

中国平安 PINGAN

金融 · 科技

# 2020 Annual Results

February 2021



# Cautionary Statements Regarding Forward-Looking Statements

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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 may or may not occur in the future. Words such as “potential”, “estimates”, “expects”, “anticipates”, “objective”, “intends”, “plans”, “believes”, “will”, “may”, “should”, variations of these words and similar expressions are intended to identify forward-looking statements.

These forward-looking statements are subject to known and unknown risks and uncertainties that may be general or specific. 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. Neither the Company nor 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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**Overview & Financial Review**

**Jason Yao**  
Co-CEO and CFO

**Financial Business**

**Xie Yonglin**  
President and Co-CEO

**Technology Business**

**Jessica Tan**  
Co-CEO

# Overview

Jason Yao  
Co-CEO and CFO

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



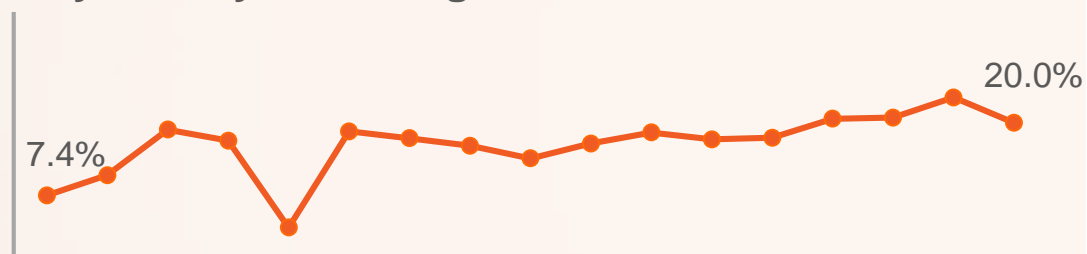
# Strong and consistent track record since IPO

(in RMB billion)

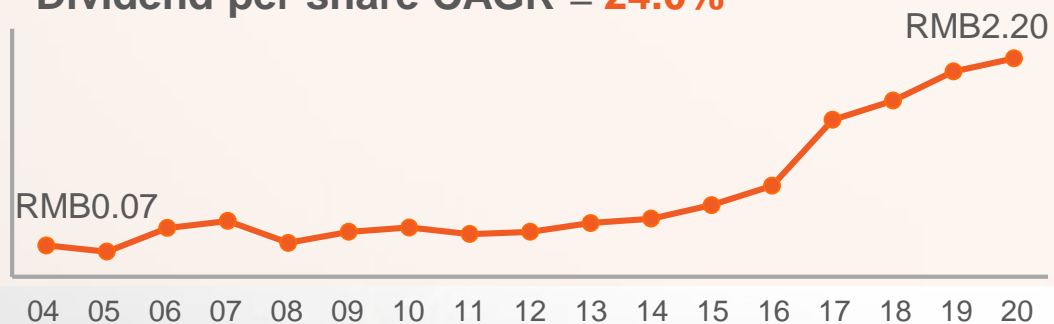
Shareholders' Equity CAGR = 22.9%



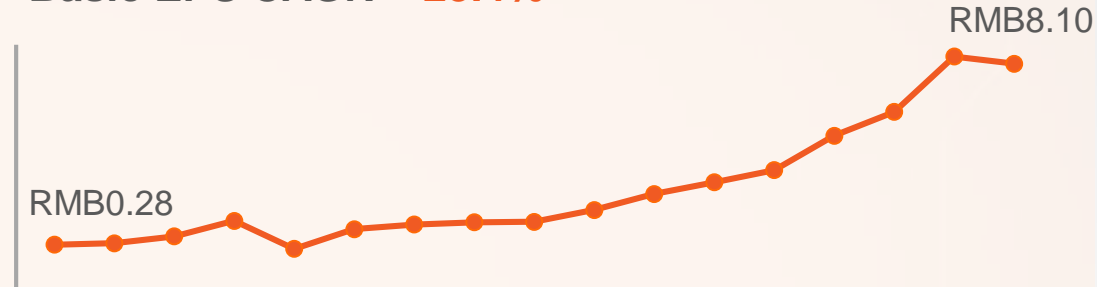
5-year/15-year average ROE = 20.7% / 17.2%



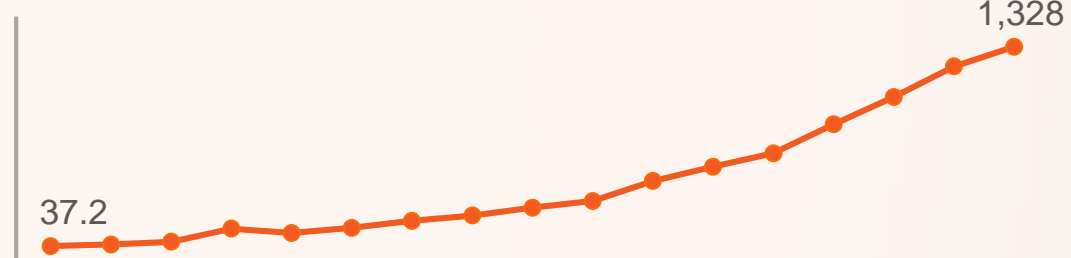
Dividend per share CAGR = 24.0%



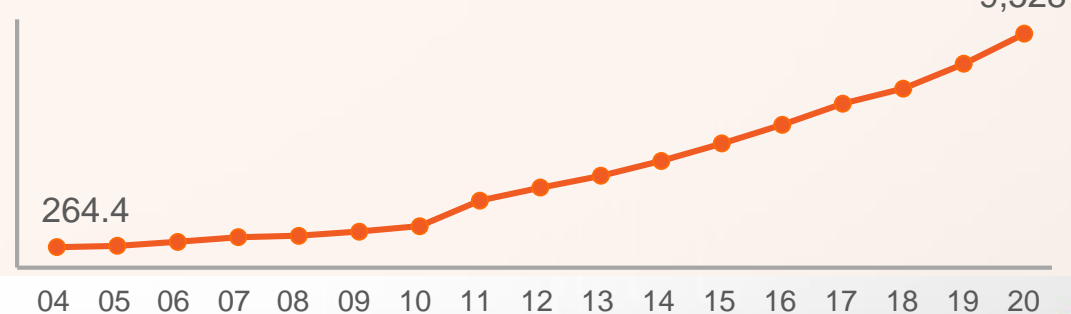
Basic EPS CAGR = 23.4%



Embedded Value CAGR = 25.0%



Total Assets CAGR = 25.1%



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

# Financial Review

Jason Yao  
Co-CEO and CFO

# | 2020 Business highlights

(RMB)

Operating profit<sup>(1)</sup>

139,470 million

+4.9%

Dividend per share

2.20/share

+7.3%

Operating ROE

19.5%

-2.2 pps

Net profit<sup>(1)</sup>

143,099 million

-4.2%

L&H EV

824,574 million

+8.9%

L&H Operating Profit

92,672 million

+5.2%

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

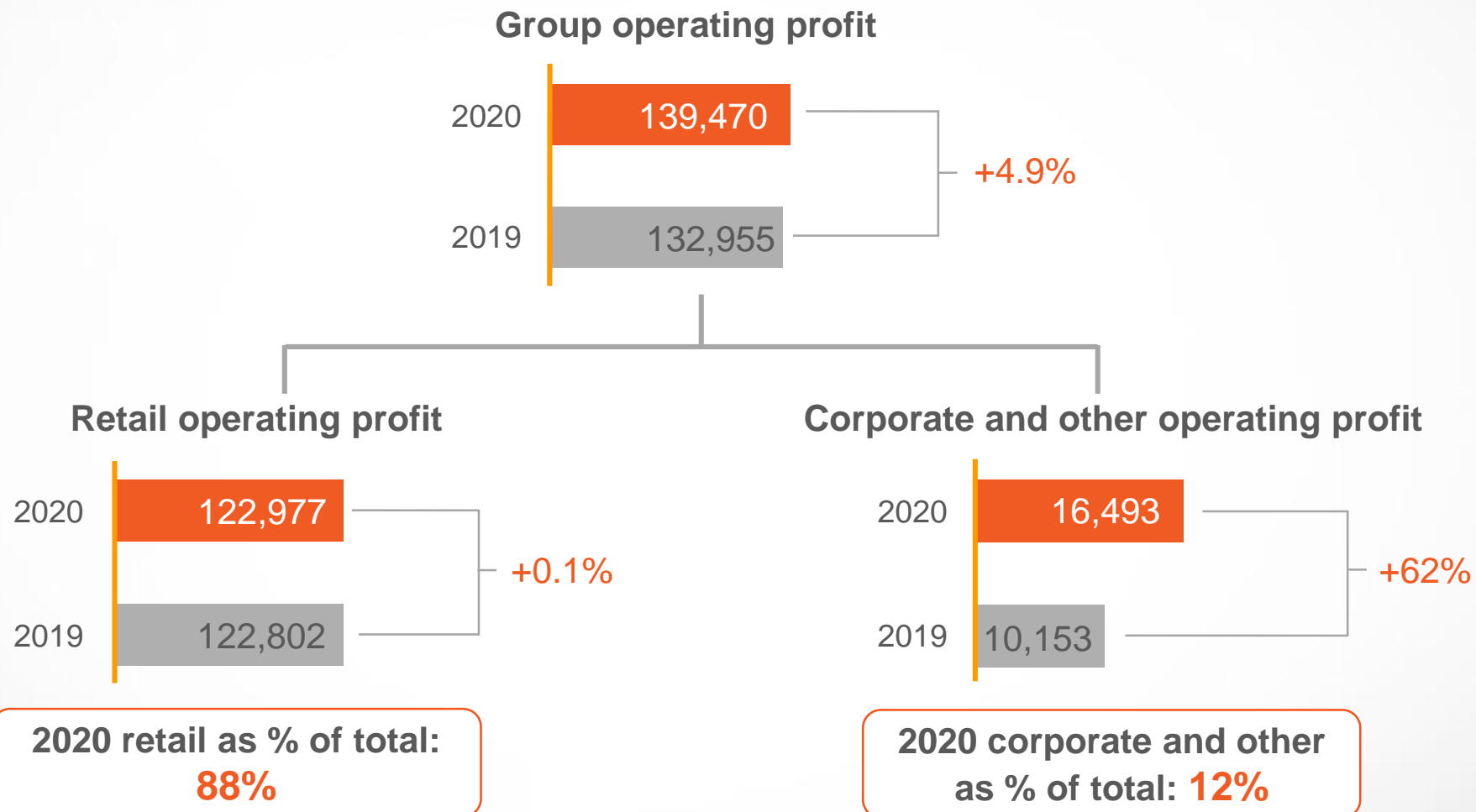




# 1. Operating profit

# Retail accounted for 88% of Group operating profit

(in RMB million)

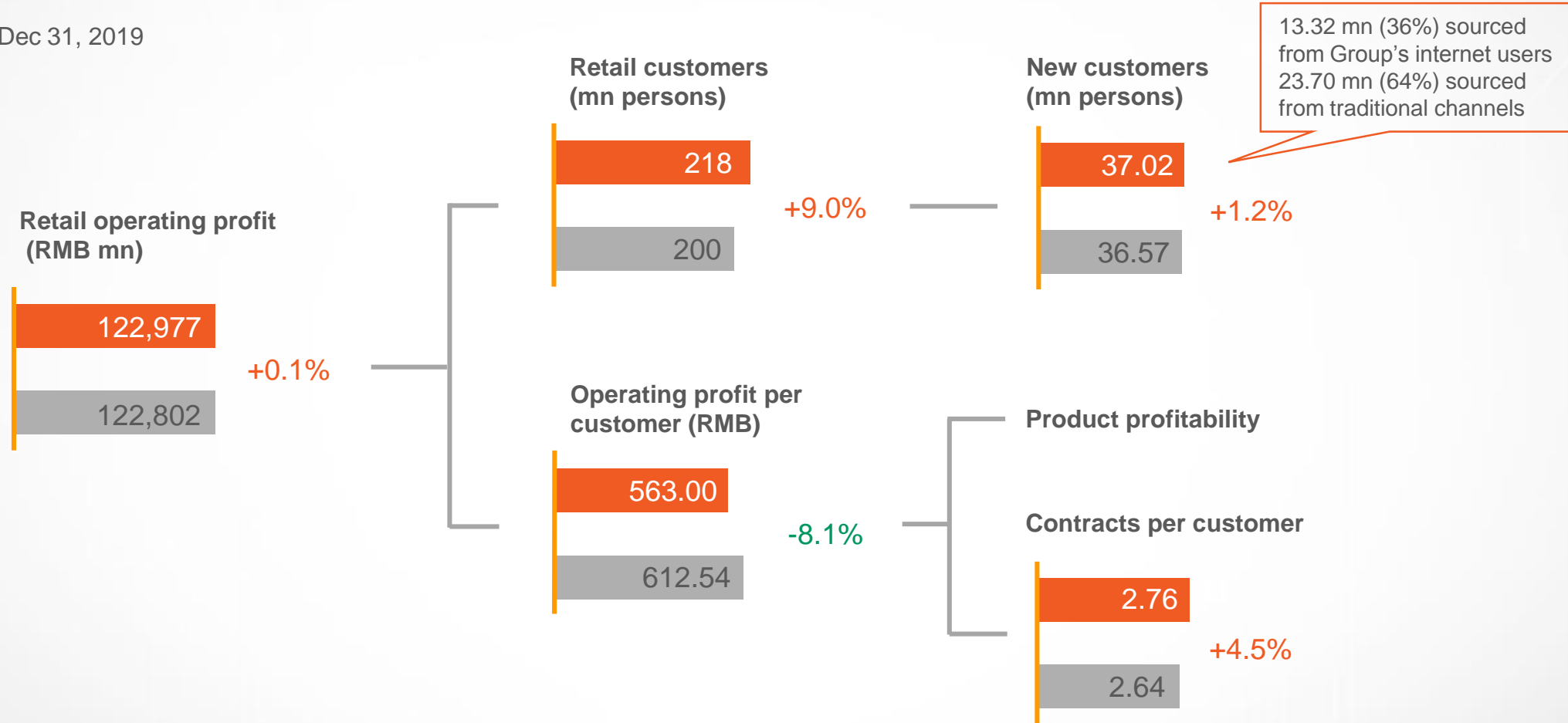


Note: Operating profit refers to the operating profit attributable to shareholders of the parent company.

# Retail OPAT growth drivers

■ 2020/Dec 31, 2020

■ 2019/Dec 31, 2019



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

(2) The number of customers as of Dec 31, 2020 is not equal to the number of customers as of December 31, 2019 plus new customers acquired during the Reporting Period due to customer attrition.

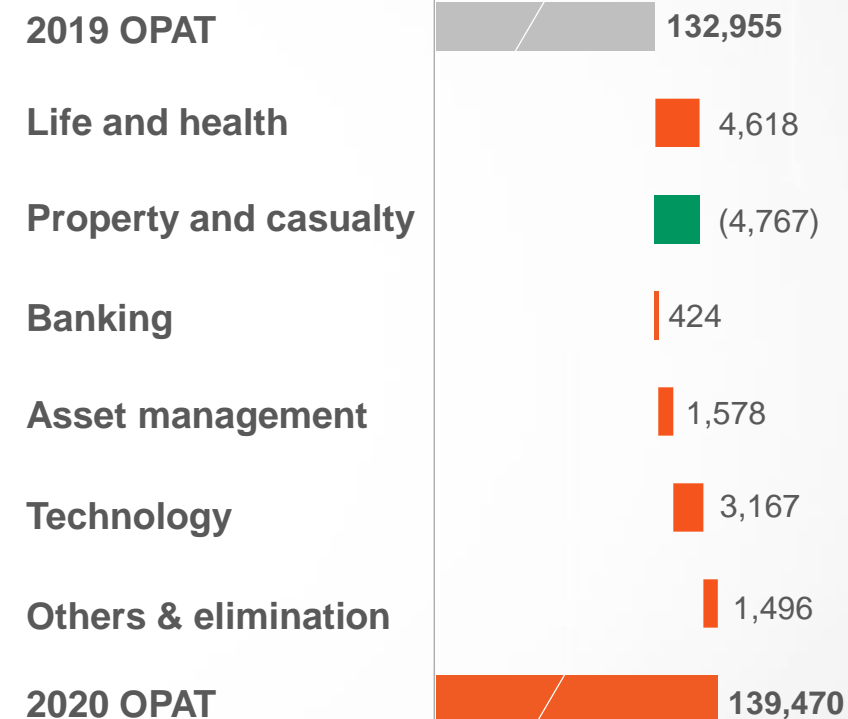
(3) Figures may not match the calculation due to rounding.

# Group operating profit rose 4.9% YoY

(in RMB million)

	2020	Proportion (%)	YoY Change (%)
Life and health	92,672	66.4	5.2
Property and casualty	16,083	11.5	(22.9)
Banking	16,766	12.0	2.6
Trust	2,476	1.8	(4.6)
Securities	2,959	2.1	27.6
Other asset management <sup>(1)</sup>	5,737	4.1	22.6
Technology <sup>(2)</sup>	6,654	4.8	90.8
Others & elimination	(3,876)	(2.7)	(27.8)
<b>The Group</b>	<b>139,470</b>	<b>100.0</b>	<b>4.9</b>

## Operating profit growth drivers



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

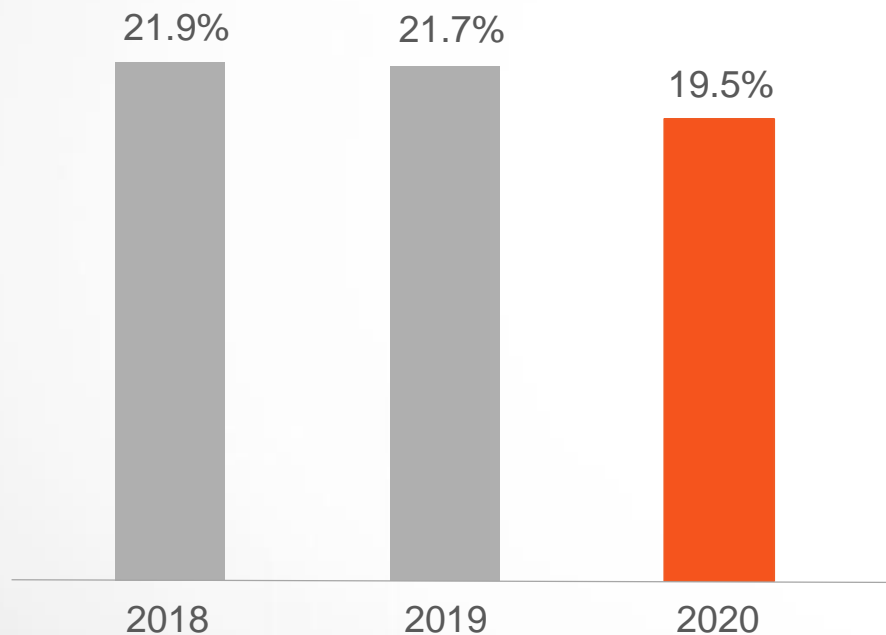
(2) The technology business represents the results of subsidiaries, associates and jointly controlled entities that engage in technology business including Autohome, Lufax Holding, OneConnect, Ping An Good Doctor, and Ping An HealthKconnect.

