

中国平安 PINGAN

金融 · 科技

2021 Interim Results

August 2021



Cautionary Statements Regarding Forward-Looking Statements

To the extent any statements made in this Report contain information that is not historical, these statements are essentially forward-looking. These forward-looking statements include but are not limited to projections, targets, estimates and business plans that the Company expects or anticipates 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

Performance Overview

Jason Yao
Co-CEO and CFO

Integrated Finance

Xie Yonglin
President and Co-CEO

Life Reform & Technology

Jessica Tan
Co-CEO

Performance Overview

Jason Yao
Co-CEO and CFO

1H 2021 Business Highlights

(RMB)

Operating profit⁽¹⁾

81,836 million

+10.1%

Interim dividend

0.88/share

+10.0%

**Operating ROE
(annualized)**

21.0%

-0.6 pps

Net profit⁽¹⁾

58,005 million

-15.5%

L&H EV

863,585 million

+4.7%

**L&H Operating ROEV
(annualized)**

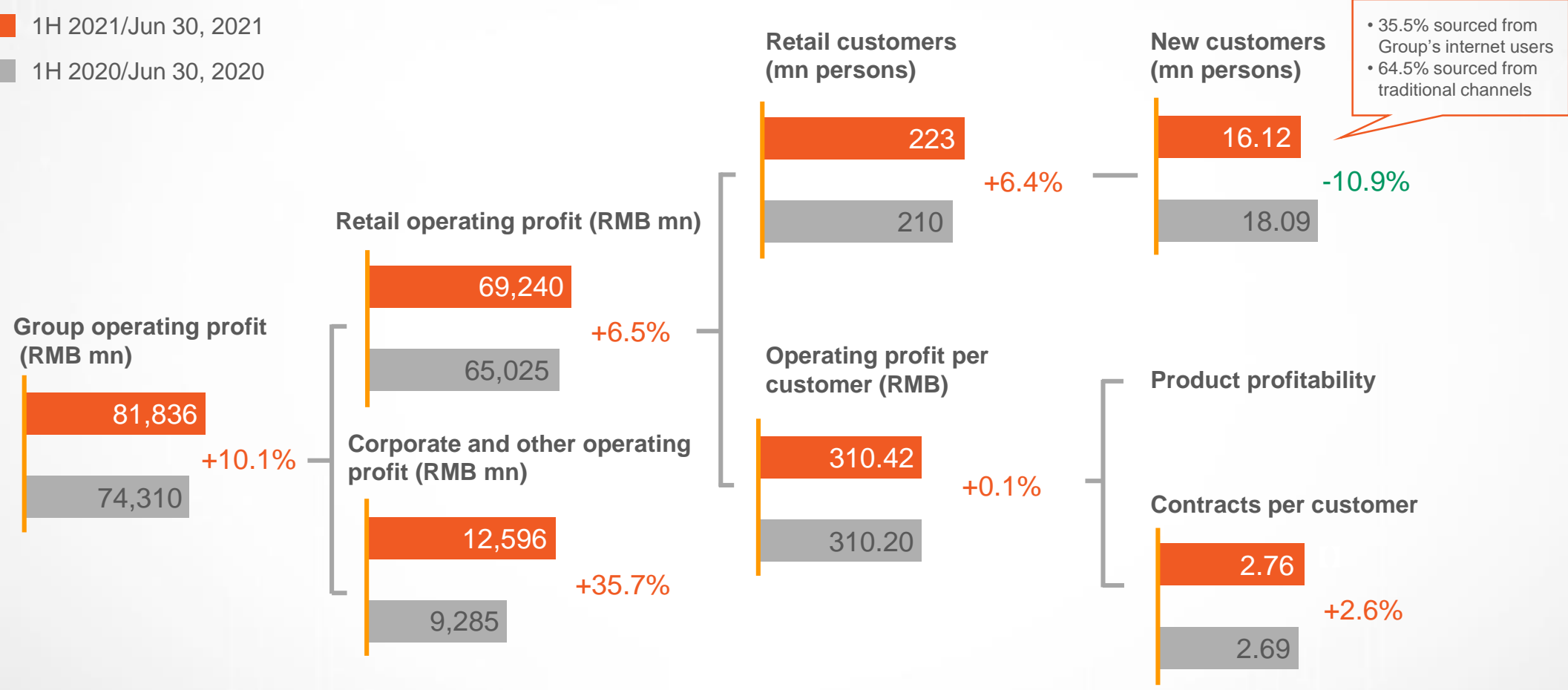
14.9%

-3.9 pps

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

