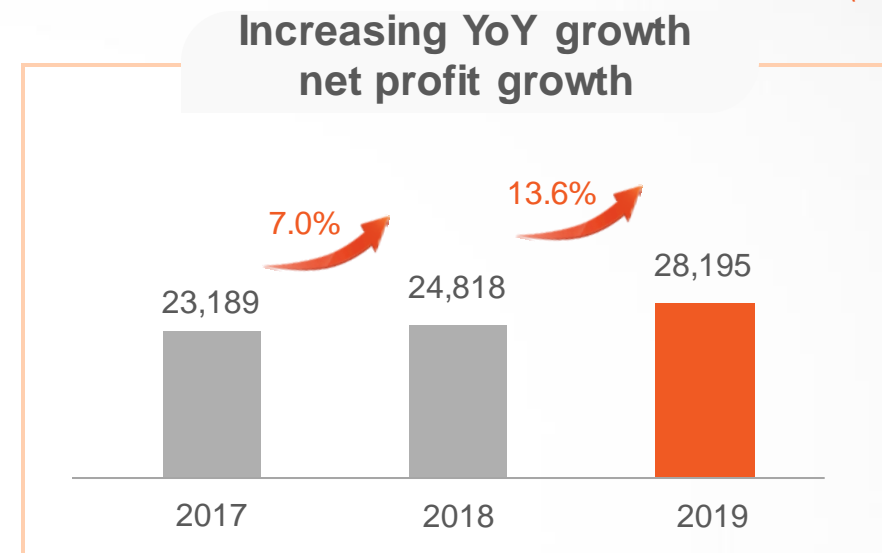
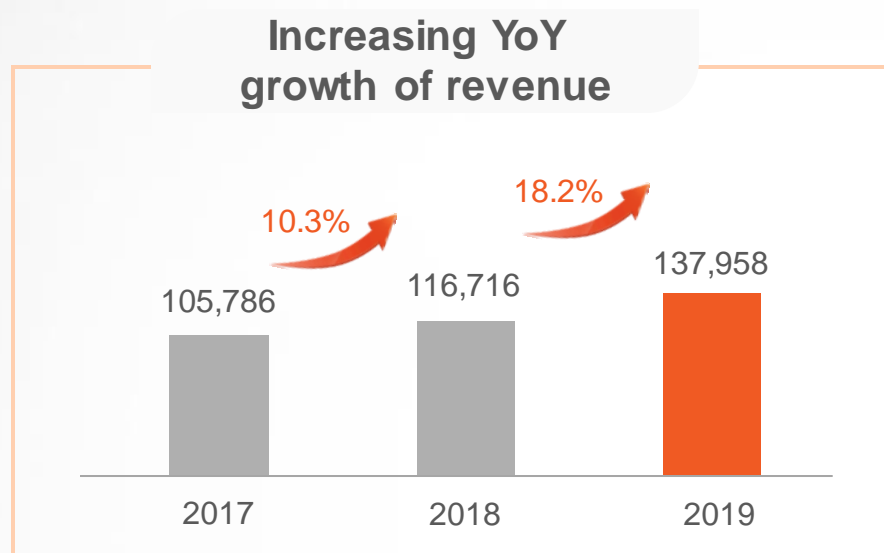
Note: The underlying assets invested by insurance funds sourced from corporate business refer to the assets sourced by the Group's core financial companies, including Ping An Asset Management, Ping An Securities, and Ping An Trust, for allocation of the Group's insurance funds.



2. Banking business

Growing profitability and 13.6% YoY increase in net profit

(in RMB million)



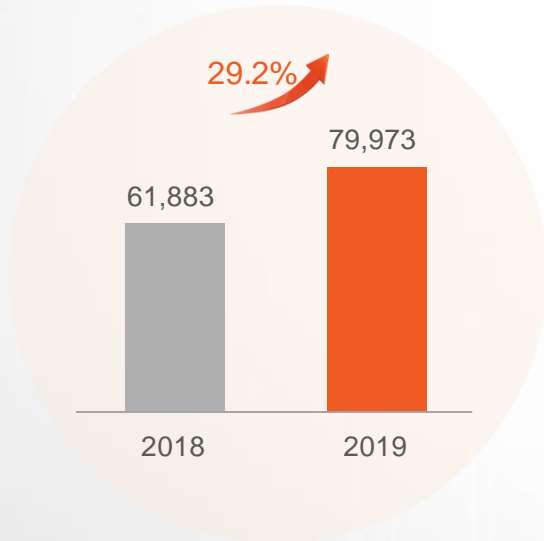
Improved business mix and continued strategic transformation toward retail banking

(in RMB million)

Revenue from retail banking

% total revenue: **58.0%**

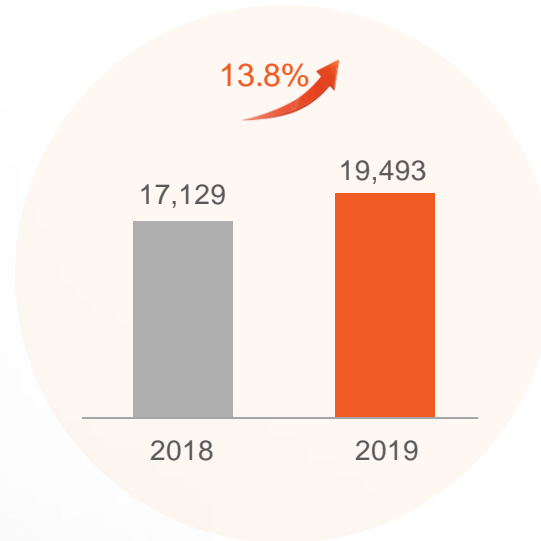
Up **5.0pps** YoY



Net profit from retail banking

% net profit: **69.1%**

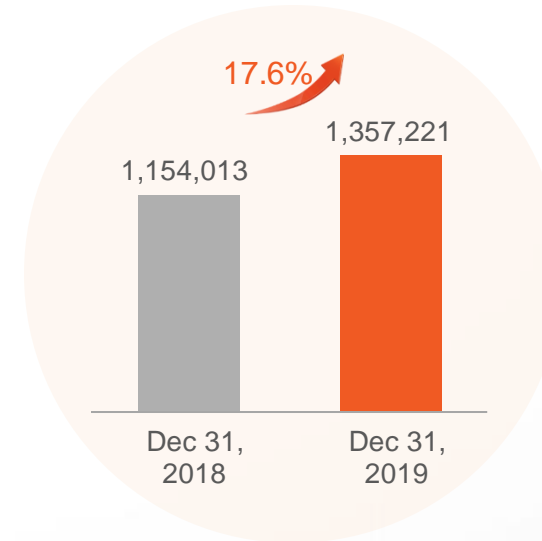
Up **0.1pps** YoY



Retail loans

% loans: **58.4%**

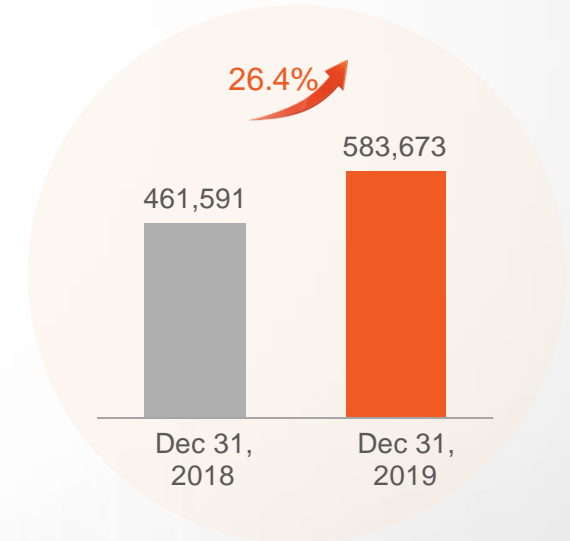
Up **0.6pps** YoY



Retail deposits

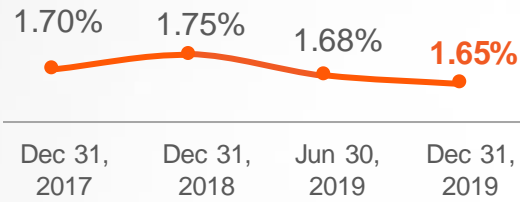
% deposits: **24.0%**

Up **2.3pps** YoY

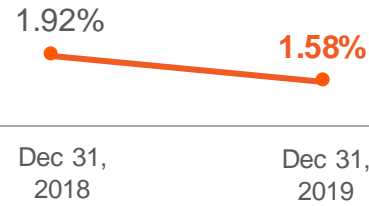


Continued de-risking and strengthened risk compensation

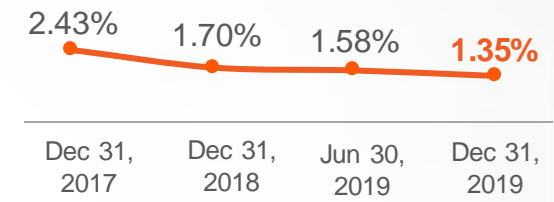
Decreased NPL Ratio



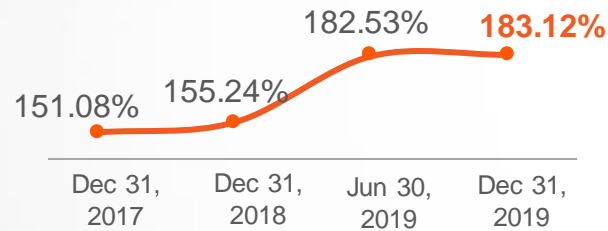
Decreased percentage of loans 60+ days overdue



