

中国平安 PINGAN

金融 · 科技

2020 Interim Results

August 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 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. 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.

Contents

Overview & Financial Review

Jason Yao
Co-CEO and CFO

**Retail Integrated Finance and
Insurance Business**

Lu Min
Chief Insurance Business Officer

**Corporate Integrated Finance
and Banking Business**

Xie Yonglin
President and Co-CEO

Technology Business

Jessica Tan
Co-CEO

Overview

Jason Yao
Co-CEO and CFO

Business environment in 1H 2020

External challenges

- **Business models need to be transformed due to the impact of COVID-19:** Ping An's core financial businesses were affected as the epidemic hindered offline business development and financial demands declined due to the economic slowdown. Moreover, the traditional life insurance business model has faced huge challenges threatening its healthy, sustainable development.
- **Rising credit risks:** As companies' operations generally worsened, their solvency declined, credit default risks rose, bad debt losses increased, and asset quality was under pressure.
- **Greater investment risks:** Domestic and foreign stock markets fluctuated sharply, and interest rates fell further. Moreover, fair value gains and losses became more volatile as the Company implemented the new accounting standards for financial instruments.



Internal operations

- **Transformation toward online operations:** Ping An leveraged technological capabilities to support the resumption of work and production, and actively developed online operations.
- **Ping An Life's comprehensive reform:** Ping An adjusted and upgraded the life insurance business in terms of product strategies, channel development and data-driven operations, digitizing the life insurance business to build platforms for long-term sustainable, healthy growth.
- **Strengthened risk management:** Ping An continued to improve the internal controls for risk management, employing technologies to strengthen risk monitoring.
- **Optimized asset allocation:** Ping An continued to increase the allocation to long-duration, low-risk bonds and narrow the asset-liability duration gap. Moreover, Ping An managed equity investment flexibly to seize opportunities from pandemic-induced market volatility.



Outlook

- **In the short term:** Major economic indicators will improve as internal and external risks are mitigated and social normalcy is restored.
- **In the medium and long term:** Uncertainties will remain due to the international environment and economic situation.

Opportunities and challenges will coexist:

- **Financial services:** Demands for insurance and financial services will rebound. In the financial industry, demands for fintech solutions will strengthen.
- **Healthtech:** Epidemic prevention and control will give rise to opportunities for the development of technology applications and medical services.

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

Insurance

Banking

Asset
Management

Financial
Services
Ecosystem

Health
Care
Ecosystem

Auto
Services
Ecosystem

Real Estate
Services
Ecosystem

Smart
City
Ecosystem

Financial Review

Jason Yao
Co-CEO and CFO

1H 2020 Business Highlights

(RMB)

Operating profit⁽¹⁾

74,310 million

+1.2%

Interim dividend
per share

0.80/share

+6.7%

Operating ROE
(annualized)

21.6%

-3.0 pps

Net profit⁽¹⁾

68,683 million

-29.7%

L&H EV

805,374 million

+6.3%

L&H Operating ROEV
(annualized)

18.7%

-9.7 pps

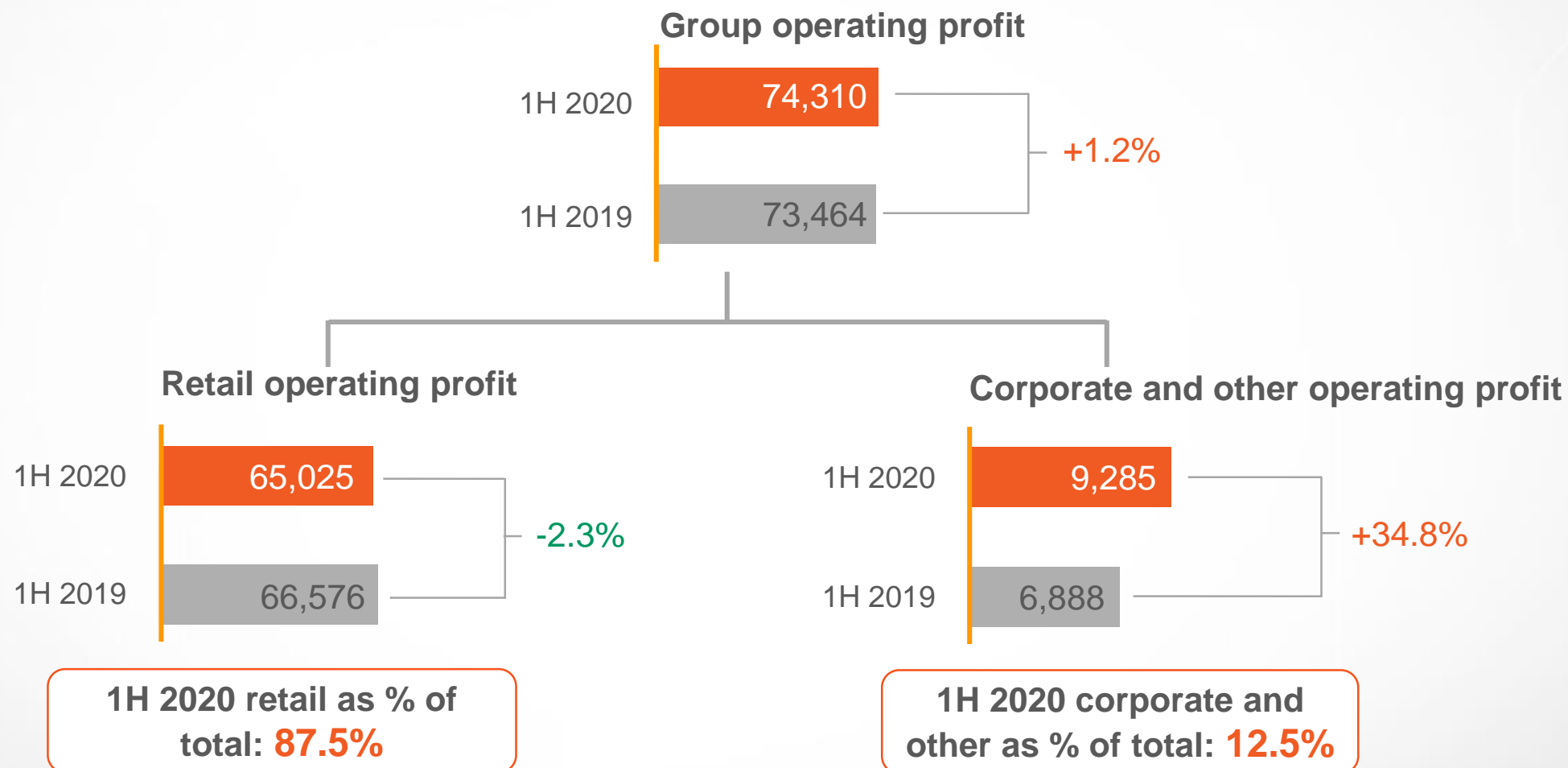
Note: (1) Operating profit and net profit refer to the operating profit and net profit attributable to shareholders of the parent company respectively.



1. Customer-centric profit drivers

Retail accounted for 87.5% of Group operating profit

(in RMB million)



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



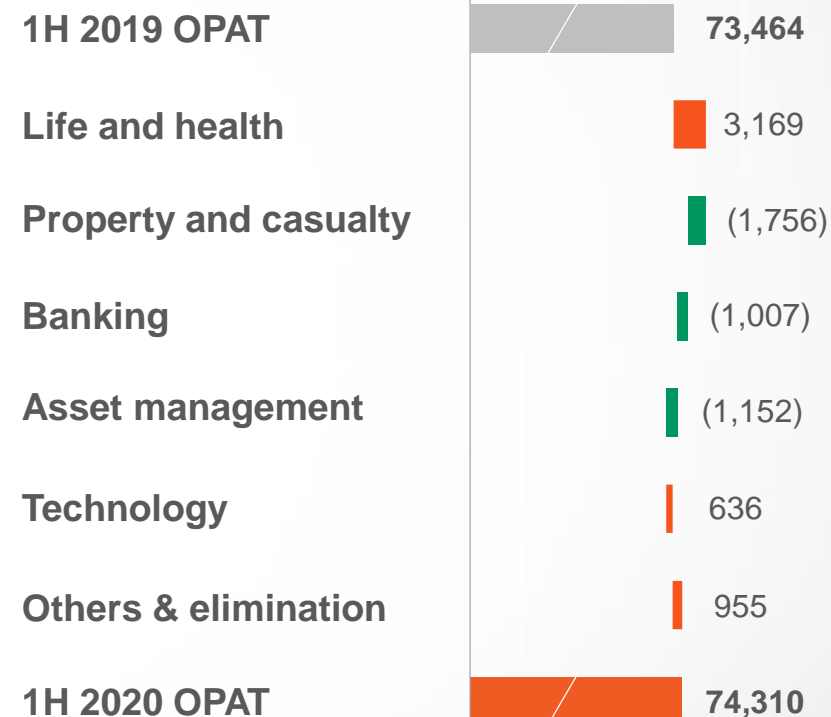
2. Operating profit

Group operating profit rose 1.2% YoY

(in RMB million)

	1H 2020	Proportion (%)	YoY Change (%)
Life and health insurance	51,127	68.8	6.6
Property and casualty insurance	8,234	11.1	(17.6)
Banking	7,927	10.7	(11.3)
Trust	1,651	2.2	(11.8)
Securities	1,509	2.0	25.9
Other asset management ⁽¹⁾	2,671	3.6	(31.7)
Technology ⁽²⁾	3,438	4.6	22.7
Others & elimination	(2,247)	(3.0)	(29.8)
The Group	74,310	100.0	1.2

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.

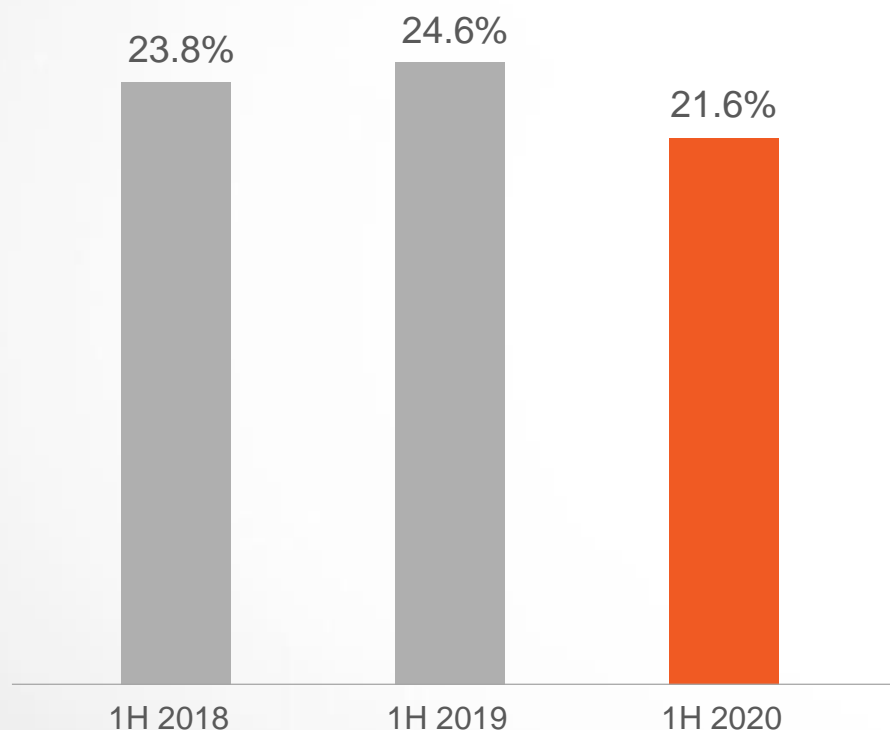
(2) The technology business represents results of subsidiaries, associates and jointly controlled entities that engage in technology business including Lufax Holding, OneConnect, Ping An Good Doctor, Ping An HealthKconnect, and Autohome.

(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.

Delivered a 21.6% annualized operating ROE in 1H 2020

Annualized operating ROE



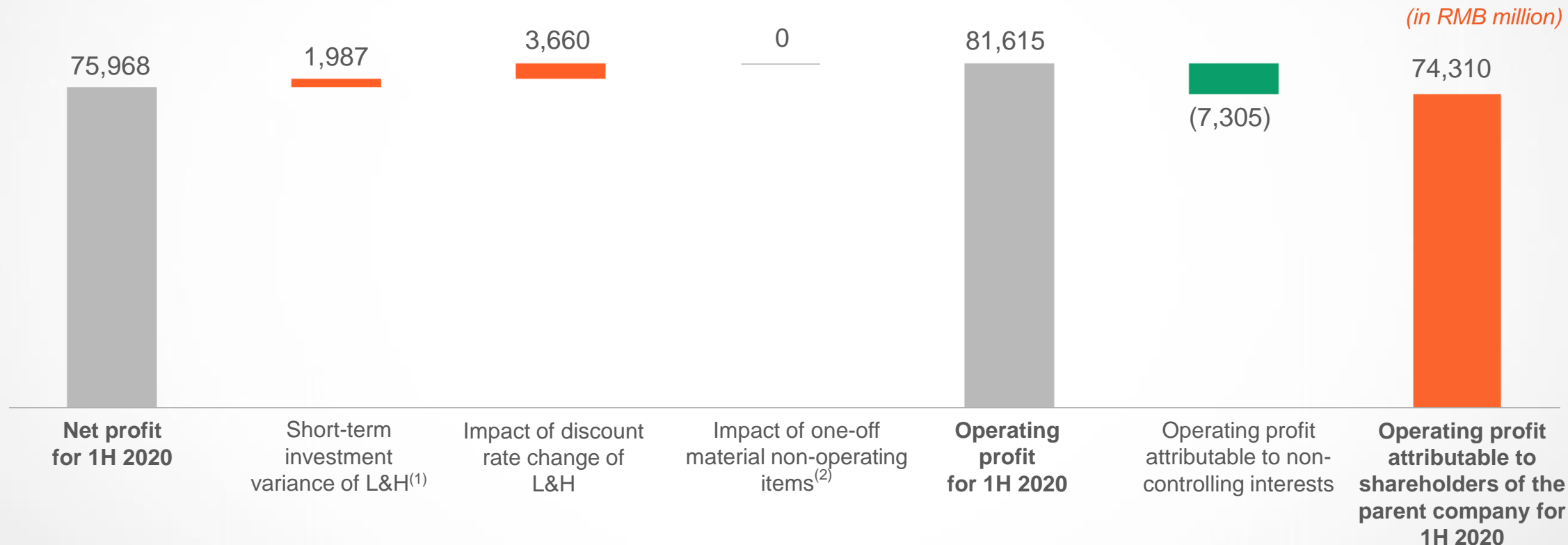
Segmented annualized operating ROE

(%)	1H 2020	YoY Change (pps)
Life and health insurance	39.2	(4.6)
Property and casualty insurance	17.2	(7.6)
Banking	9.3	(3.3)
Trust	16.8	(3.0)
Securities	9.8	1.4
Other asset management	11.0	(4.2)
Technology	8.2	0.8
Others & elimination	N/A	N/A
The Group	21.6	(3.0)

Note: Annualized operating ROE = unannualized operating ROE for the first half of the year × 2.

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

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



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) There was no one-off material non-operating item in 1H 2020.

L&H operating profit attributable to shareholders of the parent company rose 6.6% YoY

(in RMB million)

		1H 2020	1H 2019	YoY change (%)	
End-2019 residual margin of L&H	918,416				
Contribution from new business	59,354				
Expected interest growth	18,034				
Lapse variances and others	6,872				
Release of residual margin	(40,342)				
Mid-2020 residual margin of L&H	962,333				
		Release of residual margin	40,342	35,840	12.6
		Return on net worth ⁽¹⁾	6,261	5,216	20.0
		Spread income ⁽²⁾	2,791	1,628	71.4
		Operating variances and others ⁽³⁾	9,890	12,219	(19.1)
		Operating profit before tax	59,284	54,903	8.0
		Income tax ⁽⁴⁾	(7,749)	(6,470)	19.8
		Operating profit after tax	51,535	48,433	6.4
		Operating profit attributable to the parent company	51,127	47,958	6.6

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. The spread income for 1H 2020 increased by 71.4% year on year as spread charges in 2019 were lowered in response to volatile capital markets in 2018.

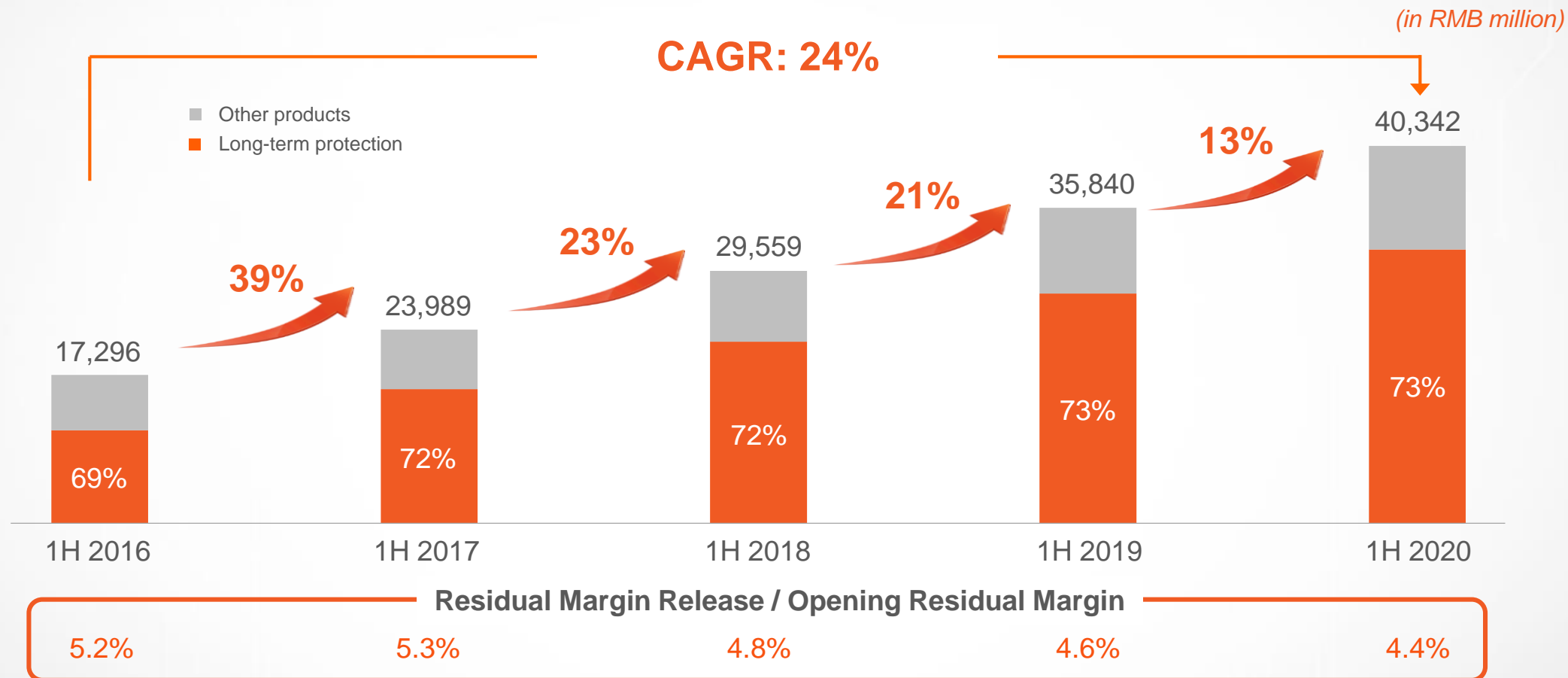
(3) Operating variances and others dropped 19.1% year on year, largely because of increased strategic investment in technology and agents team building as well as fluctuations in policy persistency ratios.

(4) Income tax rose by 19.8% year on year due to a lower effective tax rate in 1H 2019, attributable to the new tax regulation regarding fee and commission expense issued in 2019.