OPAT growth drivers: 85% Retail vs 15% Corporate & Other

■ 1H 2021/Jun 30, 2021
 ■ 1H 2020/Jun 30, 2020



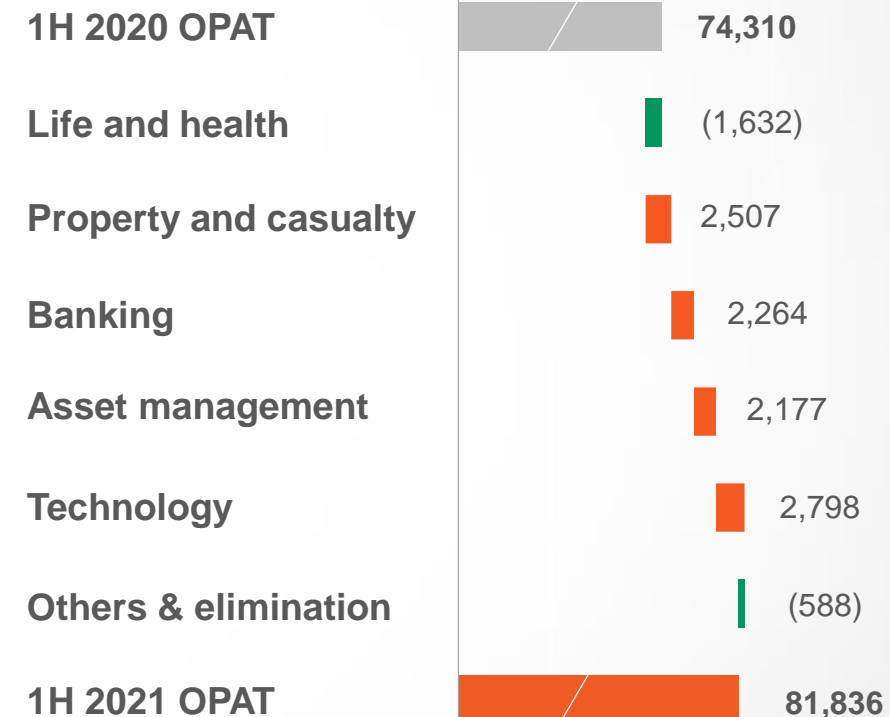
Notes: (1) Operating profit refers to the operating profit attributable to shareholders of the parent company.
 (2) Figures may not match the calculation due to rounding.

Group operating profit rose 10.1% YoY

(in RMB million)

	1H 2021	Proportion (%)	YoY Change (%)
Life and health	49,495	60.5	(3.2)
Property and casualty	10,741	13.1	30.4
Banking	10,191	12.5	28.6
Trust	1,253	1.5	(24.1)
Securities	1,677	2.0	11.1
Other asset management ⁽¹⁾	5,078	6.2	90.1
Technology ⁽²⁾	6,236	7.6	81.4
Others & elimination	(2,835)	(3.4)	26.2
The Group	81,836	100.0	10.1

Operating profit growth drivers



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

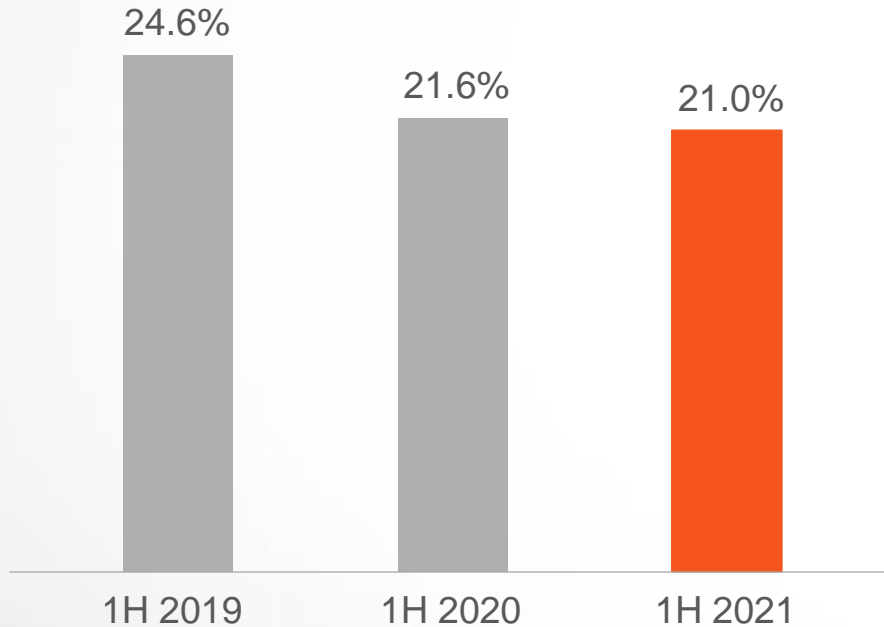
(2) The technology business represents the results of subsidiaries, associates and jointly controlled entities that engage in technology business including Autohome, Lufax Holding, OneConnect, Ping An Good Doctor, and Ping An HealthKonnnect.