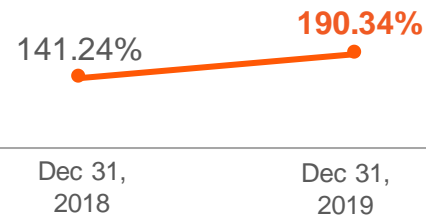
Decreased percentage of loans 90+ days overdue



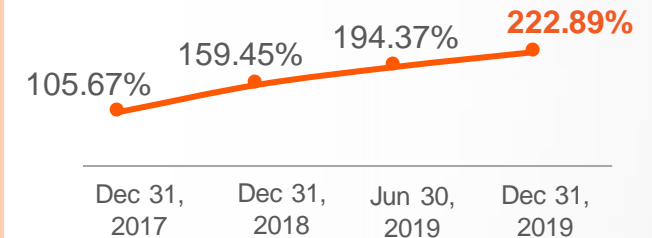
Increased provision coverage ratio for NPLs



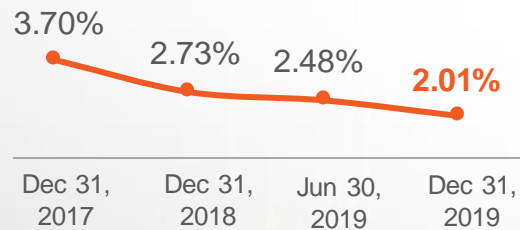
Increased provision coverage ratio for loans 60+ days overdue



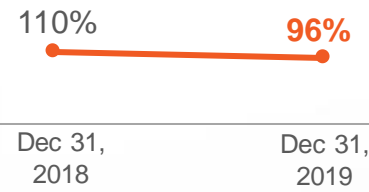
Increased provision coverage ratio for loans 90+ days overdue



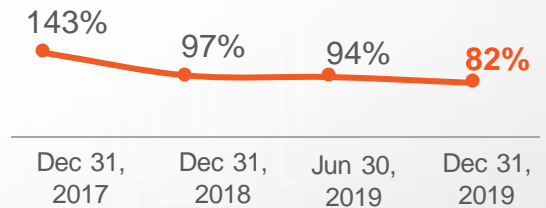
Decreased percentage of SMLs



Deviation ratio of loans 60+ days below 1



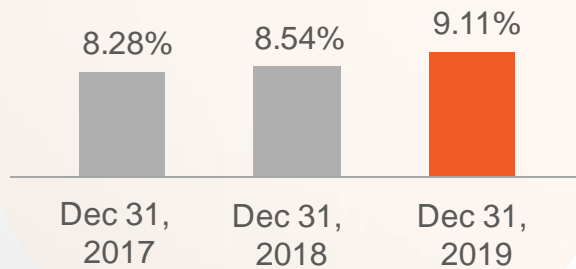
Decreased deviation of loans 90+ days overdue



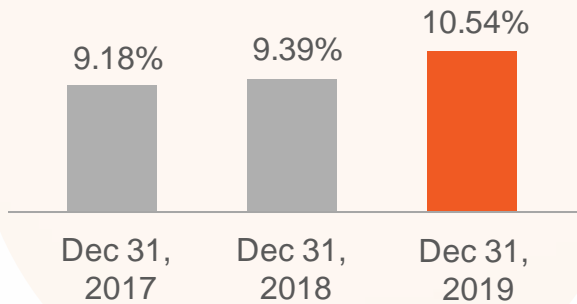
Climbing capital adequacy ratios as solid foundation for growth

- Ping An Bank completed conversion of **RMB26 billion** worth of convertible bonds in Sep 2019, establishing **multiple market firsts**
- Ping An Bank issued **RMB30 billion** worth of tier 2 capital bonds in Apr 2019
- Ping An Bank issued the first tranche of undated capital bonds worth of **RMB20 billion** in Dec 2019 (“Perpetual bonds”)

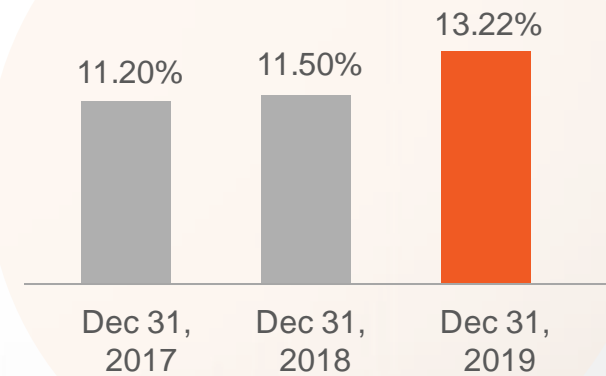
Core tier 1 capital adequacy ratio



Tier 1 capital adequacy ratio



Capital adequacy ratio



Define development path for each business line based on established strategy and new positioning

Follow the retail transformation strategy, and pursue technology-driven breakthroughs in retail banking and enhancement of corporate banking

Define the new positioning during transformation stage in combination with the Group's "finance + ecosystem" strategy

Each business line develops its own "3 + 2 + 1" strategy in accordance with the strategic directions and new positioning

Build China's most outstanding, world-leading smart retail bank

Technology-driven

Breakthroughs in retail banking

Enhancement of corporate banking



Digital banking



Ecosystem-based banking



Platform-based banking

Retail: Build a smart retail bank

- 3 **Three businesses:** basic retail banking, private banking & wealth management (PBWM), and consumer finance
- 2 **Two core capabilities:** risk management and cost control
- 1 **One platform:** AI middle office

Corporate: Become "1+N" engine of the integrated finance business

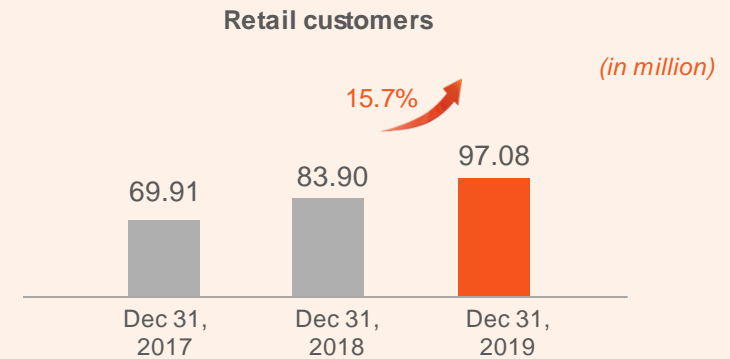
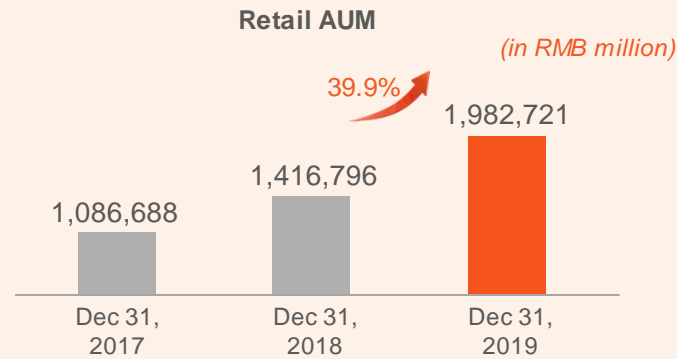
- 3 **Three pillars:** industry-specific banking, transaction banking, and integrated finance
- 2 **Two core customer segments:** strategic customers and small and micro-business customers
- 1 **One bottom line:** ensuring asset quality