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

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

# Delivered a 19.5% operating ROE in 2020

## Operating ROE



## Operating ROE by segment

(%)

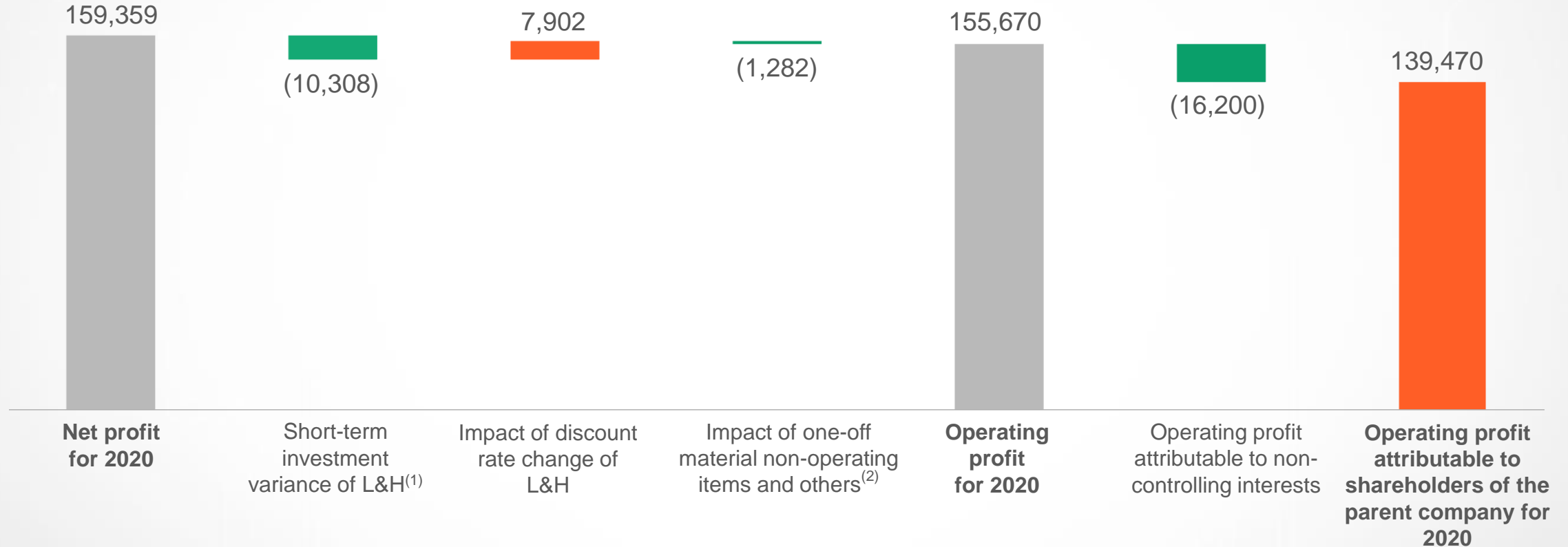
2020

Life and health insurance	35.0
Property and casualty insurance	16.4
Banking	9.6
Trust	11.8
Securities	9.5
Other asset management	11.9
Technology	7.8
Others & elimination	N/A
<b>The Group</b>	<b>19.5</b>

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

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

(in RMB million)

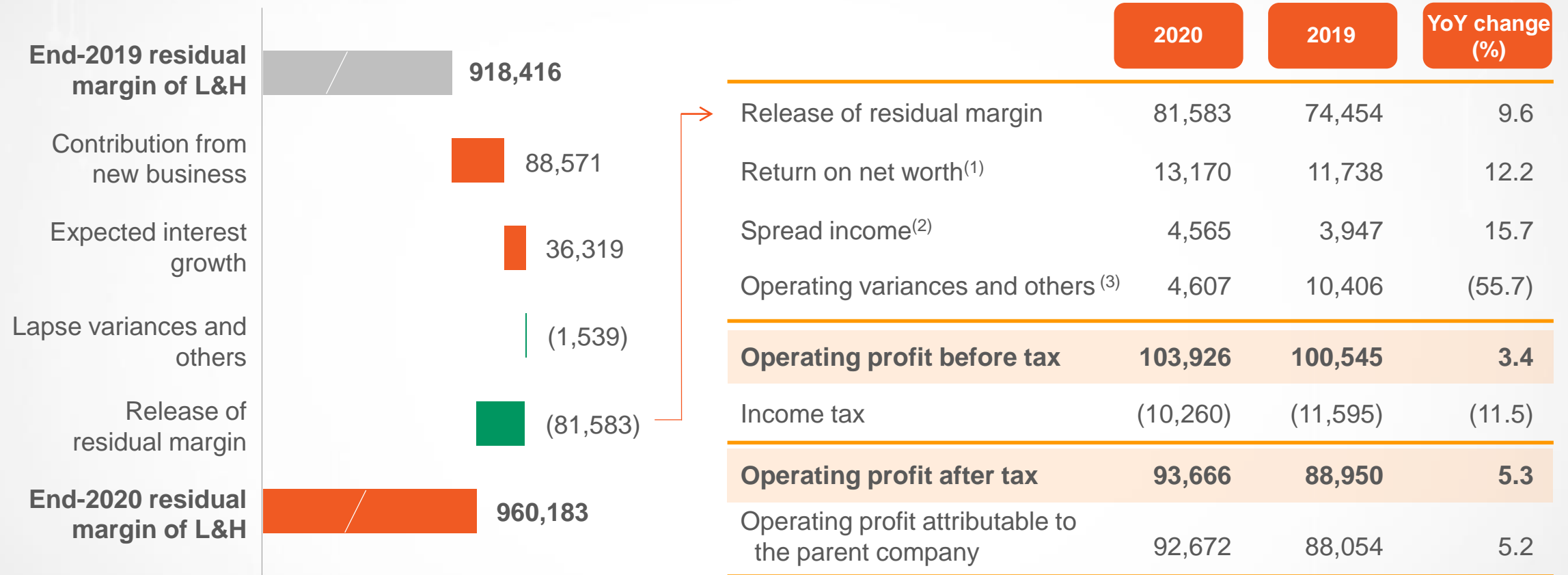


Notes: (1) Short-term investment variance is the variance between the actual investment return and the EV long-run investment return assumption (5%), net of the associated impact on insurance and investment contract liability.

(2) The impact of one-off material non-operating items and others is the impact of material items that management considered to be non-operating incomes and expenses, which in 2020 refers to the revaluation gain on the convertible bonds issued by Lufax Holding to the Group.

# L&H operating profit attributable to shareholders of the parent company rose 5.2% YoY

(in RMB million)



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

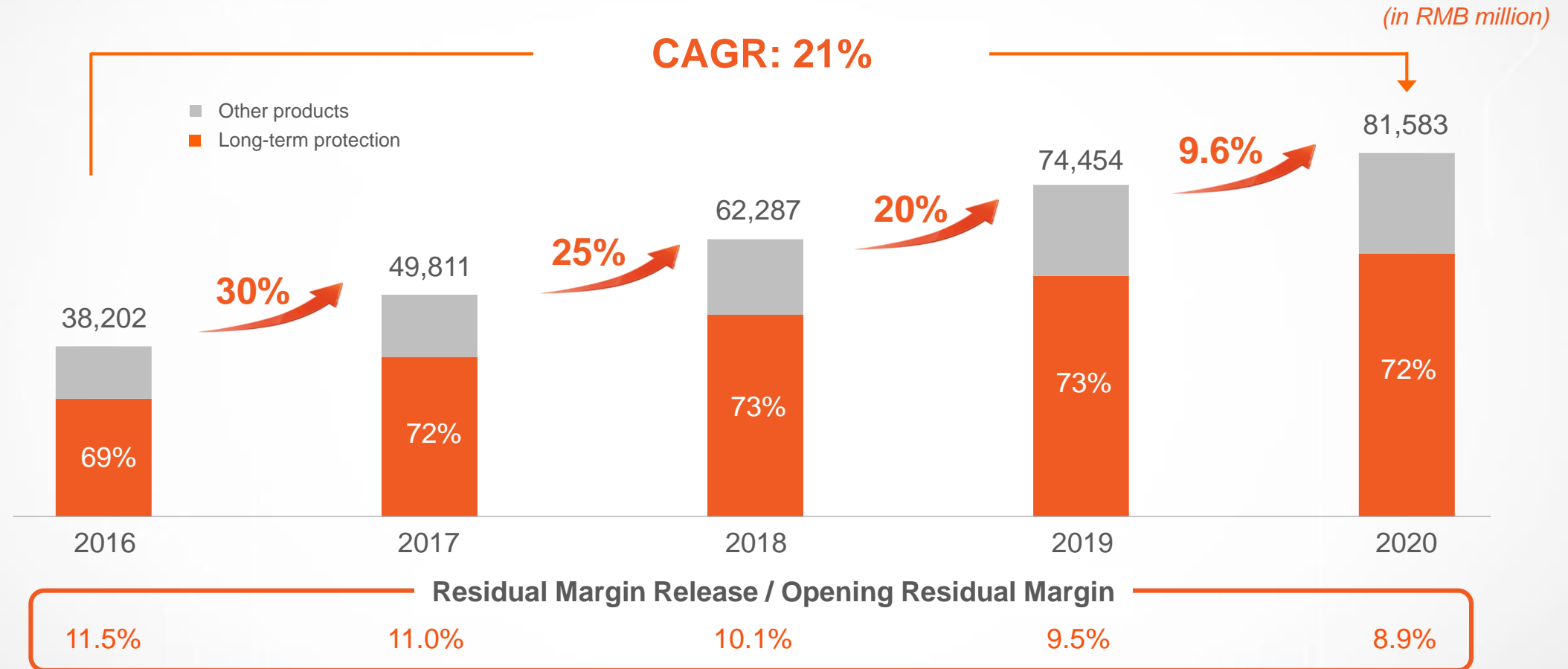
(2) Spread income is the expected investment return from assets backing contract liability based on the EV long-run investment return assumption (5%) exceeding the interest required on contract liability.

(3) Operating variances and others dropped 55.7% year on year, mainly because of increased strategic investment in technology and team building as well as fluctuations in policy persistency ratios.

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

# L&H residual margin release rose 9.6% YoY

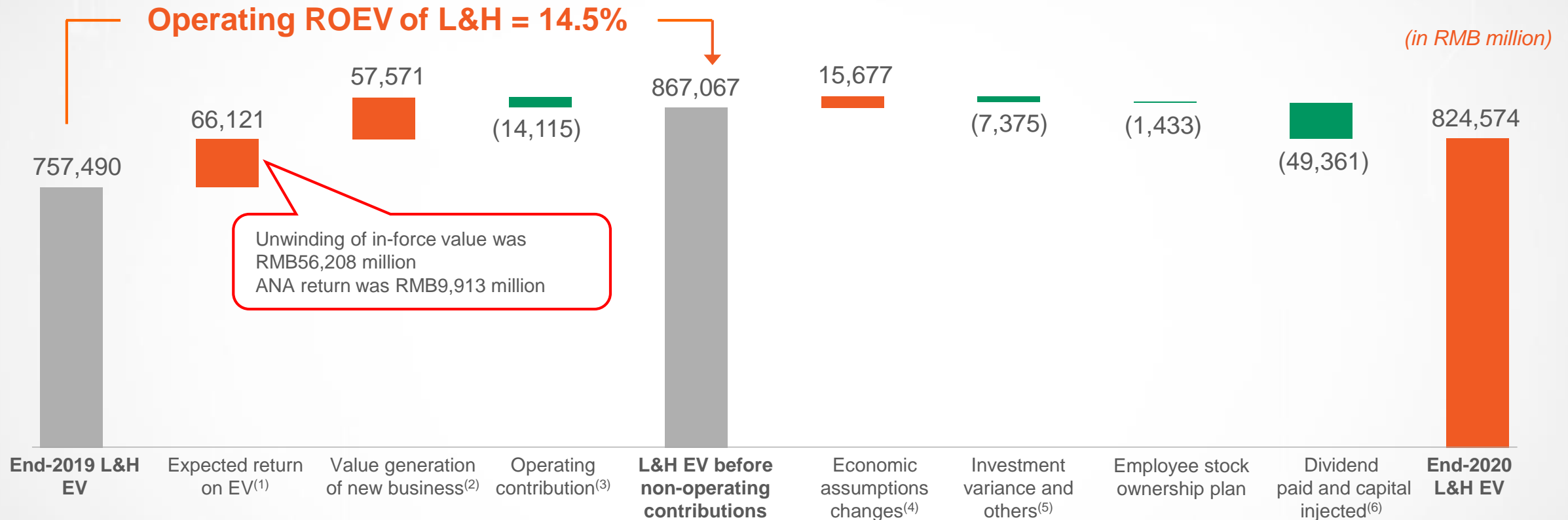
**RM release:** • Major source of profit • Locked in at issuance • Immune to capital market fluctuation



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



# L&H delivered an operating ROEV of 14.5% despite challenges brought by COVID-19



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 (RMB49,575 million) and risk diversification effects (RMB7,995 million).

(3) Operating contribution includes operating assumptions and model changes (RMB-2,990 million), L&H operating variance and others (RMB-11,125 million). Adverse variances came mainly as a result of increased strategic investment in technology and team building as well as fluctuating policy persistency ratios.

(4) Economic assumptions changes amounted to RMB15,677 million as the percentage of investment returns that can be exempted from income tax has been raised according to company experience and trend analysis.

(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 RMB49,511 million. The Company injected RMB150 million of capital into Ping An Health.

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

# NBV fell 34.7% YoY amid COVID-19 which hits our long-term protection business hard

	NBV	Change (%)	NBV Margin (%)	Change (pps)	
<i>(in RMB million)</i>					
<b>Retail business</b>	<b>48,756</b>	<b>(35.4)</b>	<b>47.4</b>	<b>(12.3)</b>	
<b>Agent channel</b>	42,913	(37.1)	54.9	(10.1)	
Protection & Saving hybrid (short-PPP)	6,187	(28.4)	18.8	(3.3)	
Protection & Saving hybrid (long-PPP) <sup>(1)</sup>	7,195	8.0	55.6	(0.6)	High-protection business
Long-term protection <sup>(2)</sup>	25,756	(48.5)	96.0	(8.9)	
Short-term insurance	3,775	29.7	67.2	21.9	
<b>Telemarketing, internet and others</b>	4,234	(30.4)	27.4	(12.0)	
<b>Bancassurance</b>	1,609	35.1	17.7	(2.7)	
<b>Group business</b>	<b>820</b>	<b>78.5</b>	<b>1.8</b>	<b>0.4</b>	
<b>Total NBV</b>	<b>49,575</b>	<b>(34.7)</b>	<b>33.3</b>	<b>(14.0)</b>	

Notes: (1) PPP stands for Premium Payment Period. Protection & Saving hybrid (Long-PPP) products cover endowment and annuity products with PPP of 10 years and above. The critical illness plus savings combination sold over recent years contains high protection elements, though its main products are classified as Long-PPP Protection & Saving hybrid due to conservative classification.

(2) Long-term protection products cover whole-life, term life, critical illness and long-term accident insurance.

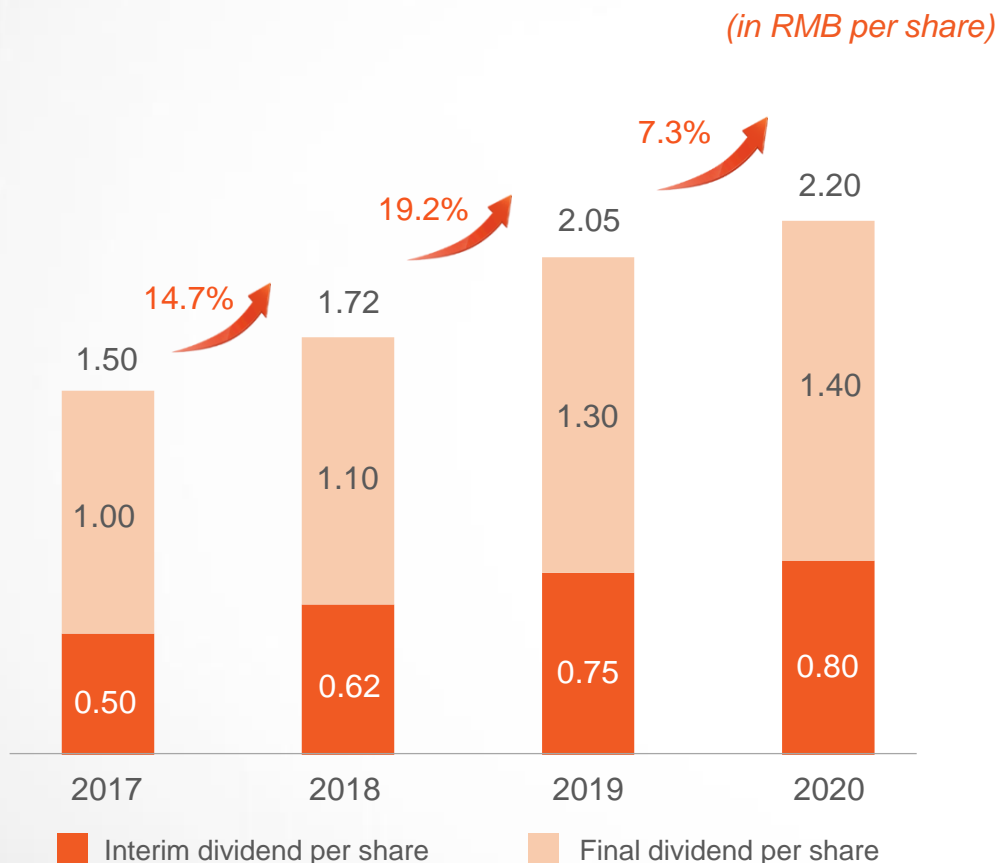
(3) Figures may not match the calculation due to rounding.



## 2. Dividends and capital

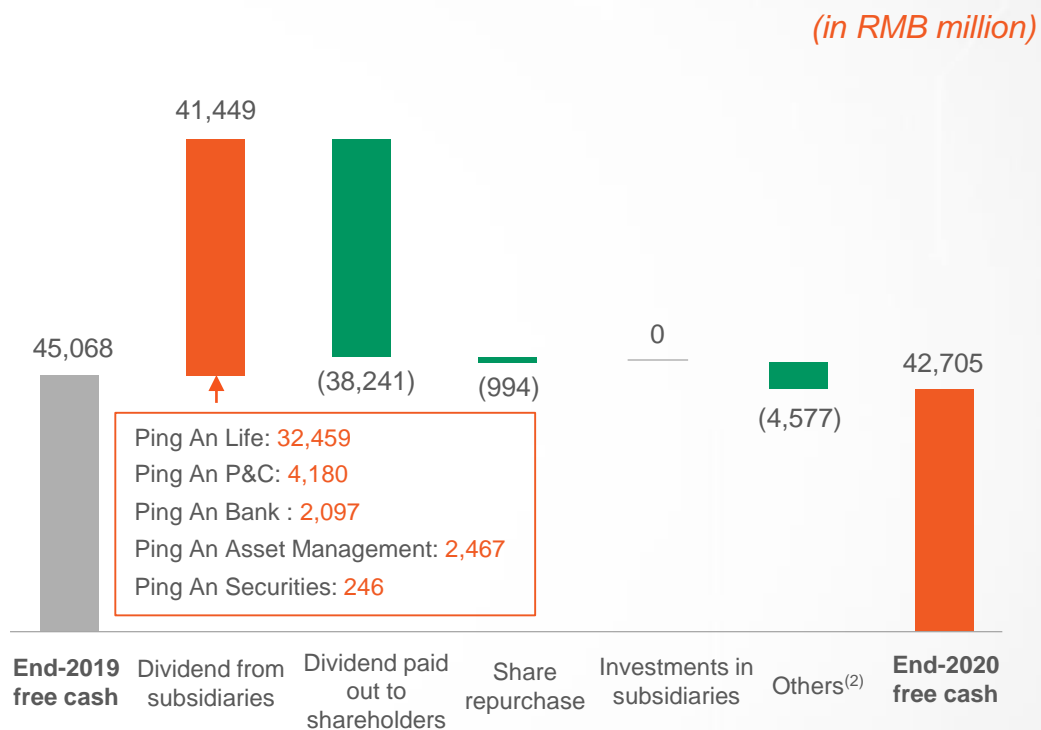
# Continued growth of cash dividends with DPS up 7.3% YoY

Attaching importance to shareholder returns with total dividend of RMB2.20 per share in cash



Note: 2020 final dividend is pending for approval at the 2020 Annual General Meeting.

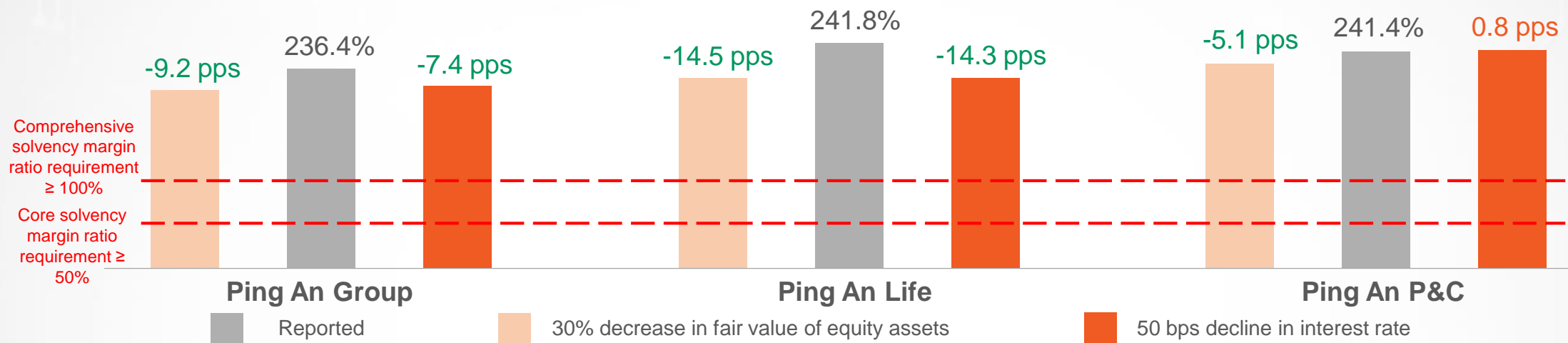
Free cash position of the parent company remained healthy



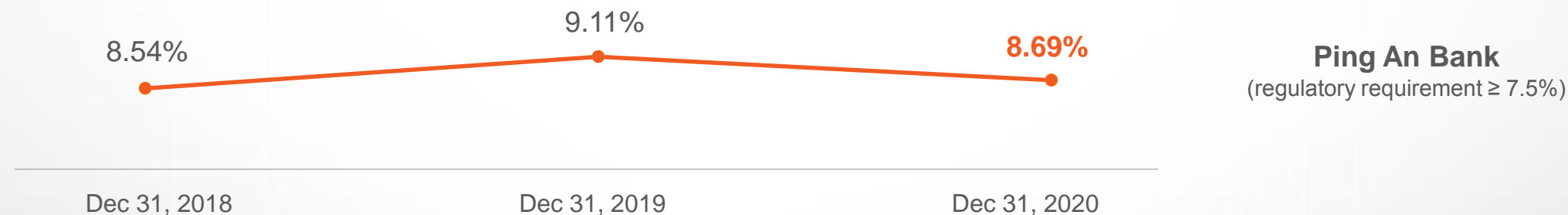
Notes: (1) Free cash of the parent company includes bonds, equity securities, bank deposits and cash equivalents that the parent company holds. Free cash of the parent company is mainly invested in subsidiaries or used in daily operations or for dividend distribution.  
 (2) Others mainly include short-term borrowings.

# Strong solvency position remained resilient to capital market volatility

Comprehensive solvency margin ratios significantly exceeded regulatory requirements



## Core tier 1 capital adequacy ratio above regulatory minimum



Notes: (1) The Company conducts stress tests on insurance companies' solvency margin ratios on a quarterly basis. Ping An Bank and its wholly-owned subsidiary Ping An Wealth Management Co., Ltd. are included in the computation of the above core tier 1 capital adequacy ratio.  
(2) Figures may not match the calculation due to rounding.