(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 21.0% annualized operating ROE in 1H 2021

Annualized operating ROE



Annualized operating ROE by segment

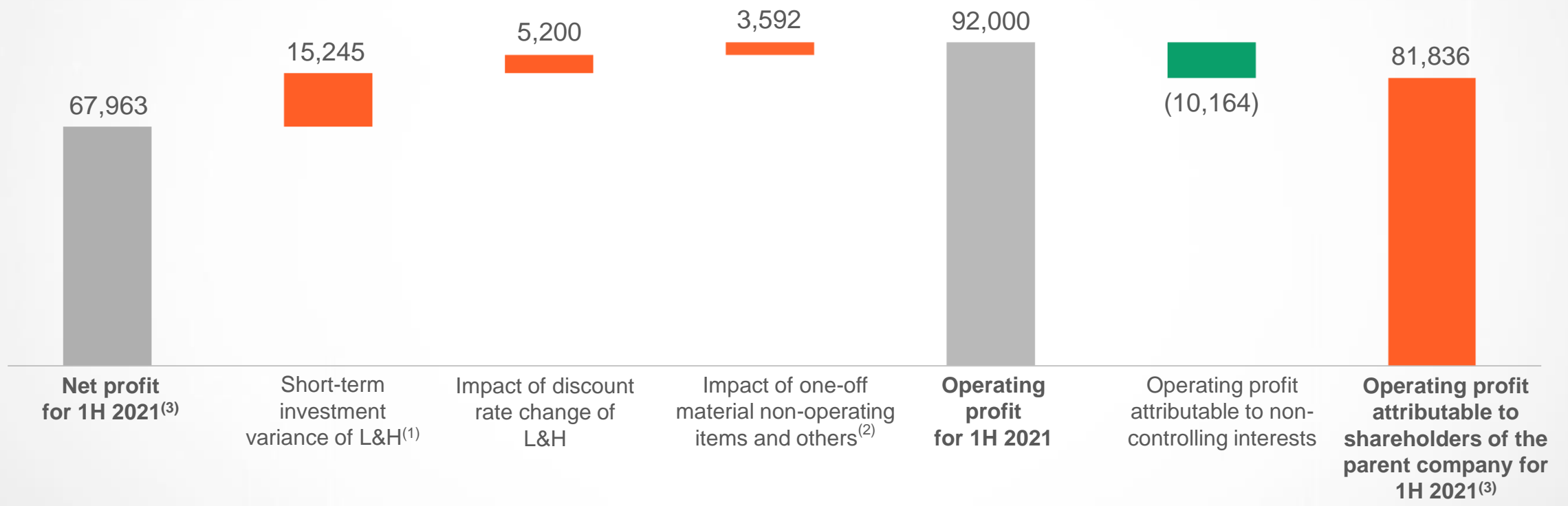
(%)	1H 2021
Life and health	35.0
Property and casualty	20.0
Banking	10.7
Trust	10.4
Securities	10.2
Other asset management	20.6
Technology	11.8
The Group	21.0

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

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

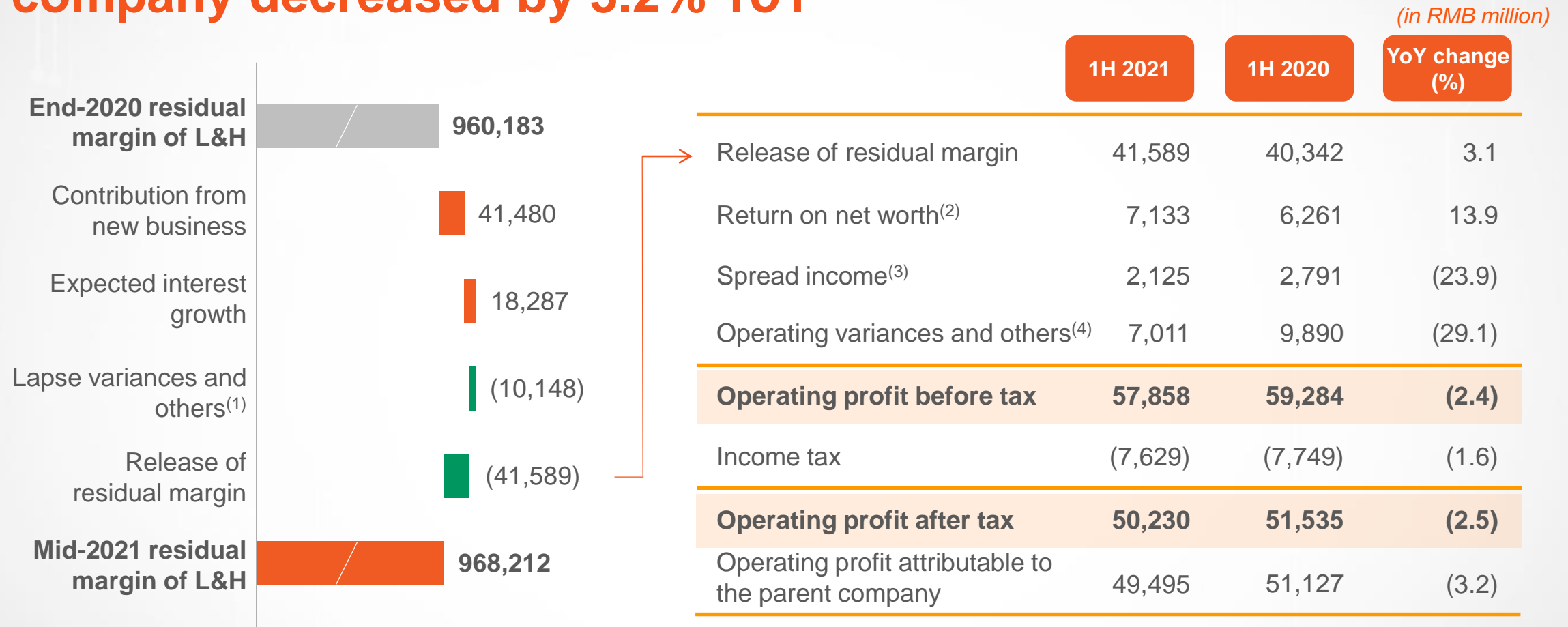
Operating Profit = Net Profit - Short-term Investment Variance - Impact of Discount Rate Change - One-off Material Non-operating Items and Others