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

L&H residual margin release rose 13% 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 1H 2016 and data of the L&H business for 1H of 2017-2020.

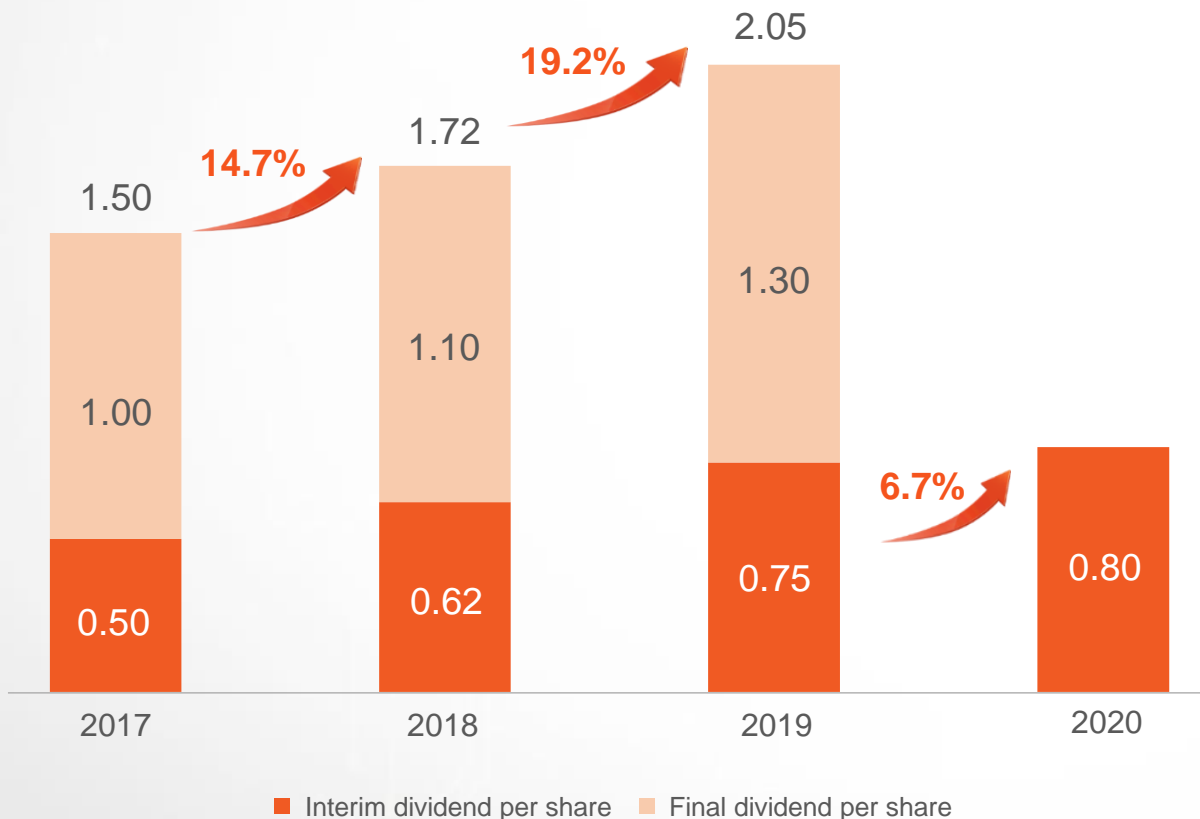
(2) Long-term protection products cover whole-life, term life, critical illness and long-term accident insurance. The critical illness plus savings combination sold over the past two years contains high protection elements, though its main products are classified as Long-PPP Protection & Saving hybrid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



3. Dividends and capital

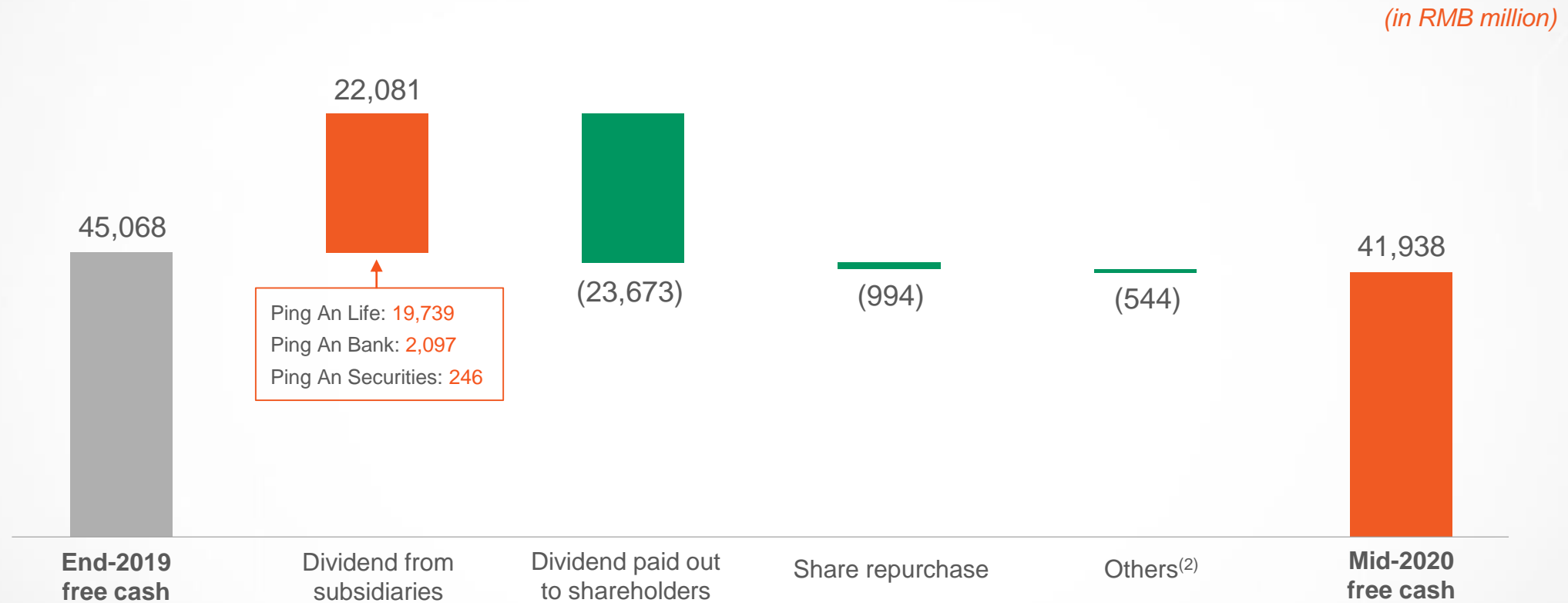
Continued growth of cash dividends; interim DPS up 6.7% YoY

(in RMB per share)



- Attaching importance to shareholder returns, Ping An is increasing cash dividends in light of its steady business performance and adequate solvency. We will pay an interim dividend of **RMB0.80** per share in cash, up **6.7%** YoY.
- Dividend payouts of the parent company are decided according to the increase in the Group's operating profit attributable to shareholders of the parent company.

Free cash position of the parent company remained healthy



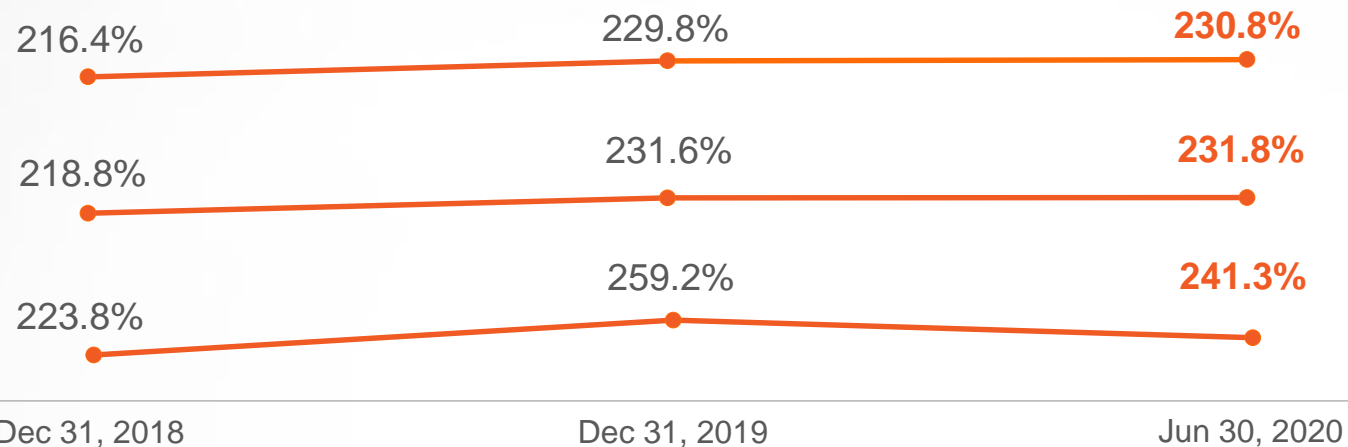
Notes: (1) Free cash of the parent company includes bonds, equity securities, bank deposits and cash equivalents that the parent company holds. Free cash of the parent company is mainly invested in subsidiaries or used in daily operations or for dividend distribution.

(2) Others mainly include short-term borrowings.

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

Strong capital adequacy position

Comprehensive solvency margin ratio remained strong

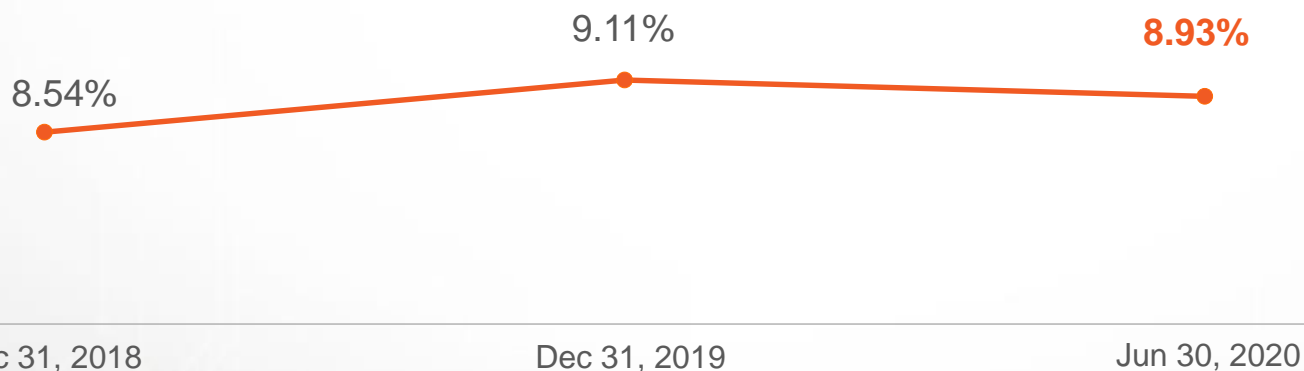


Ping An Group
(Regulatory requirement:
Core solvency margin ratio \geq 50%
Comprehensive solvency margin ratio \geq 100%)

Ping An Life
(Regulatory requirement:
Core solvency margin ratio \geq 50%
Comprehensive solvency margin ratio \geq 100%)

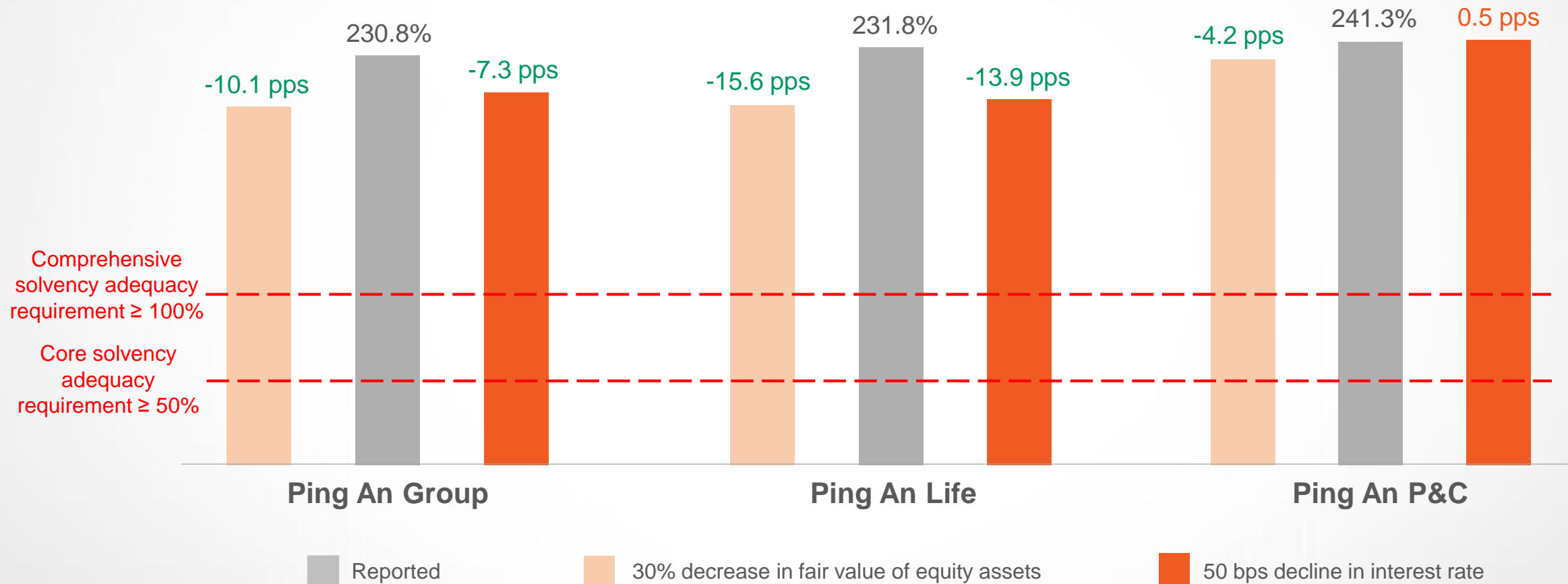
Ping An P&C
(Regulatory requirement:
Core solvency margin ratio \geq 50%
Comprehensive solvency margin ratio \geq 100%)

Core tier 1 capital adequacy ratio comfortably above regulatory minimum



Ping An Bank
(regulatory requirement \geq 7.5%)

Strong solvency remained 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>	Jun 30, 2020	Dec 31, 2019	Change (pps)
Cash and cash equivalents	3.2%	3.0%	0.2
Term deposits	6.5%	6.6%	(0.1)
Debt financial assets			
Bond investments	49.2%	46.9%	2.3
Bond funds	1.6%	1.3%	0.3
Preferred stocks	3.5%	3.6%	(0.1)
Perpetual bonds	0.5%	0.6%	(0.1)
Policy loans	4.4%	4.3%	0.1
Debt schemes	3.5%	4.1%	(0.6)
Wealth management products ⁽¹⁾	7.9%	9.3%	(1.4)
Equity financial assets			
Stocks	8.3%	9.2%	(0.9)
Equity funds	2.0%	1.5%	0.5
Wealth management products ⁽¹⁾	1.0%	1.2%	(0.2)
Unlisted equities	2.0%	2.1%	(0.1)
Long-term equity stakes	3.8%	3.8%	-
Investment properties	1.7%	1.9%	(0.2)
Other investments⁽²⁾	0.9%	0.6%	0.3
Total investments (in RMB million)	3,442,035	3,208,836	

Non-standard debt assets % fell 2.0 pps:
 Jun 30, 2020: 11.4%
 Dec 31, 2019: 13.4%

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.

Under IFRS 9, 17.2% of insurance assets are marked to market through P&L

<i>Proportion</i>	Jun 30, 2020	Dec 31, 2019	Change (pps)
Carried at fair value through profit or loss	17.2%	18.3%	(1.1)
Fixed income	9.6%	10.5%	(0.9)
Stocks	2.6%	3.0%	(0.4)
Equity funds	2.0%	1.5%	0.5
Other equity financial assets	3.0%	3.3%	(0.3)
Carried at fair value through other comprehensive income⁽¹⁾	14.0%	15.9%	(1.9)
Measured at amortized cost⁽²⁾	63.3%	60.2%	3.1
Others⁽³⁾	5.5%	5.6%	(0.1)
Total investments (in RMB million)	3,442,035	3,208,836	

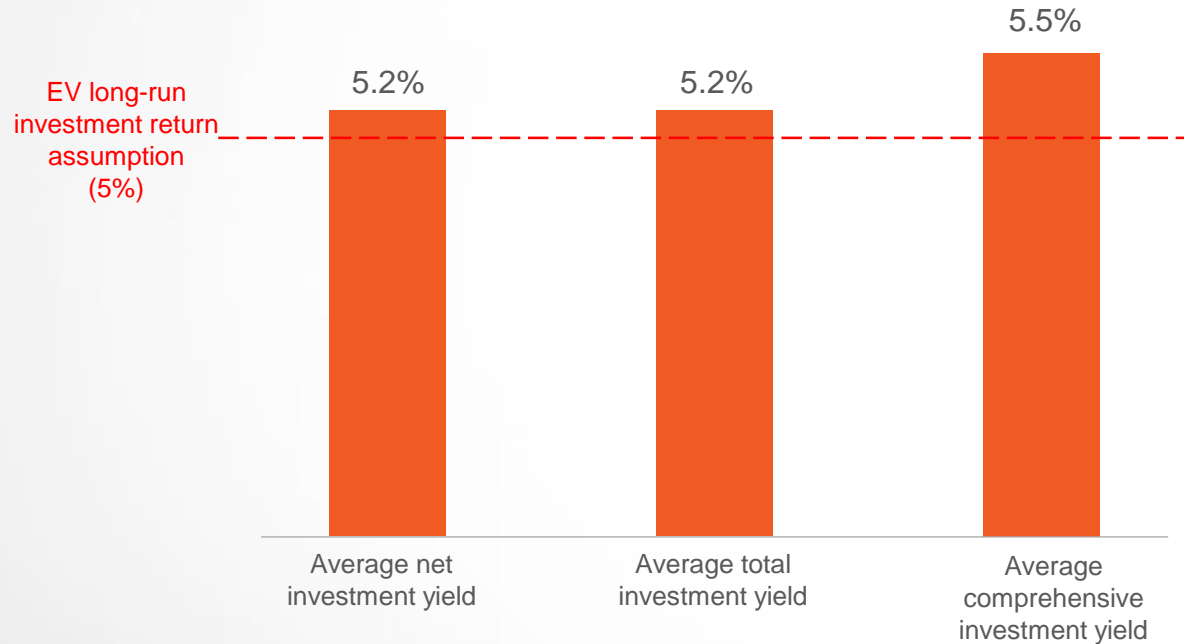
Notes: (1) Assets carried at fair value through other comprehensive income include “debt instruments carried at fair value through other comprehensive income” and “equity instruments carried at fair value through other comprehensive income” under the new accounting standards for financial instruments.

(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 derivative financial assets.

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

10-year average investment yields (2010-2019)



Investment yields

	1H 2020	1H 2019
Annualized net investment yield ⁽¹⁾	4.1%	4.5%
Annualized total investment yield ⁽¹⁾	4.4%	5.5%

Note: (1) The investment yield data are under IFRS 9. In the computation of annualized investment yields, only interest revenue from deposits and debt financial assets as well as operating lease income from investment properties were annualized, while interest revenue from financial assets purchased under reverse repurchase agreements, interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions, dividend income, capital gains from investments and fair value gains and losses were not annualized.

Constantly improving internal controls over investment risk management



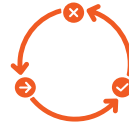
Strengthened asset-liability risk management

- The Company continued to extend asset duration and narrow the asset-liability duration gap of insurance funds by increasing allocations to long-duration low-risk bonds.
- The Company established flexible asset-liability management mechanisms, maintained reasonable guaranteed interest rates of liabilities, and optimized interest rate matching of assets and liabilities.