### **3. Investment portfolio of insurance funds**

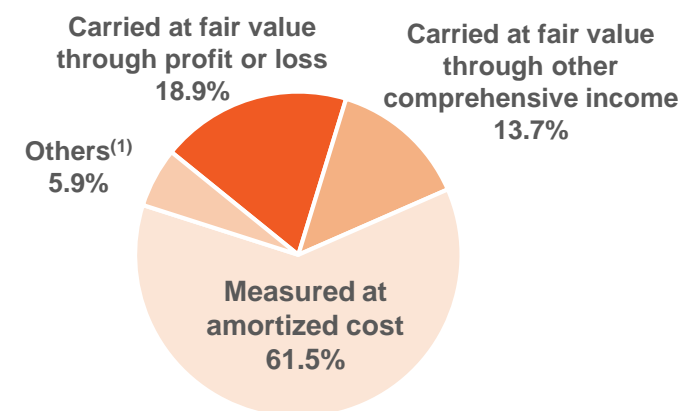
# Investment portfolio of insurance funds

Proportion	Dec 31, 2020	Dec 31, 2019	Change (pps)
<b>Cash and cash equivalents</b>	2.3%	3.0%	(0.7)
<b>Term deposits</b>	6.1%	6.6%	(0.5)
<b>Debt financial assets</b>			
Bond investments	50.2%	46.9%	3.3
Bond funds	1.3%	1.3%	-
Preferred stocks	3.2%	3.6%	(0.4)
Perpetual bonds	1.4%	0.6%	0.8
Policy loans	4.3%	4.3%	-
Debt schemes	4.3%	4.1%	0.2
Wealth management products <sup>(1)</sup>	6.7%	9.3%	(2.6)
<b>Equity financial assets</b>			
Stocks	8.4%	9.2%	(0.8)
Equity funds	1.8%	1.5%	0.3
Wealth management products <sup>(1)</sup>	1.1%	1.2%	(0.1)
Unlisted equities	2.2%	2.1%	0.1
<b>Long-term equity stakes</b>	4.2%	3.8%	0.4
<b>Investment properties</b>	1.7%	1.9%	(0.2)
<b>Other investments<sup>(2)</sup></b>	0.8%	0.6%	0.2
<b>Total investments (in RMB million)</b>	<b>3,740,581</b>	<b>3,208,836</b>	

## ➤ Proportions of corporate bonds and non-standard debt assets

	Dec 31, 2020	Dec 31, 2019	Change
<b>Corporate bonds</b>	2.9%	4.0%	↓ 1.1 pps
<b>Non-standard debt assets</b>	11.0%	13.4%	↓ 2.4 pps

## ➤ Investment portfolio (by accounting measurement)



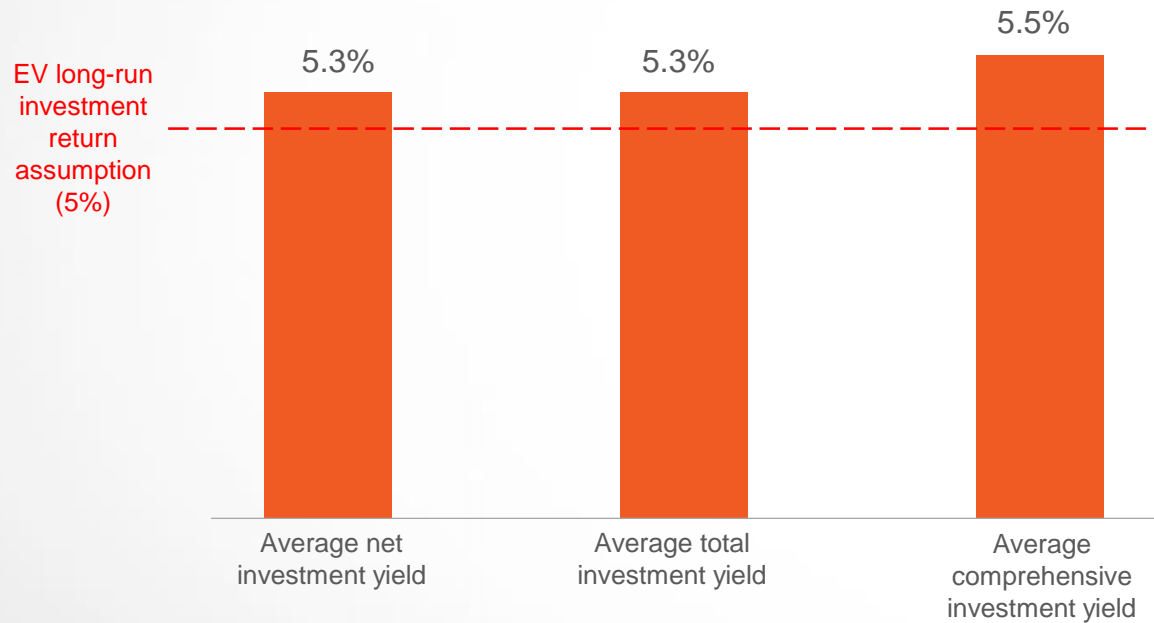
Note: (1) Others include long-term equity stakes, investment properties, and derivative financial assets.

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 derivative financial assets.

# 10-year average investment return > EV long-run investment return assumption (5%)

## 10-year average investment return (2011-2020)



## Investment performance

	2020	2019
Net investment yield	5.1%	5.2%
Total investment yield	6.2%	6.9%



# Constantly improving internal controls over investment risk management



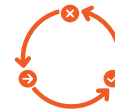
## Continued to strengthen asset-liability risk management

- The Company optimized asset-liability duration matching by making more investment in long-duration bonds.
- Attaching great importance to cost-return matching-based risk management, the Company established a risk appetite framework in which the matching of costs and returns was a key quantitative indicator, and conducted necessary reviews on a regular basis.



## Regular extreme scenario stress tests

- The Company conducted regular stress tests by embedding testing in the asset allocation process and conducting ex ante risk management.
- In the event of increased market volatility, the Company would carry out intensified and more frequent stress testing.



## Focused on developing policies and processes

- The Company standardized its business processes to optimize end-to-end risk management.
- The Company improved its investment risk management framework, and enhanced admission strategies, credit rating, counterparty and issuer credit management, concentration management, risk and contingency management, and other key processes.



## Technology-powered risk management information system

- The Company established a risk warning platform. By using smart analytics models, the Company identified risks more rapidly, made timely decisions, and took action in advance.
- By establishing a risk management database, the Company conducted systematic monitoring, identification, smart warning and management of asset-liability and portfolio risks in a timely manner.

# Non-standard debt assets generated 5.49% average nominal yield

	Investment proportion (%)	Nominal yield (%)	Remaining maturity (year)
<b>Infrastructure</b>	<b>38.1</b>	<b>5.46</b>	<b>5.09</b>
Expressway	11.8	5.58	4.82
Electric power	6.0	4.89	6.43
Infrastructure and development zones	9.0	5.87	5.30
Others (water supply, environmental protection, railway...)	11.3	5.32	4.49
<b>Non-banking financial services</b>	<b>26.9</b>	<b>5.69</b>	<b>2.48</b>
<b>Real estate</b>	<b>17.5</b>	<b>5.62</b>	<b>2.34</b>
<b>Coal mining</b>	<b>0.9</b>	<b>5.74</b>	<b>3.86</b>
<b>Others</b>	<b>16.6</b>	<b>5.10</b>	<b>5.48</b>
<b>Total</b>	<b>100.0</b>	<b>5.49</b>	<b>3.96</b>

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



## 4. Sustainability and honors

# Sustainability: an ESG leader in China with ongoing positive impacts

Ping An's ongoing positive impacts on the environment, society and governance(ESG)

## Responsible Investment & Insurance

### Investment

Responsible investment reached **RMB1.03 trillion+**

### Credit

Total balance of inclusive loans and green loans was **RMB0.91 trillion**

### Insurance

Sustainable insurance products: **1,297**

Sustainable insurance amount: **RMB393 trillion**

## Social Responsibility

### Ping An Rural Communities Support

We provided **RMB29,834 million+** for industrial poverty alleviation

### Combating COVID-19

We donated supplies and cash **RMB180 million+**

Index & Rating	2020	Description
MSCI MSCI ESG rating	A	Leading position in China and an advanced level globally
FTSE Russell FTSE4Good Index Series	Included	
CDP CDP rating	A-	The best rating among financial companies in the Chinese mainland
REFINITIV Refinitiv <sup>(1)</sup> ESG rating	B+	
Hang Seng Corporate Sustainability Index	A	Included in the Hang Seng China Enterprises Index ESG Index and the Hang Seng ESG50 Index

Note: (1) Formerly the Financial & Risk business of Thomson Reuters.

## Xinhua CN-ESG Evaluation System

In December 2020, Ping An and China Economic Information Service jointly launched the "Xinhua CN-ESG Evaluation System," to form a localized ESG system with Chinese characteristics while in line with international practice, which serves as a smart tool and data support for the integration and application of corporate ESG management and portfolio ESG management.



## Global Partnerships



# Honors and Awards



Fortune

Fortune Global 500

No. **21**

Global financial groups

No. **2**



Forbes

Global 2000  
largest public companies

No. **7**

Global insurance conglomerates

No. **1**

Global financial groups

No. **6**



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

Top 100 most valuable  
global brands

No. **38**

Global insurance brands

No. **1**



Brand Finance,  
the world's largest brand  
consulting company

Most valuable global  
insurance brands

No. **1**

Global financial groups

No. **2**

# Financial Business

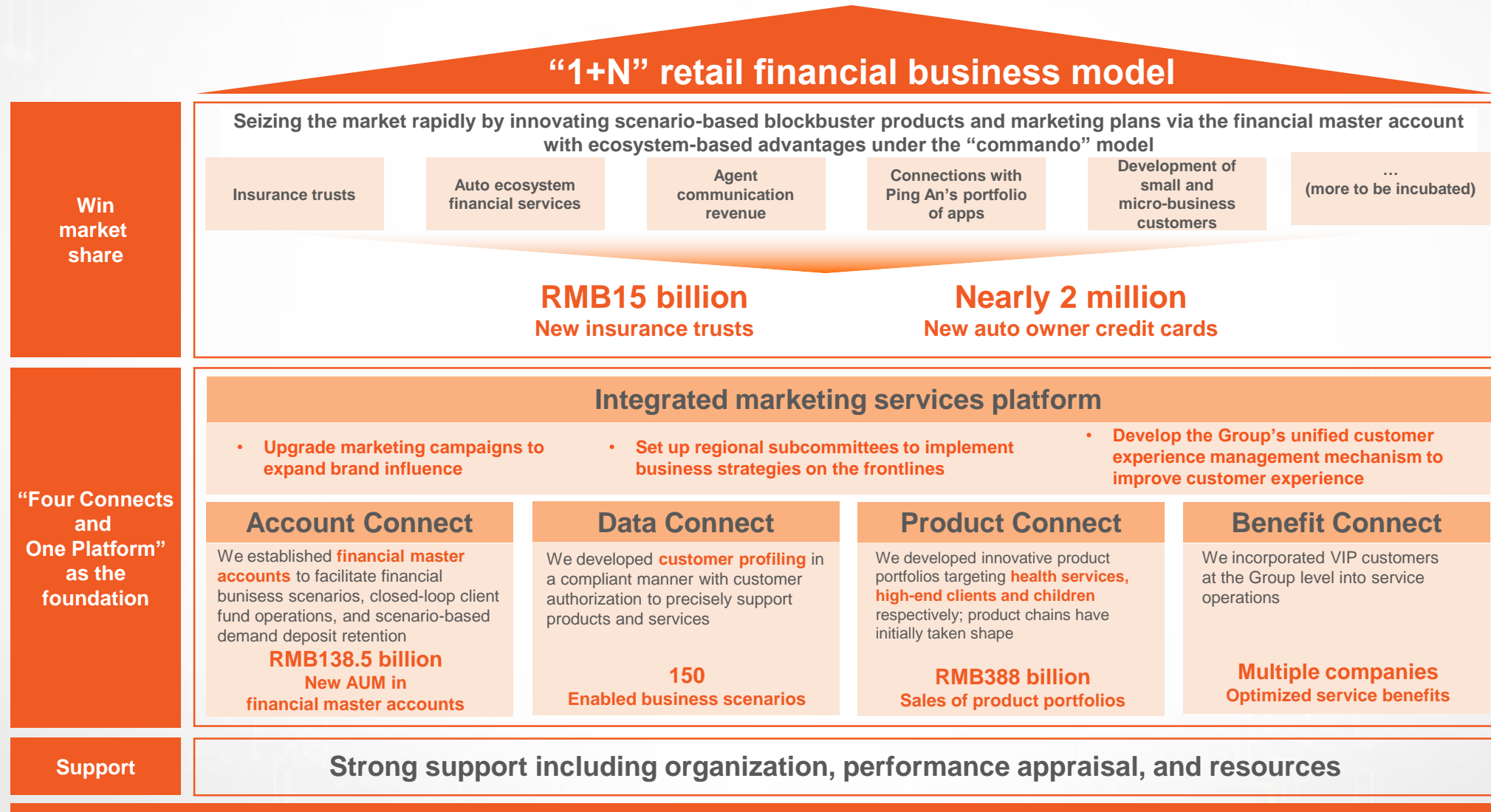
Xie Yonglin  
President and Co-CEO



# 1. Integrated finance



# Retail integrated financial business: empower scenarios with basic capabilities based on “Four Connects and One Platform” to implement the “1 + N” retail business model

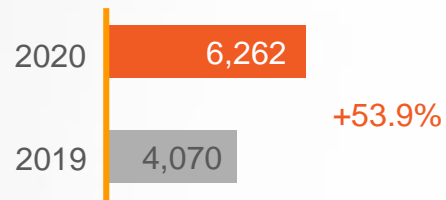




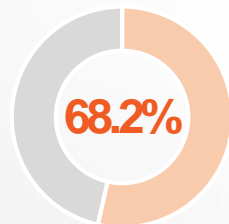
# Retail integrated financial business: greater intra-group synergies from cross-selling

Ping An Health's premium income from cross-selling by agents

(in RMB million)

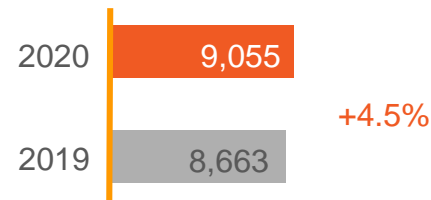


Channel's contribution percentage in 2020

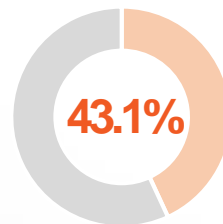


Ping An Annuity's short-term insurance premium income from cross-selling by agents

(in RMB million)

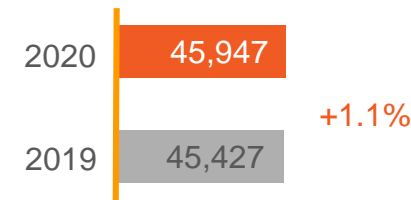


Channel's contribution percentage in 2020

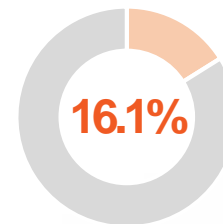


Ping An Property & Casualty's premium income from cross-selling by agents

(in RMB million)

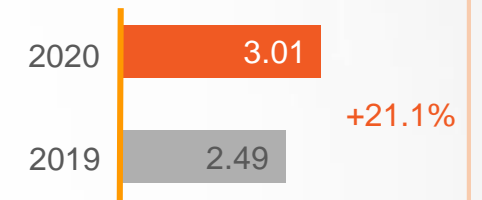


Channel's contribution percentage in 2020

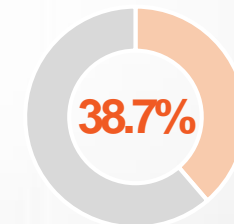


Net increase of Ping An Bank's retail customers from cross-selling channel

(million)



Channel's contribution percentage in 2020

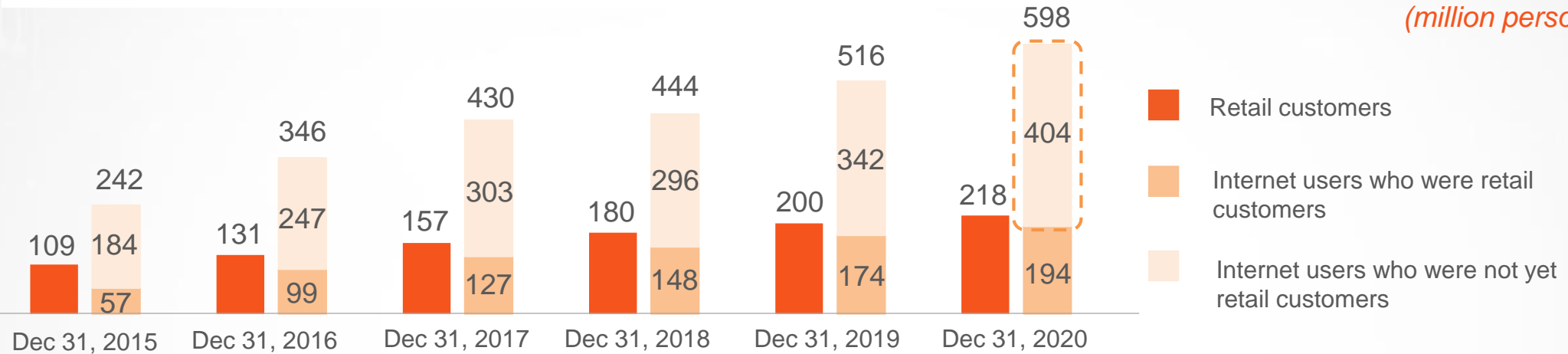


Note: Figures may not match the calculation due to rounding.

# Retail integrated financial business: we doubled our retail cross-selling penetration ratio whilst doubling number of retail customers in last 5 years

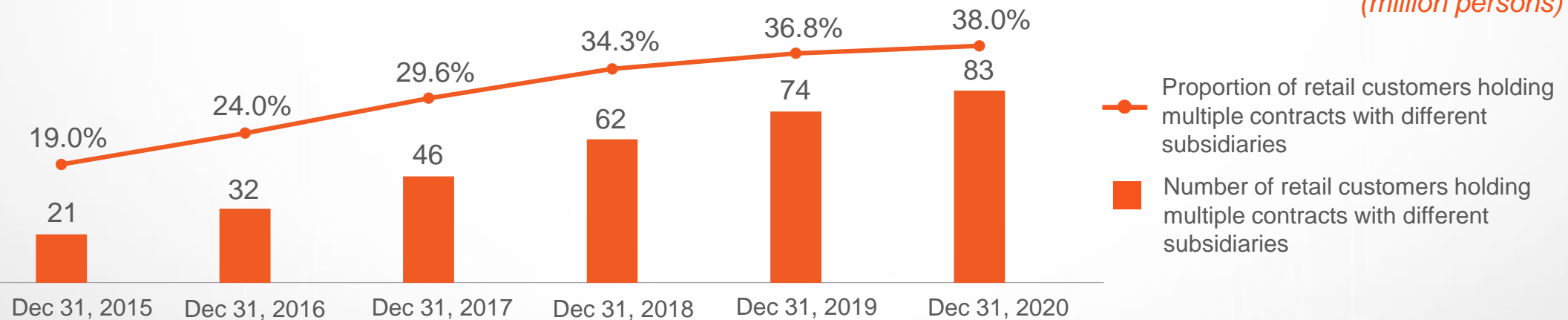
## Significant potential to further penetrate our 598 million internet user base

(million persons)



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

(million persons)




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

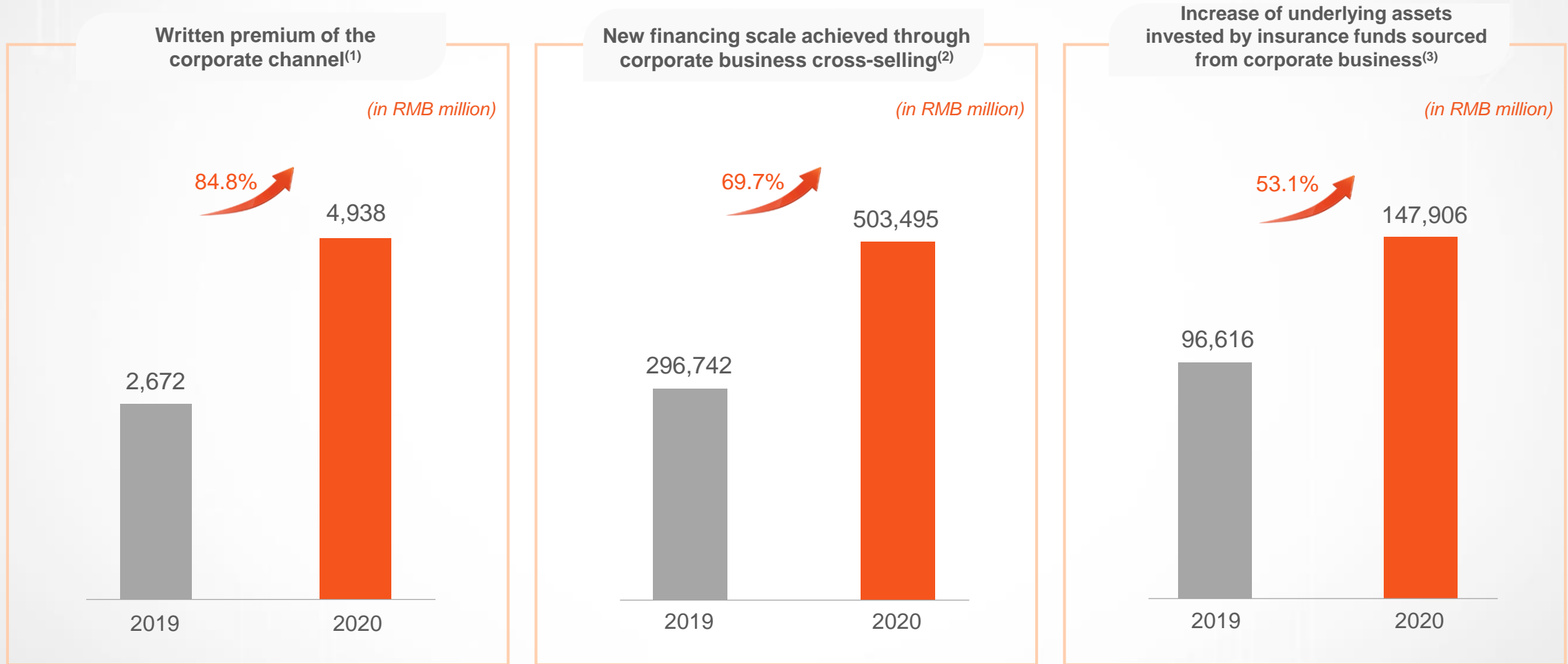
(2) Figures may not match the calculation due to rounding.