(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 the first half of 2021 refers to the revaluation gain or loss on the convertible bonds issued by Lufax Holding to the Group.
 (3) Ping An made adjustments including impairment provisions, valuation adjustments, and other equity adjustments totaling RMB35.9 billion to investments related to China Fortune in the first half of 2021. The impacts on net profit after tax attributable to shareholders of the parent company and operating profit after tax attributable to shareholders of the parent company were negative RMB20.8 billion and negative RMB6.1 billion respectively.
 (4) Figures may not match the calculation due to rounding.

L&H operating profit attributable to shareholders of the parent company decreased by 3.2% YoY



Notes: (1) Lapse variances and others were adverse mainly due to the gradual lapse of customers who stopped paying premiums.

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

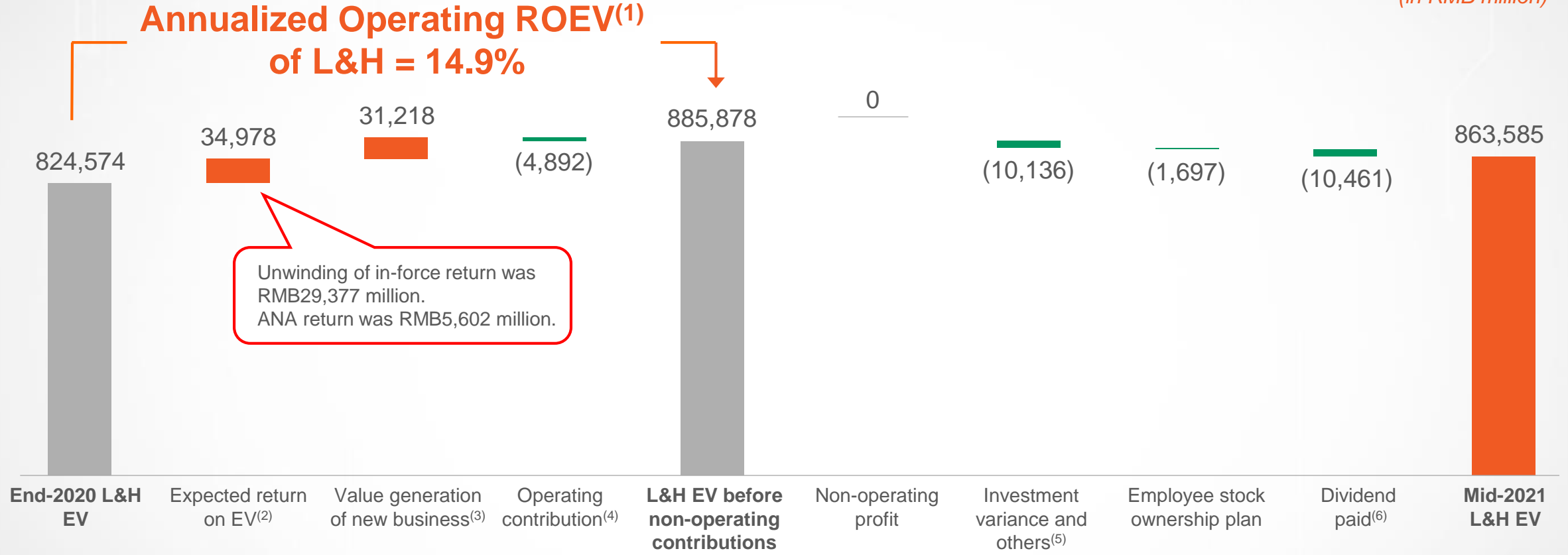
(3) Spread income is the expected investment return from assets backing contract liability based on the EV long-run investment return assumption (5%) exceeding the interest required on contract liability.