Interbank: Become the world leading financial market and asset manager

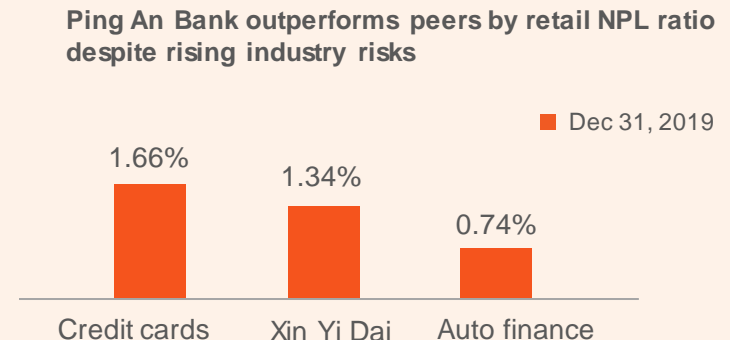
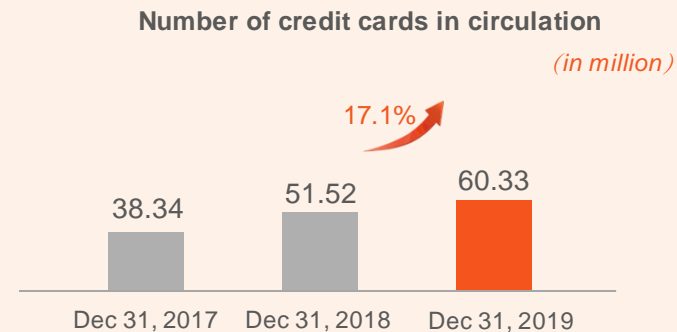
- 3 **Three business directions:** new transactions, new interbank business, and new asset management business
- 2 **Two core capabilities:** sales and transactions
- 1 **One platform:** smart treasury system platform

Retail banking: 3 business lines grow on clear strategies

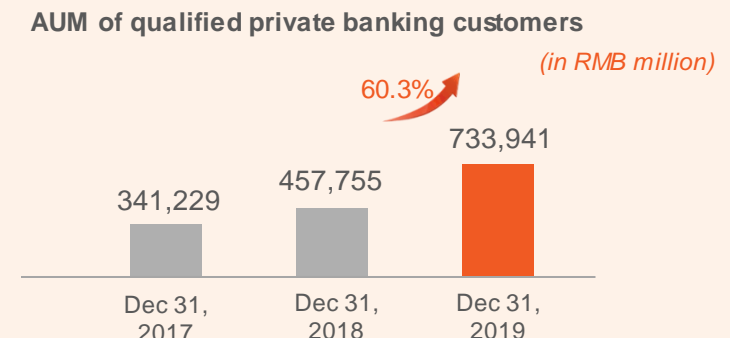
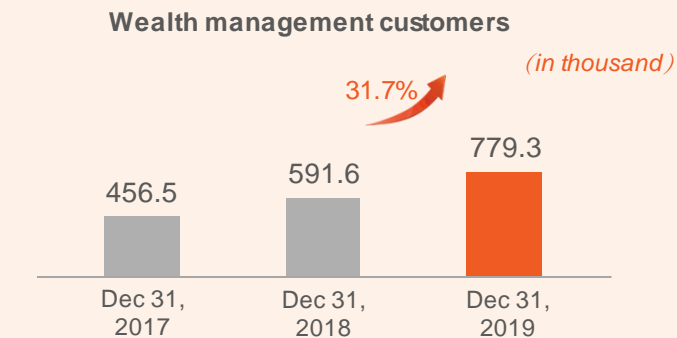
Maintain the edge in basic retail banking



Higher-quality customers of consumer finance business



Rapid growth of private banking and wealth management



| Retail banking: productivity boost and cost cut



Productivity

- Per capita revenue increased by **17.7%** YoY
- Per capita customer acquisition rate of retail banking **rose 50%** due to 24/7 closed-loop customer development
- Approval of loan products was shortened to **less than 10 seconds**
- Credit card issuance was shortened from 2 days to **2 minutes**

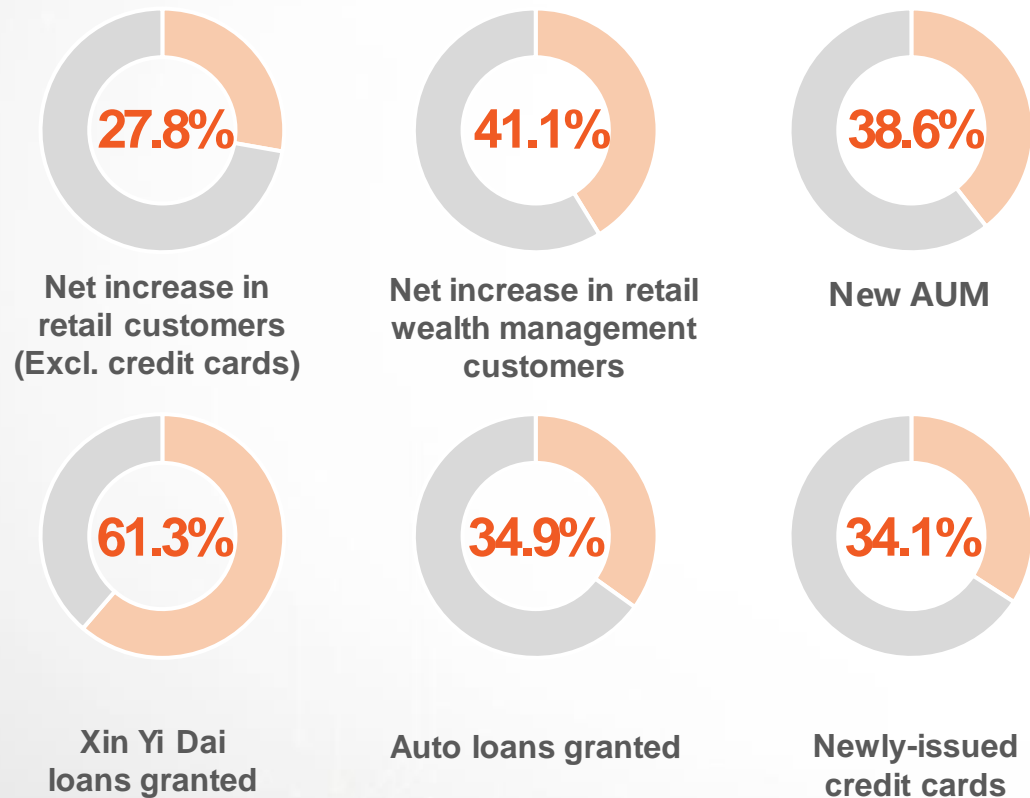
Operating cost



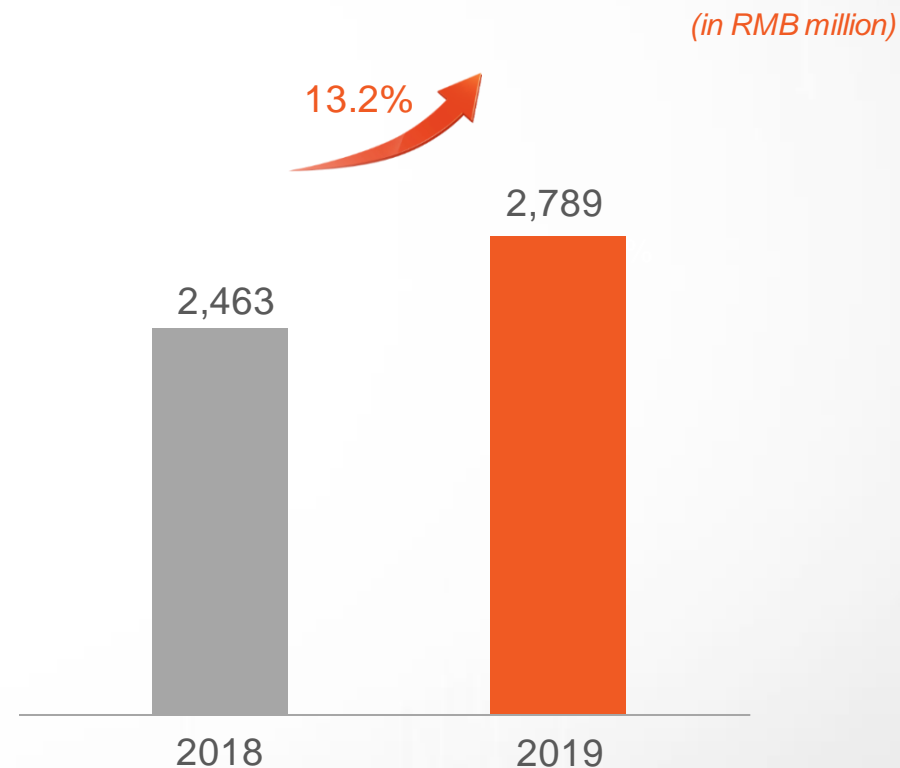
- Cost of the new core credit card system **down by 67%**
- Debit card customer service cost **down by about 50%**
- Credit card customer service cost **down by over 30%**
- Monthly operating labor cost **down by over RMB3.7 million**

Retail banking: gaining momentum in creating synergy with Group, greater contribution from integrated finance