# Corporate integrated finance: breakthroughs in the “1+N” corporate business model

## “1+N” corporate business model

	Strategic/large customers and government customers	Micro-, small and medium-sized business customers	Financial institution customers
Clear customer development approaches	<ul style="list-style-type: none"> <li>Integrating the Group's <b>four major capabilities</b> (namely <i>investment research, investment banking, asset-liability management, and supply chain services</i>)</li> <li>Providing <b>tailor-made</b> integrated finance solutions</li> </ul>	<ul style="list-style-type: none"> <li>Building a uniform customer development platform and standardized products through <b>technological empowerment</b></li> <li><b>Online and mass</b> customer acquisition and development</li> </ul>	<ul style="list-style-type: none"> <li><b>Driven by expertise and technology</b></li> <li>Pooling the expertise of trading teams across the Group, and promoting empowerment in terms of <b>strategies, evaluation and risk management</b></li> </ul>
Breakthroughs in three models	 <b>Sophisticated investment and financing model</b> <ul style="list-style-type: none"> <li>In six areas including infrastructure, mixed ownership reform and M&amp;As, we set up <b>task forces</b> and established <b>18 benchmarking models</b></li> <li>We established a <b>200-person expert database</b>, and a case database to empower account managers</li> </ul>	 <b>Simple, standard model</b> <ul style="list-style-type: none"> <li>We <b>reshaped the “Ping An Digital Pocket” app</b> which has <b>over one million</b> corporate registered users, realizing the cross-company development of corporate customers</li> <li>Thanks to the <b>synergies between retail and corporate businesses</b>, we established the profiles of small and micro-businesses, and supported the open bank and Ping An Life's customer acquisition</li> <li><b>We built a strong middle office</b></li> </ul>	 <b>Transaction collaboration model</b> <ul style="list-style-type: none"> <li><b>Cumulative yield outperformed the market</b></li> <li>We conducted <b>uniform strategy research</b> and established a strategy committee to effectively improve the accuracy of research and judgment</li> <li>We monitored nearly 7,000 entities for <b>unified risk warning and reminding</b></li> </ul>
Technological empowerment	 <b>System</b> We built a smart middle office to empower the three models, and achieved <b>online data-driven operations</b>		 <b>Data</b> We launched databases covering <b>regional taxation, employment and investment flows</b> to present whole pictures of regional cooperation

# Corporate integrated finance: steady increase in value contributions



Notes: (1) Written premium of the corporate channel refers to corporate premiums achieved through cross-selling less that achieved by Ping An Life.

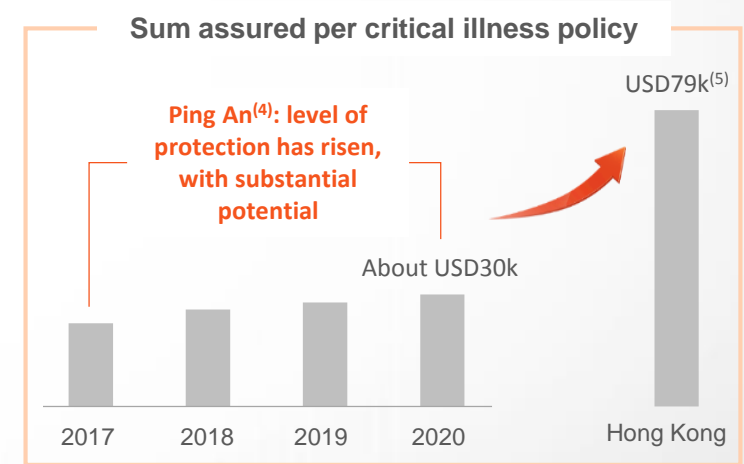
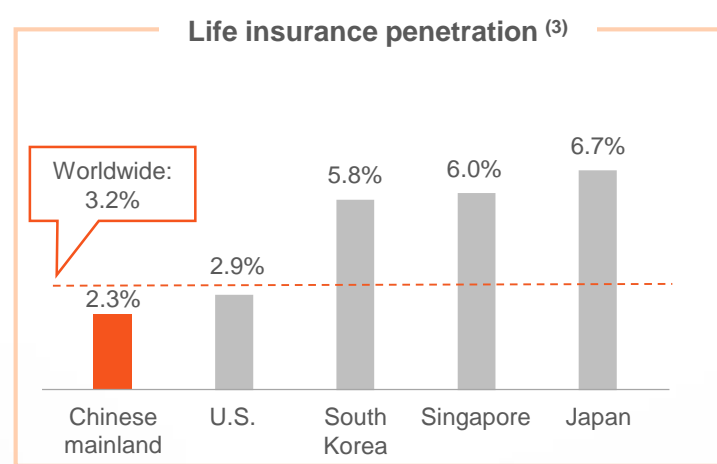
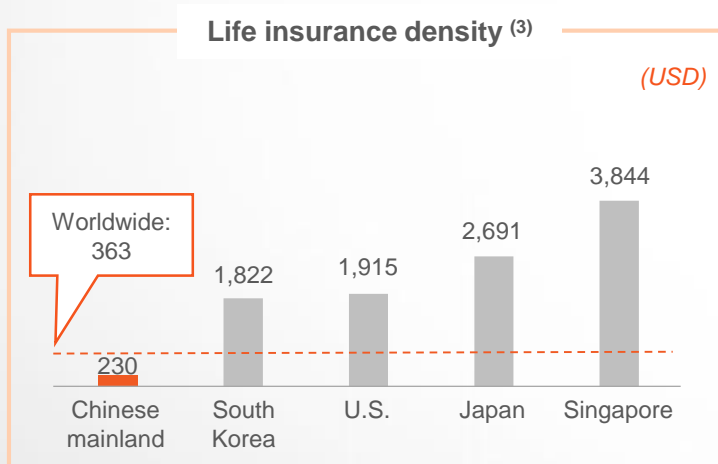
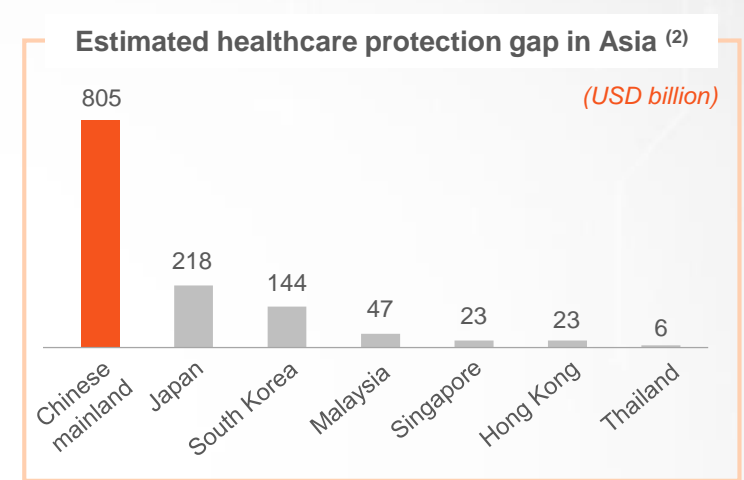
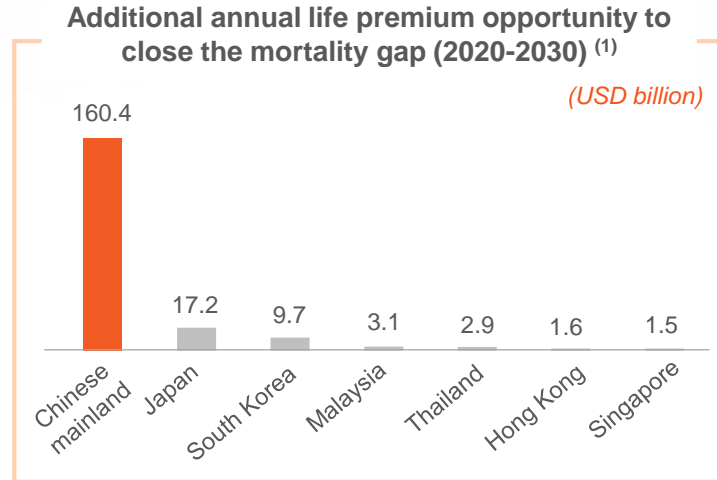
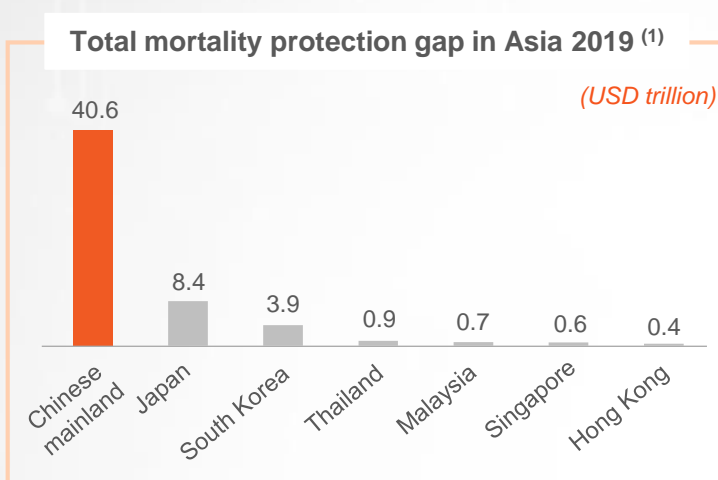
(2) The new financing scale achieved through corporate business cross-selling refers to the scale of new financing projects achieved by the Group's member companies through cross-selling.

(3) 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 the allocation of the Group's insurance funds.



## 2. Insurance business

# Chinese life insurance market offers significant NBV growth opportunity



Notes: (1) Source: "Closing Asia's mortality protection gap" by Swiss Re Institute, July 2020.

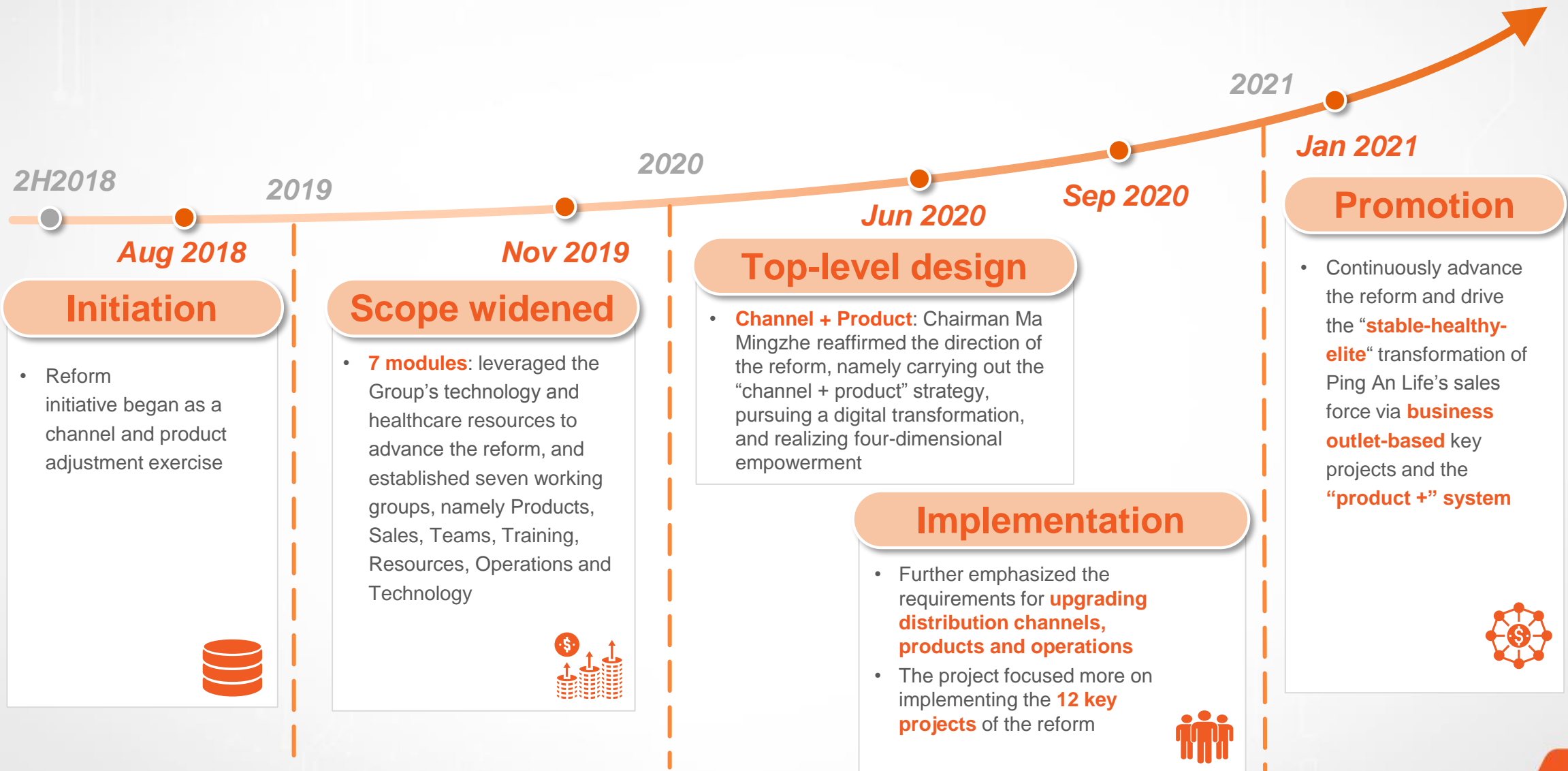
(2) Source: "Closing Asia's USD 1.8 trillion health protection gap" by Swiss Re Institute, October 2018. The statistical period is 2017.

(3) Life insurance density refers to life premium per capita and life insurance penetration refers to life premium as a % of GDP. Source: Swiss Re Sigma Explorer portal, data as of 2019.

(4) Ping An's data refers to new business only and excludes short-term products; sum assured per policy accounts for basic benefit only, excluding extra payout of special benefit.

(5) Hong Kong's data is from "Insights From Gen Re's Dread Disease Survey," May 2019 Issue, and USD79,000 is Hong Kong's average for 2015.

# Ping An Life's reform: key timeline





# Ping An Life's reform: upgrade distribution channels, products and operations to build a world-leading life insurer

## A world-leading life insurer

The largest scale

Industry standards

The future of insurance

Stable teams

Healthy teams

High-productivity, high-performing, high-income teams

### Channel upgrade

- **Team management:** stable, healthy, excellent teams built in a competence-oriented manner
- **“5-Star outlets with strong performance, high quality and good behavior”:** a technology-powered new approach to developing 5-Star outlets with strong performance, high quality and good behavior

### Product upgrade

- **“Health +” project:** launched one of the industry's first approved medical insurance products with guaranteed renewal up to 20 years, which was combined with “e Sheng RUN” health services
- **“Chronic disease +” project:** launched chronic disease management services provided by family doctors, fitness instructors and dietitians based on AI-enabled precise matching of customers
- **“Critical illness +” project:** rolled out critical illness insurance products that cover 120 diseases and allow multiple claims for mild diseases

### Operation upgrade

- **Data-driven operations:** anticipate trends, make timely decisions, and take action ahead of others to enhance delicacy management
- **Data-driven marketing:** successfully raised customer reach rates and pursued sales targets through marketing scenarios including content marketing, social marketing, event marketing, and service marketing



# Ping An Life's reform: "1+4" channel reform saw initial results

## "1+4" channel reform

1  
standard

5-Star outlets with strong performance, high quality and good behaviors

### Digital business outlets

- **Efficiency:** target to reduce business outlet managers' administration time by **90%**
- **Capability:** target to improve the management of **95%** of business outlets

### Digital recruitment

- **Quality:** build **high-productivity, high-performing, high-income teams**
- **Quantity:** maintain a stable team of **1 million** sales agents

4  
modules

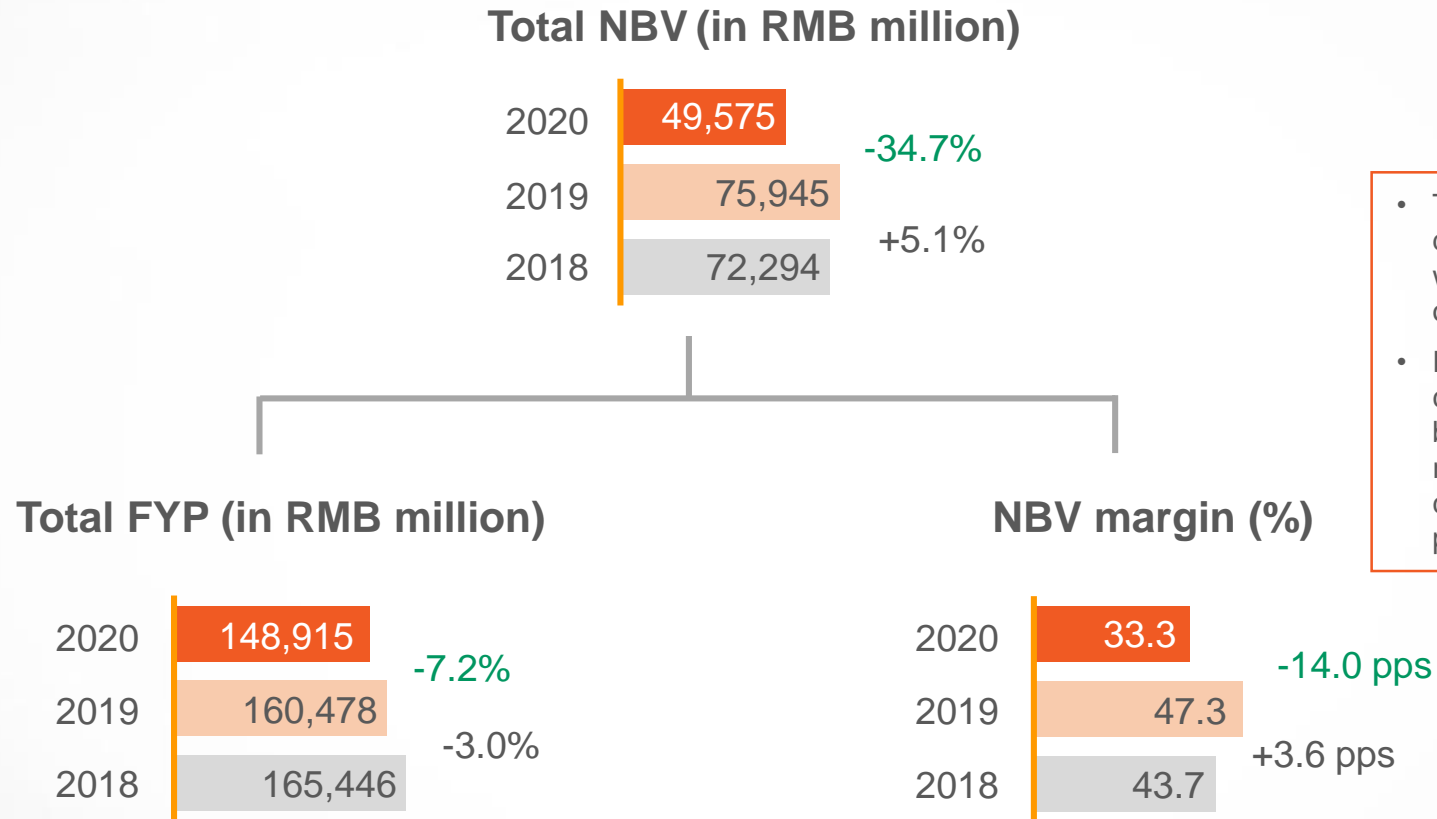
### Digital training with AskBob

- **Coverage:** **800,000+** users
- **Use:** per capita usage frequency of **6 times+** per day; provided services nearly **17 million** times in 2020
- **Content:** a database with **millions of** entries of data

### Digital activity management

- **Standard actions:** build a new model focused on "**details**" and "**consistency**"
- **Core goals:** to increase the valid activity rate and the number of long-term insurance policies per capita

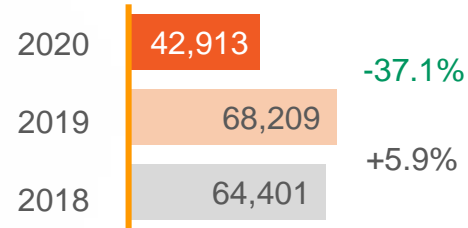
# NBV margin declined due to temporarily tempered consumer demand for high-value protection products amid COVID-19



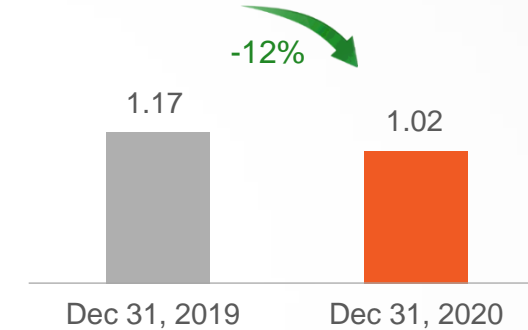
- The NBV margin declined as consumer demand for high-value protection products was temporarily tempered and offline operations were hindered by COVID-19
- Ping An adjusted its product strategy to meet customer demand and keep them engaged by selling simple and marketable health reimbursement products online, as well as customer-favored saving products under prevailing lower interest rate environment