(4) Operating variances and others dropped 29.1% year on year, largely because of factors including slower new business growth, fluctuating policy persistency ratios, and lower claims variance as claim payments normalized in the first half of 2021 versus lower claim payments in the first half of 2020 because of COVID-19.

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

L&H delivered a 14.9% annualized operating ROEV

(in RMB million)



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 comprises NBV (RMB27,387 million) and risk diversification effects (RMB3,831 million).
 (4) Operating contribution of L&H comprises the operating assumptions and model changes of RMB1,251 million and the operating variances and others of RMB-6,144 million. The operating variances and others declined as new business growth declined, and policy persistency ratios fluctuated.
 (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 RMB10,461 million.
 (7) Figures may not match the calculation due to rounding.

L&H NBV fell 11.7% YoY as consumer spending on protection was temporarily tempered by uncertainties in global economy

(in RMB million)

	NBV	Change (%)	NBV Margin (%)	Change (pps)
Retail business	27,081	(12.4)	41.1	(7.5)
Agency	23,684	(14.5)	44.9	(10.3)
Protection & Saving hybrid (short-PPP)	6,356	27.1	21.0	(0.0)
Protection & Saving hybrid (long-PPP) ⁽¹⁾	5,965	45.8	55.8	0.4
Long-term protection ⁽²⁾	9,326	(45.1)	100.8	(3.6)
Short-term insurance	2,036	26.3	78.1	20.6
Telemarketing, internet and others	2,475	7.7	28.4	(0.5)
Bancassurance	923	(0.6)	20.6	3.9
Group business	306	206.3	1.4	0.9
Total NBV	27,387	(11.7)	31.2	(5.5)

High-protection business

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.

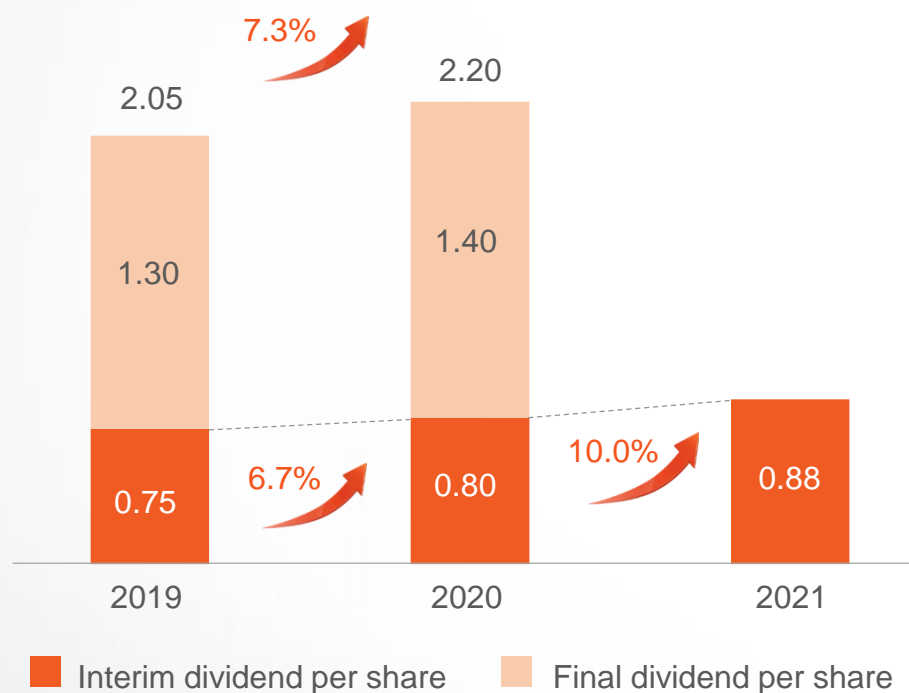
(2) Long-term protection products cover whole-life, term life, critical illness and long-term accident insurance.