Strong synergy: cross-selling from PAG



Revenue from distributing PAG's insurance products ⁽¹⁾

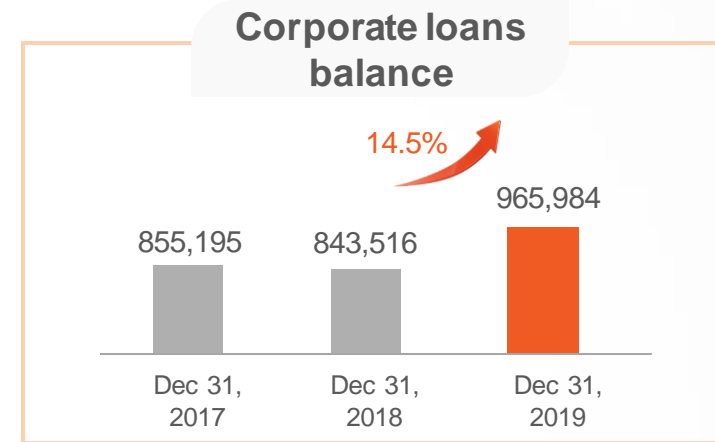
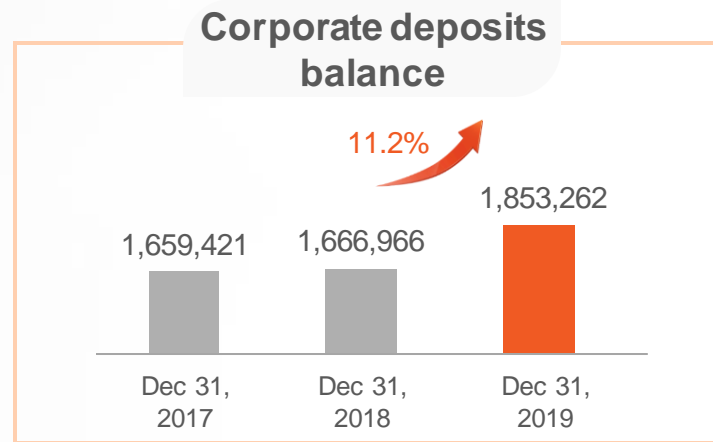


Note: (1) PAG's insurance products sold by Ping An Bank include insurance products of Ping An Life, Ping An Property & Casualty, and Ping An Annuity.

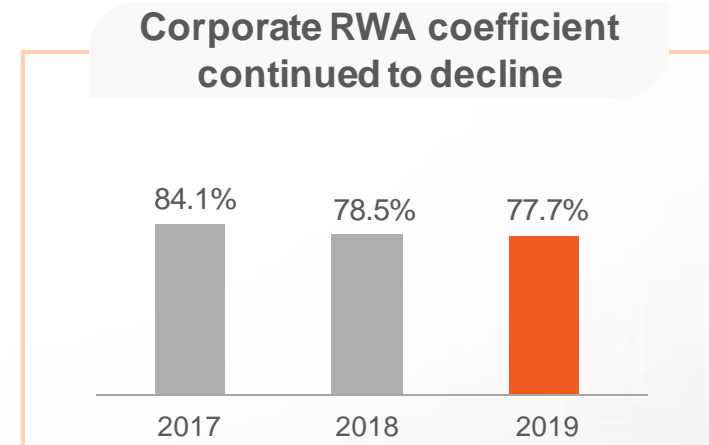
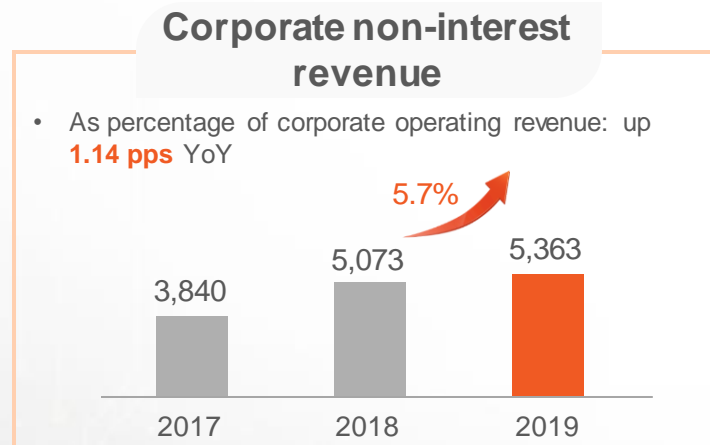
Corporate business: Deposits and loans both surged as the asset-light and capital-light strategy showed effect

(in RMB million)

➤ Scale of corporate banking increased



➤ The asset-light and capital-light strategy showed effect

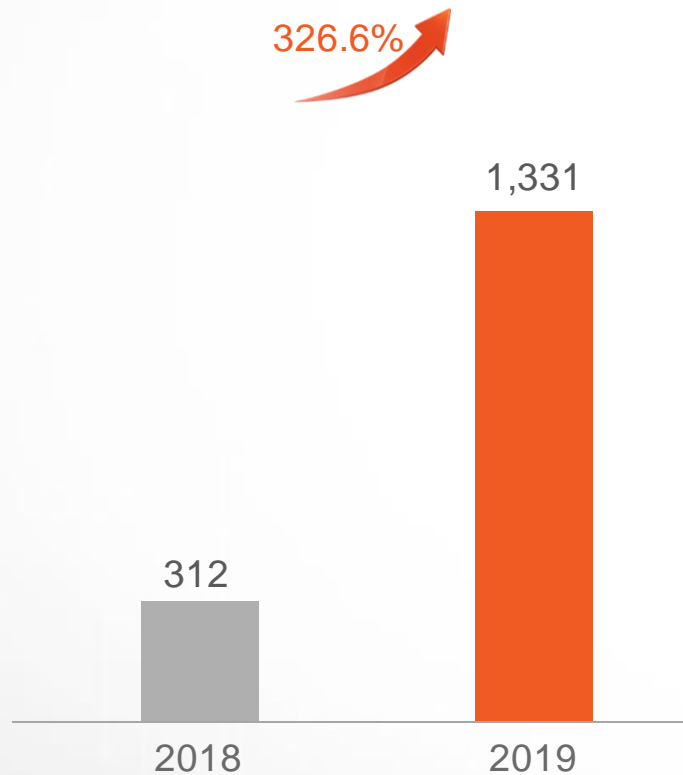


Note: Corporate RWA coefficient = corporate risk-weighted assets/corporate loans.

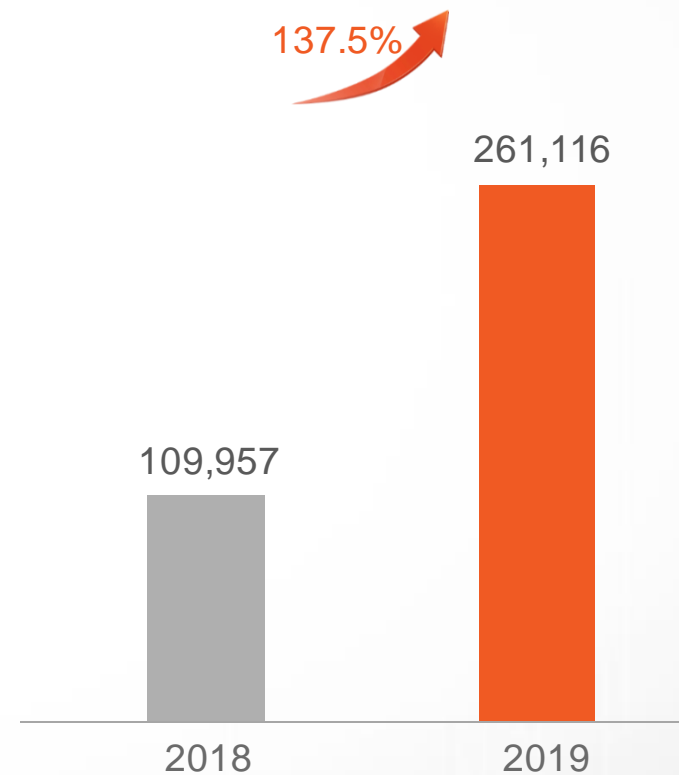
Corporate business: advantageous “1+N” integrated financial business model

(in RMB million)

Premium referred by Ping An Bank



Investment and financing projects implemented by Ping An Bank in cooperation with PAG



Note: Premium referred by Ping An Bank refers to the premium of Ping An's group insurance products distributed through Ping An Bank.