# Protection-focused agent force's productivity declined due to temporary challenges to face-to-face visits

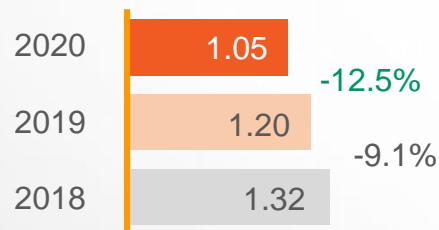
Agent channel NBV  
(in RMB million)



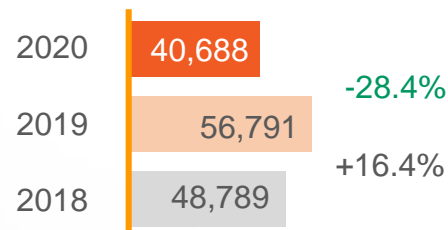
Agent force  
(in million)



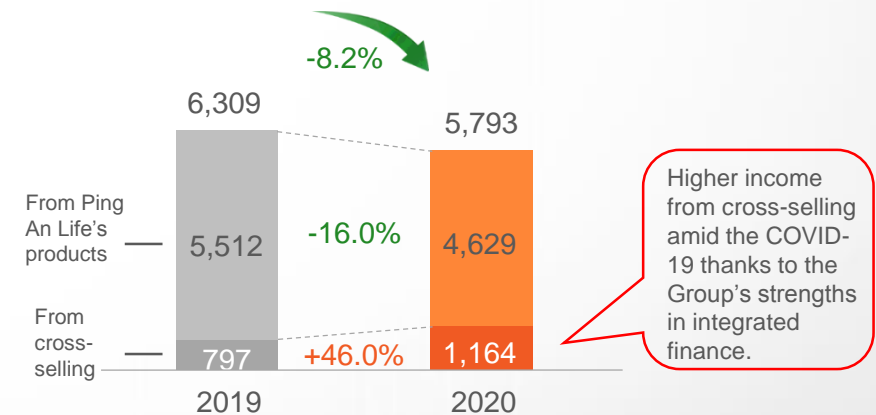
Average number of agents  
(in million)



NBV per agent  
(RMB)



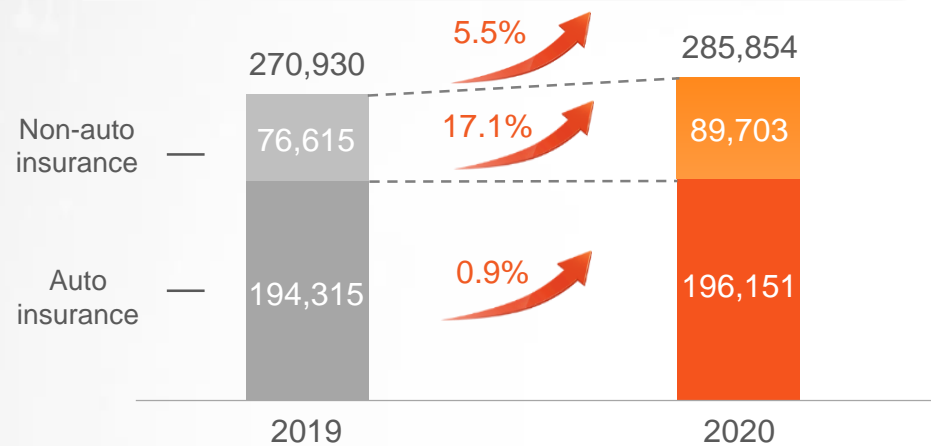
Agent income  
(RMB per agent per month)



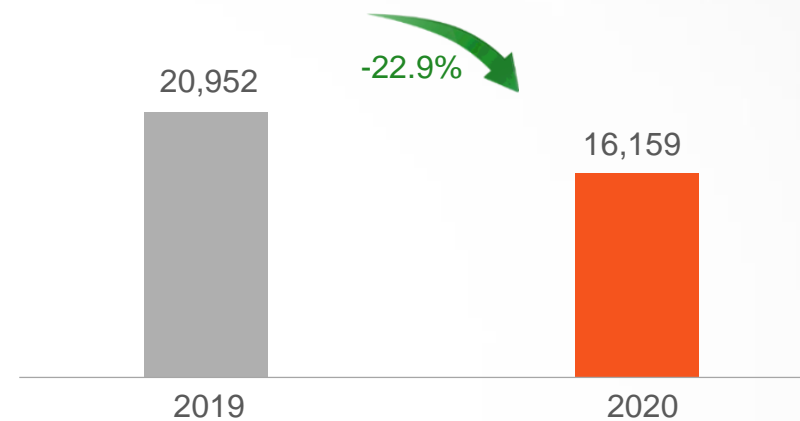
# P&C business grew steadily despite COVID-19

(in RMB million)

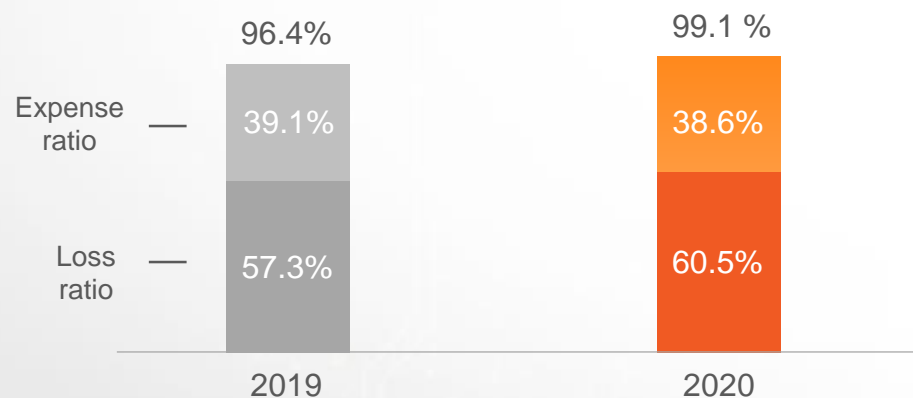
## Premium income



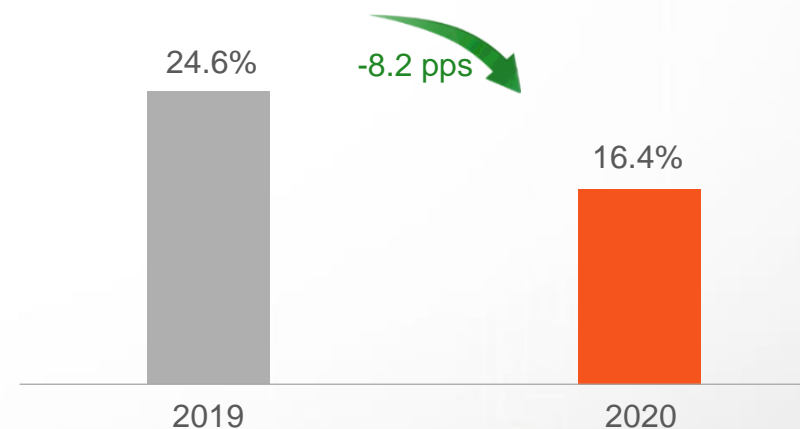
## Operating profit



## Combined ratio



## Operating ROE

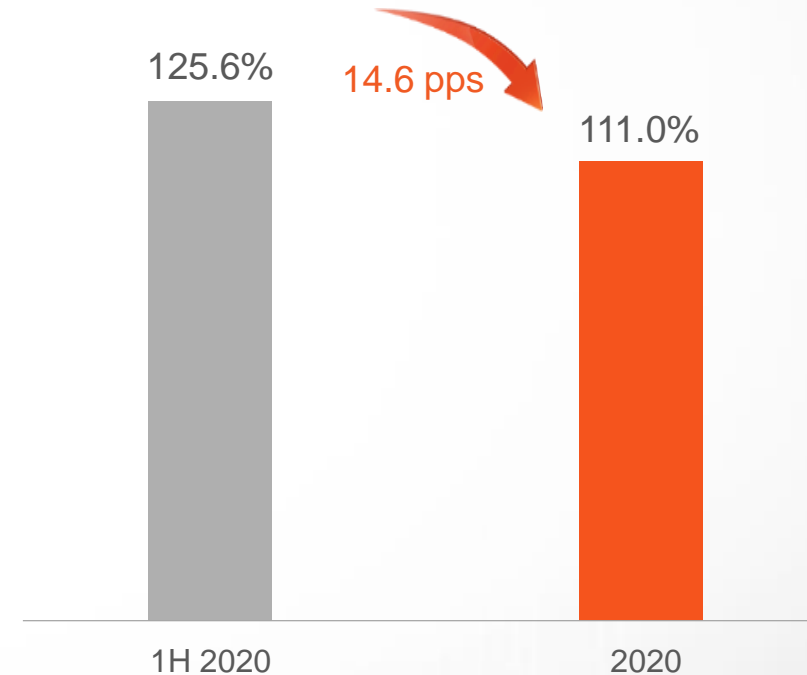


# P&C maintained better-than-industry business quality

## 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	196,151	0.9	98.2	1.0
Guarantee insurance	37,429	7.8	111.0	17.4
Liability insurance	15,311	27.8	94.6	(3.0)
Accidental injury insurance	14,312	21.8	88.8	4.5
Corporate property & casualty insurance	7,118	12.0	90.3	6.7

## Combined ratio of guarantee insurance



# Digital transformation empowering insurance business operations



## Life insurance business

### Digital marketing

- **Smart customer visit:** we provided sales agents with AI-driven business development support during the COVID-19, and facilitated **3.8 million+** online customer visits
- **Smart insurance tool:** we analyzed customer demand with AI, made insurance plans and generated written premium of **over RMB15 billion** from customer conversion for Ping An Life in 2020

### Digital services

- **AI customer services:** we served customers **220 million+** times in 2020 and improved the proportion of customers who bought additional insurance by **9 pps**
- **AI-powered, video-based customer survey robot:** we offered 24/7 online customer survey services, and completed customer survey for **3.8 million+** new insurance policies in 2020, with a one-time success rate of **98%, 27 pps** higher than the traditional model

### Digital risk management

- **Smart advance payment:** we pioneered “Smart Advance Payment Services” in the industry and paid eligible customers before being discharged from hospital based on customer profiling, with a total amount of **RMB260 million+** paid to customers in advance under this model



## P&C business

### Auto insurance

- The “Ping An Auto Owner” app has **over 126 million** registered users which **over 81 million** had linked their vehicles with the app. In Dec 2020, the app had **over 30 million** monthly active users
- **“One-click claims services”:** **90%** of insurance claims for family cars were settled via “One-click Claims Services”
- **82%** of personal auto insurance policies were underwritten through self-service. **90%** of personal auto insurance policy modifications were completed through self-service

### P&C insurance

- **Smart Risk Management:** P&C enabled the sharing and reuse of risk management capabilities among business lines and processes, and reduced losses by a total of **RMB520 million** through over ten business scenarios including anti-fraud in claim settlement
- **P&C initiated enterprise risk management consultant project:** P&C sent out approximately **806,000** text message alerts in 2020

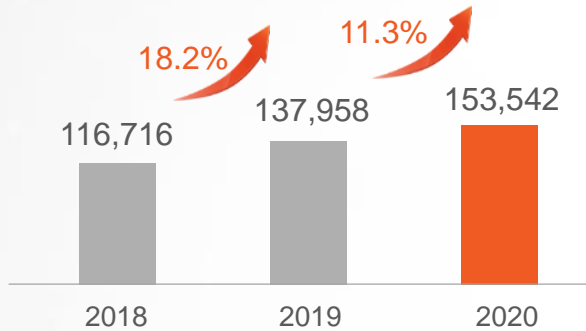


## 3. Banking business

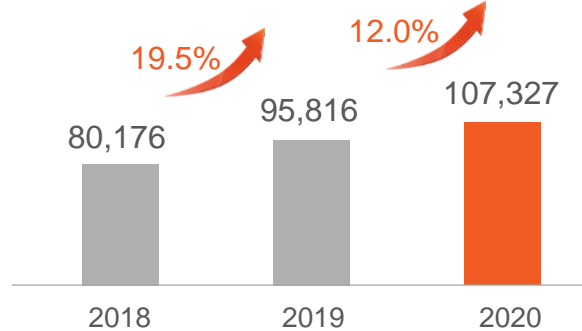
# Stable business development with double-digit growth in revenue and pre-provision operating profit

(in RMB million)

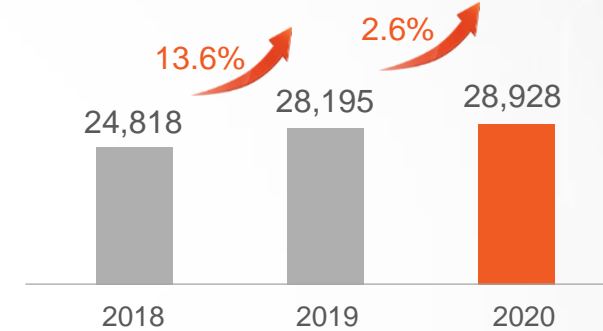
### Steady growth in revenue



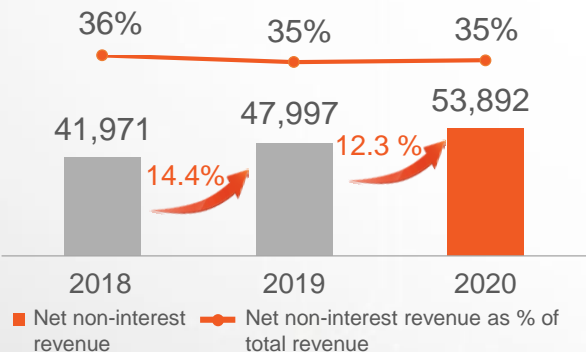
### Pre-provision operating profit exceeded RMB100 billion



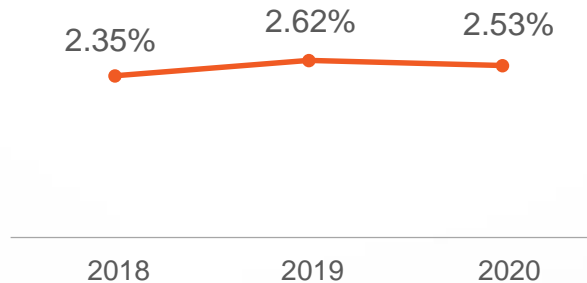
### Net profit grew steadily



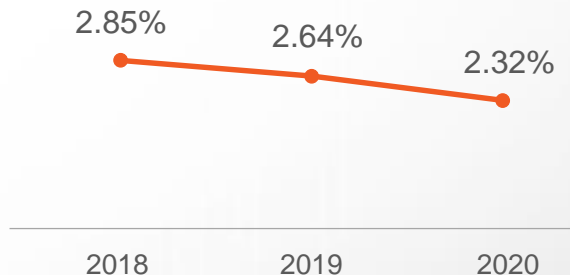
### Increasing net non-interest revenue



### Stable net interest margin



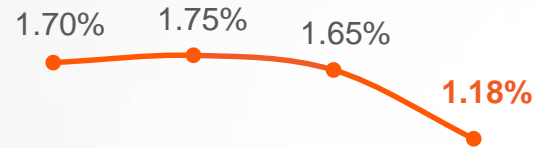
### Sharp drop in cost of liabilities





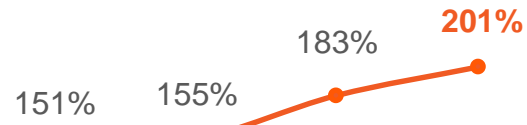
# Continued de-risking and strengthened risk provision

### Decreasing NPL ratio



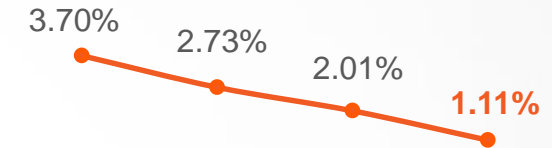
Dec 31, 2017   Dec 31, 2018   Dec 31, 2019   Dec 31, 2020

### Increasing provision coverage ratio for NPLs



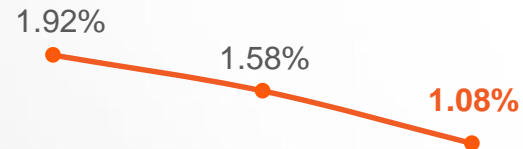
Dec 31, 2017   Dec 31, 2018   Dec 31, 2019   Dec 31, 2020

### Decreasing percentage of SMLs



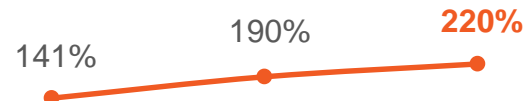
Dec 31, 2017   Dec 31, 2018   Dec 31, 2019   Dec 31, 2020

### Decreasing percentage of loans 60+ days overdue



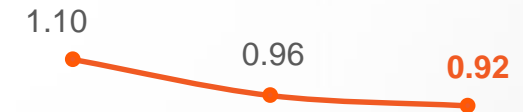
Dec 31, 2018   Dec 31, 2019   Dec 31, 2020

### Increasing provision coverage ratio for loans 60+ days overdue



Dec 31, 2018   Dec 31, 2019   Dec 31, 2020

### Deviation of loans 60+ days overdue<sup>(1)</sup> below 1



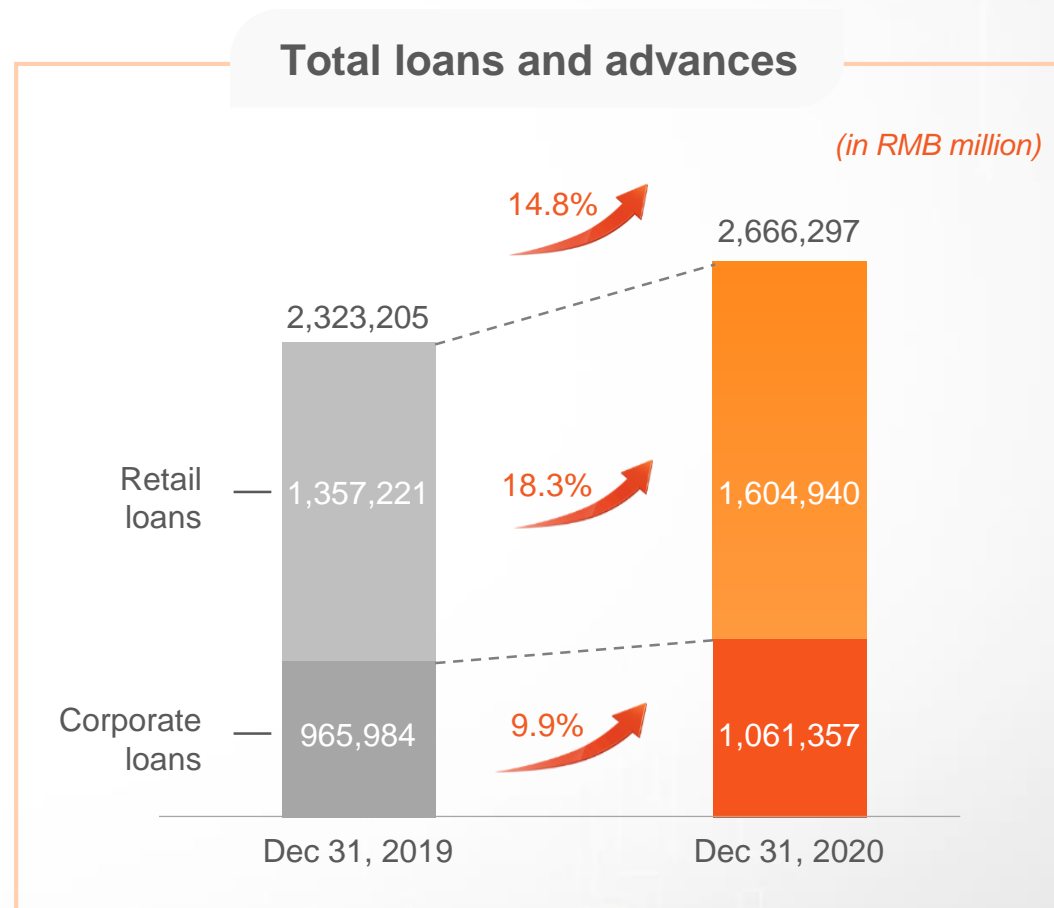
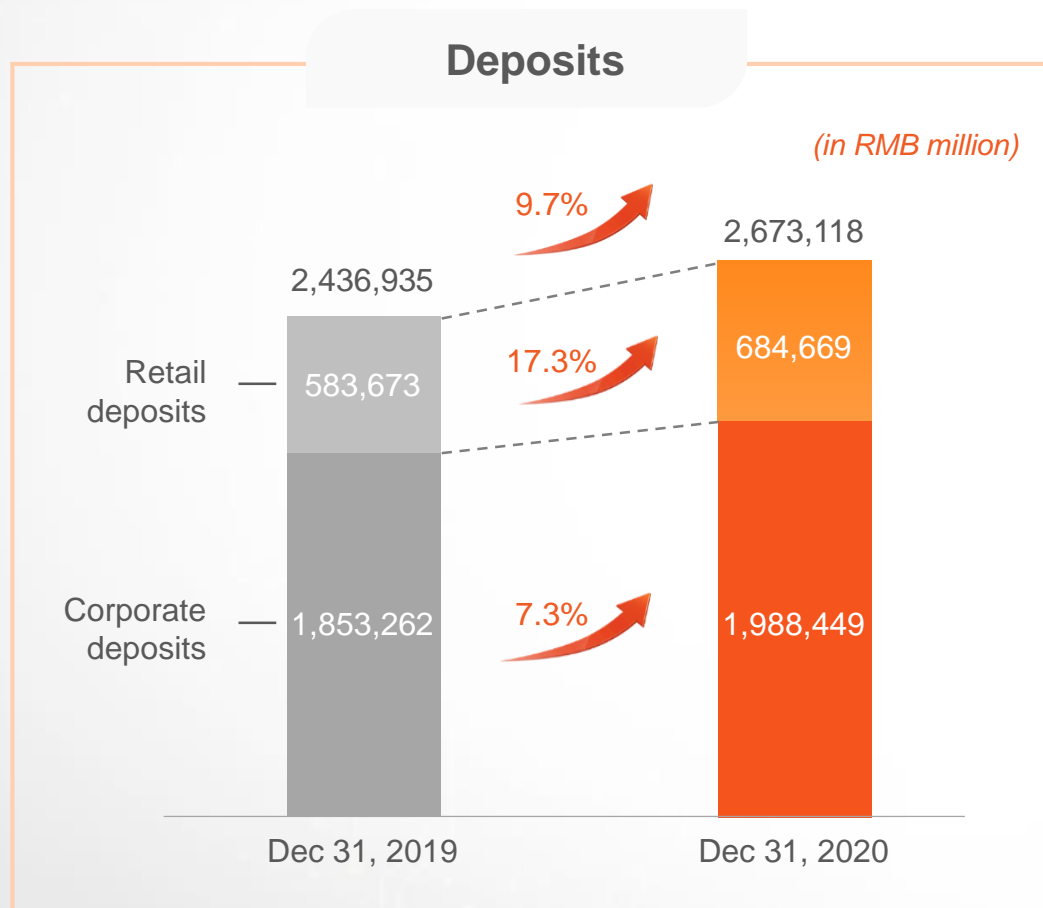
Dec 31, 2018   Dec 31, 2019   Dec 31, 2020

Note: Deviation of loans more than 60 days overdue = balance of loans more than 60 days overdue / balance of non-performing loans.