Regular extreme scenario stress tests

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



Focused on developing policies and processes

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



Technology-powered post-investment management

- The Company identified risks more rapidly, made timely decisions, and took action in advance by applying cutting-edge technologies to the management of key post-investment matters.
- The Company upheld the principles of “well-defined responsibilities, timely follow-up, and sound management” to integrate risk management with value creation.



Enhanced risk monitoring system and risk management information system

- The Company established a comprehensive risk management database.
- The Company conducted automatic risk identification, smart early warning, and smart risk management in real time.

Non-standard debt assets generated 5.69% average nominal yield

	Investment proportion (%)	Nominal yield (%)	Remaining maturity (year)
Infrastructure	36.4	5.72	4.73
Expressway	13.4	5.84	5.41
Electric power	3.4	5.26	3.63
Infrastructure and development zones	9.3	5.86	5.37
Others (water supply, environmental protection, railway...)	10.3	5.58	3.64
Non-banking financial services	31.3	5.80	2.65
Real estate	16.6	5.80	2.38
Coal mining	1.4	5.83	3.14
Others	14.3	5.32	4.70
Total	100.0	5.69	3.66

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



5. 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

We developed a CN-ESG smart evaluation framework with Chinese characteristics

Investment

Responsible investment reached **RMB1.18 trillion**

Insurance

Sustainable insurance products: **1,387**

Sustainable insurance amount: **RMB78.0 trillion**

Credit

The total balance of inclusive loans and green loans was **RMB1.27 trillion**

Communities Support



Ping An Rural Communities Support

We provided **RMB24,905 million** for industrial poverty alleviation



Combating COVID-19

We donated over **RMB122 million** in cash

Index & Rating	2017-2018	2020	Description
MSCI ESG rating	BB	A	The best rating among financial companies in the Chinese mainland
DJSI	Excluded	Included	The only financial company in the Chinese mainland
CDP rating	Unrated	B	The best rating among financial companies in the Chinese mainland
Refinitiv ⁽¹⁾ ESG rating	C&B-	B+	
HSSUS	Excluded	A+	

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

— International Partnerships —



Member of the UNEP Finance Initiative



The first asset owner in China to sign the UNPRI



The first Chinese mainland insurance company to sign the UNEP FI-PSI



The world's first insurance group to sign the GIP



Member of the Green Finance Committee of the China Society for Finance and Banking



Signatory to the Climate Action 100+

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**

Most valuable financial brands

No. **1**



Brand Finance,
the world's largest brand consulting company

Most valuable global insurance brands

No. **1**

Global financial groups

No. **2**

Retail Integrated Finance and Insurance Business

Lu Min

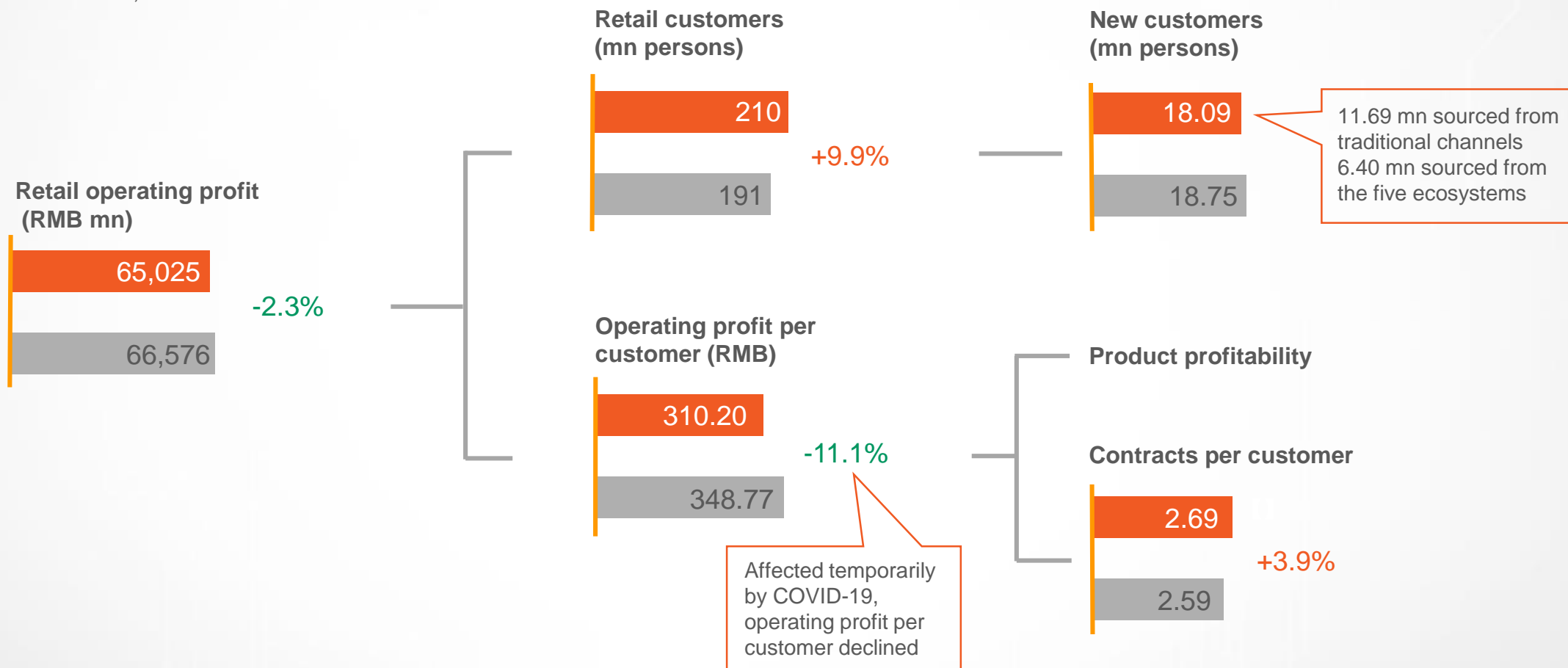
Chief Insurance Business Officer



1. Retail integrated finance

Retail OPAT growth drivers

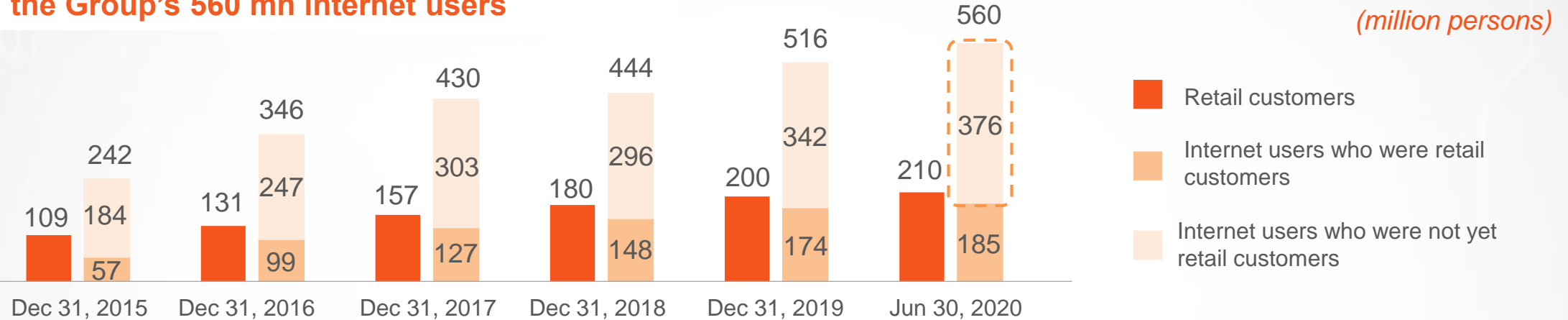
- 1H 2020/Jun 30, 2020
- 1H 2019/Jun 30, 2019



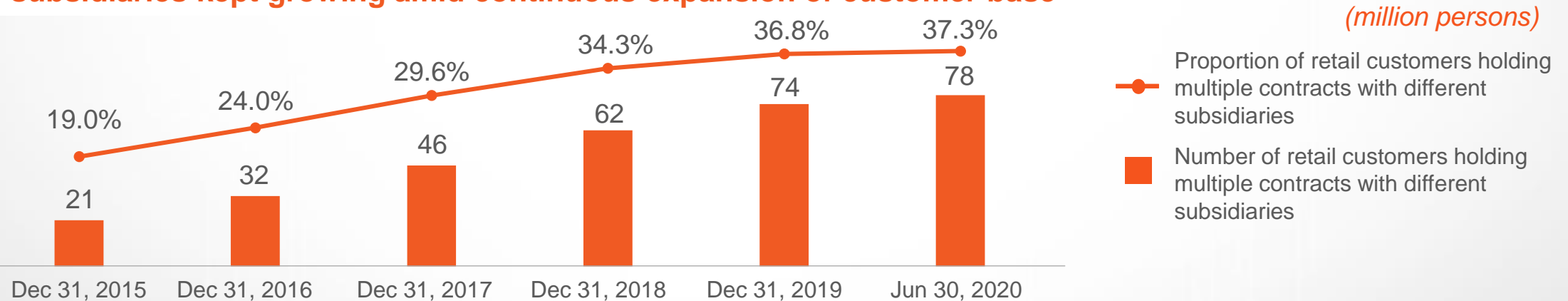
Notes: (1) Operating profit refers to the operating profit attributable to shareholders of the parent company.
 (2) At the end of 2019, we revised the definition of retail customers, removing customers with complimentary insurance from retail customers and restating the data for the comparable period in 2019.
 (3) The number of customers as of June 30, 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.
 (4) Figures may not match the calculation due to rounding.

Growing retail customer base and cross-sell penetration

Huge potential for user conversion among the Group's 560 mn internet users



The proportion of retail customers holding multiple contracts with different subsidiaries kept growing amid continuous expansion of customer base



Notes: (1) At the end of 2019, we revised the definitions 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 the comparable periods of 2017, 2018, and 2019.

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



2. Insurance business

Ping An Life's reform: face new challenges head-on by leveraging the Group's resources

4 core advantages

Background

1

Demographic dividends are disappearing

China's working-age population is shrinking

2

Mainstream customers have changed

Serving higher-income customers
Those born in the 1980s and 1990s have become main consumers

3

Customer demands are evolving

Customer demands have become more varied and complicated

4

Competition landscape is changing abruptly

Internet players have crossed over into the life insurance industry

Our life insurance business must undergo a reform!

—Chairman Ma Mingzhe

A professional management team

- **25+ years** of experience
- Global vision, professional expertise, and diverse skills

Highly competent teams

- A **highly competent** sales force
- **Industry-leading** productivity

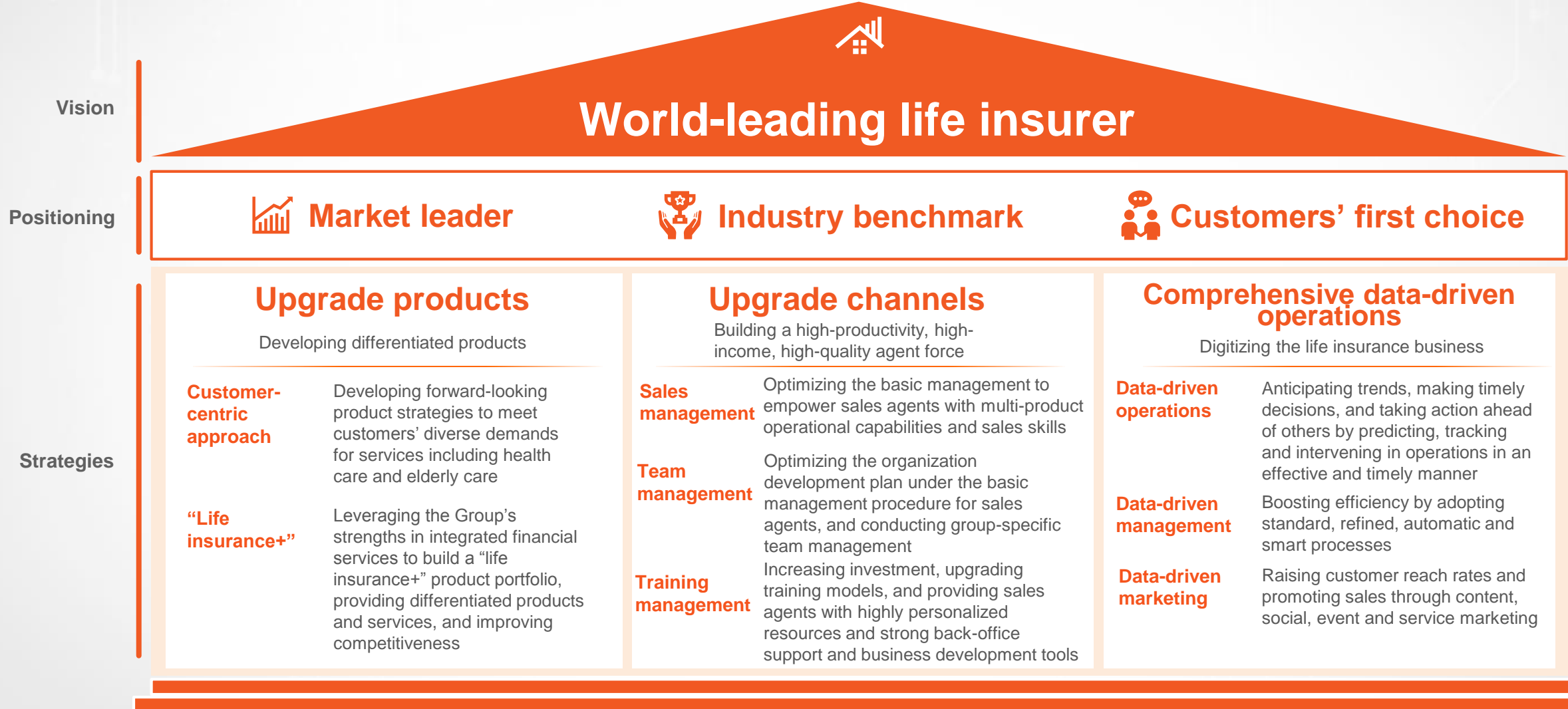
A strong integrated financial product portfolio

- Support for sales agents' income growth and career development
- Sales agents' cross-selling income increased by **48%** YoY in 1H 2020

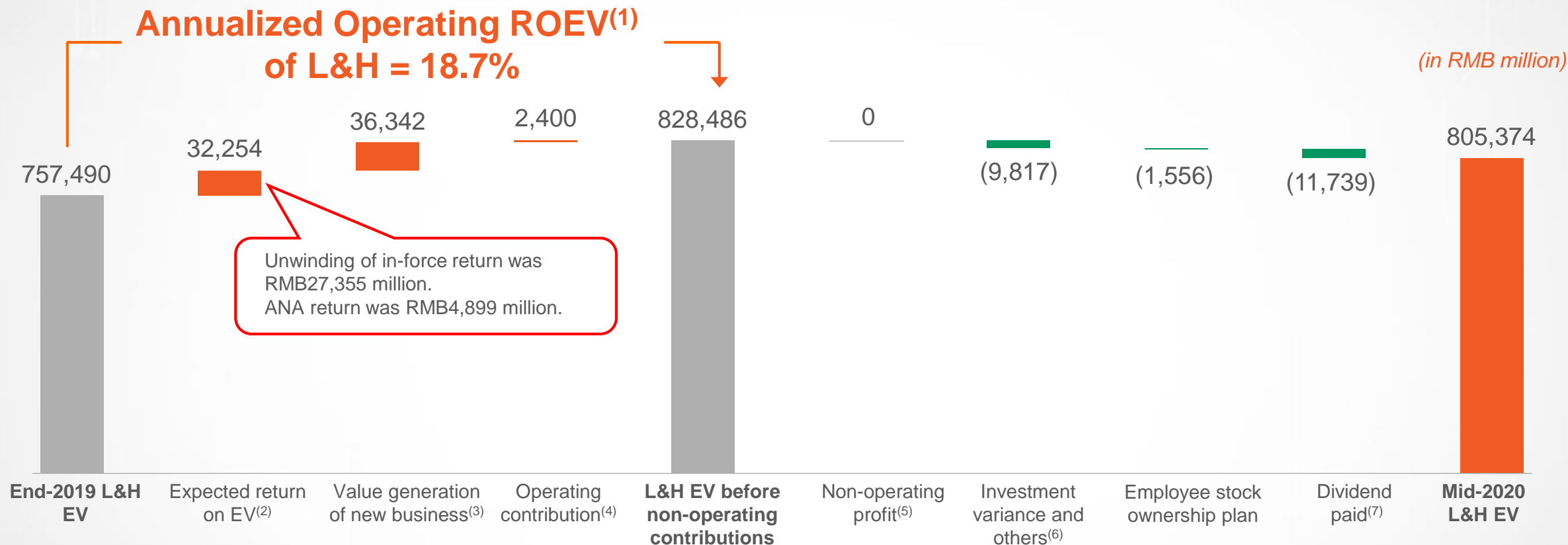
Leading technological strengths

- Ping An Life ranked **seventh** in the global fintech patent ranking list with 152 fintech patent applications.

Ping An Life's reform: laying the foundation for becoming a world-leading life insurer



L&H delivered an annualized operating ROEV of 18.7% despite challenges brought by COVID-19



Notes: (1) Annualized Operating ROEV = Operating ROEV for the first half of the year x 2.

(2) 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.

(3) Value generation of new business includes NBV (RMB31,031 million) and risk diversification effects (RMB5.31 billion).

(4) Operating contribution includes operating assumptions and model changes (RMB713 million), L&H operating variance and others (RMB1,688 million).

(5) There was no impact of one-off material non-operating item in the first half of 2020.

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

(7) Dividends paid by Ping An Life to the Group amounted to RMB11,739 million.