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

Continued growth of cash dividends with interim DPS up 10.0% YoY. Free cash of the parent company remained healthy

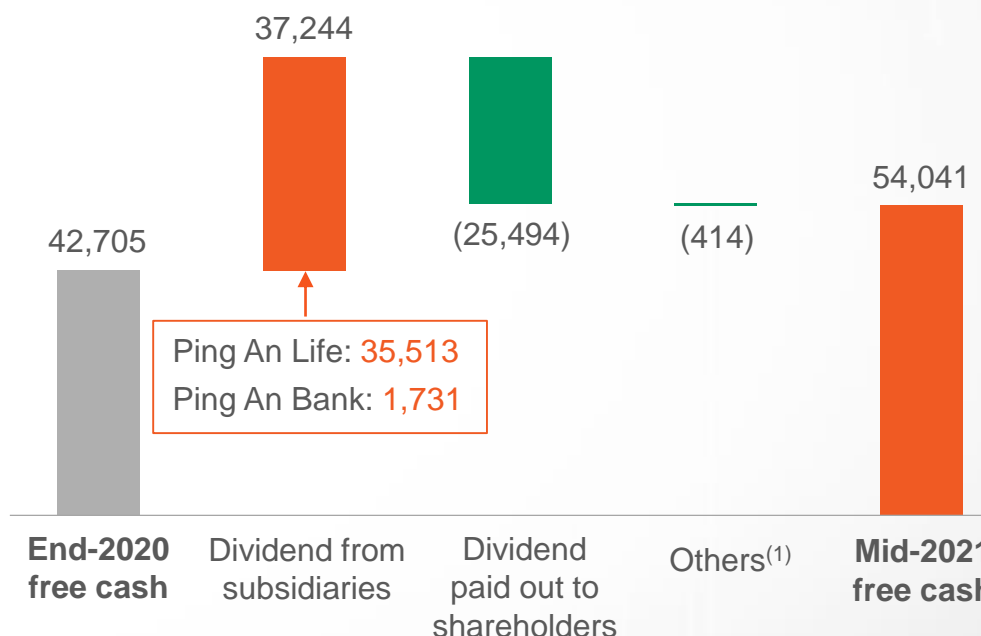
Interim dividend

(in RMB per share)



Free cash of the parent company

(in RMB million)



Note: (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. Others mainly include short-term borrowings.

The Company plans to repurchase shares worth RMB5-10 billion



Details of the repurchase

- **Amount of shares to be repurchased:** **RMB5-10 billion** worth of A shares
- **Period of time for repurchase:** Within **12 months** from the date of the approval by the Company's Board of Directors.



Source of funds

- All the funds to be used for the repurchase will come from the Company's **proprietary funds**.

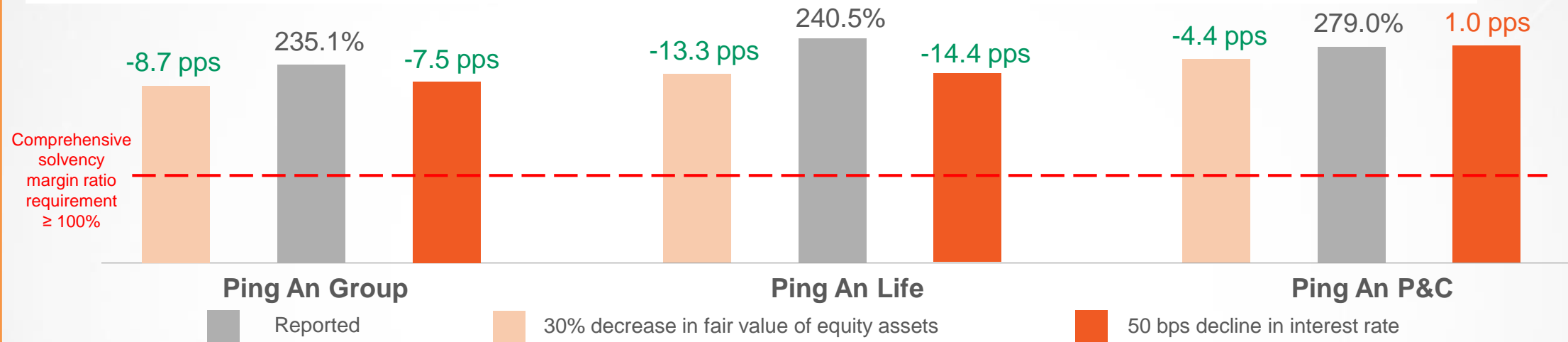


Impact of the repurchase

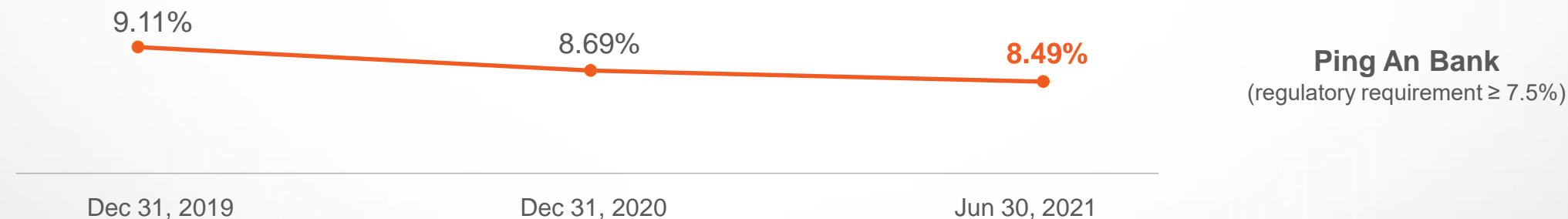
- The repurchase will **NOT have material negative impacts** on the Company's operations, profitability, financial position, research and development capability, fulfillment of repayment obligations and future development.