# Assets and liabilities both exceeded RMB4 trillion as deposits and loans grew

As of Dec 31, 2020, Ping An Bank's assets and liabilities both exceeded **RMB4 trillion**.

Assets totaled **RMB4,468,514 million**, up **13.4%** YoY. Liabilities totaled **RMB4,104,383 million**, up **13.2%** YoY.



Note: Total loans and advances, deposits, and their components are exclusive of interest receivable and payable.

# New 3-year transformation strategy positions Ping An Bank as a digital bank, an ecosystem, and a platform

## Adhering to transformation



### Adhering to the retail transformation strategy

Building a world-leading smart retail bank



### Pursuing three objectives

Technological empowerment  
Breakthroughs in retail banking  
Enhancement of corporate banking

## Ping An Bank positioned as a digital bank, an ecosystem, and a platform under the new 3-year strategy



### A digital bank

“Anticipate trends, make timely decisions, and take action ahead of others” for decision-making, “increase profit, efficiency and productivity” for operations, and “reduce costs, risks and labor” for management

- **Digital operations empower traditional finance:** Ping An Bank continues to optimize AI Bank, strives for perfection of business management, so as to “increase profit, efficiency and productivity” for operations, and “reduce costs, risks and labor” for management
- **Digital operations boost innovations:** Ping An Bank builds a smart brain to promote **comprehensive digital operations**, and develops strong middle-office capabilities to enable business innovations



### An ecosystem

Build a moat and give full play to our advantages for gains in return

- **Co-build ecosystems with the Group:** For instance, in the auto ecosystem, Ping An Bank works with key partners including Ping An Property & Casualty, gas stations and used-car platforms to offer one-stop service experience covering the purchase, use, maintenance and trading of vehicles
- **Promote the strategic alliance model:** Ping An Bank carries out cross-border and in-depth cooperation with alliances such as JD and Ctrip to co-build scenarios



### A platform

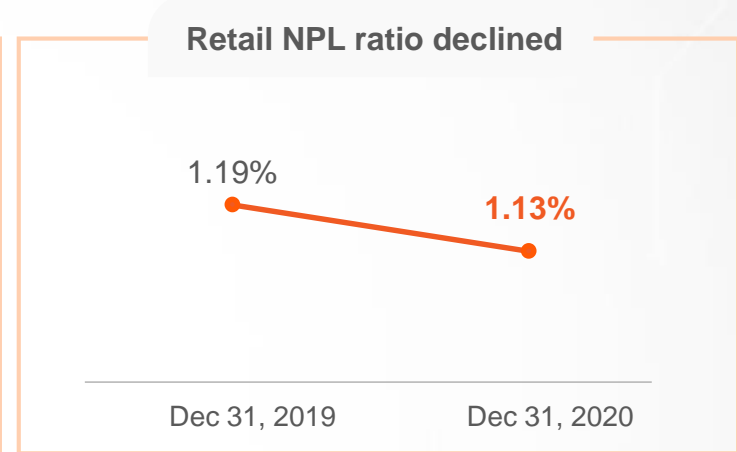
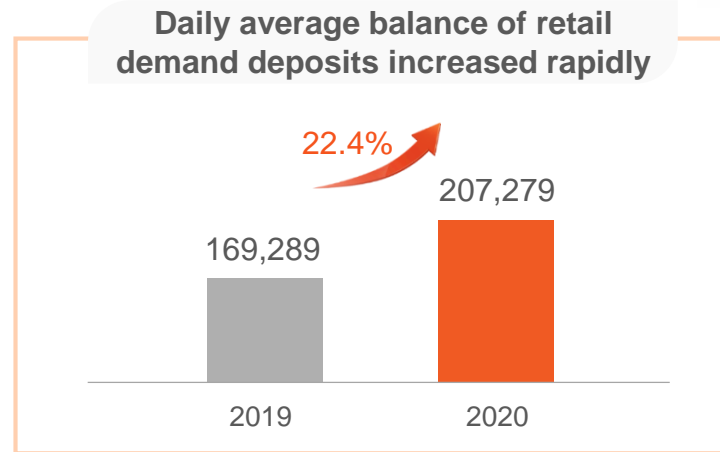
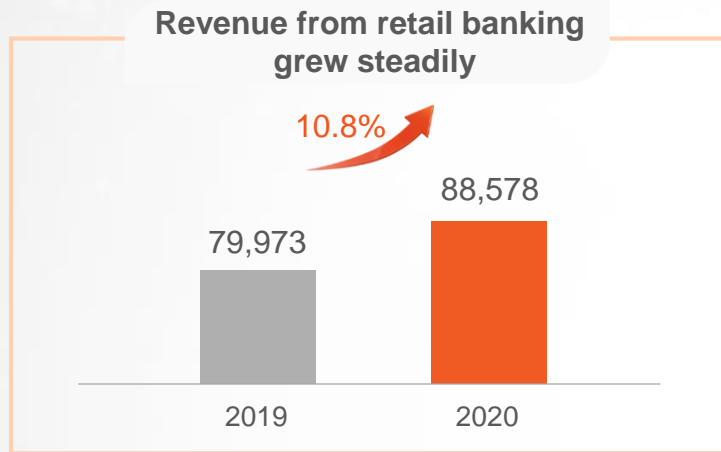
Connection with the platform, mass customer acquisition, and scenario-based operations

- **For retail business, Ping An Bank creates the “Open Bank 1.0 Platform”:** The platform covers functions including accounts, wealth management, payments, loans and credit cards, empowering customer acquisition and marketing
- **For corporate business, Ping An Bank formulates the “Nebula Plan”:** Ping An Bank combines industries with financing through satellite and IoT to promote the implementation of supply chain finance in innovative scenarios

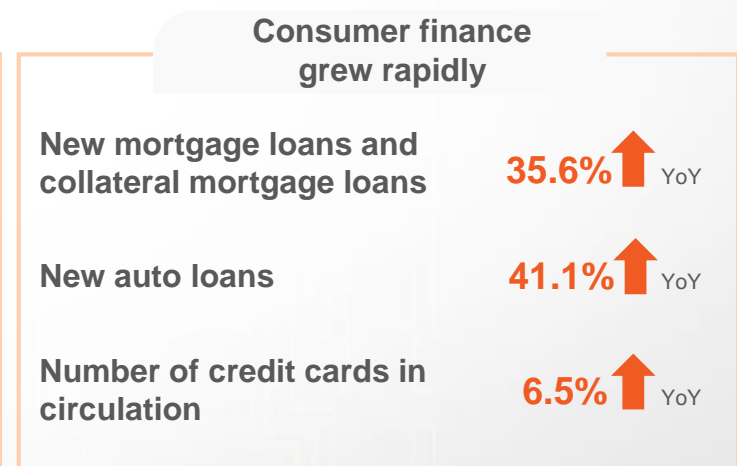
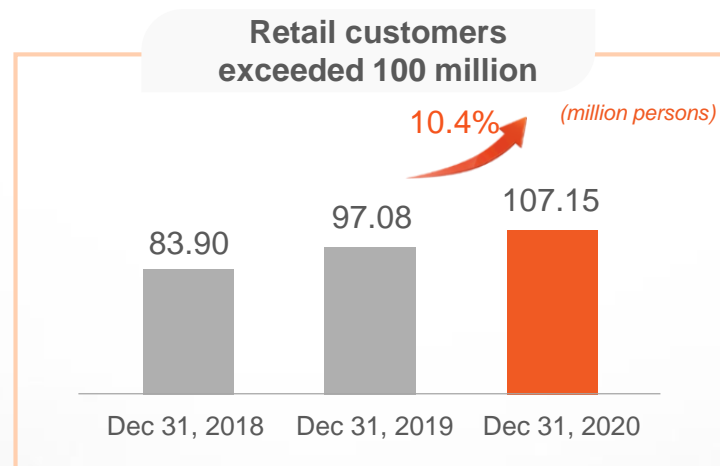
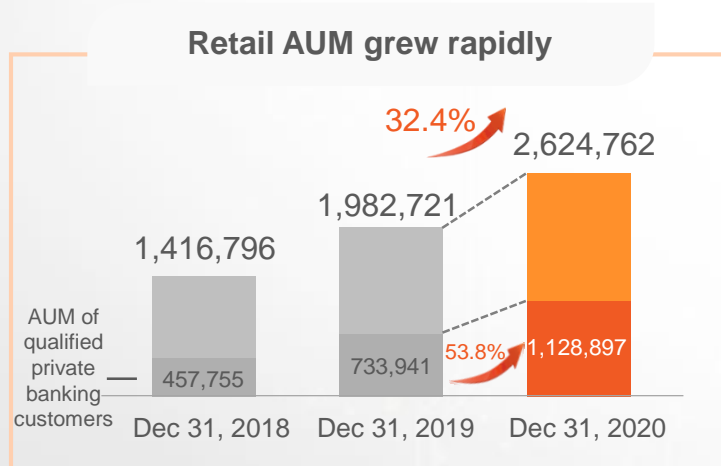
# Retail banking: stable business development and upgraded retail transformation

(in RMB million)

- Amid the COVID-19 epidemic, Ping An Bank's retail business showed strong development resilience. Operating performance grew steadily, and operating risks were generally under control



- We implement data-driven operations, online operations, comprehensive services, and ecosystem-based development, balance the development of the three business lines, namely basic retail banking, private banking and wealth management, and consumer finance, and upgrade the retail transformation



# Retail business: continuous productivity improvements and cost reductions



## Improved productivity & efficiency

- Average retail AUM-based revenue per outlet was **up 42%** YoY
- The average monthly number of customers served by AI account managers was **up 693%**
- Marketing tools including the AI-powered business card empowered the team efficiently, increasing the per capita productivity of wealth managers by **22%** YoY
- Ping An Bank issued 10.15 million credit cards in 2020, nearly **90%** of which were automatically approved by AI



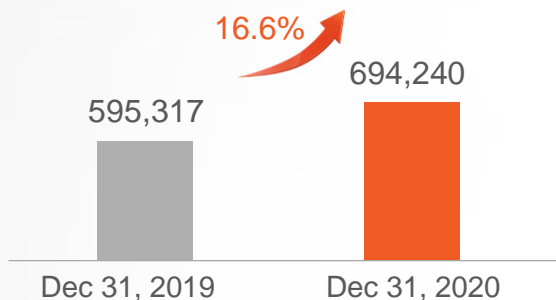
## Reduced operating costs

- We increased the proportion of businesses processed online to save the costs of external customer acquisition or manual operations
- Ping An Bank's cost-to-income ratio was **29.11%**, down **0.50 pps** YoY
- Unmanned customer services accounted for **90%** of Ping An Bank's customer service workloads, **up 4.0 pps** from the beginning of 2020
- The Smart Anti-fraud System (SAFE) has helped to avoid over **RMB2.4 billion** of losses from fraud attacks since its go-live
- The credit card smart speech platform made **171 million** outbound calls in 2020, with a recognition accuracy rate of over **96%**

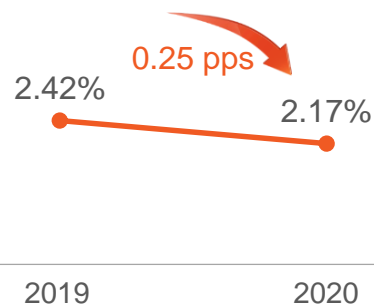
# Corporate banking: steady business growth, improved revenue structure and reduced cost of liabilities

(in RMB million)

### Fast-growing corporate current deposit balance

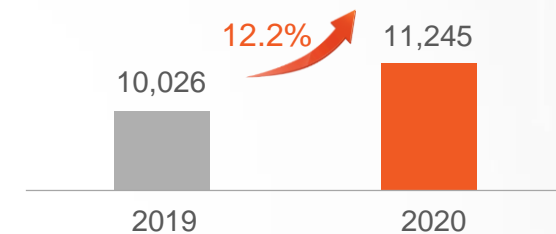


### Falling average cost of corporate deposits

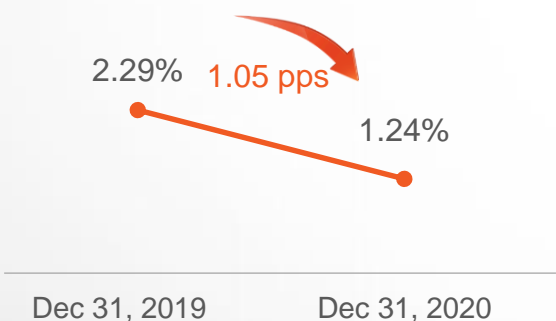


### Growing corporate net non-interest revenue

- Proportion of net non-interest revenue to corporate revenue grew by **2.0 pps** YoY



### Falling corporate NPL ratio



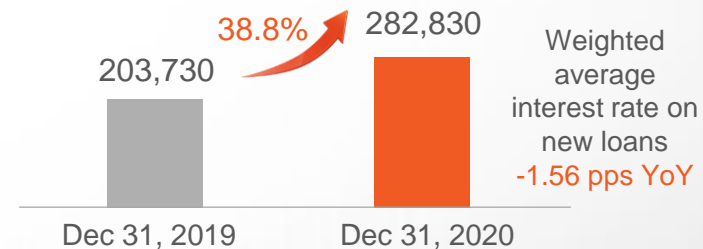
### Increasing support for real economy and small and micro-businesses

#### Loans to strategic customers

The balance of loans to strategic customers **40.5%** ↑ YoY

Share in the corporate loan balance **16.6 pps** ↑ YoY

#### Balance of Ping An Bank's inclusive small and micro-business loans

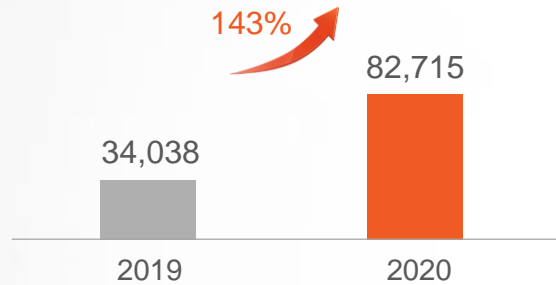


# Corporate banking: focus on “five areas” to improve and strengthen corporate business

## New supply chain financing to ensure supply chain security through technological empowerment

- Cumulative transaction volume of “Ping An Good Chain” platform

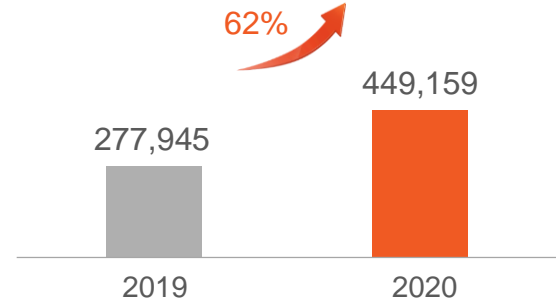
(in RMB million)



## Bill integration to optimize financing experience and drive discounted bill business growth

- Cumulative discounted bill business volume

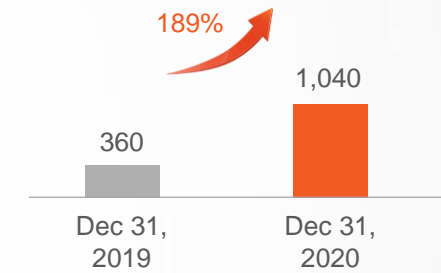
(in RMB million)



## A uniform customer development platform to connect scenarios and improve experience

- The upgraded “Ping An Digital Pocket” app attracted **over 1 million** registered corporate customers

(in thousand accounts)



## Sophisticated investment and financing brand supported by the Group’s advantages

Amount of bonds underwritten

RMB413,497 million

67% ↑ YoY

Amount of M&A business

RMB48,414 million

218% ↑ YoY

## Ecosystem-based cross-selling to improve the value contribution from corporate banking

Insurance premiums referred by Ping An Bank

RMB2,701 million

103% ↑ YoY

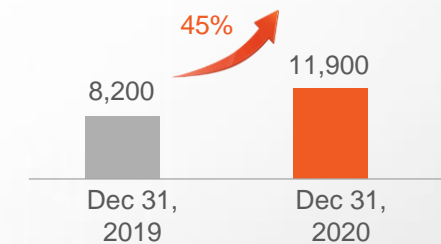
Daily average deposits from cross-selling

RMB144,067 million

142% ↑ YoY

- Open platform’s clients **exceeded 10,000**

(Accounts)





# Interbank business: strengthening capabilities of transactions, interbank, and asset management business

## New transactions



Net revenue from fixed-income trading in treasury business

**RMB4.3 billion**  
**+33.9% YoY**

Local currency market appraisal by the National Interbank Funding Center

**Winning multiple honors including the “Core Dealer”**

Ranking in terms of derivatives market making

**Maintaining market leadership**

IRS & FX derivatives trading for customers

**RMB103.8 billion**  
**+12.4% YoY**

## New interbank business



ET-Bank's customers

**2,282**

Interbank institutional sales volume

**RMB805.8 billion**  
**+60% YoY**

## New asset management business



Scale of NAV-type products in compliance with the new asset management regulations

**RMB463.5 billion**  
**+80% YoY**

NAV-type products as % of the balance of non-principal guaranteed wealth management products

**71.5%**  
**+27.9 pps YoY**

A wealth management subsidiary

**Officially opened in Aug, 2020**



# Technology-powered online digital operations



Ping An Bank increased investment in fintech, empowering business with technologies

Ping An Bank's IT staff (including outsourced staff) increased by **12.5% YoY**

IT capital expenditure and expenses grew by **33.9% YoY**

## AI Platform

Developed **1,000+** AI models in 2020, up **300%** YoY  
Covered **100%** of smart marketing scenarios  
AUM average productivity increased by **30.8%**

## Corporate smart middle office

**Reduced** the time needed for new scenario development and launch by **about 40% on average**  
Labor cost down by **about 25%**

## ET-Bank

User visits **increased by over 214%** YoY  
Online sales rose by **over 70.7%** YoY



Ping An Bank strengthened fintech innovation and application, and built a strong brand in fintech

- ◆ Ping An Bank co-launched the Chinese financial industry's first IoT satellite "PingAn-1"
- ◆ **A new core system for credit cards commenced operations:** Ping An Bank became the first in the industry to seamlessly migrate a core business system to a PC server-based distributed architecture without suspending services
- ◆ Ping An Bank's smart risk management platform project won the "**Gartner Innovation Award 2020 for Financial Services,**" making Ping An Bank the first in the Chinese mainland's banking sector to receive the award
- ◆ Ping An Bank was honored as the "**World's Best Digital Bank 2020**" by the *Euromoney* magazine

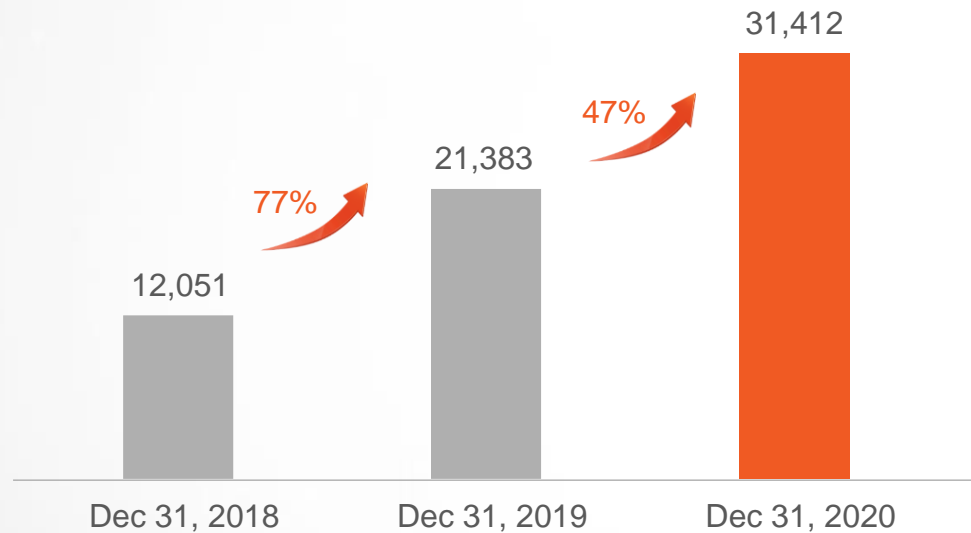
# Technology Business

Jessica Tan  
Co-CEO

# Technological R&D: Ping An ranked 1st globally for fintech and digital healthcare patent applications, and won 60 international championships in the past three years

## Patent innovations

### Patent applications<sup>(1)</sup>



- **Fintech**: ranked **1st** globally with **3,978** patents
- **Digital Healthcare**: ranked **1st** globally with **1,074** patents
- **AI**: ranked **3rd** globally with **9,255** patents
- **Blockchain**: ranked **3rd** globally with **1,128** patents

## International honors

In the past three years, Ping An won a total of **60** international championships, **13** more than that at the beginning of 2020



AI



Digital Healthcare



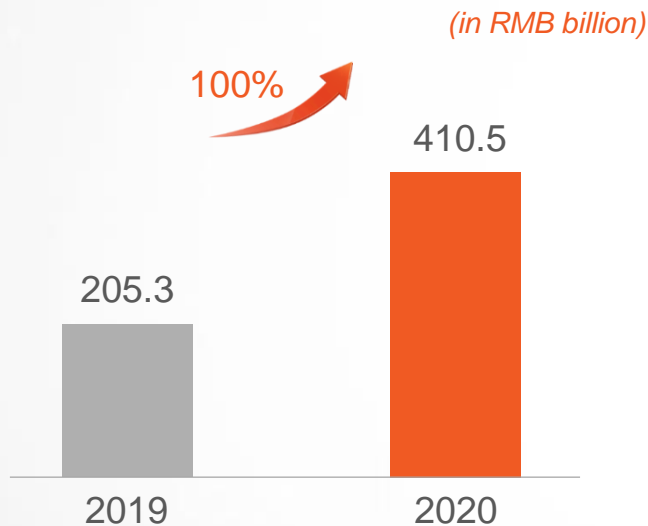
- **AI**: Ping An has won **championships** in both SQuAD2.0 and GLUE.
- **Digital Healthcare**: AskBob **outperformed specialists of 3A hospitals** by scoring 97.7 to 93.9 in a human-machine contest on the combined therapy for cardiovascular diseases at the Great Wall International Congress of Cardiology.