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

NBV fell 24.4% YoY in 1H 2020

(in RMB million)	NBV	Change (%)	NBV Margin (%)	Change (pps)
Retail business	30,931	(24.2)	48.5	(6.8)
Agent channel	27,705	(23.5)	55.2	(3.7)
Long-term protection ⁽¹⁾	16,999	(31.3)	104.4	7.1
Protection & Saving hybrid (long-PPP) ⁽²⁾	4,090	25.6	55.4	(8.4)
Protection & Saving hybrid (short-PPP)	5,003	(25.9)	21.1	(3.4)
Short-term insurance	1,613	10.4	57.5	13.9
Telemarketing, internet and others	2,298	(40.6)	28.8	(17.7)
Bancassurance	928	26.5	16.7	(2.1)
Group business	100	(60.9)	0.5	(0.9)
Total NBV	31,031	(24.4)	36.7	(8.0)

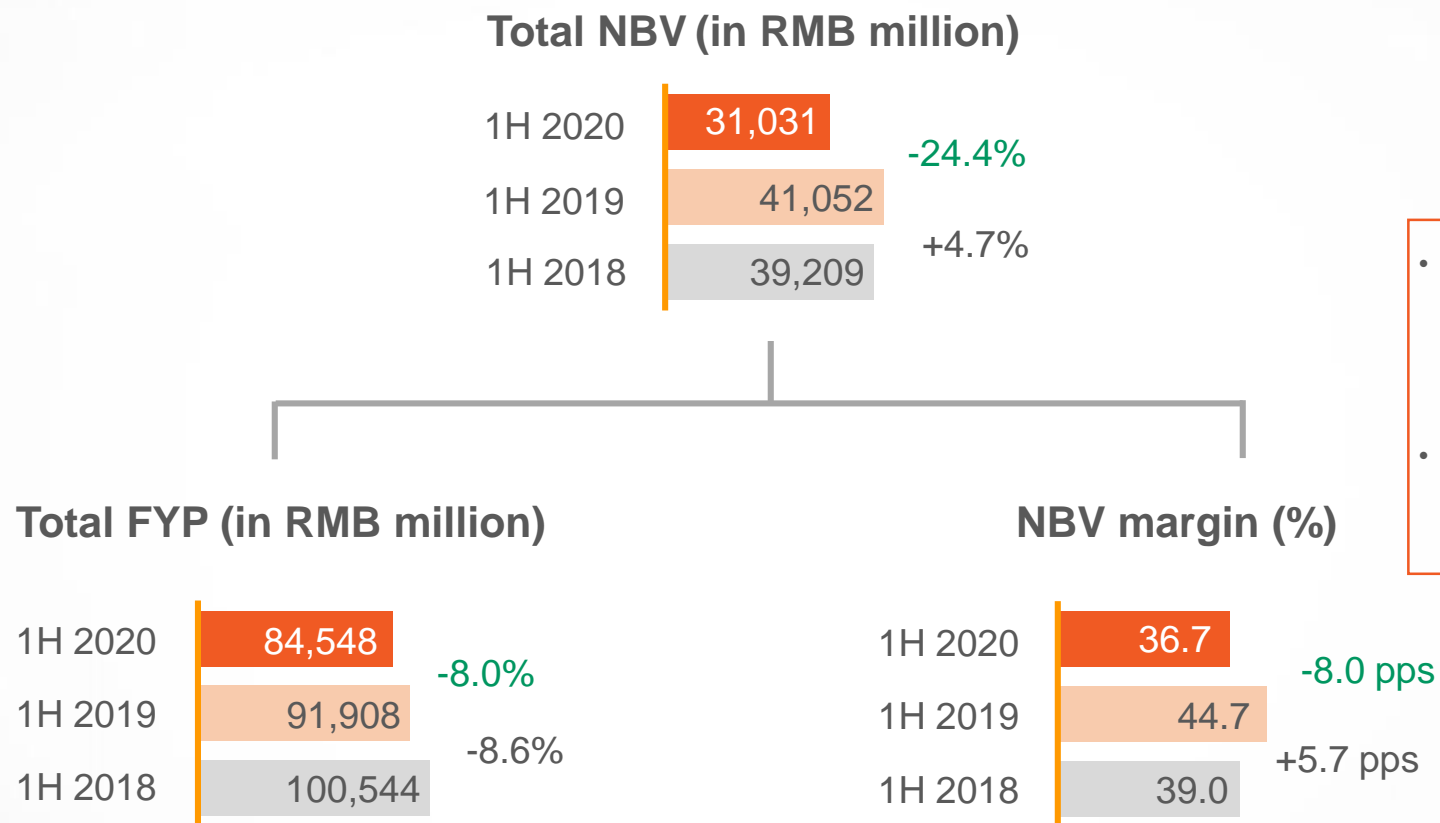
High-protection business

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

(2) 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 the past two years contains high protection elements, though its main products are classified as Long-PPP Protection & Saving hybrid due to conservative classification.

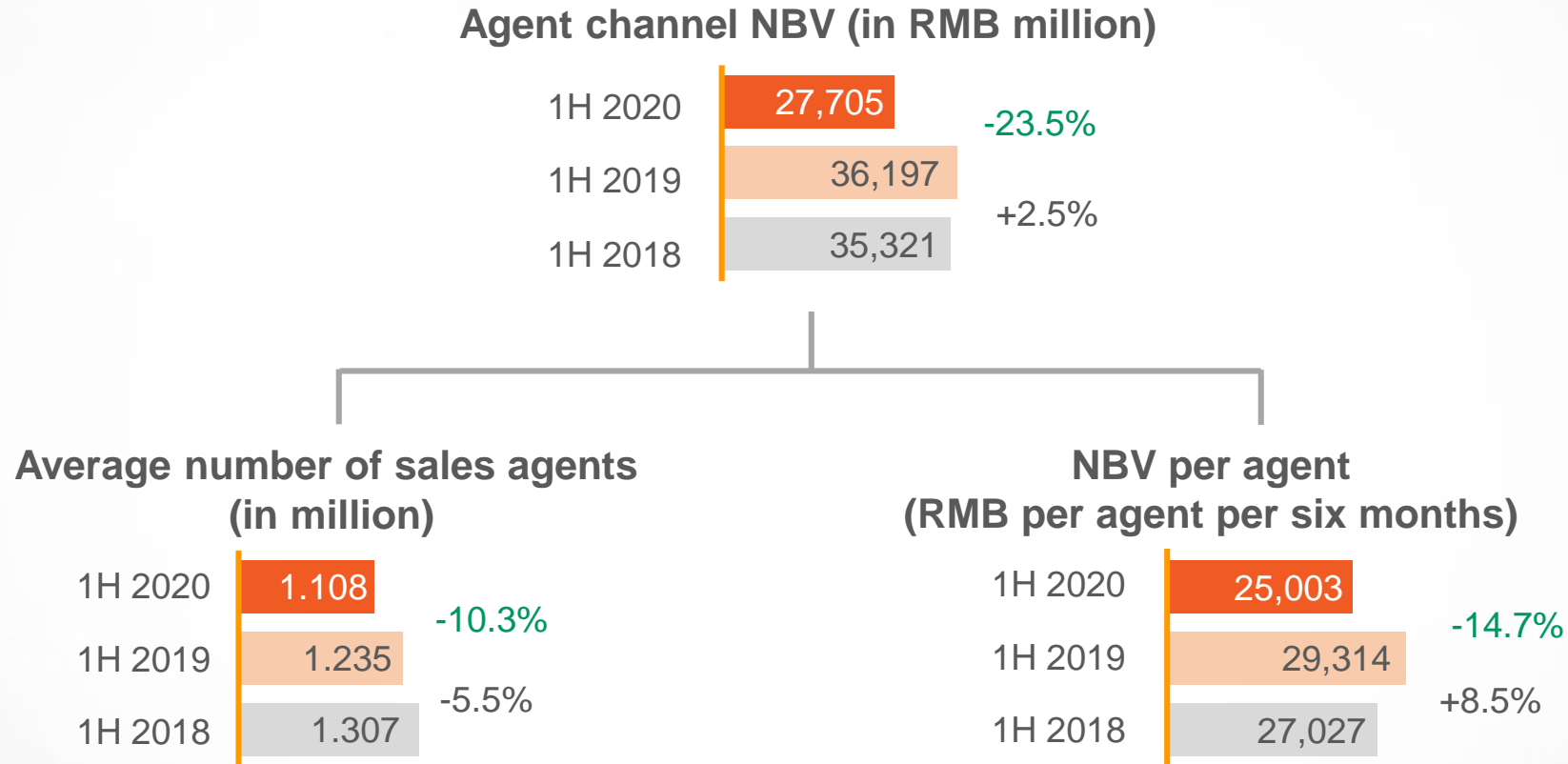
(3) Figures may not match the calculation due to rounding.

NBV margin adversely impacted by COVID-19



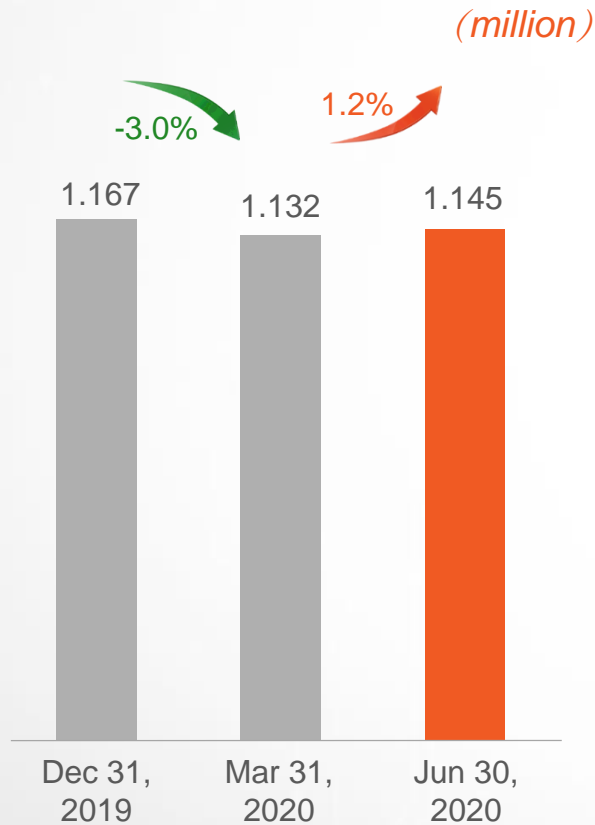
- The NBV margin declined as Ping An's traditional offline operations were hindered and high-value protection business was impacted by the COVID-19.
- We launched simple, marketable online products to accumulate customer resources.

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

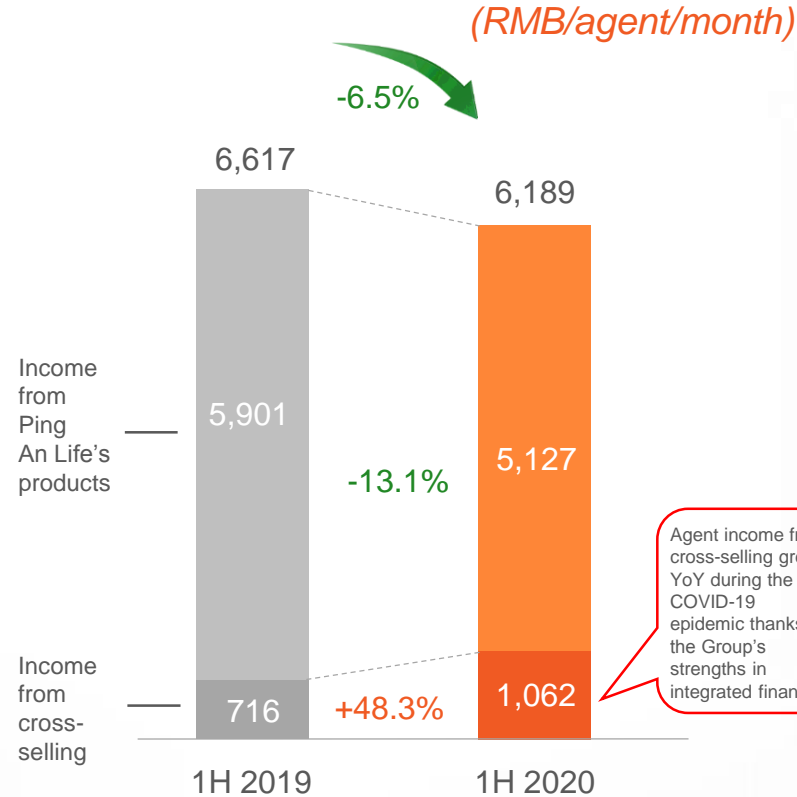


Agent force gradually stabilized; continue to focus on quality development

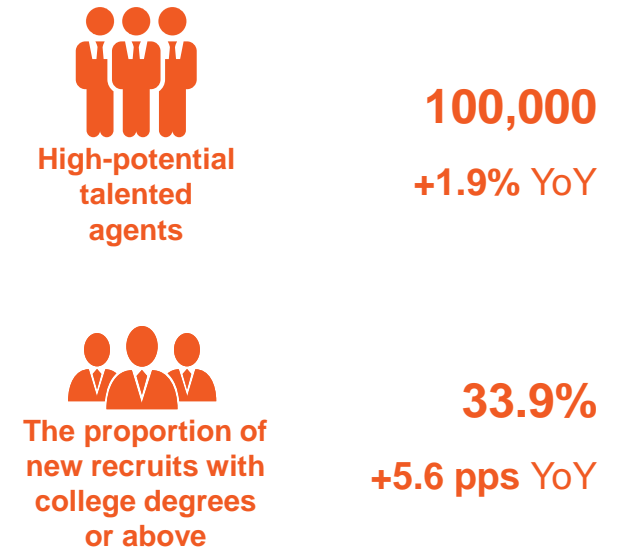
Agent force



Agent income



Agent quality



Notes : (1) High-potential talented agents refer to sales agents recruited according to the criteria for Talented Agents, covering the age, education background, occupation and income before joining the Company.
 (2) Figures may not match the calculation due to rounding.

Digital transformation empowering L&H operations



Online recruitment

- **Online agent career forums:** We leveraged technological means including visualized virtual scenarios and AI robots to hold **123** sessions of livestreamed career forums on the “Jin Guan Jia” app, attracting **40.40** million views.



Digital marketing

- **AI Reception Room:** It allows agents to present and explain sales plans to customers through audio/video communication supported by AI robots. It was used **7.72 million** times in 1H 2020.
- **AI Training:** As a tool to train agents in diverse scenarios including product knowledge and segment-specific sales solutions, AI Training has been used **7.55 million** times and endorsed by **99%** of sales agents.



Smart customer services

- **Online services:** In 1H 2020, **110 million** times of customer services were offered, **99.8%** of which were online. Our AI-powered, video-based customer survey robot delivered a success rate of **98%** for June 2020.
- **Online claims:** The proportion of claims settled within 30 minutes via the Smart Quick Claim increased from **47%** to **50%**, with the quickest case taking **only one minute** to settle.



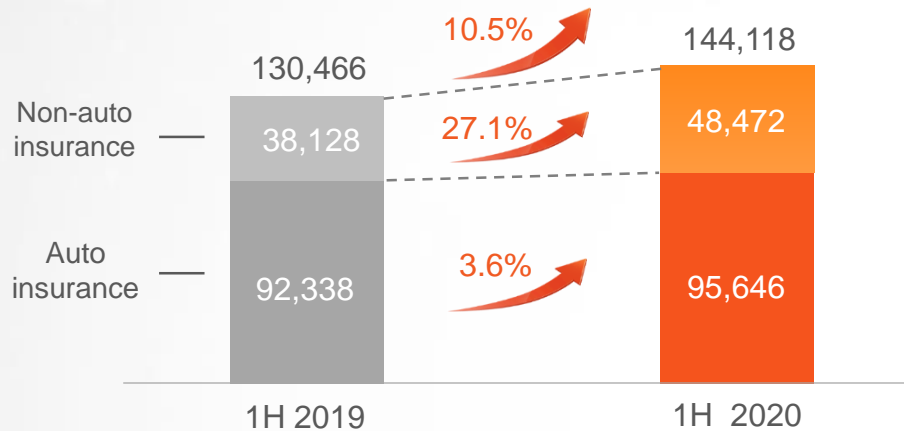
Digital operations

- **Data-driven operations platform:** We established a data-driven operations platform and linked business processes with operational processes, facilitating **end-to-end business forecast** as well as real-time early warning and intervention via value chain models.

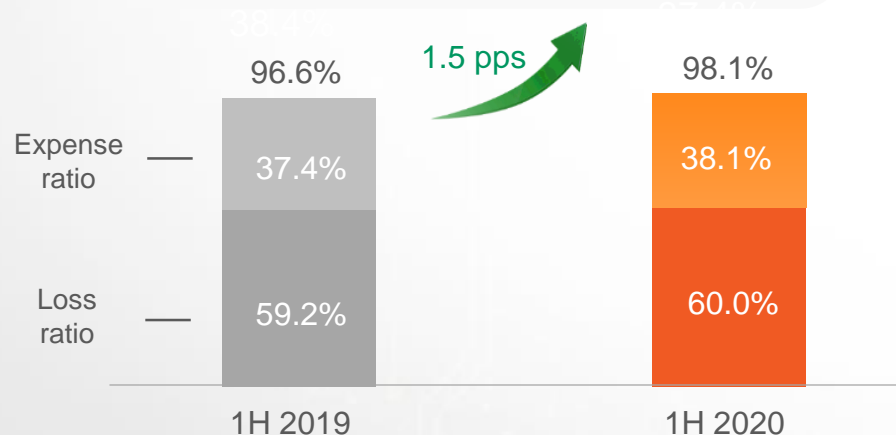
P&C maintained a better-than-industry combined ratio

(in RMB million)

Premium income



Combined ratio



Breakdown of premium income and combined ratio

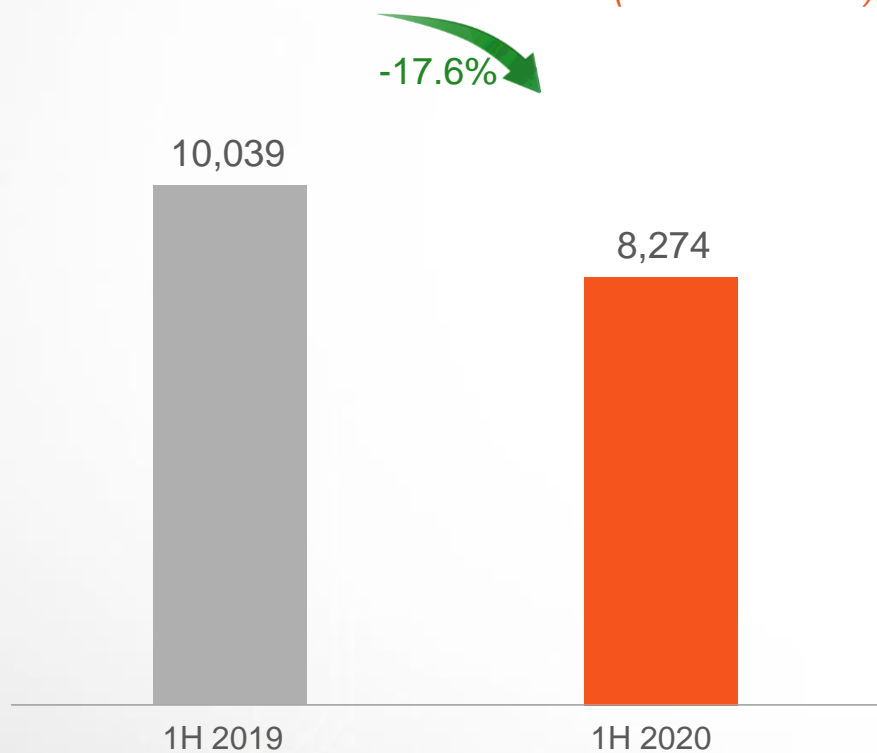
	Premium income		Combined ratio	
	Amount	YoY change (%)	Ratio (%)	YoY change (pps)
Auto insurance	95,646	3.6	94.7	(3.0)
Guarantee insurance	20,467	34.1	125.6	32.4
Liability insurance	8,040	20.5	93.3	(1.3)
Accidental injury insurance	6,862	20.9	92.7	9.8
Corporate property & casualty insurance	4,178	14.4	87.7	(2.4)

Note: In the first half of 2020, affected by COVID-19, the guarantee insurance business quality was under temporary pressure, with a combined ratio of 125.6%. The pressure on the combined ratio will gradually ease in the second half of 2020 as the impact of the COVID-19 epidemic recedes and the macroeconomy recovers.

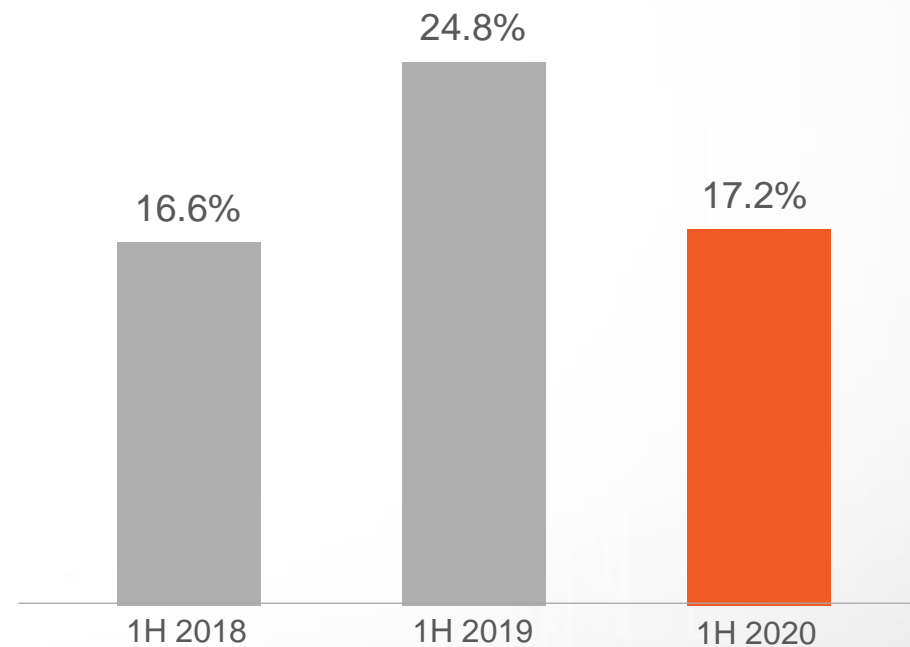
| P&C business resilient despite COVID-19 impact

Operating profit

(in RMB million)



Annualized operating ROE



Technology-driven transformation of P&C insurance business



Auto Insurance

Customer development

The “Ping An Auto Owner” app:

- **Over 109 million** registered users, who had linked **over 70 million** vehicles with the app. In June 2020, the app had **over 27 million** monthly active users.
- The **largest** automotive tool app in China.