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



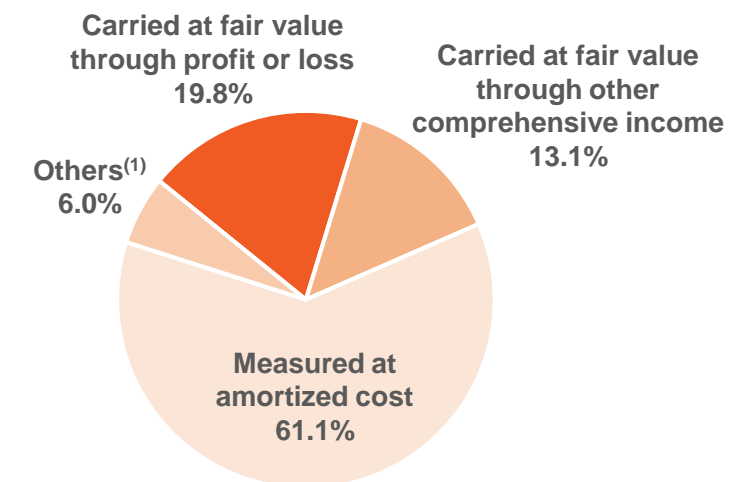
Note: The former CIRC released the *Development Plan for the China Risk Oriented Solvency System (C-ROSS) Phase II Project* in September 2017. Being risk-oriented, C-ROSS Phase II aims to strengthen the capital of insurers and prompt insurers to focus on insurance protection. Risk factors have been fully calibrated to reflect changes in risks across the insurance industry in a timely manner. We expect that the Company's solvency margin ratios will decrease to a certain extent due to the C-ROSS Phase II rule changes, but will still be above the regulatory requirements.

Investment portfolio of insurance funds

Proportion

	Jun 30, 2021	Dec 31, 2020	Change (pps)
Cash and cash equivalents	2.1%	2.3%	(0.2)
Term deposits	5.8%	6.1%	(0.3)
Debt financial assets			
Bond investments	49.6%	50.2%	(0.6)
Bond funds	1.2%	1.3%	(0.1)
Preferred stocks	3.1%	3.2%	(0.1)
Perpetual bonds	1.5%	1.4%	0.1
Policy loans	4.5%	4.3%	0.2
Debt schemes	4.8%	4.3%	0.5
Wealth management products ⁽¹⁾	7.3%	6.7%	0.6
Equity financial assets			
Stocks	7.9%	8.4%	(0.5)
Equity funds	2.3%	1.8%	0.5
Wealth management products ⁽¹⁾	1.0%	1.1%	(0.1)
Unlisted equities	2.3%	2.2%	0.1
Long-term equity stakes	4.2%	4.2%	-
Investment properties	1.8%	1.7%	0.1
Other investments⁽²⁾	0.6%	0.8%	(0.2)
Total investments (in RMB million)	3,787,025	3,740,581	

Investment portfolio (by accounting measurement)

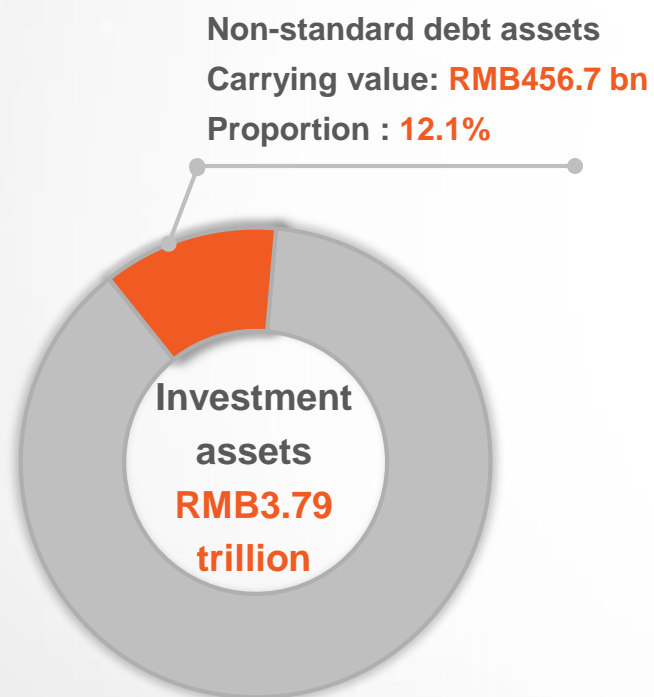


Note: (1) Others include long-term equity stakes, investment properties, and derivative financial assets.

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.