Note: (1) The patent application rankings are based on *Fintech Intellectual Property Development in Shenzhen, 2018-2020 Global Top 100 List for Digital Healthcare Patents, 2018-2020 Global Top 100 List for Artificial Intelligence Patents and 2020 Global Blockchain Invention Patent Ranking List (Top 100)*.

# Technological empowerment of main businesses: using AI to increase sales, improve efficiency, and contain risks

## Increase sales

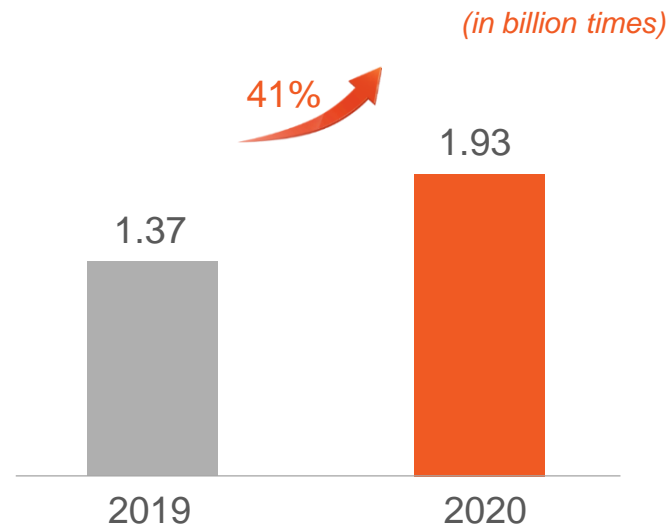
### AI-driven product sales



- **Product sales driven by AI via services: RMB274.1 billion (up 114% YoY)** in product sales driven by AI in service processes, which represented **61%** of total sales generated in service processes
- **Product sales directly driven by AI:** amounted to **RMB136.4 billion (up 76% YoY)**

## Improve efficiency

### AI service representatives' workloads<sup>(1)</sup>

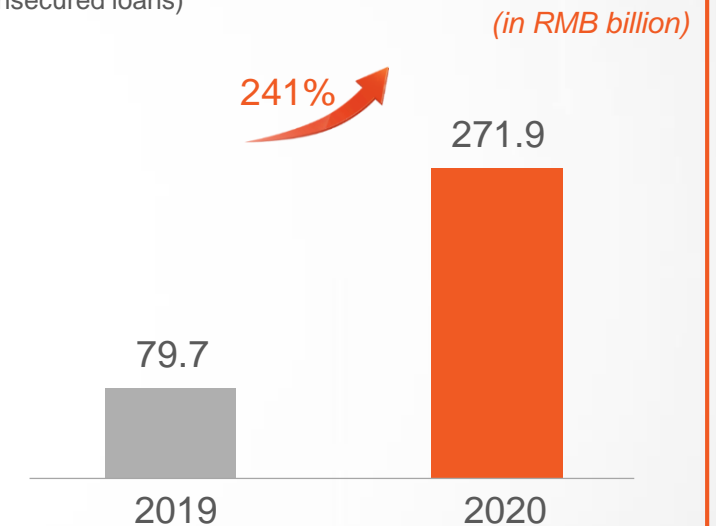


- **Scenarios covered:** covered **2,100+** scenarios, about **200** scenarios more than at the beginning of 2020
- **Services covered :** AI service representatives provided **82%** of the total customer service workloads. AI service representatives contributed **47%** of the total sales volume of all service representatives

## Contain risks

### Monthly average amount collected by AI

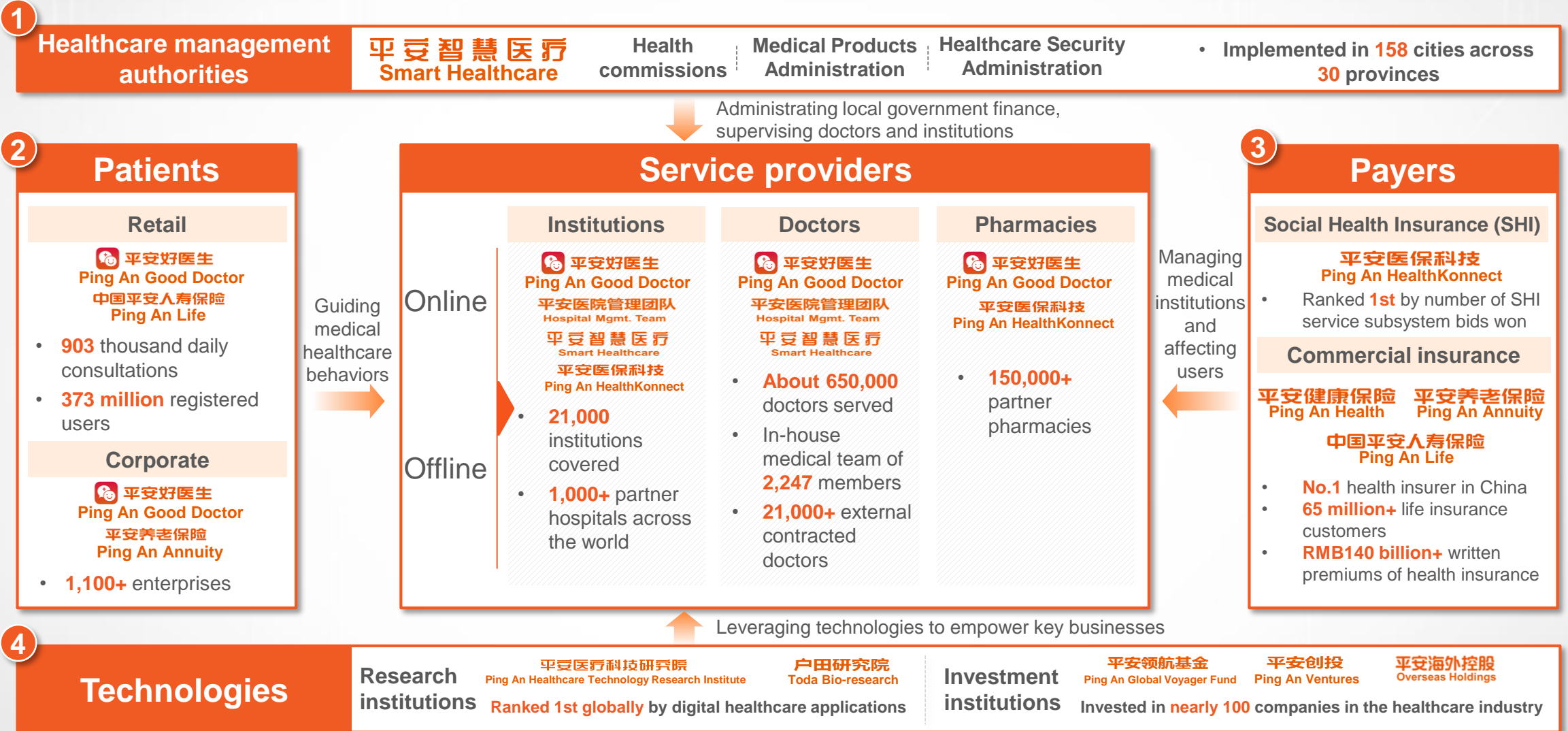
(credit card loans, auto finance, consumer finance, and unsecured loans)



- **Recovery:** AI collected **nearly RMB200 billion** of overdue loans, accounting for **around 27%** of total debts collected (**up 5 pps** YoY)
- **Quality:** the 30-day recovery rate of AI collection was **78%**, outperforming the recovery rate of human service representatives

Note: (1) The amount of services provided by AI service representatives refers to the total times of inbound and outbound call services provided by speech robots and text robots for loan, credit card and insurance business lines.

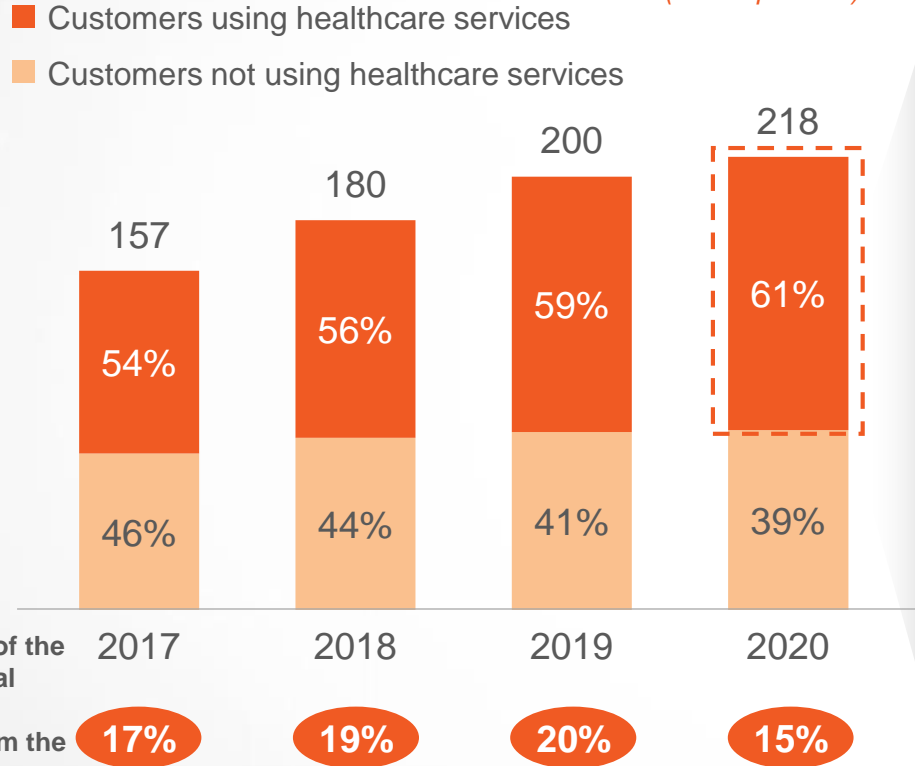
# Healthcare ecosystem: empower hospitals, doctors, and pharmacies through healthcare management authorities, patients, payers and technologies



# Healthcare ecosystem: hook products drive customer increase and improve customer stickiness

Number of Ping An's financial customers

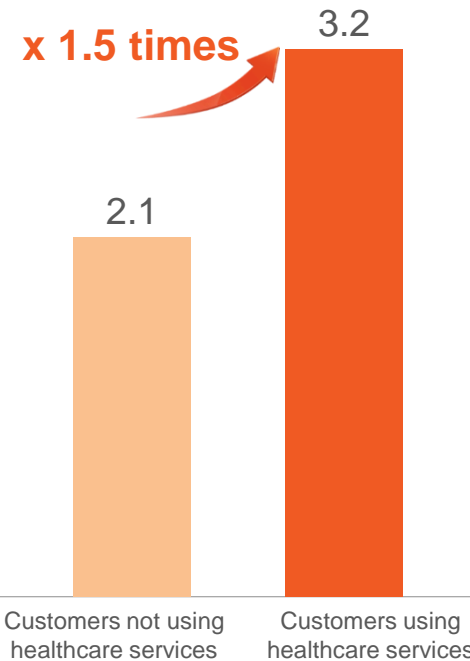
(million persons)



**Driving the growth of the Group's main financial businesses:**  
 Each year, **15%-20%** of Ping An's new financial customers are sourced from the healthcare ecosystem.

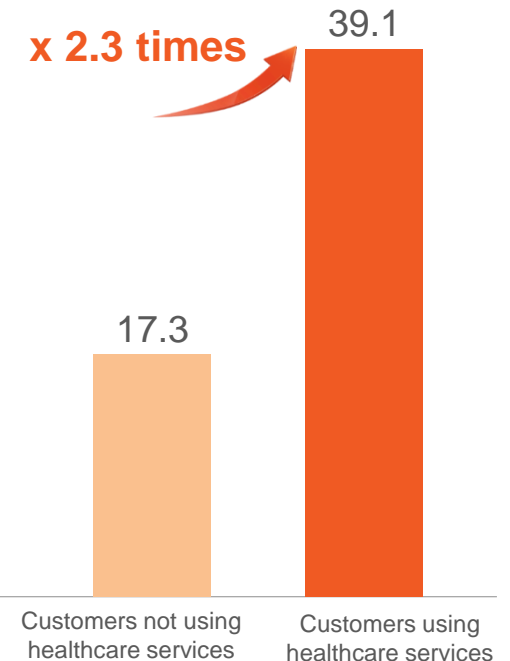
Increased financial customers' value with hook medical products and services

Financial contracts per customer



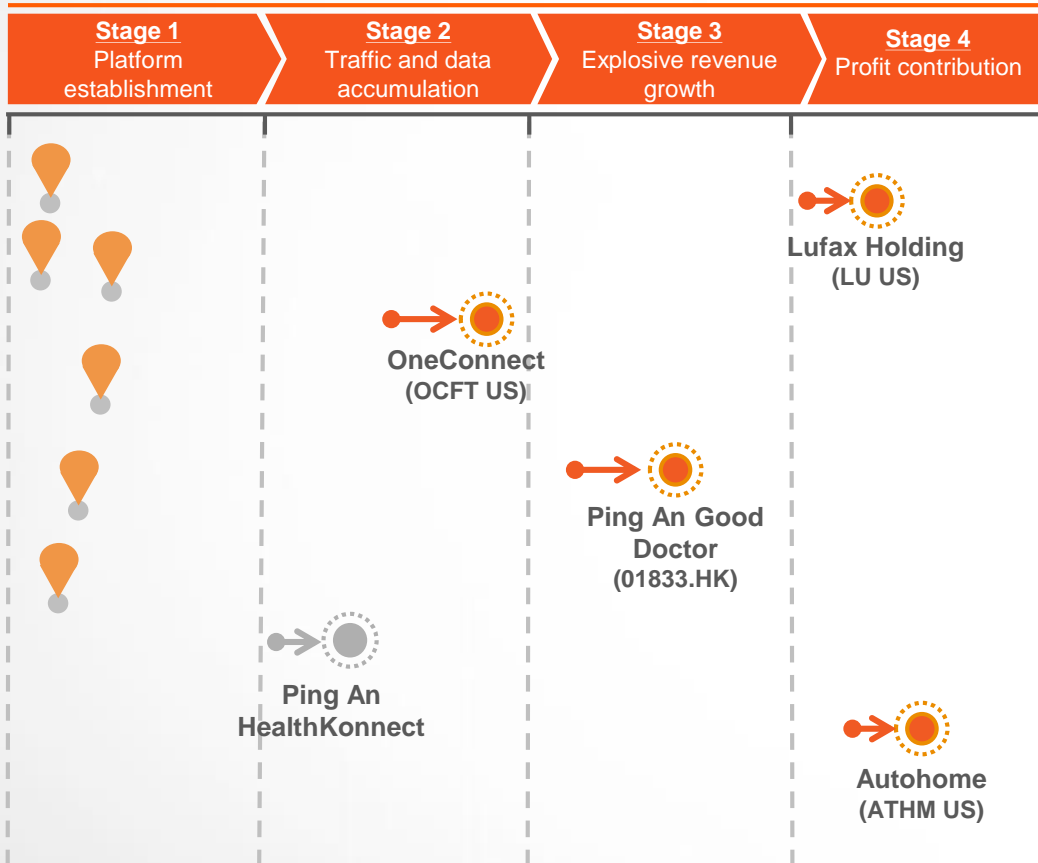
AUM per customer

(in RMB thousand)



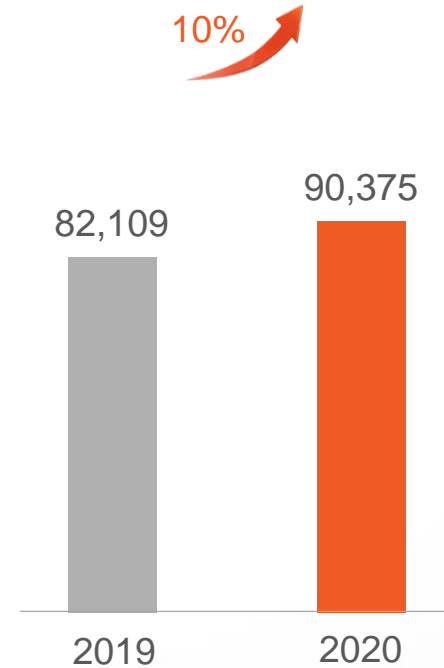
# Rising revenue and market cap of Ping An's technology companies

Four stages of incubation of technology companies<sup>(1)</sup>



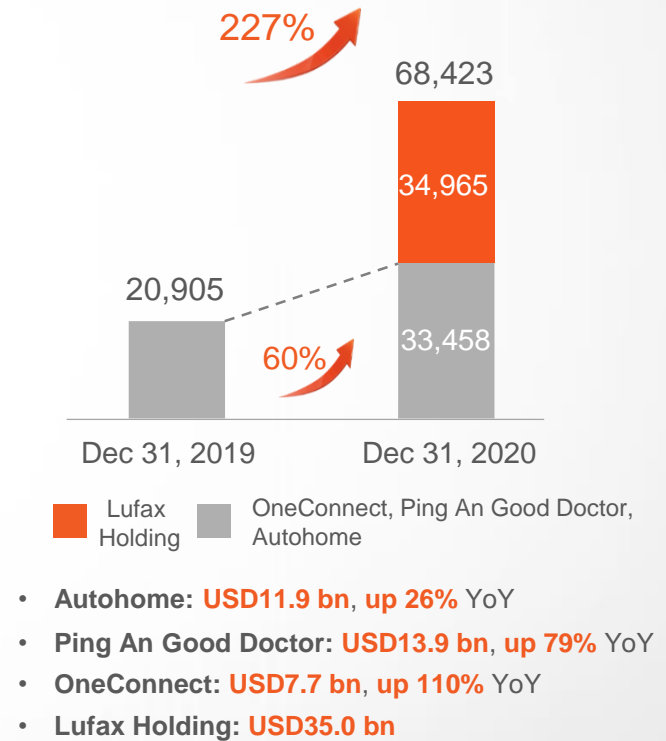
Aggregate revenue of technology companies

(in RMB million)



Aggregate market cap of listed technology companies

(in USD 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 technology companies in our technology segment, without considering the shareholding proportions.



# Lufax Holding (LU US): China's leading technology-powered personal financial services platform

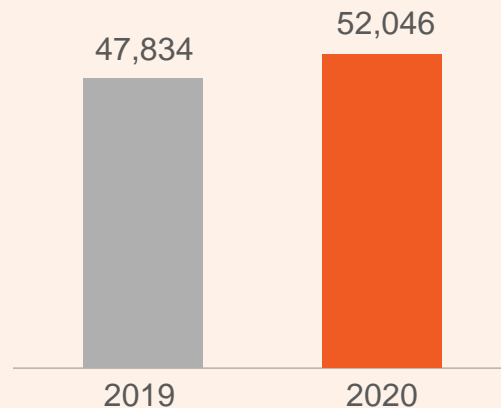
## Customer metrics



## Financial metrics

(in RMB million)

### Revenue



### Net profit

13,317

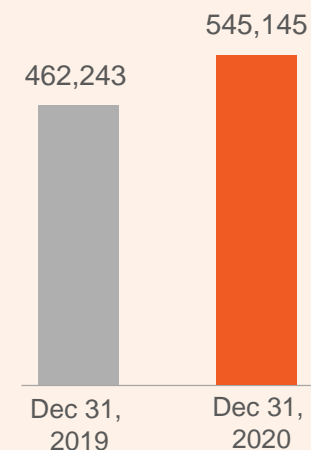
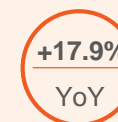
12,276

In 2020, net profit excluding the impact of C-round restructuring costs grew by **2.1%** year on year to **RMB13.6 billion**

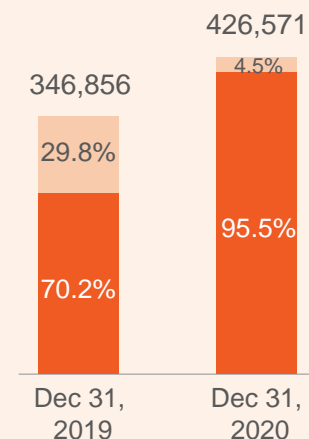
## Business metrics

(in RMB million)

### Balance of retail credit facilitated



### Client assets



■ Current products<sup>(2)</sup> ■ Legacy products<sup>(3)</sup>

Notes: (1) 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 retail credit facilitated.