Interbank business: strengthen capabilities through transactions, interbank business and asset management business

New transactions



Net revenue from transactions

RMB3,906mn
+151.8% YoY

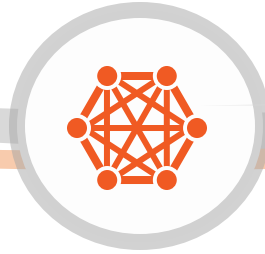
Bond trading volume

RMB3.51trn
+178.3% YoY

Interest rate swap volume

RMB3.13trn
+50.6% YoY

New interbank business



ET-Bank's customers

Nearly 2,200

Interbank institutional sales volume

RMB503,880mn
+123.7% YoY

New asset management business



Scale of new net asset value-based products conforming to new asset management regulations

RMB257,206mn
+152.2% YoY

New net asset value-based products as a percentage of balance of non-principal guaranteed wealth management products

43.6%
+24.6 pps YoY

Wealth management subsidiary approved for setting-up preparation

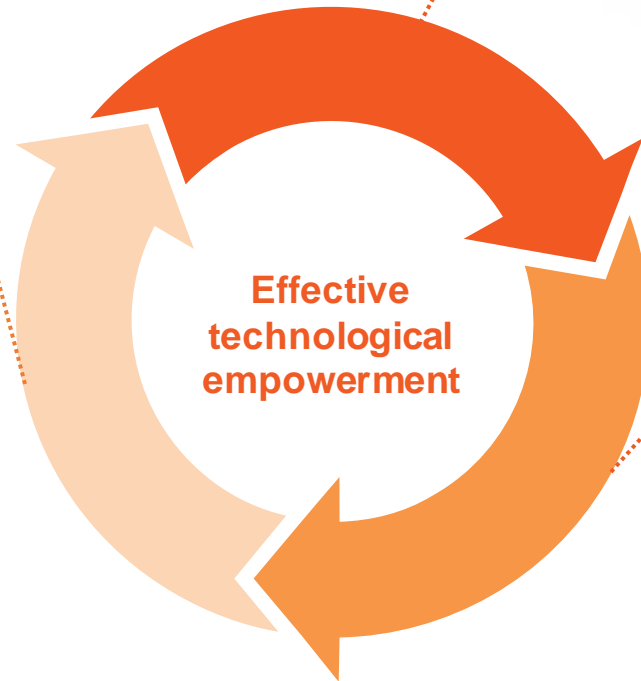
Ping An Wealth Management

Technology-powered banking business

Technology-enabled business quality and efficiency

Leading basic platforms

- **Developed the distributed PaaS** and piloted it in **70+** projects. The processing capability of the new credit card core system based on the PaaS has increased **nearly tenfold** compared with the previous system while the cost was only **one third** of the previous one.
- **The integrated blockchain service platform** has been applied in areas including supply chain finance, bankruptcy and liquidation voting, cloud-based contract signing and certificate storage, and traceability of poverty alleviation, facilitating **over 350,000** transactions.



- **Accelerated IT deliveries:** Ping An Bank launched the **Starlink** integration project and the **SDLC** project. The projects helped establish an end-to-end R&D process from requirement development to production.
- **Integrated technologies with businesses:** Key projects including the smart risk management platform, the New Generation Financial Market Core Banking System, cloud-based acquiring services for corporate business, and smart custody business have been launched as scheduled.

Data-driven operations

- **Data governance:** Ping An Bank has developed **over 900** basic data standards and **nearly 2,000** indicator standards.
- **The data middle office:** Ping An Bank accelerated the development of the bankwide data indicator platform, data service platform, and **five databases**—customers, products, personnel, channels, and cases.
- **The AI platform:** All the **11** AI middle offices have been put into production. Ping An Bank empowers the front-end business with AI-powered robots.

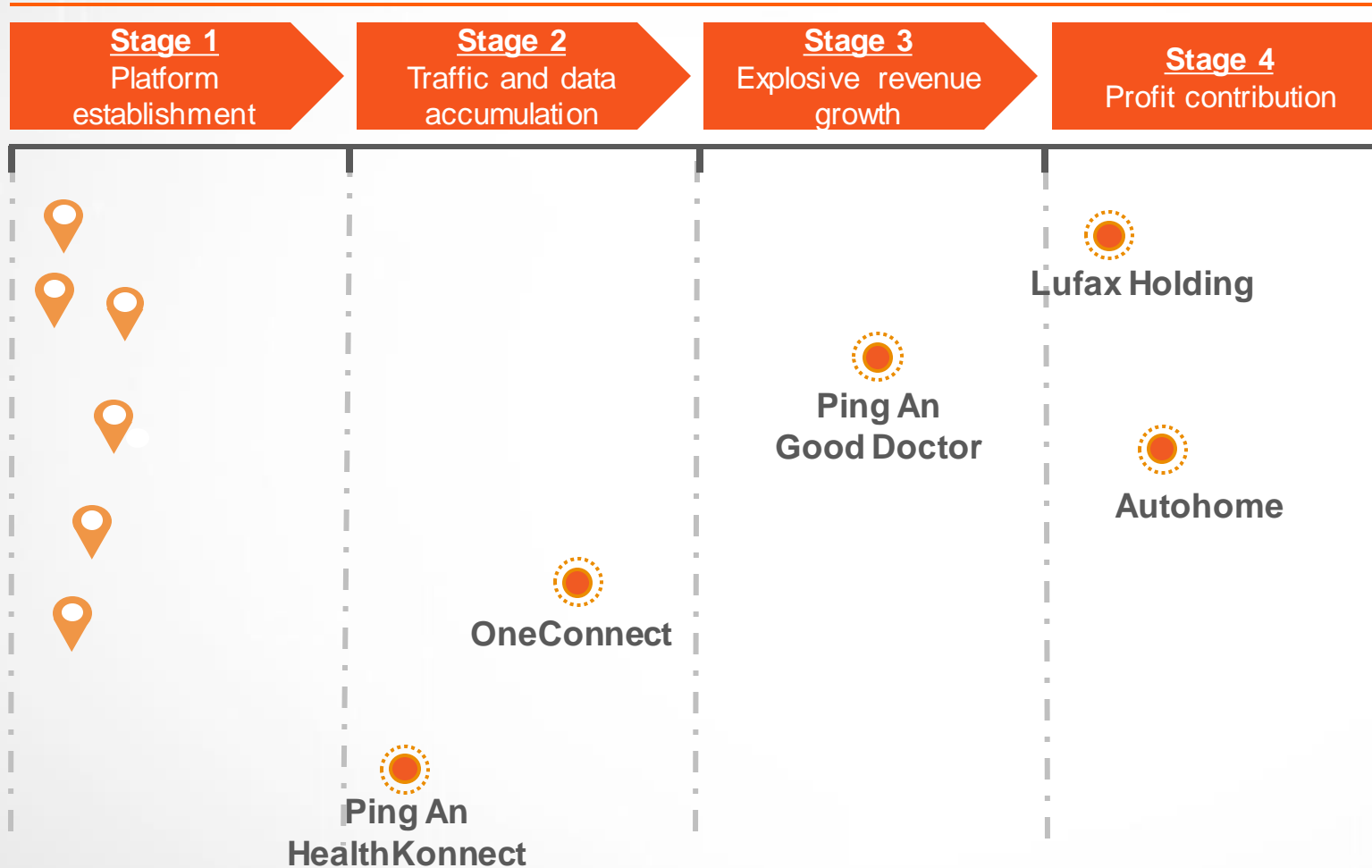
IT staff members (including outsourced personnel) **7,500+**, up more than **34% YTD**.

Technology Business

Jessica Tan
Co-CEO

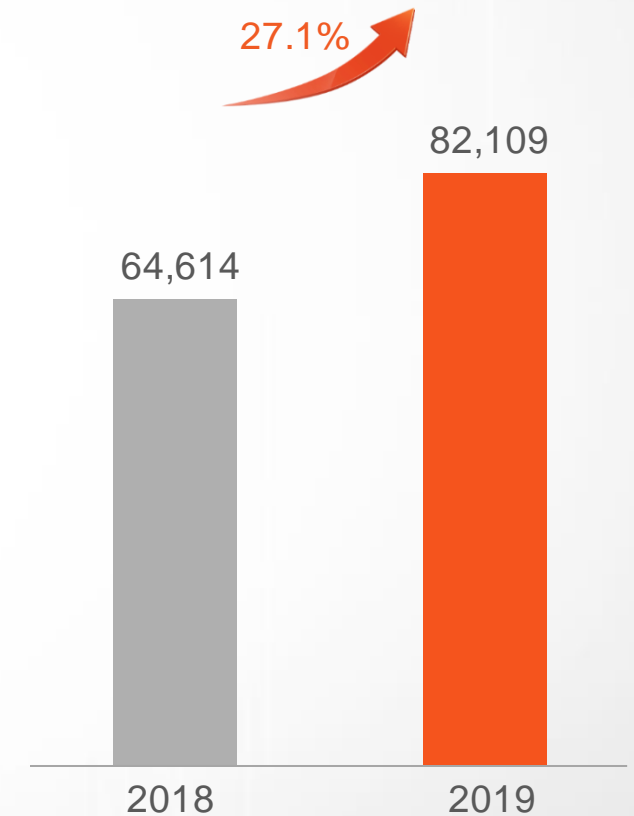
RMB82,109 million in total revenue for 2019

Four stages of incubation of technology companies⁽¹⁾



Total revenue of the technology business⁽²⁾

(in RMB million)