Services for auto owners

Functions of the “Ping An Auto Owner” app:

- **“One-click Claims Services”**: Non-contact claim settlement is enabled anytime, anywhere. Claim reporting takes only **2 minutes** on average, and claim settlement as short as **3 minutes**.
- **“One-click Policy Renewal”**: Since the go-live of the function in March 2020, it has enabled **over 93%** of customers to renew their insurance policies at one click.



P&C insurance

Risk management and services

- **P&C launched the “Ping An Qi Ye Bao” app and mini-program**: P&C completed **over 120,000** endorsements online, processed **over 70,000** non-auto insurance claims for small and micro-businesses with a total claims amount of **over RMB180 million**. Claims were settled in a minimum of **12 seconds**.
- **P&C initiated a Know Your Risk (KYR) enterprise risk management consultant project**: P&C provided **4,729** corporate customers and key engineering projects with disaster and loss prevention services, carried out **4** disaster warning and loss prevention programs regarding severe natural disasters, and sent out about **441,000** text message alerts in 1H 2020.
- **P&C facilitated the resumption of work and production**: P&C provided approximately **500,000** small and micro-businesses across China with complimentary employee insurance services. Under the guidance of **over 20** provincial and municipal governments, P&C provided **over 200,000** enterprises with comprehensive epidemic insurance coverage of **over RMB5,000 million**.

Corporate Integrated Finance and Banking Business

Xie Yonglin
President and Co-CEO



1. Corporate integrated finance

Extending the “1+N” philosophy to corporate business under an innovative corporate integrated financial business model

“1+N” corporate business model

Customer development



- We provide comprehensive tailor-made solutions combining “**commercial banking + investment banking + investment**” and “**financing + intelligence**”



We embed the highly competitive “**sophisticated investment/financing + new supply chain**” model in treasury platforms and insurance business by leveraging local marketing advantages



- We build **uniform platforms** and **accounts** to provide customers with financial and non-financial products and services in batches

Three models



- We build a **uniform customer development platform** to acquire and activate customers in ecosystems and scenarios through the projects of “Four Connects and One Platform”
- We build a **strong middle office** to centralize functions including underwriting and approval for efficient, intensive and targeted marketing



In key areas including **infrastructure, real estate, mixed ownership reform, deleveraging and M&As**, we set up task forces to provide tailor-made comprehensive solutions

- We **follow fund flows** to open accounts, acquire customers, retain deposits, and contain risks.
- We seek business opportunities in insurance and technology through cross-selling channels **under a “1+N” service model**



- We built a three-tiered decision-making chain characterized by “**pre-investment guidance, clear job division during investment, and post-investment evaluation**”
- We develop stop-profit and stop-loss mechanisms to lock up returns and contain risks

Technological empowerment



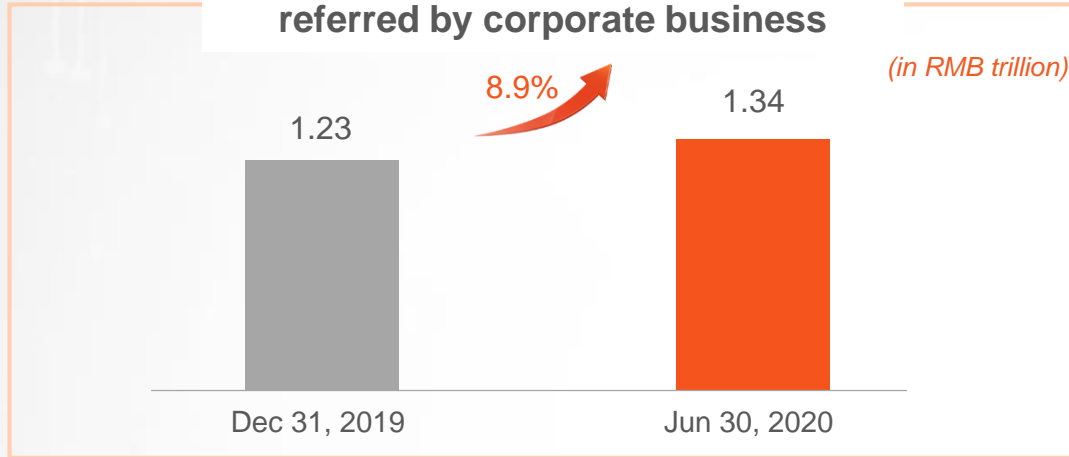
Online management platform and smart marketing platform



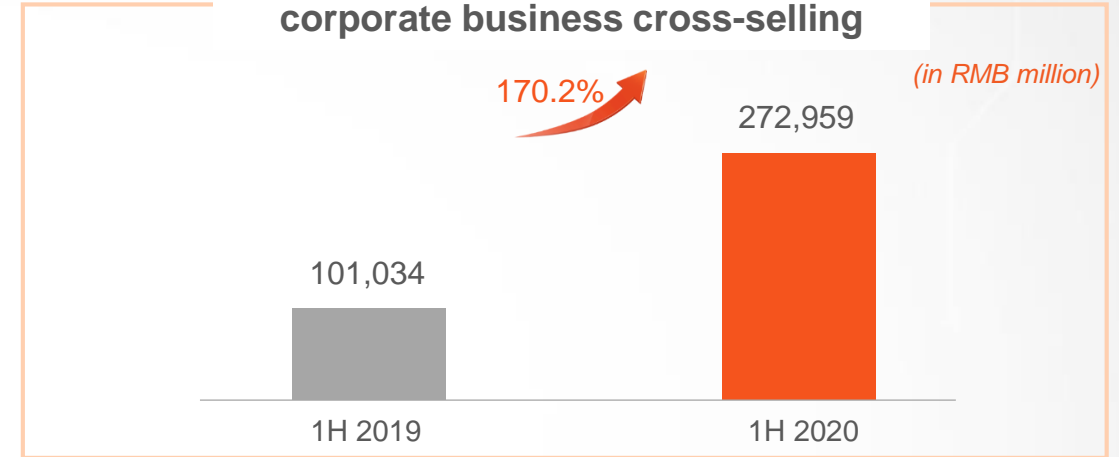
Databases of customers, products, channels, account managers, and experts

Achievements in corporate integrated financial business model

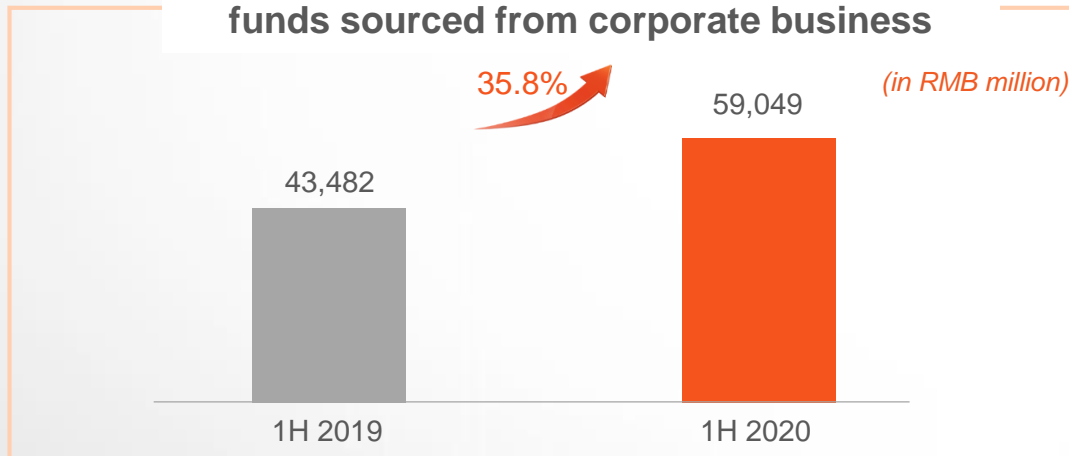
Outstanding balance of retail assets referred by corporate business



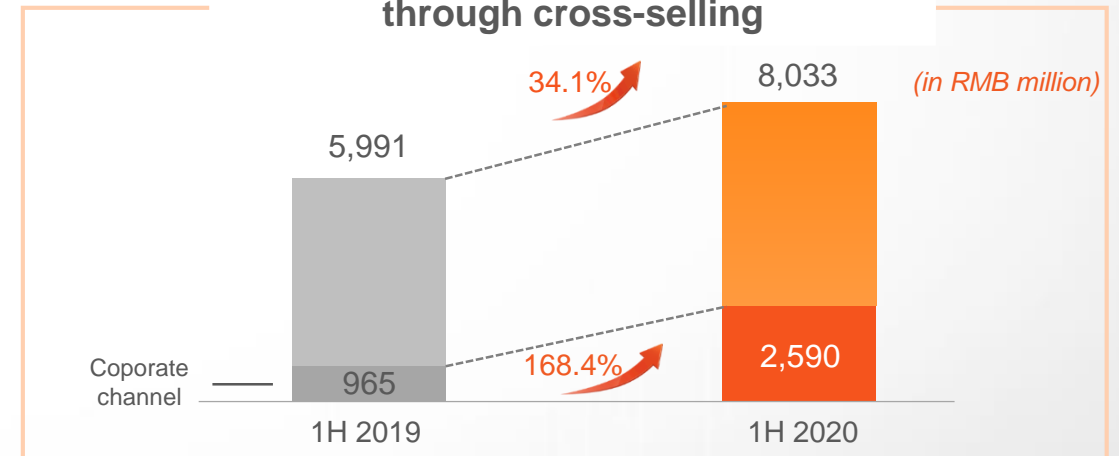
New financing scale achieved through corporate business cross-selling



Underlying assets invested by insurance funds sourced from corporate business



Corporate premiums achieved through cross-selling



- Notes: (1) 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.
 (2) 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.
 (3) Corporate premiums achieved through cross-selling refer to written premiums of insurance policies sold by the Group to corporate customers through cross-selling.
 (4) Written premium of the corporate channel refers to the written premium of the integrated financial business less that of the life insurance channel.

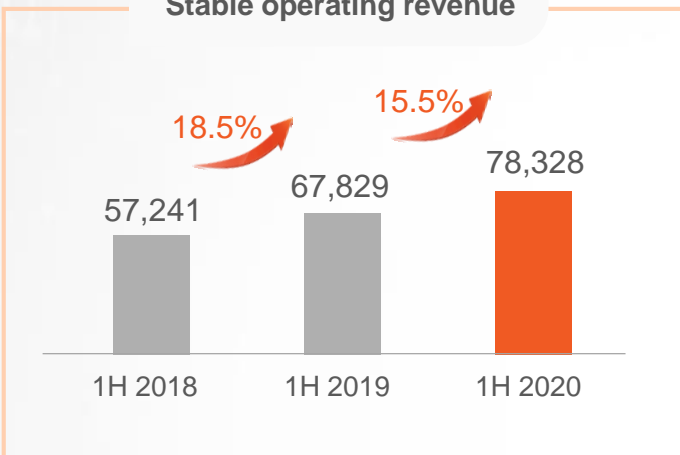


2. Banking business

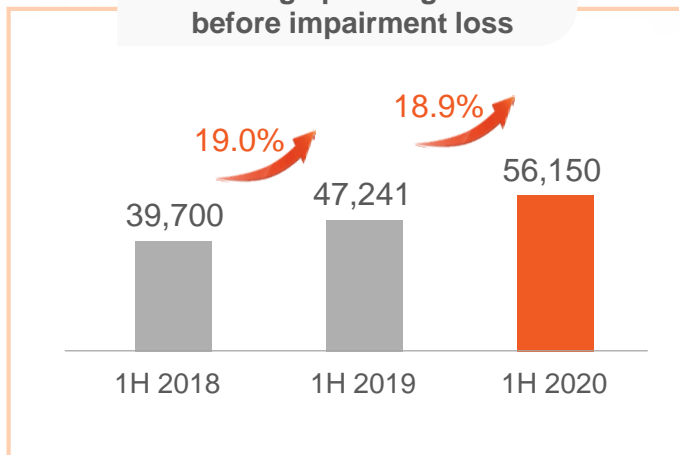
Ping An Bank maintained stable operations and supported the real economy amid COVID-19

(in RMB million)

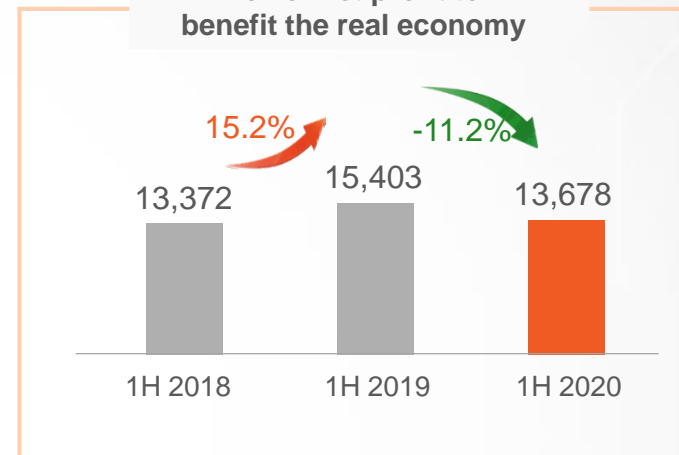
Stable operating revenue



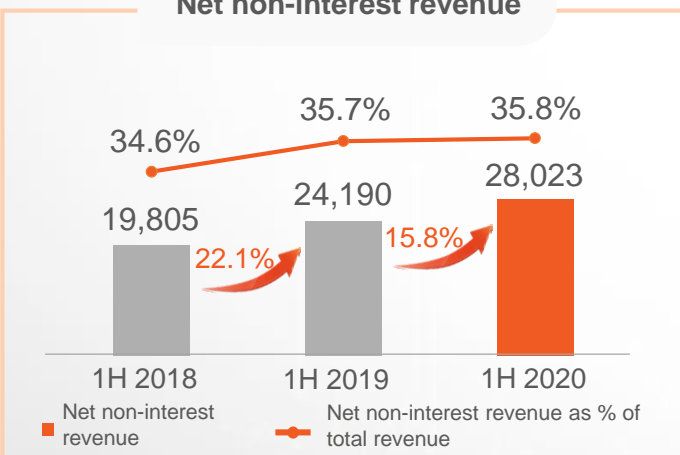
Increasing operating income before impairment loss



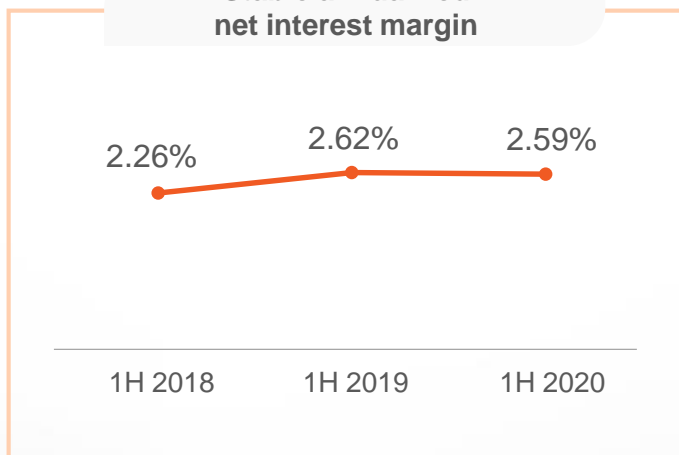
Lower net profit to benefit the real economy



Net non-interest revenue



Stable annualized net interest margin

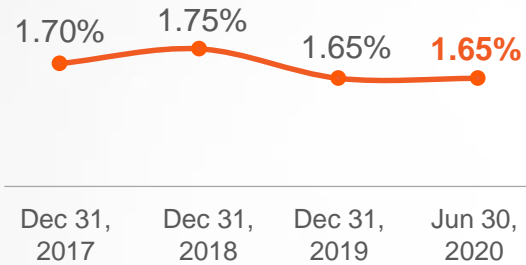


Declining average cost rate of liabilities

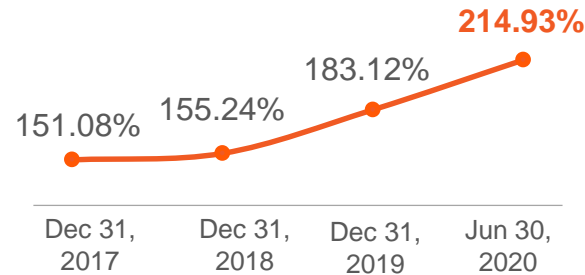


Continued de-risking and strengthened risk provision

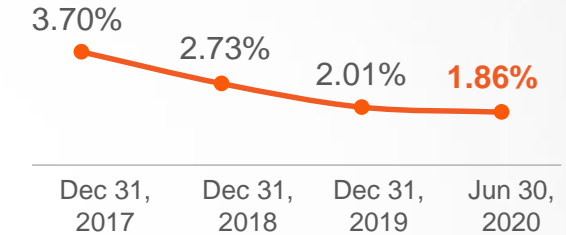
Stable NPL ratio



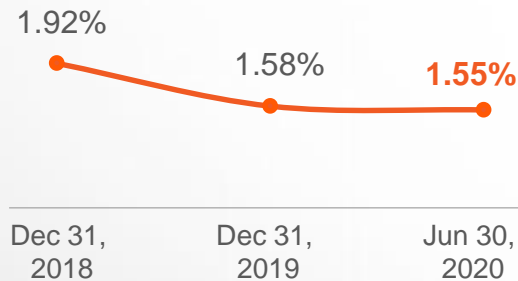
Increasing provision coverage ratio for NPLs



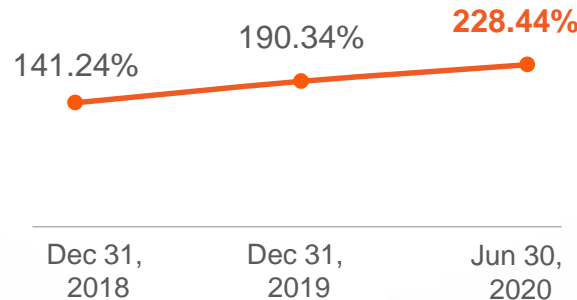
Decreasing percentage of SMLs



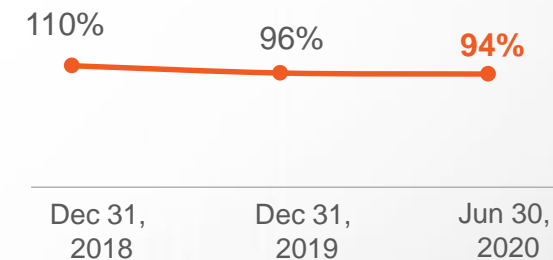
Decreasing percentage of loans 60+ days overdue



Increasing provision coverage ratio for loans 60+ days overdue



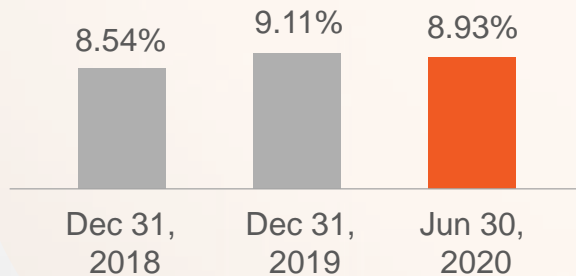
Deviation of loans 60+ days overdue below 1