(2) Current products refer to products that continued to be distributed by the wealth management business, including asset management plans, bank products, mutual funds, privately offered funds, trust, insurance and other investment products.

(3) Legacy products refer to products that ceased to be distributed by the wealth management business but still have outstanding balances, mainly comprising peer-to-peer products.



# OneConnect (OCFT US): China's leading technology-as-a-service platform for financial institutions

## Customer metrics



**Banks**

**642**

—Major banks

**18**  
covering **100%**

—City commercial banks

**132**  
covering **98%**



**Insurance institutions**

**106**

—Life insurers

**42**  
covering **47%**

—Property & casualty insurers

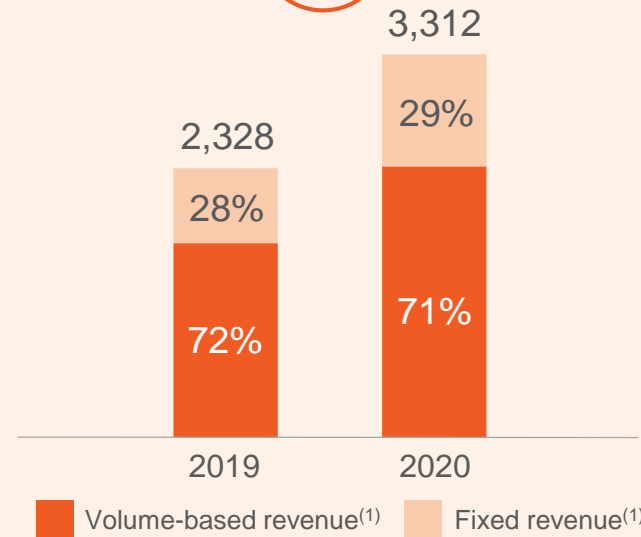
**54**  
covering **64%**

## Financial metrics

(in RMB million)

### Revenue

**+42.3%**  
YoY



- Gross profit margin **rose by 4.6 pps** year on year to **37.5%**
- Net loss margin **improved by 29.8 pps** year on year to **42.7%**

## Business metrics



Transaction volume of retail and SME loans

**RMB111.9 bn**

**Scale**

Claims processed via Smart Quick Claim

**5.86 mn**  
**+16.3% YoY**



Countries and regions covered

**20**  
**+6 YoY**

**Overseas**

Partner institutions

**100+**



Patent applications

**4,836**

**Technological innovation**

Awards won by Gamma Lab

**14**

Note: (1) Volume-based revenue includes revenue from business origination services, risk management services, operational support services and cloud services platform. Fixed revenue includes implementation revenue and others.

# Ping An Good Doctor (01833.HK): China's leading online healthcare services platform

## Customer metrics

  
Registered users

**373 million**  
+18.3% YoY

  
Average daily consultations

**903 thousand**  
+23.9% YoY

  
MAU in Dec 2020

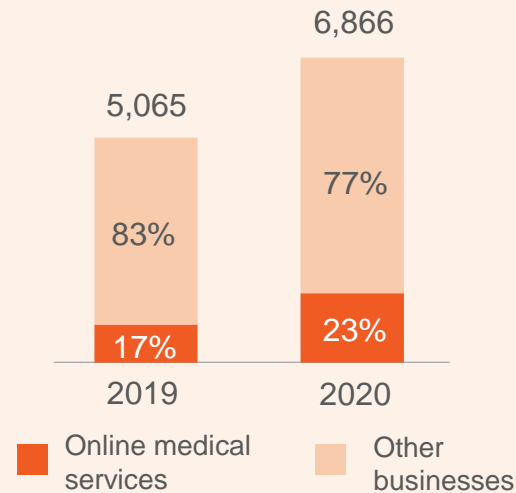
**72.62 million**  
+8.5% YoY

## Financial metrics

### Revenue

(in RMB million)

**+35.5%**  
YoY



- The revenue from online medical services **rose 82.4%** YoY
- Gross profit margin **grew 4.0 pps** year on year to **27.1%**
- Net loss margin **improved 0.9 pps** year on year to **13.8%**

## External cooperation



Internet hospitals

Contracted **120+**  
In cooperation **50**



Companies

Contracted companies **1,100+**



Doctors

In-house medical team members **2,200+**  
External contracted doctors **21,000+**



Health management

Health management courses **400+**  
Offline merchants **2,000+**

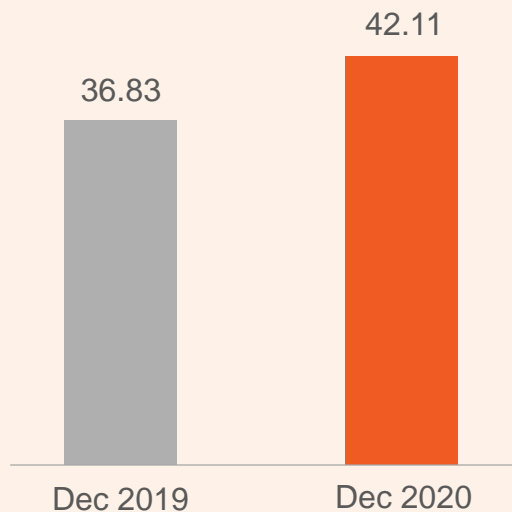
Note: Figures may not match the calculation due to rounding.

# Autohome (ATHM US): China's leading online auto services platform

## Customer metrics

Average daily active users on mobile devices<sup>(1)</sup> *(in million)*

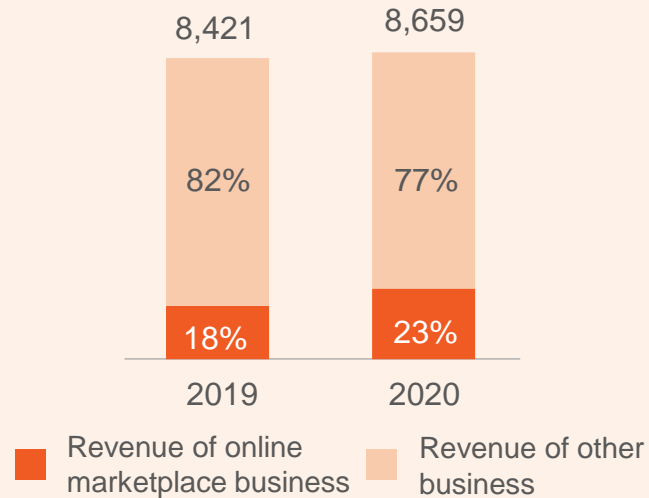
**+14.3%**  
YoY



## Financial metrics

Revenue *(in RMB million)*

**+2.8%**  
YoY



In 2020, net profit<sup>(2)</sup> **grew 6.2% YoY to RMB3,621 million.**

## Key metrics for new business

  
Automaker services

Data product customers

**45**



Dealer services

Data product customers

**19,000+**



Revenue of data products

Revenue growth of data products

**+70% YoY**

Notes: (1) Average daily active users on mobile devices include those on mobile webpages, apps and mini-programs.

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

# Smart City: Leveraging technologies to empower city governance, support industries, and advance people's livelihoods

## Smart Education

- **Adult education<sup>(1)</sup>**: Served **65.86 million** users, over **1,500** government and enterprise customers
- **Child education**: served **8 million** users, with courses broadcast **29 million** times

## Smart Government

- **Coverage**: **40+** cities, **60+** commissions, **nearly 1.5 million** companies
- **Efficiency increased**: helped governments with smart macroeconomic and industry chain analytics; offered services to benefit enterprises and manage risks

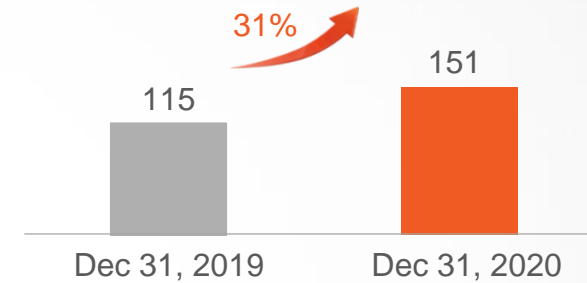
## Smart Healthcare

- **Coverage**: **30** provinces, **21,000** healthcare management authorities and about **650,000** doctors
- **Usage**: AI-based medical services<sup>(2)</sup> were used **390 million** times (**+200%** YoY) in 2020

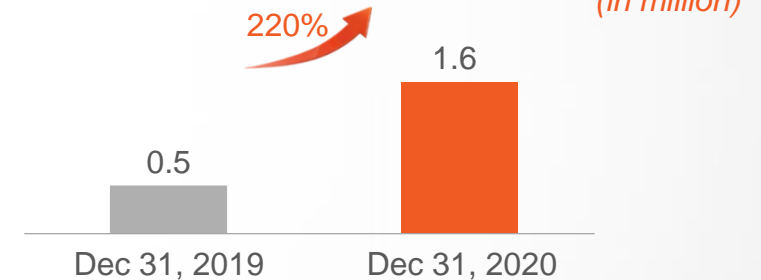
## Smart Life

- **Cities**: online processing of **nearly 8,000** service items on mobile devices and 24/7 AI-enabled instant filing and approval of **800+** service items in **21** cities
- **Citizens**: the citizen service platform was accessed **2 billion+** times by **31 million** users

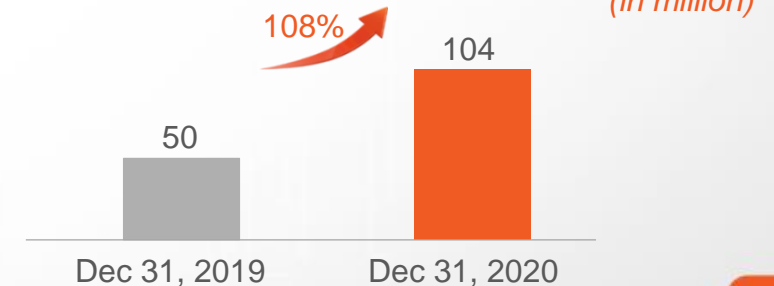
## Cities covered



## Companies covered



## Citizens served



Notes: (1) Adult education includes vocational education.

(2) AI-based medical services include AI-powered medical image recognition, diagnosis and treatment assistance, and medical knowledge Q&As.

# Q&A

# Appendices: 2020 Group operating profit (Table A-1)

(in RMB million)	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	The Group
<b>Net profit attributable to shareholders of the parent company</b>	<b>95,018</b>	<b>16,083</b>	<b>16,766</b>	<b>2,476</b>	<b>2,959</b>	<b>5,737</b>	<b>7,936</b>	<b>(3,876)</b>	<b>143,099</b>
Net profit attributable to non-controlling interests	1,054	76	12,162	3	143	974	1,567	281	16,260
<b>Net profit (A)</b>	<b>96,072</b>	<b>16,159</b>	<b>28,928</b>	<b>2,479</b>	<b>3,102</b>	<b>6,711</b>	<b>9,503</b>	<b>(3,595)</b>	<b>159,359</b>
Excluding:									
Short-term investment variance (B)	10,308	-	-	-	-	-	-	-	10,308
Impact of discount rate change (C)	(7,902)	-	-	-	-	-	-	-	(7,902)
Impact of one-off material non-operating items and others (D)	-	-	-	-	-	-	1,282	-	1,282
<b>Operating profit (E = A – B – C – D)</b>	<b>93,666</b>	<b>16,159</b>	<b>28,928</b>	<b>2,479</b>	<b>3,102</b>	<b>6,711</b>	<b>8,221</b>	<b>(3,595)</b>	<b>155,670</b>
<b>Operating profit attributable to shareholders of the parent company</b>	<b>92,672</b>	<b>16,083</b>	<b>16,766</b>	<b>2,476</b>	<b>2,959</b>	<b>5,737</b>	<b>6,654</b>	<b>(3,876)</b>	<b>139,470</b>
Operating profit attributable to non-controlling interests	994	76	12,162	3	143	974	1,567	281	16,200

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

# Appendices: 2019 Group operating profit (Table A-2)

(in RMB million)	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	The Group
<b>Net profit attributable to shareholders of the parent company</b>	<b>102,659</b>	<b>22,697</b>	<b>16,342</b>	<b>2,595</b>	<b>2,319</b>	<b>4,680</b>	<b>3,487</b>	<b>(5,372)</b>	<b>149,407</b>
Net profit attributable to non-controlling interests	1,078	111	11,853	3	57	761	1,174	(79)	14,958
<b>Net profit (A)</b>	<b>103,737</b>	<b>22,808</b>	<b>28,195</b>	<b>2,598</b>	<b>2,376</b>	<b>5,441</b>	<b>4,661</b>	<b>(5,451)</b>	<b>164,365</b>
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 and others (D)	8,597	1,856	-	-	-	-	-	-	10,453
<b>Operating profit (E = A – B – C – D)</b>	<b>88,950</b>	<b>20,952</b>	<b>28,195</b>	<b>2,598</b>	<b>2,376</b>	<b>5,441</b>	<b>4,661</b>	<b>(5,451)</b>	<b>147,722</b>
<b>Operating profit attributable to shareholders of the parent company</b>	<b>88,054</b>	<b>20,850</b>	<b>16,342</b>	<b>2,595</b>	<b>2,319</b>	<b>4,680</b>	<b>3,487</b>	<b>(5,372)</b>	<b>132,955</b>
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: Life & Health earnings (Table B)

## Profit Analysis

<i>(in RMB million)</i>	2020	2019	Notes
Release of residual margin	81,583	74,454	A
Return on net worth	13,170	11,738	
Spread income	4,565	3,947	
Operating variances and others	4,607	10,406	
<b>Operating profit before tax</b>	<b>103,926</b>	<b>100,545</b>	
Income tax	(10,260)	(11,595)	
<b>Operating profit after tax</b>	<b>93,666</b>	<b>88,950</b>	See Table A
Short-term investment variance	10,308	19,354	
Impact of discount rate change	(7,902)	(13,164)	
Impact of one-off material non-operating items and others	-	8,597	
<b>Net profit</b>	<b>96,072</b>	<b>103,737</b>	See Table A

## Residual Margin

<i>(in RMB million)</i>	2020	2019	Notes
<b>Opening residual margin</b>	<b>918,416</b>	<b>786,633</b>	
Contribution from new business	88,571	155,684	
Expected interest growth	36,319	33,811	
Release of residual margin	(81,583)	(74,454)	A
Lapse variances and others	(1,539)	16,742	
<b>Closing residual margin</b>	<b>960,183</b>	<b>918,416</b>	

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



# Appendices: P&C earnings (Table C)

<i>(in RMB million)</i>	2020	2019	Notes
Premium income	285,854	270,930	
<b>Net earned premiums</b>	<b>253,017</b>	<b>231,403</b>	<b>B</b>
Claim expenses	(153,177)	(132,615)	
Commission expenses of insurance operations	(40,704)	(39,368)	
Administrative expenses	(62,519)	(57,567)	
Reinsurance commission revenue	5,473	6,547	
<b>Underwriting profit</b>	<b>2,090</b>	<b>8,400</b>	<b>D = B x (1-C)</b>
Combined ratio (%)	99.1	96.4	<b>C</b>
Total investment income	18,370	17,981	<b>E = F x G</b>
Average investment assets	298,708	273,819	<b>F</b>
Total investment yield (%)	6.1	6.6	<b>G</b>
Other net revenue and expenses	(831)	(896)	
<b>Profit before tax</b>	<b>19,629</b>	<b>25,485</b>	
Income tax	(3,470)	(2,677)	
<b>Net profit (a)</b>	<b>16,159</b>	<b>22,808</b>	<b>See Table A</b>
Impact of one-off material non-operating items and others (b)	-	1,856	
<b>Operating profit (c = a – b)</b>	<b>16,159</b>	<b>20,952</b>	<b>See Table A</b>

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

# Appendices: Banking earnings (Table D)

<i>(in RMB million)</i>	2020	2019	Notes
Net interest revenue	99,650	89,961	H = I x J
Average balance of interest-earning assets	3,944,430	3,433,756	I
Net interest margin (%)	2.53	2.62	J
Net non-interest revenue	53,892	47,997	
<b>Revenue</b>	<b>153,542</b>	<b>137,958</b>	<b>K</b>
General and administrative expenses	(44,690)	(40,852)	L = - (K x M)
Cost-to-income ratio (%)	29.11	29.61	M
Tax and surcharges	(1,525)	(1,290)	
<b>Operating profit before impairment loss</b>	<b>107,327</b>	<b>95,816</b>	
Impairment losses on credit and other assets	(70,418)	(59,527)	
Including: Loan impairment loss	(43,148)	(53,288)	N = - (O x P)
Average balance of loans (including discounted bills)	2,497,111	2,096,394	O
Credit cost (%)	1.73	2.54	P
Other expenses	(155)	(49)	
<b>Profit before tax</b>	<b>36,754</b>	<b>36,240</b>	
Income tax	(7,826)	(8,045)	
<b>Net profit</b>	<b>28,928</b>	<b>28,195</b>	<b>See Table A</b>

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

# Appendices: Trust earnings (Table E)

(in RMB million)

	2020	2019	Notes
Fees and commission revenue	4,335	3,722	Q = R x S
Monthly average assets held in trust	424,695	491,630	R
Fee rate of assets held in trust (%)	1.02	0.76	S
Fees and commission expenses	(451)	(190)	
<b>Net fees and commission revenue</b>	<b>3,884</b>	<b>3,532</b>	
Administrative expenses	(1,597)	(1,217)	
Total investment income	399	617	
Other net revenue and expenses	530	437	
<b>Profit before tax</b>	<b>3,216</b>	<b>3,369</b>	
Income tax	(737)	(771)	
<b>Net profit</b>	<b>2,479</b>	<b>2,598</b>	See Table A

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

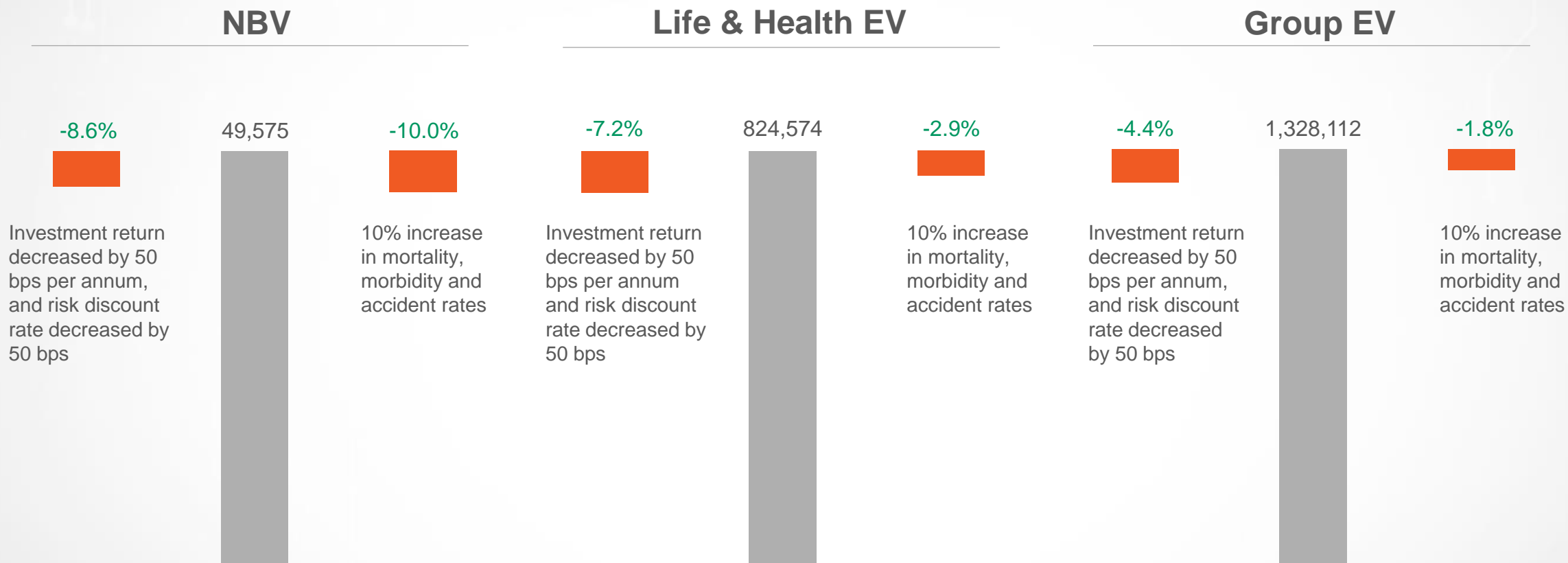
# Appendices: Securities earnings (Table F)

<i>(in RMB million)</i>	2020	2019	Notes
Fees and commission revenue	8,175	5,457	
Fees and commission expenses	(2,017)	(1,183)	
<b>Net fees and commission revenue</b>	<b>6,158</b>	<b>4,274</b>	
Total investment income	6,104	5,520	
Other revenue	4,203	4,510	
<b>Revenue</b>	<b>16,465</b>	<b>14,304</b>	<b>T</b>
Administrative expenses	(4,887)	(3,892)	<b>U = - (T + W) x V</b>
Cost-to-income ratio(%)	45.0	44.8	<b>V</b>
Finance costs	(2,095)	(1,813)	
Other expenses	(5,599)	(5,612)	<b>W</b>
<b>Profit before tax</b>	<b>3,884</b>	<b>2,987</b>	
Income tax	(782)	(611)	
<b>Net profit</b>	<b>3,102</b>	<b>2,376</b>	<b>See Table A</b>

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

# Appendices: NBV and EV 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.