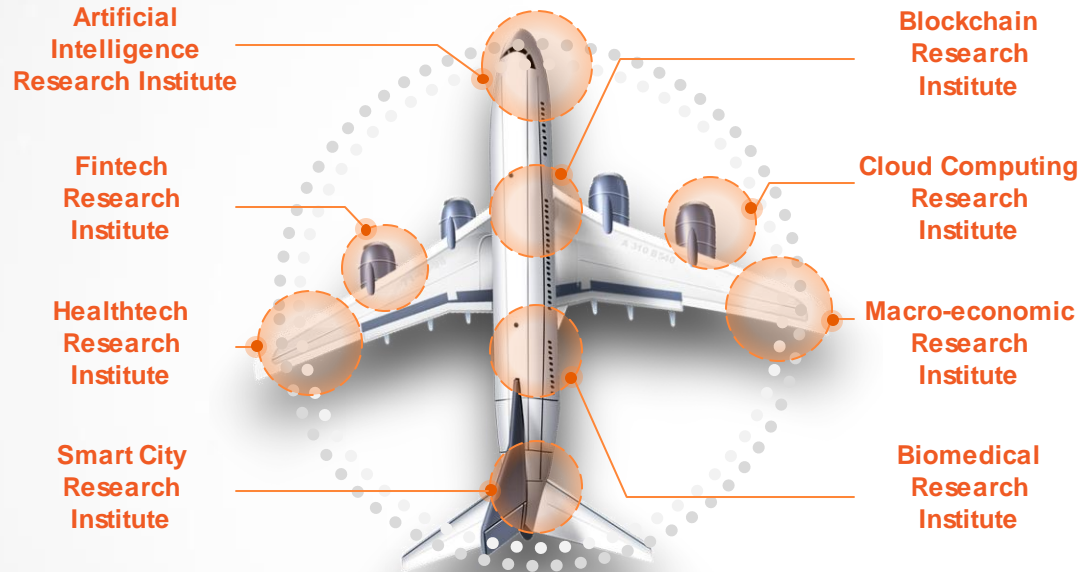


Notes: (1) The above four stages are classified by the Company on the basis of business operations.

(2) The total revenue of the technology business is the sum of revenues of our technology companies, without considering the shareholding proportions.

Leading in technological innovation through 8 research institutes and 57 labs

Technological innovation



- **Scientific research:** 8 research institutes, 57 labs
- **Talent pool:** nearly 110,000 technology employees, 35,000 R&D employees
- **Independent R&D:** 21,000+ patent applications, nearly 96% of which are for inventions



Fintech patent applications in 2019

World's No.1



Digital healthtech patent applications in 2019

World's No.2

Technological R&D: won 47 global championships in AI, health care and others

Won 47 global championships

AI:

- **No.1** in Stanford Question Answering Dataset (SQuAD 2.0)
- Won a **championship** in the English-Chinese translation category in the international translation contest of Workshop on Machine Translation (WMT)

Fintech:

- OneConnect's blockchain-enabled trade finance network won the **"Best Application of Advanced Technology in a Product or Service Award"** of the 2019 BAI Global Innovation Awards

Healthtech:

- Won three international **championships**⁽¹⁾ and **world firsts** in six sub-tasks⁽²⁾ at the 16th IEEE International Symposium on Biomedical Imaging (ISBI 2019)
- Won an **international championship** in a sub-task of MEDIQA challenge sponsored by the ACL

Published 20+ top medical papers



- **AJKD**: chronic kidney disease prediction
- **The Lancet's** sub-publication: flu prediction adaptive model for Chongqing

Semantic understanding: SQuAD 2.0

Answered **150,000+** complicated questions through AI semantic understanding and won the **first place** with a score of **90.9**⁽³⁾ (defeating the human performance of 89.5)

Text excerpt

Jacksonville is the largest city by population in the U.S. state of Florida which the city government consolidated in 1968.

Q&A example

? Which Florida city has a smallest population?
No answer due to ill-posed question, should be the largest population.

- **Large text capacity**: a total of **15,000** paragraphs to understand
- **Demanding understanding**: **40%** of questions have no clear answer

Medical Q&As: MEDIQA challenge of ACL

Ranked first by testing **230 pairs** of questions in the Recognizing Question Entailment (RQE) contest of the international Association of Computational Linguistics (ACL)

Example

Q1: Polymicrogyria. My 16-month son has this... Is it possible for this post of his brain to grow to normal?
Q2: What is the outlook for Polymicrogyria?

Ask questions about **disease development**

Analysis results

True (Q2 contains Q1, Q2's answer is applicable to Q1)

- Examine the entailment relationship between **230 pairs** of questions (True/False)
- **Ranked first** by surpassing **over 70** contestants

Notes: (1) Automatic Cancer Detection and Classification in Whole-slide Lung Histopathology (ACDC), Endoscopic Artefact Detection (EAD) and Pathologic Myopia Challenge (PALM).

(2) Endoscopic artefact detection, segmentation, domain adaptation, and pathologic myopia optic disk segmentation, focus/segmentation, and macula localization.

(3) The F1 score is the result of fuzzy matching, calculated according to the coincidence between the answer given by the model (partially correct) and the standard answer. The F1 score is as of July 31, 2019.

Technological empowerment of main financial businesses to cut costs, boost efficiency, and enhance risk management

Reduce costs



Smart speech robot

- **Coverage:** **83%** of financial sales scenarios, and **81%** of customer service scenarios
- **Service volume:** provided AI services **850 million** times in 2019
- **Cost saving:** an annual reduction of **11%** in CSR costs



Smart P&C insurance processing

- **Process optimization:** for auto insurance, over **90%** of quotes are made automatically, and many deals are struck upon the **1st** quote
- **Experience improvement:** As no manual data entry is involved in the retail auto insurance business, the turnaround time from quotation to policy issue is as short as **20 seconds**

Improve efficiency



Sales agent support

- **Smart recruitment:** **over 6 million** AI-based recruitment interviews in 2019, **100%** AI coverage, reducing the in-person interviews by **over 680,000** hours
- **Sales support:** AskBob served sales agents **340 million** times, and improved sales conversion



AI retail banking

- **AI credit card approval:** a total of **14.30 million** cards were issued in 2019, **nearly 90%** of which were automatically approved by AI, and **over 4 million** of which were quickly approved with one click.
- **AI customer service:** non-manual services accounted for **86.1% (+6 pps)**

Manage risks



Corporate risk warning platform

- **Early warning and prevention:** corporate credit risk can be dynamically monitored with an accuracy rate of **92%**
- **Risk management:** issued **over 3,000** early warnings, involving **nearly RMB20 billion** in exposure



AI-powered post-lending management

- **Coverage:** reminders to **100%** of customers who have not defaulted
- **Improved efficiency:** **RMB54 million** in loans under management per capita, up **32%** from the beginning of 2019

Lufax Holding: a world-leading comprehensive online wealth management and retail lending technology platform

Customer metrics



Registered users

44.02 million
+9.1% YoY



Active investor customers

12.50 million
+11.9% YoY



Accumulated borrowers

12.37 million
+20.3% YoY

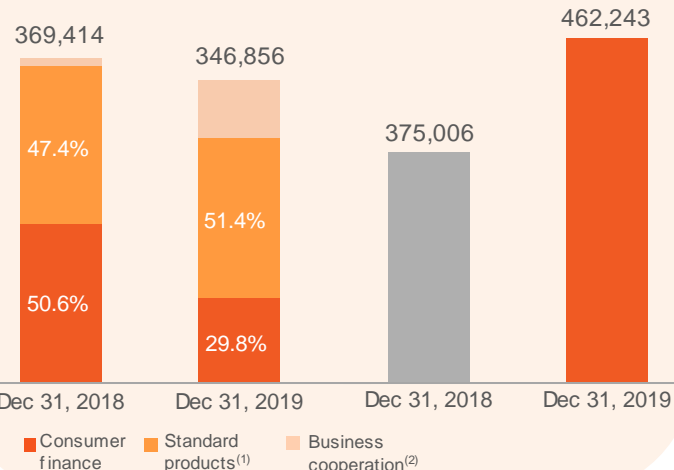
Business metrics

(in RMB million)

Customer assets



Balance of loans under management



- Maintaining industry-leading market shares.
- Consumer finance customers' assets were greatly affected due to the regulatory requirements for decreases in the business scale, lenders and borrowers, and outlets.
- To seize new opportunities in light of new policies, Lufax Holding fully promoted the in-depth cooperation with trust companies and banks to re-establish product advantages, and the scale of business customer assets increased rapidly.

Other key metrics



Investor customer

Wealth management
Proportion of customer assets
(from customers with assets of over RMB0.5 million)

> 50%



Robot

Wealth management
Customers served by the robot

>8.8 million



Overdue ratio

Retail lending
Ratio of loans more than 30 days overdue⁽³⁾

1.9%

Notes: (1) The standard products refer to products distributed by the wealth management business, including publicly offered funds, privately offered funds, and asset management products from insurance asset managers and securities firms.