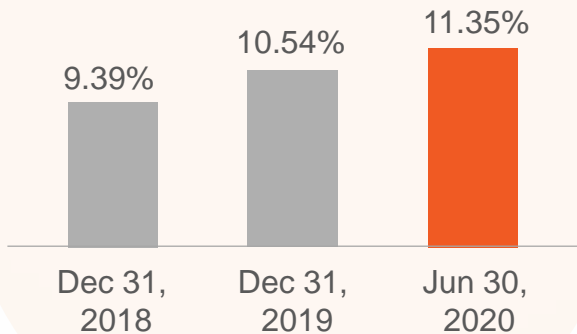
Capital adequacy ratios above regulatory requirements

- Ping An Bank got approval in 2019 to issue **RMB50 billion** worth of undated capital bonds (“perpetual bonds”)
- Ping An Bank issued the first tranche of the undated capital bonds worth **RMB20 billion** in Dec 2019
- Ping An Bank issued the remaining **RMB30 billion** worth of undated capital bonds in the Interbank Bond Market in Feb 2020

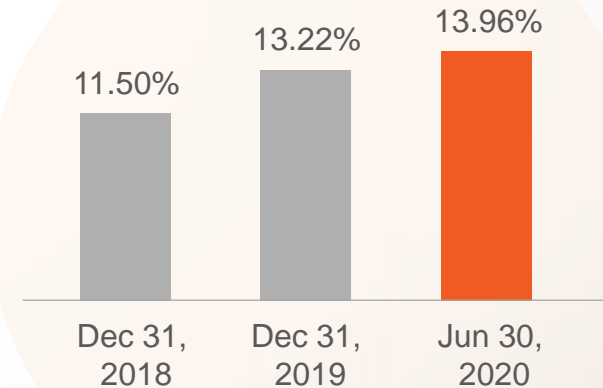
Core tier 1 capital adequacy ratio



Tier 1 capital adequacy ratio



Capital adequacy ratio



Upgraded 3-year plan to build a more robust, sustainable asset-liability structure

Adhere to the retail transformation strategy, and pursue technological empowerment, breakthroughs in retail banking, and enhancement of corporate banking

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

Technological empowerment



Breakthroughs in retail banking



Enhancement of corporate banking

Define new positioning for the transformation stage under the Group's "finance + ecosystem" strategy



A digital bank



An ecosystem



A platform

Each business line leverages ecosystems and technologies to optimize the asset-liability structures for more robust, sustainable development

Retail business

Four strategies: data-driven operations, online operations, comprehensive services, and ecosystem-based development

- We maximize customer value, improve customer experience, cut operating costs, and reduce asset risks
- We serve people's livelihoods, support consumption, and strictly contain risks

Corporate business

Five trump cards: new supply chain finance, bills, a uniform customer development platform, sophisticated investment and financing, and ecosystem-based cross-selling

- We acquire customers through platforms
- We gain differentiated competitiveness in "commercial banking + investment banking + investment"
- We support the real economy and small and micro-businesses, and follow the national policies of "ensuring stability in employment, financial markets, foreign trade, foreign investment, domestic investment, and expectations" and "ensuring job security, basic livelihoods, operations of market entities, food and energy security, stable industry and supply chains, and the normal functioning of primary-level governments"

Interbank business

Three directions: new transactions, new interbank business, and new asset management business

- We launch FICC products to empower small and medium-sized banks as well as corporate customers
- We conduct precise peer profiling, and build the best sales and transaction teams in the industry

Retail banking: stable business development and upgraded retail transformation

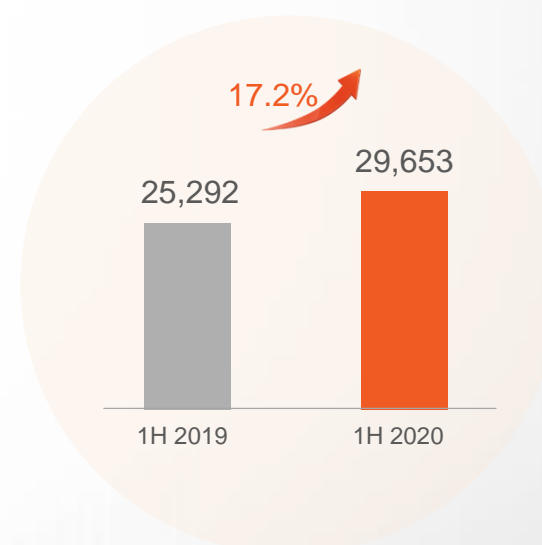
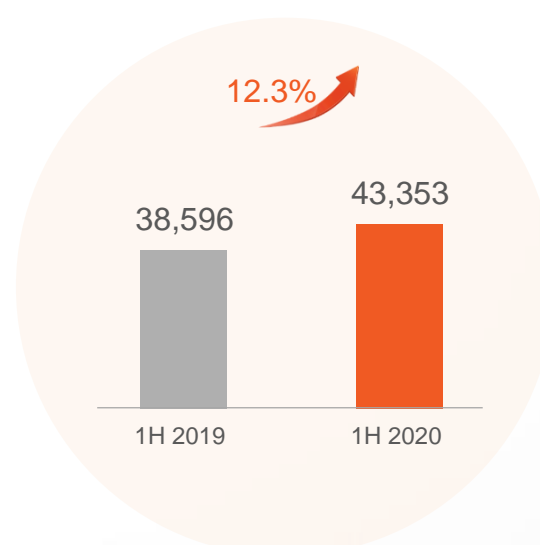
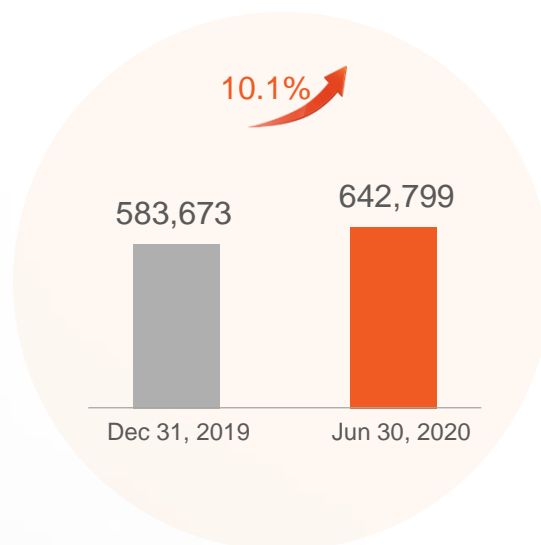
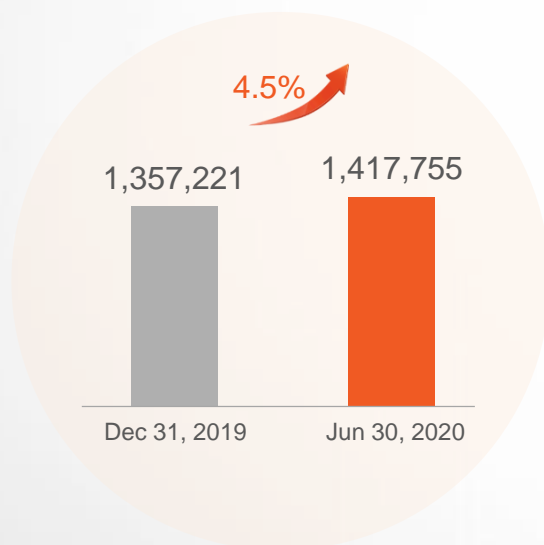
(in RMB million)

Retail loans
up 4.5% YTD

Retail deposits
up 10.1% YTD

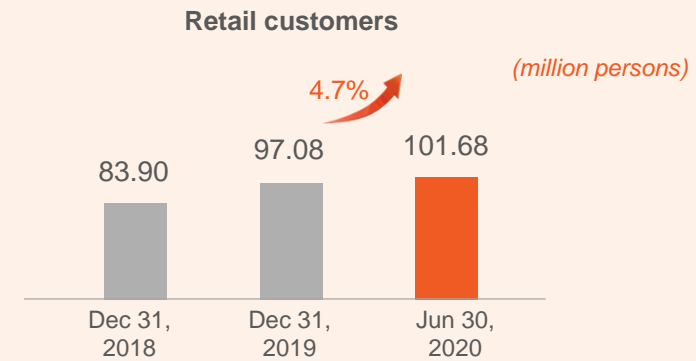
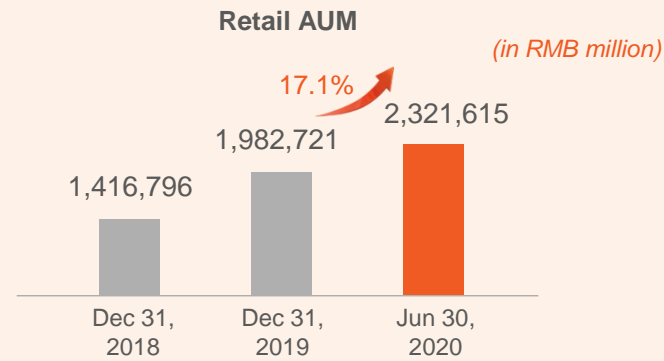
Retail banking revenue
up 12.3% YoY

Retail operating income
before impairment loss
up 17.2% YoY

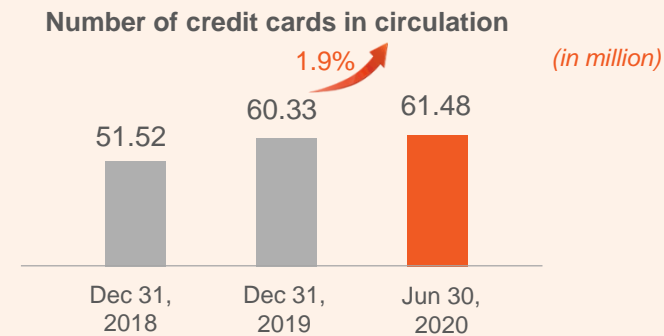


Retail banking: 3 business lines remain robust despite COVID-19

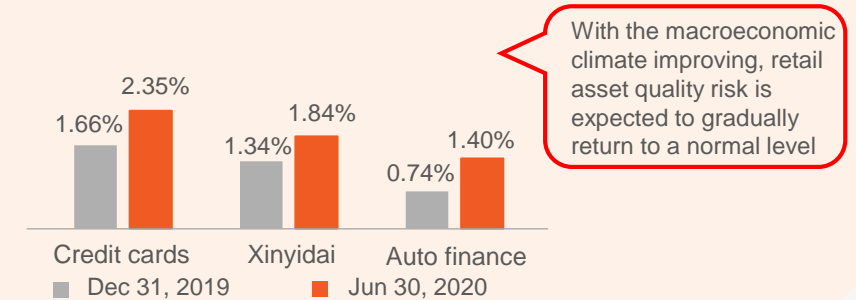
Maintaining the edge in basic retail banking



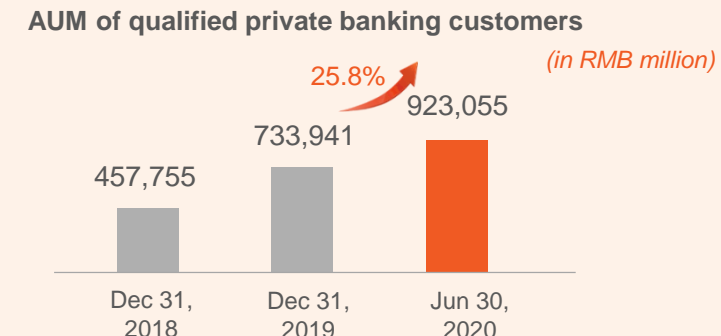
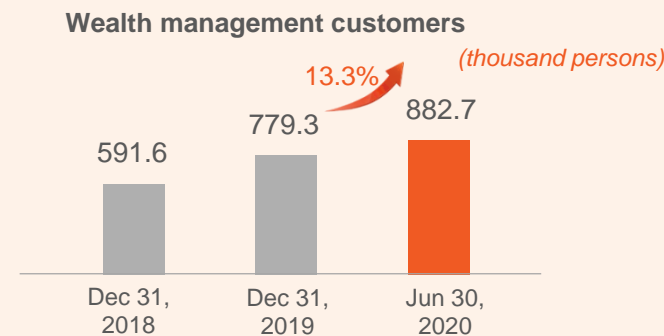
Keeping risks in consumer finance under control



A rise in retail NPL ratio amid COVID-19



Rapid growth of private banking and wealth management



Retail business: continuous productivity improvement and cost reduction



Productivity

- Average retail AUM-based revenue per outlet **up 45.1%** YoY
- Monthly average number of customers served by AI account managers **up 365.1%** from the average in 2019
- By upgrading the customer journey platform, we boosted the conversion rates of customers purchasing wealth management products including “Tiantian Chengzhang C” by **60%**
- AI-enabled video-based telemarketing robots replaced video-based telemarketing representatives, reducing customers’ waiting time from ten minutes to **zero**

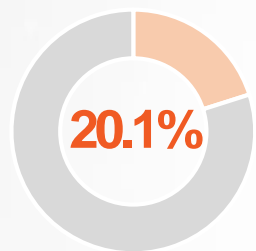
Operating costs



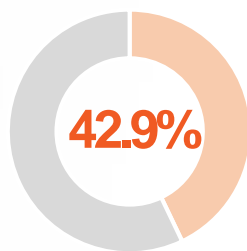
- We **cut** outlet operations and administrative expenses
- We encouraged business lines to increase the proportion of businesses processed online to **save the costs of external customer acquisition or manual operations**
- Retail cost-to-income ratio **down by 3.3 pps YoY**
- The credit card smart speech platform made nearly 12 million outbound calls per month, **equivalent to the workloads of about 3,000 telemarketing representatives**

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

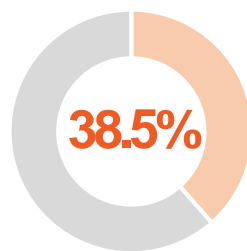
Strong synergies: cross-selling from PAG



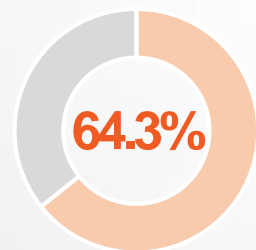
Net increase in retail customers (Excl. credit cards)



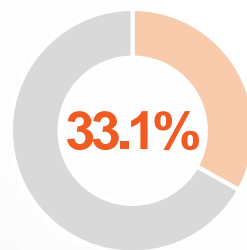
Net increase in retail wealth management customers



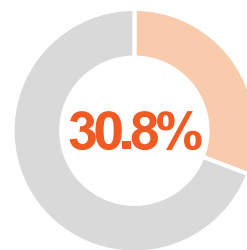
New retail AUM



Xinyidai loans granted



Auto loans granted



Newly-issued credit cards

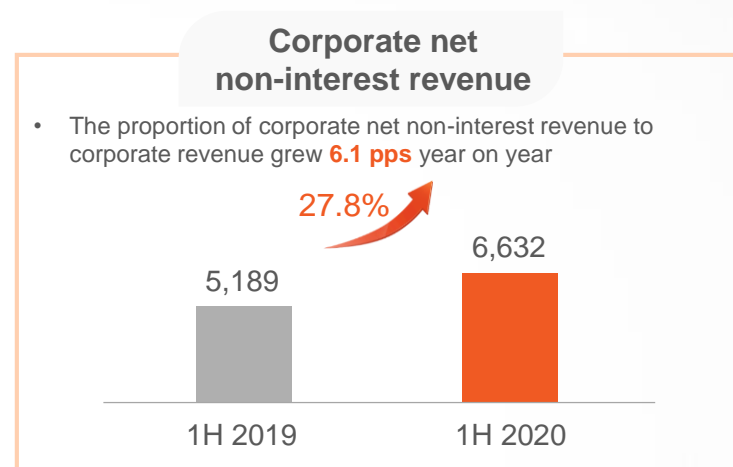
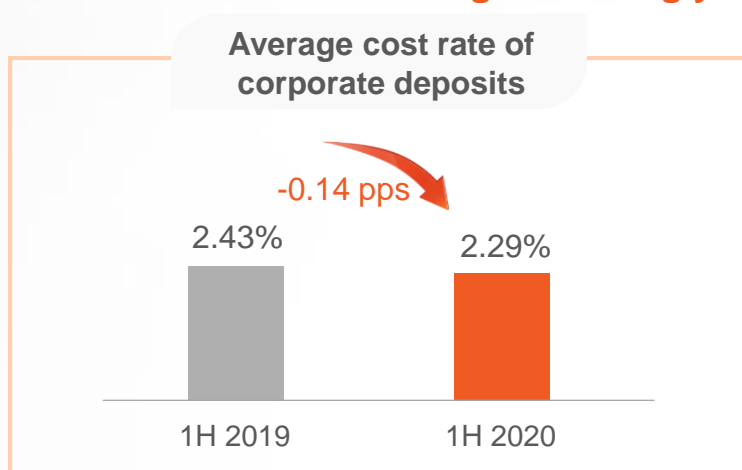
Customers referred by the cross-selling channel have better asset quality than other customers

(%)	Overall non-performing loan ratio	Cross-selling channel's non-performing loan ratio
Credit card receivables	2.35	2.13
Xinyidai unsecured loans	1.84	1.10
Auto loans	1.40	1.89

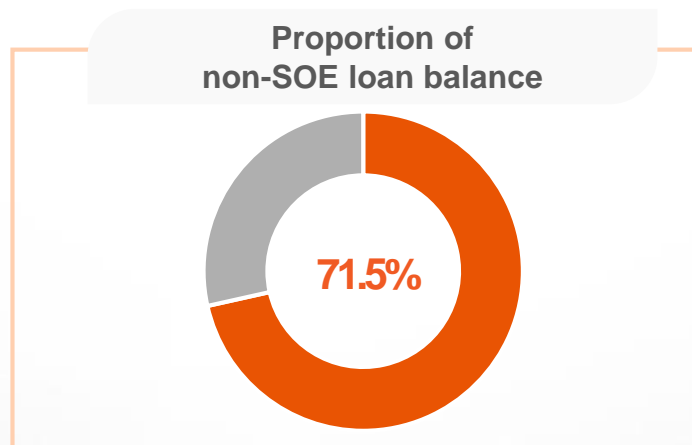
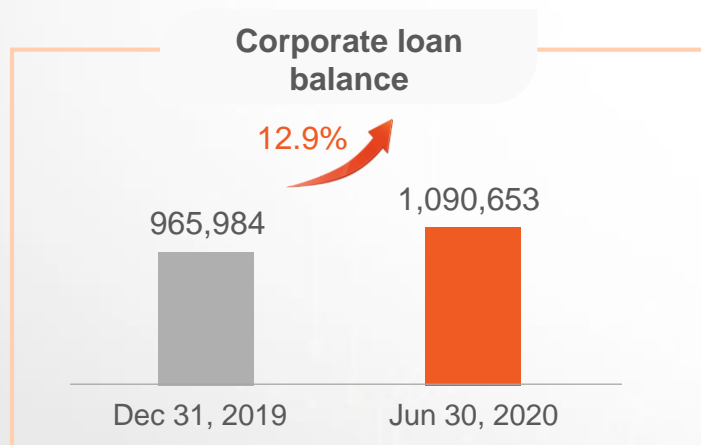
Note: In respect of auto loans, the Group's cross-selling channel had a non-performing loan ratio of 1.89%, higher than the overall non-performing loan ratio mainly because the cross-selling channel had a high proportion of auto mortgages. Moreover, the non-performing loan ratio of the cross-selling channel's auto mortgages was 0.95 pps lower than that of the other customer segments' auto mortgages.

Corporate banking: steadily growing business and reduced the cost rate of liabilities

- We reduced the cost rate of liabilities by proactively controlling long-term, high-cost liabilities. Corporate net non-interest revenue grew strongly.



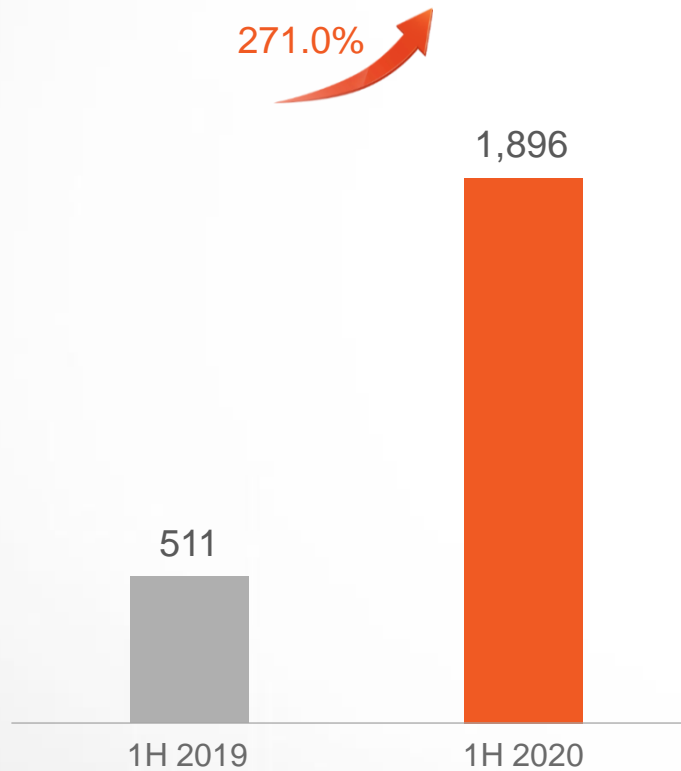
- We vigorously serve the real economy by supporting non-state-owned enterprises and small and micro-businesses



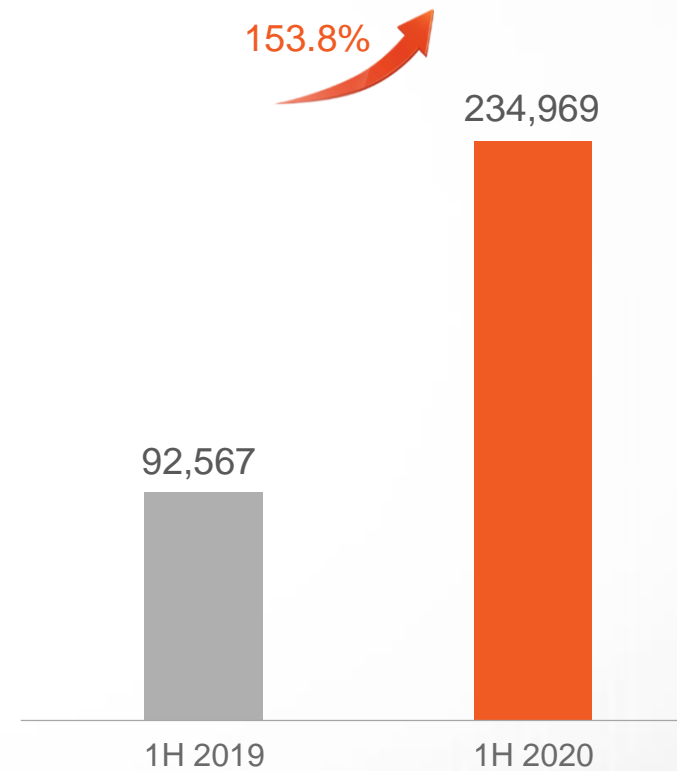
Corporate business: advantageous “1+N” integrated financial business model

(in RMB million)

Premium referred by Ping An Bank



Investment and financing projects implemented by Ping An Bank in cooperation with the Group's member companies



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

New transactions



New interbank business



New asset management business



Net revenue from the interbank trading business

RMB4,634 million

ET-Bank's customers

2,258

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

RMB403 billion

+56.7% YTD

Ranking in terms of derivatives market making

Maintaining market leadership

Interbank institutional sales volume

RMB401 billion

+72.5% YoY

NAV-type products as % of the balance of non-capital protected wealth management products

60.6% Industry leading

A wealth management subsidiary

Approved for opening

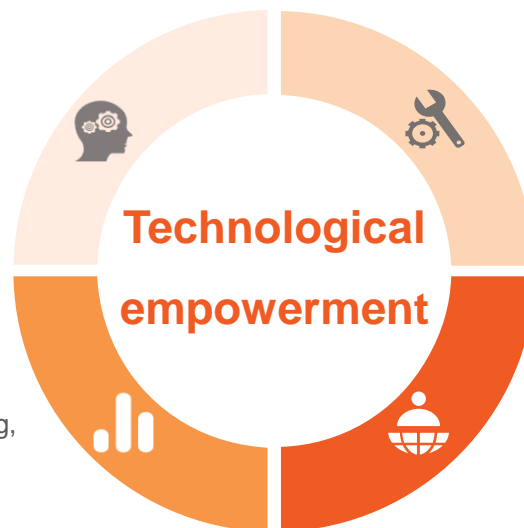
Technology-powered banking business

Empowering business with technologies

- In the first half of 2020, business development requirements addressed by technology teams increased by **over 30%** year on year.
- Ping An Bank continued to upgrade and transform important business systems, including the new core system for credit cards, Ping An Good Chain, ET-Bank, Intelligent Finance, and an Intelligent Risk Control.

Accelerating the digital transformation

- **AI platforms:** Ping An Bank built a one-stop machine learning platform to automate the entire process from modeling to releasing, with **600+ models** having gone live.
- **Data governance:** Ping An Bank developed **600+** basic data standards and **nearly 500** indicator standards in the first half of 2020.
- **Online operations:** Ping An Bank launched **3,000+** marketing campaigns through the smart online operations platform “AI Kuaizhan,” attracting **over 640 million** views and facilitating **over 7 million** wealth management transaction orders.



Establishing leading technology infrastructure platforms

- By building cutting-edge infrastructure and platforms, Ping An Bank had moved **over 40%** of its applications onto the cloud.
- Ping An Bank applied technological framework and tools of the distributed Platform as a Service in **200+ projects**.
- Ping An Bank builds **Nebula-IoT**, an IoT-enabled smart middle-office platform, proactively applying it in scenarios including the Internet of Vehicles, the industrial internet, warehousing and logistics, smart manufacturing, and new retail.

Strengthening fintech innovation and application

- **AI Bank:** The credit card smart speech platform made **nearly 12 million** outbound calls per month, equivalent to the workloads of about **3,000** telemarketing representatives.
- **Big data:** The small enterprise credit model enabled fully automatic loan approval, **reducing** the average turnaround time for granting a loan from 7.8 days to **2.2 days**.
- **Blockchain:** Ping An Bank applied it to **over 490,000** transactions in the first half of 2020, covering businesses including supply chain finance, cloud-based contract signing and certificate storage.

Ping An Bank's IT staff (including outsourced staff) increased by **more than 13%** from the beginning of 2020. IT capital expenditure and expenses grew by **24.8%** year on year.

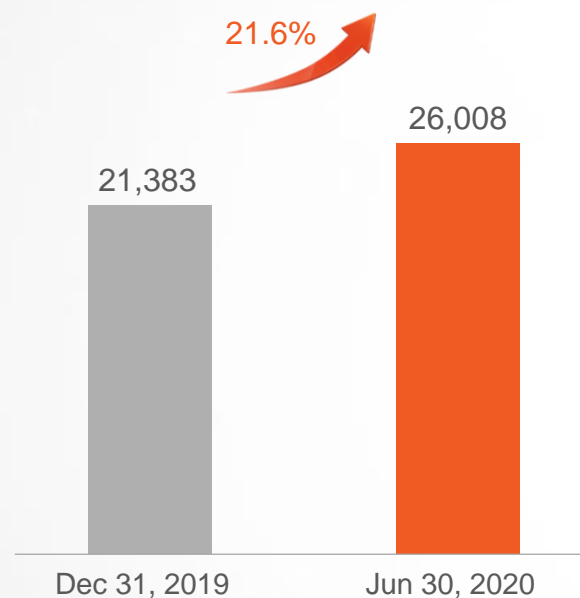
Technology Business

Jessica Tan
Co-CEO

Summary of technology business for 1H 2020

Leading technologies

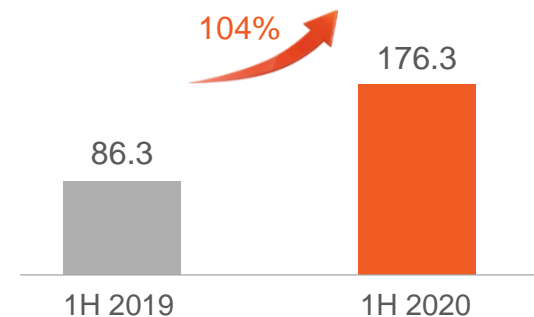
Patent applications



- **Global leader:** Ping An ranked **2nd** globally by healthtech patent applications, and **1st** globally by fintech patent applications for **2** consecutive years
- **Patent quality:** **nearly 96%** of the patent applications filed by Ping An were for inventions
- **PCT:** Ping An filed **6,307** patent applications in total under **PCT**, ranking **8th** in the world

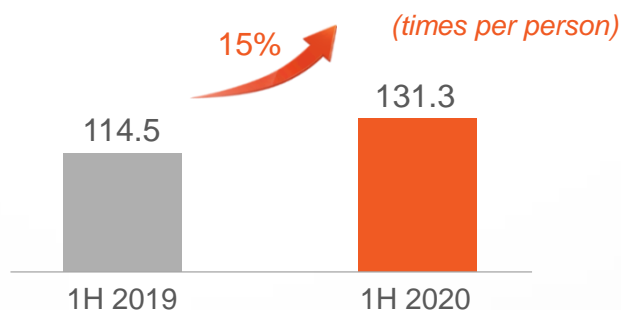
Empowering main businesses

Revenue increase: AI-driven product sales⁽¹⁾ (in RMB billion)



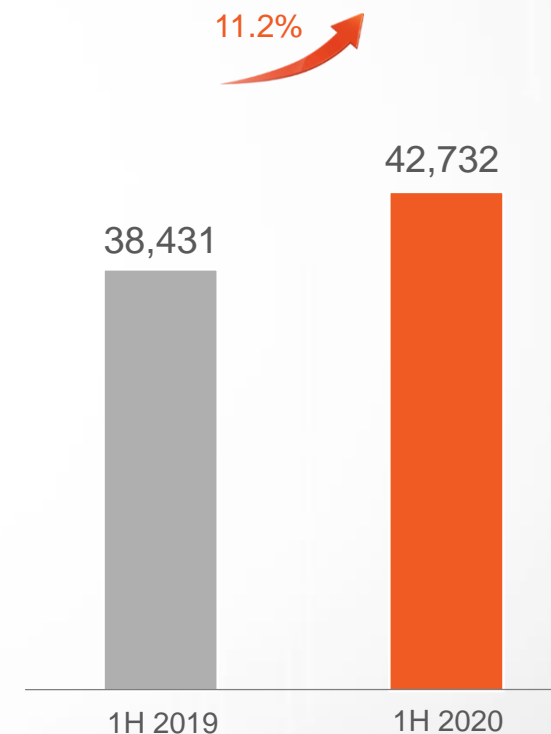
- **RMB105.9 billion** in product sales driven by AI in service processes, representing **57.9%** of the total sales from platform synergies.

Efficiency improvement: average daily productivity of service representatives (times per person)



Empowering ecosystems

Total revenue of the technology business⁽²⁾ (in RMB million)



Notes: (1) AI-driven product sales include AI-driven service sales, KYD and Puhui's AI-driven telemarketing.

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

Technological R&D: Ping An won multiple international honors in AI, healthtech and other fields

AI: smart understanding (NLP)

Winning the first place in two top competitions at the same time

GLUE and SQuAD language understanding



- **SQuAD2.0**: an accuracy rate of **90.4%**, **defeated the human** performance (86.8%)
- **GLUE**: an accuracy rate of **90.6%**, **0.2 pps** higher than the second place (the total score in 11 sub-tasks)

Smart robots (Gamma Voice)

- **Coverage**: **2,000+** scenarios
- **Services**: the robots provided services **860 million** times in 1H, up **82%** year on year, representing **82%** of the customer service workloads

AI: smart retrieval (OCR)

Organized by Conference on Computer Vision and Pattern Recognition (CVPR)

CVPR Document Visual Question Answering



- **Open question answering**: an accuracy rate of **84.8%**, **8 pps** higher than the second place
- **Document retrieval**: an accuracy rate of **80.9%**, **2 pps** higher than the second place

Smart reading: supporting the recognition of multiple languages including simplified Chinese, traditional Chinese and English

- **Service**: provided services **100,000+** times
- **Cost cut**: saved existing clients **90%** of time for data entry and **75%** of labor cost under the same task conditions

Healthtech: disease diagnosis and treatment

Actively published medical papers in various authoritative journals

Published in medical journals including *The Lancet* and *Nature*



- **AI-based disease prediction**: A paper on **ICU sepsis prediction** was published in *Critical Care Medicine*, a top international journal
- **AI-based Imaging**: A paper on **endoscopic image quality** was published in *Scientific Reports*, a sub-journal of *Nature*
- **AI-based treatment of chronic disease**: A paper on **treatment of kidney diseases** was published in *EbioMedicine*, a sub-journal of *The Lancet*

AskBob for the national healthcare system, doctors, imaging, and chronic disease management

- **Coverage**: **17,000+** medical institutions
- **Services**: providing services for about **413,000** doctors and **2 million+** patients with chronic diseases, with AI-based Imaging being used **nearly 50 million** times

Note: The titles of the three medical papers are: 1) *A Time-Phased Machine Learning Model for Real-time Prediction of Sepsis in Critical Care*; 2) *An Objective Comparison of Detection and Segmentation Algorithms for Artefacts in Clinical Endoscopy*; and 3) *Identification and External Validation of IgA Nephropathy Patients Benefiting from Immunosuppression Therapy*.

Technological empowerment of main businesses to cut costs, reduce risks, and boost efficiency

Cut costs



Smart robots (Gamma Voice)

- **Coverage:** 2,000+ scenarios
- **Services:** the robots provided services 860 million times, up 82% year on year, representing 82% of the customer service workloads



Smart P&C insurance processing

- **Self-service claims:** we processed 2.49 million end-to-end online family auto insurance claims; such claims accounted for 82.6% of total family auto insurance claims in June
- **Process optimization:** 99.3% of policy services were processed online, and 99.8% were paperless

Reduce risks



Corporate risk warnings

- **Early warning and risk prevention we gave:** 3,000+ warnings, with an accuracy rate of 92%+
- **Risk control:** a total risk exposure of nearly RMB40 billion



Smart collection (retail)

- **AI-powered collection per month:** RMB290 billion (89.7% in the M0 stage and 10.3% in the M1 stage).
- **The balance of loans under management per capita:** RMB62 million (up 15% YTD)

Boost efficiency



AI-based sales agent empowerment

- **Smart customer-visit assistant:** 7.72 million times
- **AI Training:** 7.55 million times, being endorsed by 99% of the agents
- **Online customer services:** customer services totaled 110 million times, 99.8% of which were online

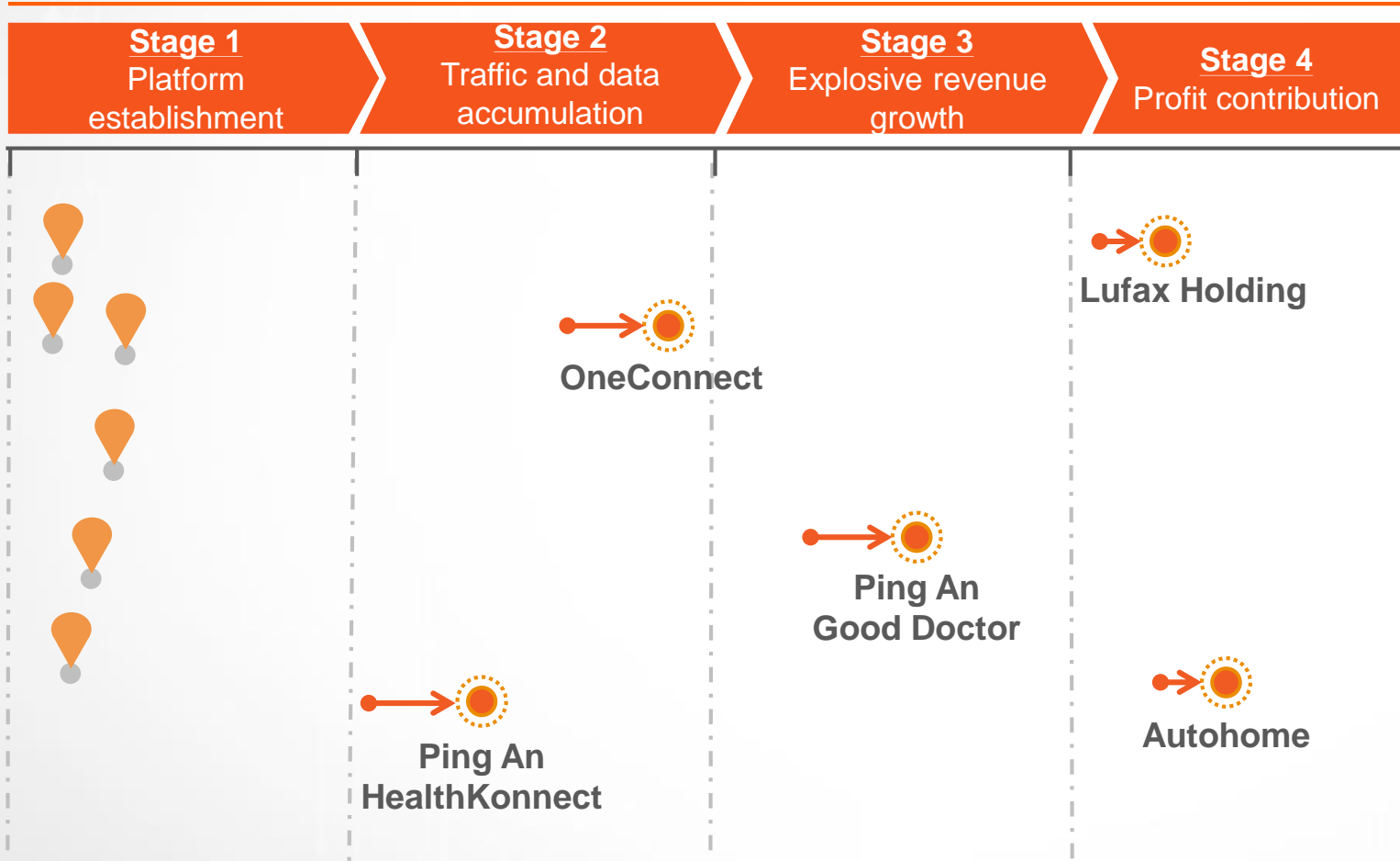


AI retail banking

- **AI credit card approval:** 4.1753 million new credit cards were issued in 1H, nearly 90% of which were automatically approved by AI
- **AI customer services:** unmanned customer services accounted for 88.5% of AI-processed customer service workloads (+2.4 pps YTD)

Aggregate market cap of listed technology companies rose by 52.9% YTD

Four stages of incubation of technology companies⁽¹⁾

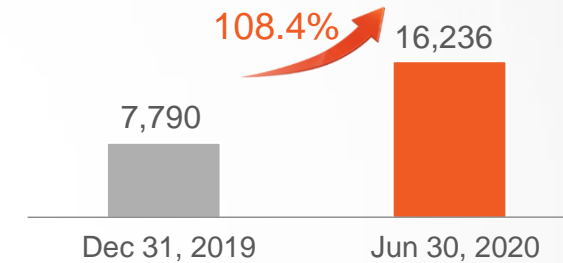


Note: The above four stages are classified by the Company on the basis of business operations.