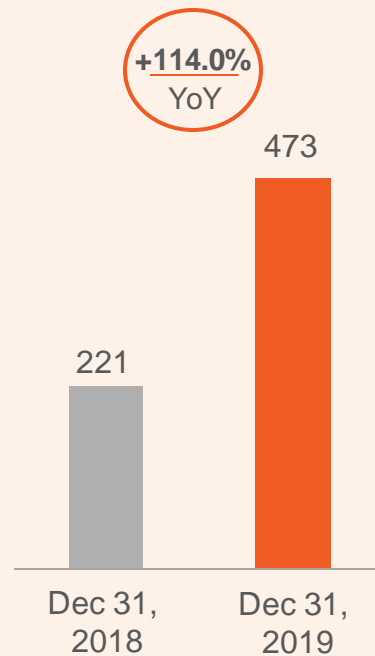
(2) The business cooperation refers to balances of investments made by wealth management customers at partner financial institutions through Lufax Holding's technology-powered system.

(3) The ratio of loans more than 30 days overdue refers to the proportion of loans more than 30 days (inclusive) overdue to the balance of loans under management.

OneConnect (OCFT US): China's leading technology-as-a-service cloud platform, serving all the major banks, 99% of the urban commercial banks, and 52% of the insurers in China

Customer metrics

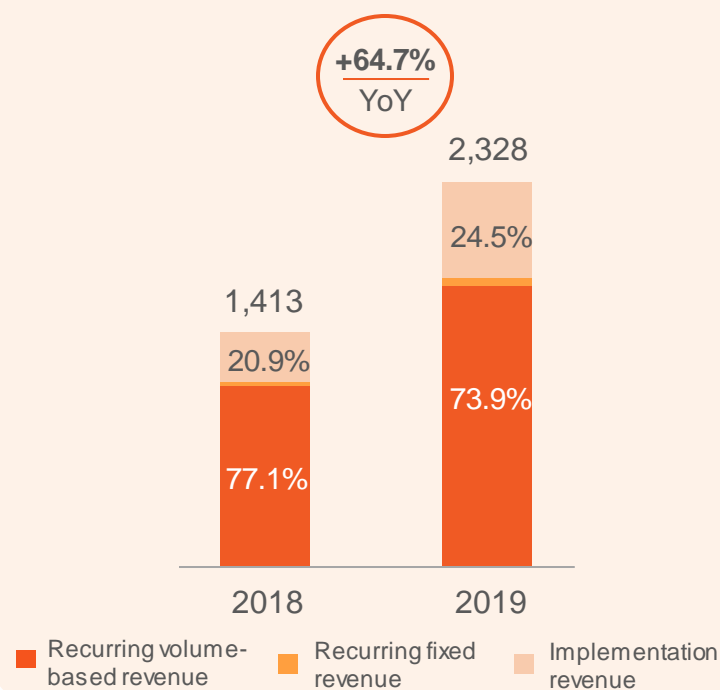
Premium customers⁽¹⁾



Financial metrics

Revenue

(in RMB million)



Business metrics



Products

54

Product



Transaction volume supported

RMB130.3 billion

Scale



Countries or regions covered

14

Overseas

Partner financial institutions

47

- **Technological innovation:** OneConnect had filed 3,710 patent applications, of which 765 were filed abroad. OneConnect was listed on the Asian Top 50 Blockchain Companies in the Asian Blockchain Technology and Application Forum, and won the Real Economy Empowerment Contribution Award in the Blockdata Awards 2019. OneConnect's blockchain-enabled trade finance network was awarded the "Best Application of Advanced Technology in a Product or Service" by BAI, marking the only blockchain case that received this award in China.

Notes: (1) The number of premium customers is the number of institutional customers with annual operating revenue of RMB100,000 or more, excluding Ping An Group and its subsidiaries.

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

Ping An Good Doctor (01833.HK): the largest online health care services platform in China

Business metrics



Registered users

315 million
+ 18.9% YoY



Daily consultations

729 thousand
+ 36.3% YoY



In-house full-time medical staff members

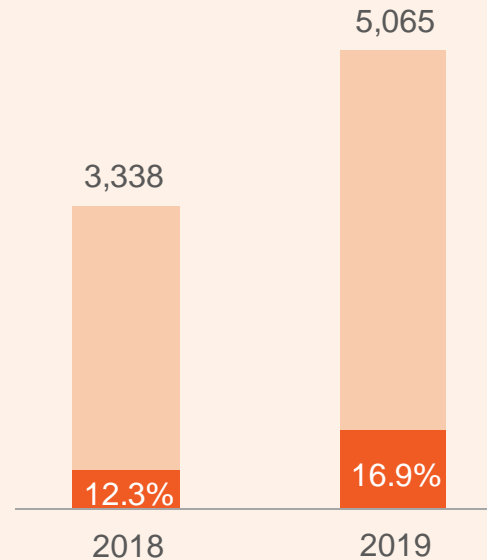
1,409

Financial metrics

(in RMB million)

Revenue

+51.7%
YoY



■ Online health care services
■ Others

Partner metrics



Partner hospitals

Partner hospitals **3,000+**

3A hospitals **1,900+**



Partner pharmacies

Partner pharmacies **94 thousand**

Cities covered **375**



Offline health care service network

Clinics, checkup centers, dental clinics, medical cosmetic institutions and others

50,000+

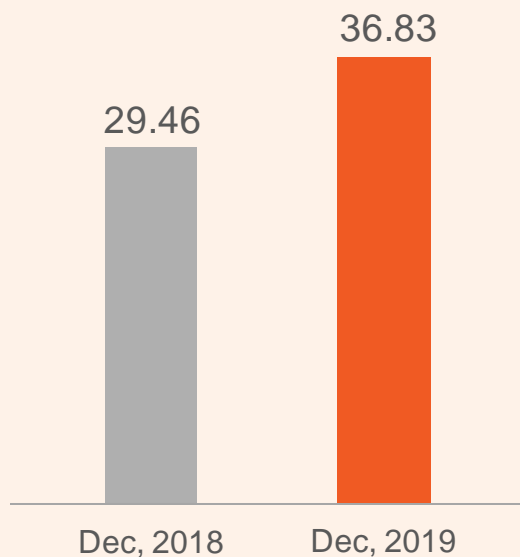
Autohome(ATHM US): a leading internet-based auto service platform in China

Customer metrics

(in million)

Daily average online mobile unique visitors⁽¹⁾

+25.0%
YoY

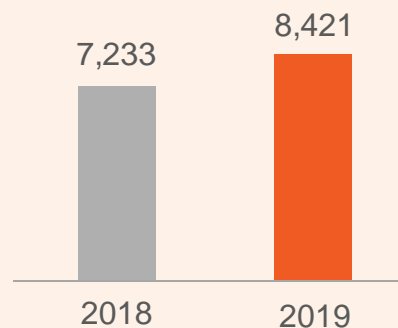


Financial metrics

(in RMB million)

Revenue

+16.4%
YoY



Net profit⁽²⁾ **RMB3,409 million**

% of revenue from online marketplace business **17.7%**

New business key metrics



Automaker services

Automakers Covered **90+**

Data product customers **36**



Dealer services

Paying dealers **27,000+**

Data product customers **17,000+**



Auto finance

Auto finance and insurance transactions facilitated **nearly RMB24.0 billion**

Notes: (1) Average daily unique visitors on mobile devices for 2019 include those on mobile apps and applets, and the data for 2018 has been restated accordingly.

(2) Net profit refers to non-GAAP adjusted net profit of Autohome.

Smart city: serving 115 cities, 500,000 companies and 50 million citizens

Supporting government services

Promoting business development

Improving people's livelihoods

Covered 115 cities to improve government administration




Served 500,000 companies to optimize business environment


Served 50 million citizens to enhance citizen service experience




Smart Fiscal	Smart government	Smart legal services	Smart environmental management
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Smart development and reform	Smart services	Smart finance	Smart market regulation
	Smart trade	Smart credit	

Smart healthcare	Smart education	Smart transportation
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 <p>Finance</p> <ul style="list-style-type: none"> Served 4,000+ administrative units, enterprises and public service units Supported management of assets worth RMB6 trillion+
 <p>Efficiency</p> <ul style="list-style-type: none"> Covered 30+ commissions, offices and administrations in 20+ cities Analyzed 400+ themes
 <p>Environment</p> <ul style="list-style-type: none"> Supported environmental management of 50,000+ polluting enterprises in Shenzhen Covered 50 pollutants in 5 major industries

 <p>Planning</p> <ul style="list-style-type: none"> Forecasts cover 150+ cities Analyzed 34 topics and 4,500+ economic indicators
 <p>Service</p> <ul style="list-style-type: none"> Provided services for nearly 480,000 companies Smart customs services covered over 400,000 customs declarations, involving goods worth RMB150 million, reducing the inspection time to 5 days, and the declaration time to 5 minutes
 <p>Regulation</p> <ul style="list-style-type: none"> Covered 8,000+ risks in 600+ scenarios Forecast and early warning accuracy of 90%+