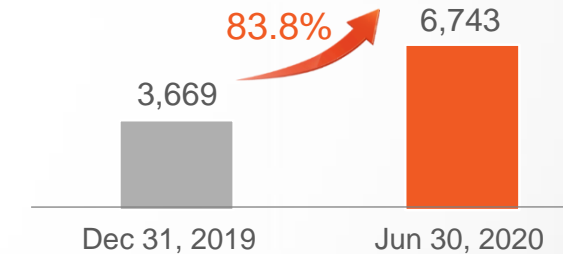
Market cap of listed technology companies rose markedly

(in USD million)

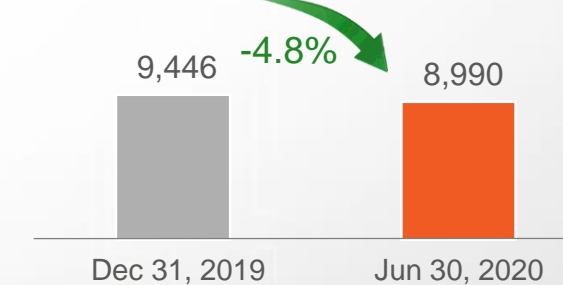
Ping An Good Doctor



OneConnect



Autohome



Lufax Holding: a leading technology-empowered personal financial services platform in China

Customer metrics



Wealth management registered investors

44.65 million
+ 4.5% YoY



Active investors

12.78 million
+ 10.4% YoY



Accumulated borrowers

13.43 million
+ 19.5% YoY

Business metrics

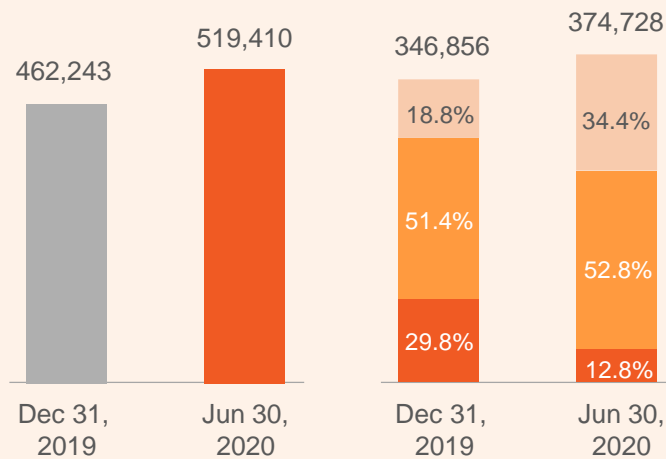
(in RMB million)

Balance of loans under management

+12.4%
YTD

Client assets

+8.0%
YTD



■ Peer-to-peer⁽¹⁾ ■ Standard products⁽²⁾ ■ B-end cooperation⁽³⁾

Other key metrics



Investors

Wealth management
Proportion of client assets (from customers with assets of over RMB300,000)

> 75%



Partner institutions

Retail credit facilitation

58

Wealth management

>400



Overdue ratio

Retail credit facilitation

Ratio of loans more than 30 days overdue⁽⁴⁾

2.9%

+0.7 pps YoY

Expected to improve gradually in 2H 2020 as the economy returns to normal after the epidemic

Notes: (1) Peer-to-peer client assets were significantly affected due to the regulatory requirements for decreases in the business scale, lenders and borrowers, and outlets.

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

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

(4) 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 platform for financial institutions, delivered fast revenue growth

Customer metrics



630

Banks

—Major banks **18**
covering **100%**

—City commercial banks **132**
covering **99%**



100

Insurance companies

—Life insurance companies **40**
covering **45%**

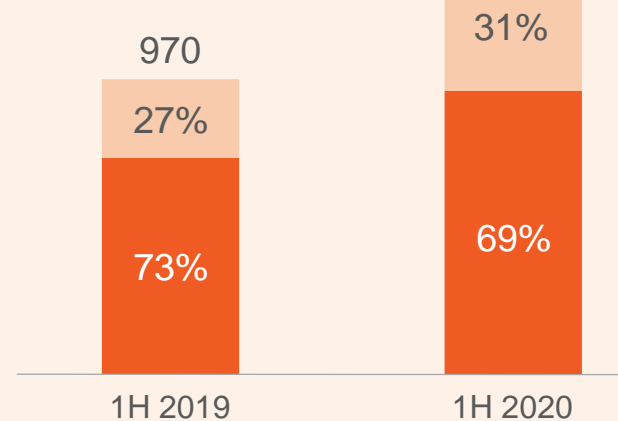
—Property & casualty insurance companies **52**
covering **60%**

Financial metrics

(in RMB million)

Revenue

+39.7%
YoY



■ Volume-based revenue⁽¹⁾ ■ Others⁽¹⁾

Business metrics



Transaction volume of retail and SME loans **RMB47.4 bn**

AUM

Claims processed via Smart Quick Claim **2.44 mn**
+25.4% YoY



Countries and regions covered **15**
+1 YTD

Overseas

Partner institutions **50+**



Patent applications **4,327**

Technological innovation

Number of awards won by Gamma Lab **13**

Notes: (1) Volume-based revenue includes revenue from business origination services, risk management services and operational support services. Others include implementation revenue, post-implementation support services and others.

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

Operational metrics



Registered users

346 million
+9.8% YTD



Average daily consultations

831.2 thousand
+26.7% YoY



MAU
in June 2020

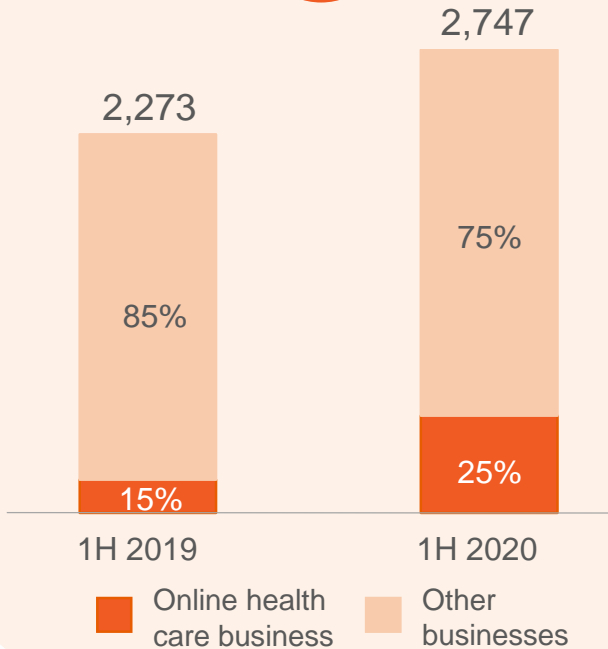
67.27 million
+7.3% YoY

Financial metrics

(in RMB million)

Revenue

+20.9%
YoY



External cooperation and technology application



Doctors

In-house full-time medical staff members

1,800+
+over 400 YTD



Partner hospitals

Partner hospitals

3,700+
+nearly 400 YTD

Tier 3 hospitals

nearly **2,000**



Partner pharmacies

Partner pharmacies

111,000+
+over 17,000 YTD



Offline health care service network

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

53,000+

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

Customer metrics

(in million)

Average daily active users on mobile devices⁽¹⁾

+1%
YoY

37.80

38.00

Jun 2019

Jun 2020

Financial metrics

(in RMB million)

Revenue

-1.6%
YoY

3,921

3,860

84%

78%

16%

22%

1H 2019

1H 2020

Revenue of online marketplace business Others

In 1H 2020, net profit⁽²⁾ **dropped 1.9%** YoY to **RMB1,527 million**.

Key metrics for new business



Automaker services

Data product customers

25



Dealer services

Data product customers

17,000+

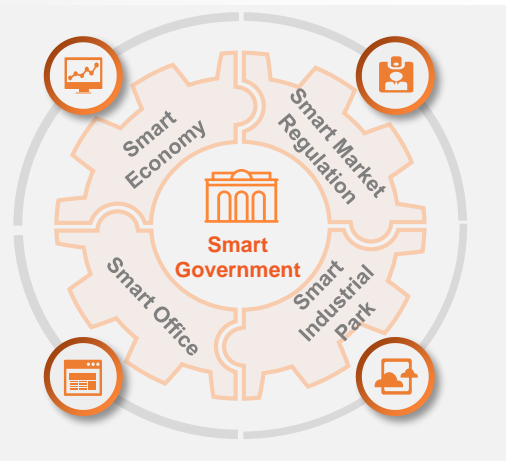
Notes: (1) The average daily active users on mobile devices include those on mobile webpages, apps and mini-programs.

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

Smart city: serving 118 cities, nearly 600,000 companies and over 87 million citizens

Smart Government

Furthering China's reforms to "delegate power, streamline administration and optimize government services"



- **Support for governments:** covered **25** cities, **52** commissions, offices and bureaus; enabled the video-based remote review for administrative licensing, shortening the review cycle of food business licensing from 7 days to **1 hour**
- **Support for enterprises:** assisted **300,000+** enterprises in work and production resumption and subsidy application in **10+ cities**

Smart Life

Combining the internet with government services, and creating a "city service brain"



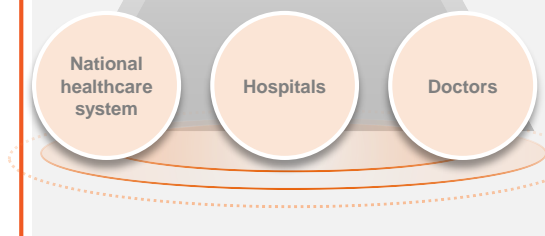
- **Cities:** helped governments of **17** cities to provide **5,000+** online services and **400** instant **24/7** AI-approved services
- **Citizens:** served **nearly 20 million** users, accessed **1.18 billion** times in total

Smart Health Care

Empowering the national healthcare system to develop a health care ecosystem

Smart Health Care

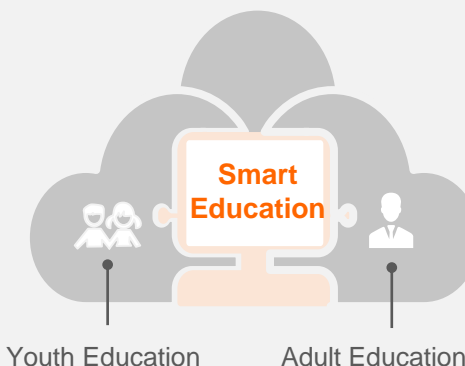
Managing patients, diseases, hospitals, doctors and medicines



- **AskBob for the national healthcare system:** served **17,000+** medical institutions in **90** cities
- **AskBob for doctors:** served about **413,000** doctors, with a peak of **81,000+** monthly active users
- **AskBob for imaging:** deployed at **nearly 600** institutions, served **nearly 50 million times**
- **AskBob for chronic disease management:** served **2 million+** patients through **over 500** hospitals

Smart Education

Using intelligence + data to enhance education quality and efficiency



- **Youth education:** served **6 million+** users, with courses broadcast **26 million+** times
- **Adult education:** served **61 million+** users, with courses broadcast **86 million** times

Q&A

Appendices: 1H 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
Net profit attributable to shareholders of the parent company	45,500	8,234	7,927	1,651	1,509	2,671	3,438	(2,247)	68,683
Net profit attributable to non-controlling interests	388	40	5,751	2	56	549	607	(108)	7,285
Net profit (A)	45,888	8,274	13,678	1,653	1,565	3,220	4,045	(2,355)	75,968
Excluding:									
Short-term investment variance (B)	(1,987)	-	-	-	-	-	-	-	(1,987)
Impact of discount rate change (C)	(3,660)	-	-	-	-	-	-	-	(3,660)
Impact of one-off material non-operating items (D)	-	-	-	-	-	-	-	-	-
Operating profit (E = A – B – C – D)	51,535	8,274	13,678	1,653	1,565	3,220	4,045	(2,355)	81,615
Operating profit attributable to shareholders of the parent company	51,127	8,234	7,927	1,651	1,509	2,671	3,438	(2,247)	74,310
Operating profit attributable to non-controlling interests	408	40	5,751	2	56	549	607	(108)	7,305

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

Appendices: 1H 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
Net profit attributable to shareholders of the parent company	70,322	11,837	8,934	1,871	1,199	3,913	2,802	(3,202)	97,676
Net profit attributable to non-controlling interests	707	58	6,469	3	53	489	472	(189)	8,062
Net profit (A)	71,029	11,895	15,403	1,874	1,252	4,402	3,274	(3,391)	105,738
Excluding:									
Short-term investment variance (B)	13,000	-	-	-	-	-	-	-	13,000
Impact of discount rate change (C)	999	-	-	-	-	-	-	-	999
Impact of one-off material non-operating items (D)	8,597	1,856	-	-	-	-	-	-	10,453
Operating profit (E = A – B – C – D)	48,433	10,039	15,403	1,874	1,252	4,402	3,274	(3,391)	81,286
Operating profit attributable to shareholders of the parent company	47,958	9,990	8,934	1,871	1,199	3,913	2,802	(3,202)	73,464
Operating profit attributable to non-controlling interests	475	49	6,469	3	53	489	472	(189)	7,822

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

Appendices: Life & Health earnings (Table B)

Profit Analysis

<i>(in RMB million)</i>	1H 2020	1H 2019	Notes
Release of residual margin	40,342	35,840	A
Return on net worth	6,261	5,216	
Spread income	2,791	1,628	
Operating variances and others	9,890	12,219	
Operating profit before tax	59,284	54,903	
Income tax	(7,749)	(6,470)	
Operating profit after tax	51,535	48,433	See Table A
Short-term investment variance	(1,987)	13,000	
Impact of discount rate change	(3,660)	999	
Impact of one-off material non-operating items	-	8,597	
Net profit	45,888	71,029	See Table A

Residual Margin

<i>(in RMB million)</i>	June 30, 2020	June 30, 2019	Notes
Opening residual margin	918,416	786,633	
Contribution from new business	59,354	87,318	
Expected interest growth	18,034	16,350	
Release of residual margin	(40,342)	(35,840)	A
Lapse variances and others	6,872	12,929	
Closing residual margin	962,333	867,390	

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

Appendices: P&C earnings (Table C)

<i>(in RMB million)</i>	1H 2020	1H 2019	Notes
Premium income	144,118	130,466	
Net earned premiums	122,339	111,611	B
Claim expenses	(73,366)	(66,045)	
Commission expenses of insurance operations	(21,613)	(19,002)	
Administrative expenses	(27,997)	(26,158)	
Reinsurance commission revenue	3,033	3,442	
Underwriting profit	2,396	3,848	D = B x (1-C)
Combined ratio (%)	98.1	96.6	C
Total investment income	8,406	9,366	E = F x G
Average investment assets	298,591	267,877	F
Total investment yield (unannualized, %)	2.8	3.5	G
Other net revenue and expenses	(565)	(511)	
Profit before tax	10,237	12,703	
Income tax	(1,963)	(808)	
Net profit (a)	8,274	11,895	See Table A
Impact of one-off material non-operating items (b)	-	1,856	
Operating profit (c = a – b)	8,274	10,039	See Table A

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

Appendices: Banking earnings (Table D)

<i>(in RMB million)</i>	1H 2020	1H 2019	Notes
Net interest revenue	50,305	43,639	H = I x J
Average balance of interest-earning assets	3,887,854	3,358,110	I
Net interest margin (unannualized, %)	1.29	1.30	J
Net non-interest revenue	28,023	24,190	
Revenue	78,328	67,829	K
General and administrative expenses	(21,380)	(19,981)	L = - (K x M)
Cost-to-income ratio (%)	27.30	29.46	M
Tax and surcharges	(798)	(607)	
Operating income before impairment loss	56,150	47,241	
Loan impairment loss	(32,302)	(23,597)	N = - (O x P)
Average balance of loans (including discounted bills)	2,429,534	2,042,092	O
Credit cost (unannualized, %)	1.33	1.16	P
Other expenses	(6,261)	(3,641)	
Profit before tax	17,587	20,003	
Income tax	(3,909)	(4,600)	
Net profit	13,678	15,403	See Table A

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

Appendices: Trust earnings (Table E)

(in RMB million)

	1H 2020	1H 2019	Notes
Fees and commission revenue	2,259	2,012	Q = R x S
Monthly average assets held in trust	435,772	516,154	R
Fee rate of assets held in trust (%)	0.52	0.39	S
Fees and commission expenses	(160)	(75)	
Net fees and commission revenue	2,099	1,937	
Administrative expenses	(513)	(430)	
Total investment income	293	683	
Other net revenue and expenses	262	197	
Profit before tax	2,141	2,387	
Income tax	(488)	(513)	
Net profit	1,653	1,874	See Table A

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

Appendices: Securities earnings (Table F)

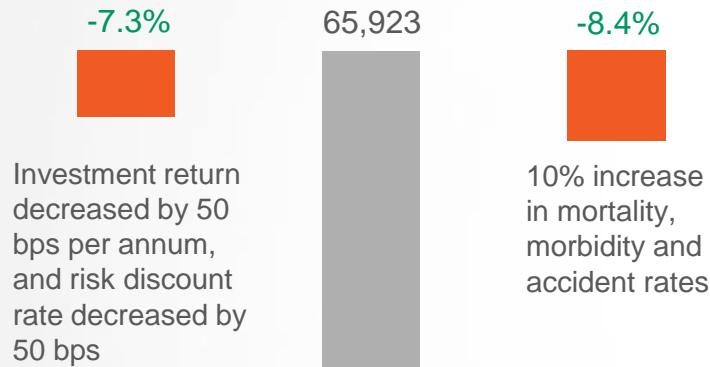
<i>(in RMB million)</i>	1H 2020	1H 2019	Notes
Fees and commission revenue	3,636	2,744	
Fees and commission expenses	(852)	(577)	
Net fees and commission revenue	2,784	2,167	
Total investment income	3,245	2,948	
Other revenue	2,545	2,335	
Revenue	8,574	7,450	T
Administrative expenses	(2,357)	(2,109)	U = - (T + W) x V
Cost-to-income ratio(%)	44.3	46.4	V
Finance costs	(1,005)	(895)	
Other expenses	(3,253)	(2,907)	W
Profit before tax	1,959	1,539	
Income tax	(394)	(287)	
Net profit	1,565	1,252	See Table A

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

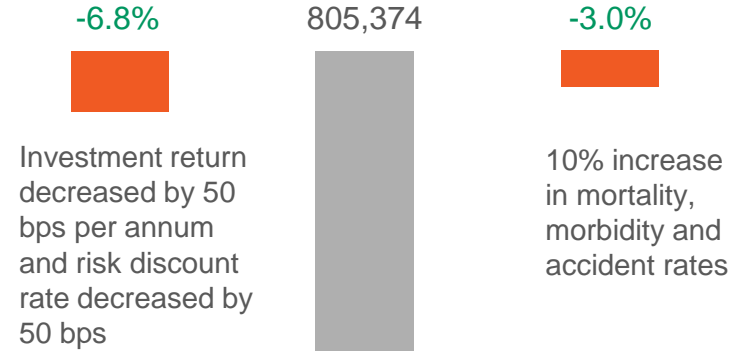
Appendices: NBV and EV exhibited low sensitivity to future investment return

(in RMB million)

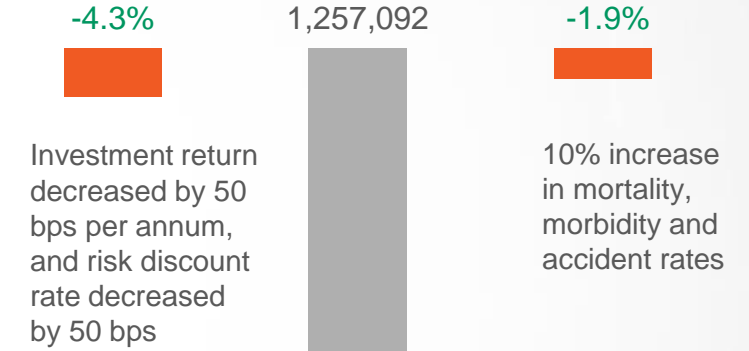
NBV of one year



Life & Health EV



Group EV



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.