 <p>Health</p> <ul style="list-style-type: none"> Covered 14,000 medical institutions AskBob was called about 11 million times, benefiting 260,000 doctors
 <p>Culture</p> <ul style="list-style-type: none"> Provided vocational education services for 36 million users, and online education sessions for 51 million trainees Provided 77,000 high-quality courses
 <p>Convenience</p> <ul style="list-style-type: none"> Automatically handled 100,000+ traffic violations every day

Q&A

Appendices: 2019 Group operating profit (Table A-1)

<i>(in RMB million)</i>	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	Technology	Other businesses and elimination	Group
Net profit attributable to shareholders of the parent company	102,659	22,697	16,342	2,595	2,319	4,680	3,487	(5,372)	149,407
Net profit attributable to non-controlling interests	1,078	111	11,853	3	57	761	1,174	(79)	14,958
Net profit (A)	103,737	22,808	28,195	2,598	2,376	5,441	4,661	(5,451)	164,365
Excluding:									
Short-term investment variance (B)	19,354	-	-	-	-	-	-	-	19,354
Impact of discount rate change (C)	(13,164)	-	-	-	-	-	-	-	(13,164)
Impact of one-off material non-operating items (D)	8,597	1,856	-	-	-	-	-	-	10,453
Operating profit (E = A – B – C – D)	88,950	20,952	28,195	2,598	2,376	5,441	4,661	(5,451)	147,722
Operating profit attributable to shareholders of the parent company	88,054	20,850	16,342	2,595	2,319	4,680	3,487	(5,372)	132,955
Operating profit attributable to non-controlling interests	896	102	11,853	3	57	761	1,174	(79)	14,767

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

Appendices: 2018 Group operating profit (Table A-2)

<i>(in RMB million)</i>	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	Technology	Other businesses and elimination	Group
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
Net profit attributable to 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 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: Life & Health earnings (Table B)

Profit Analysis

<i>(in RMB million)</i>	2019	2018	Notes
Release of residual margin	74,454	62,287	A
Return on net worth	11,738	8,959	
Spread income	3,947	5,048	
Operating variance and others	10,406	21,749	
Operating profit before tax	100,545	98,043	
Income tax	(11,595)	(26,698)	
Operating profit after tax	88,950	71,345	See Table A
Short-term investment variance	19,354	(12,853)	
Impact of discount rate change	(13,164)	265	
Impact of one-off material non-operating items	8,597	-	
Net profit	103,737	58,757	See Table A

Residual Margin

<i>(in RMB million)</i>	2019	2018	Notes
Opening residual margin	786,633	616,319	
Contribution from new business	155,684	177,485	
Expected interest growth	33,811	28,498	
Release of residual margin	(74,454)	(62,287)	A
Lapse variances and others	16,742	26,617	
Ending residual margin	918,416	786,633	

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

Appendices: P&C earnings (Table C)

<i>(in RMB million)</i>	2019	2018	Notes
Premium income	270,930	247,444	
Earned premiums	231,403	211,918	B
Claim expenses	(132,615)	(116,305)	
Commission expenses	(39,368)	(49,337)	
Administrative expenses	(57,567)	(44,760)	
Reinsurance commission revenue	6,547	6,964	
Underwriting profit	8,400	8,480	D = B x (1-C)
Combined ratio (%)	96.4	96.0	C
Total investment income	17,981	11,016	E = F x G
Average P&C investment assets	273,819	249,576	F
P&C total investment yield (%)	6.6	4.4	G
Other net revenue and expenses	(896)	19	
Profit before tax	25,485	19,515	
Income tax	(2,677)	(7,241)	
Net profit (a)	22,808	12,274	See Table A
Impact of one-off material non-operating items (b)	1,856	-	
Operating profit (c = a – b)	20,952	12,274	See Table A

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

Appendices: Banking earnings (Table D)

<i>(in RMB million)</i>	2019	2018	Notes
Net interest revenue	89,961	74,745	H = I x J
Average interest earning assets	3,433,756	3,186,151	I
Net interest margin (%)	2.62	2.35	J
Net non-interest revenue	47,997	41,971	
Revenue	137,958	116,716	K
General and administrative expenses	(40,852)	(35,391)	L = - (K x M)
Cost-to-income ratio (%)	29.61	30.32	M
Loan impairment loss	(53,288)	(43,657)	N = - (O x P)
Average balance of loans (including bill discount)	2,096,394	1,858,353	O
Credit cost (%)	2.54	2.35	P
Other expenses	(7,578)	(5,437)	
Profit before tax	36,240	32,231	
Income tax	(8,045)	(7,413)	
Net profit	28,195	24,818	See Table A

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

Appendices: Trust earnings (Table E)

(in RMB million)

	2019	2018	Notes
Fees and commission revenue	3,722	3,801	Q = R x S
Monthly average assets held in trust	491,630	588,788	R
Fee rate of assets held in trust (%)	0.76	0.65	S
Fees and commission expenses	(190)	(116)	
Net fees and commission revenue	3,532	3,685	
Administrative expenses	(1,217)	(1,039)	
Total investment income	617	1,104	
Other net revenue and expenses	437	163	
Profit before tax	3,369	3,913	
Income tax	(771)	(901)	
Net profit	2,598	3,012	See Table A

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

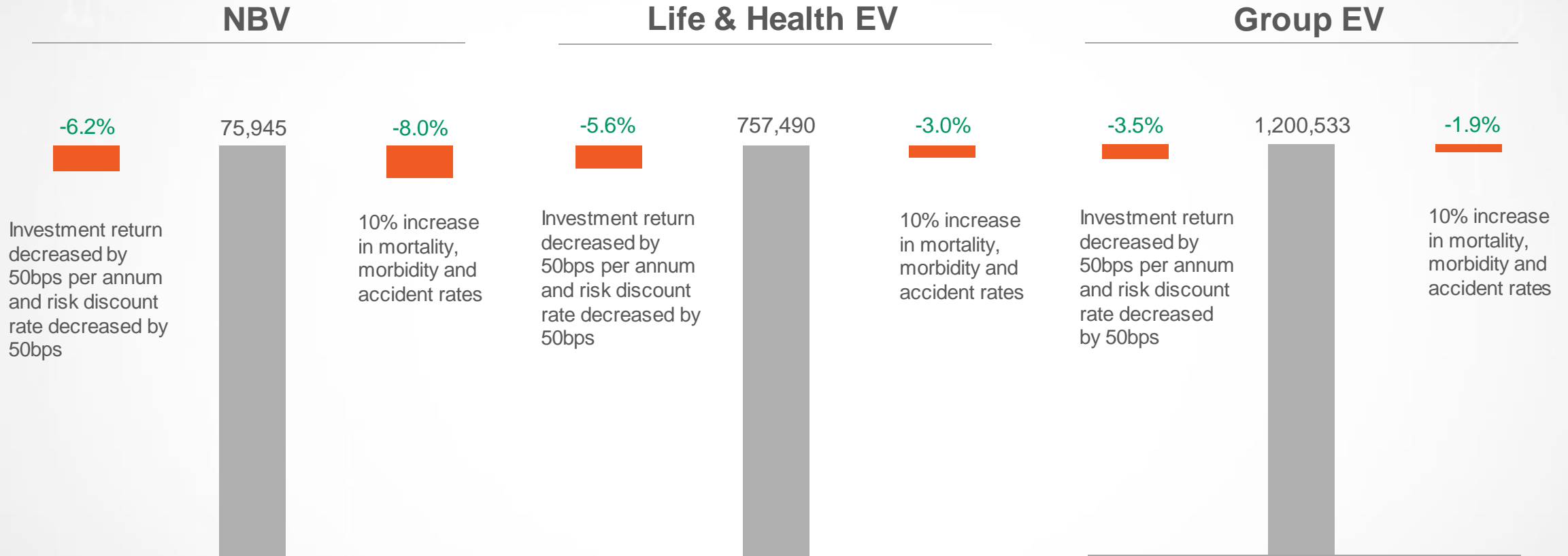
Appendices: Securities earnings (Table F)

<i>(in RMB million)</i>	2019	2018	Notes
Fees and commission revenue	5,457	4,014	
Fees and commission expenses	(1,183)	(847)	
Net fees and commission revenue	4,274	3,167	
Total investment income	5,520	4,654	
Other revenue	4,510	2,928	
Revenue	14,304	10,749	T
Administrative expenses	(3,892)	(3,497)	U = - (T + W) x V
Cost-to-income ratio (%)	44.8	52.7	V
Finance costs	(1,813)	(1,125)	
Other expenses	(5,612)	(4,113)	W
Profit before tax	2,987	2,014	
Income tax	(611)	(334)	
Net profit	2,376	1,680	See Table A

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

Appendices: EV and NBV exhibited low sensitivity to future investment return

(in RMB million)



Notes: (1) Under the current EV valuation framework, the assets backing liability and capital requirements excluding free surplus are measured at carrying value. 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.