Non-standard debt assets generated 5.39% average nominal yield



	% of total investments	Nominal yield (%)	Remaining maturity (year)
Infrastructure	4.5	5.41	4.80
Expressway	1.3	5.54	4.33
Electric power	0.7	4.83	6.05
Infrastructure and development zones	1.2	5.80	4.98
Others (water supply, environmental protection, railway...)	1.2	5.22	4.34
Non-banking financial services	2.9	5.53	2.42
Real estate	2.3	5.54	2.11
Coal mining	0.1	5.69	3.58
Others	2.3	5.01	5.24
Total	12.1	5.39	3.78

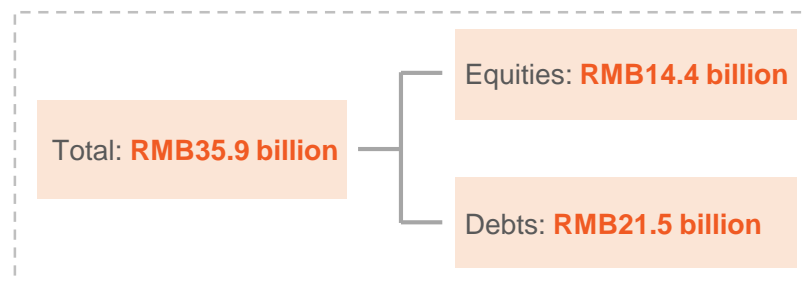
Notes: (1) Non-banking financial services refer to financial institutions other than banks, including insurers, asset management companies, and financial leasing companies.
(2) Figures may not match the calculation due to rounding.

Constantly improving internal controls over investment risk management



Adjustments related to China Fortune Land Development including impairment provisions and others

- The Group made adjustments including impairment provisions, valuation adjustments, and other equity adjustments totaling **RMB35.9 billion** to investments related to China Fortune Land Development.



- Investment yields on **the investment portfolio of insurance funds** were under pressure due to volatile capital markets and provisions for impairment losses on investment assets related to China Fortune Land Development.

	1H 2021	1H 2020	Change
Annualized net investment yield	3.8%	4.1%	↓ 0.3 pps
Annualized total investment yield	3.5%	4.4%	↓ 0.9 pps



Review and improve the investment risk management system

Strengthen management of investment concentration

- The Company optimizes the Group's and its member companies' investment concentration limits. In addition to limits on proportions to total assets, the Group sets limits on any counterparties' proportions to net assets and net profit respectively.
- Moreover, the Company enhances the setting, using, warning, and adjustment of credit limits for major clients. In this way, the Company prevents the risk of investment overconcentration in certain counterparty(ies), sector(s), region(s), and asset class(es).

Strengthen post-investment capability

- The Company has established and improved a three-tier management framework of "a post-investment management committee + a post-investment middle office + project post-investment teams."
- The Company conducts in-depth, meticulous, and strong post-investment management of portfolio companies' operations, promoting cultural integration with portfolio companies based on deep understanding of industry trends and cycles.

Sustainability: an ESG leader in China with ongoing positive impacts

Responsible Investment & Insurance

Investment

Responsible investment reached

RMB1.2 trillion+

Credit

Total balance of inclusive loans and green loans was **nearly RMB0.5 trillion**

Insurance

Sustainable insurance products: **1,000+**

Insured amount of sustainable insurance: **Nearly RMB237 trillion**

Social Responsibility

Ping An Rural Communities Support

We provided **RMB36 billion+** for industrial poverty alleviation






Voluntary services

1,775 public welfare initiatives were sponsored in 1H 2021, attracting **1.69 million** participants in the 1H 2021.

Index & Rating

1H 2021

Description

 MSCI ESG rating	A	Leading position in China and an advanced level globally
 FTSE4Good Index Series	Included	
 CDP rating	A-	The best rating among financial companies in the Chinese mainland
 Sustainalytics's ESG risk rating	Lower Risk	Leading position in China
 Hang Seng Corporate Sustainability Index	A	Included in the Hang Seng China Enterprises Index ESG Index and the Hang Seng ESG50 Index

Global Partnerships



Honors and awards



Fortune

Fortune Global 500

No. **16**

Global financial groups

No. **2**



Forbes

Global 2000 largest public companies

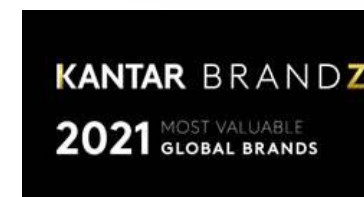
No. **6**

Global insurance conglomerates

No. **1**

Global financial groups

No. **5**



WPP & Kantar,
the world's largest communications group

Top 100 most valuable global brands

No. **49**

Global banks and insurers

No. **1**



Brand Finance,
the world's largest brand consulting company

Most valuable global insurance brands

No. **1**

Global financial groups

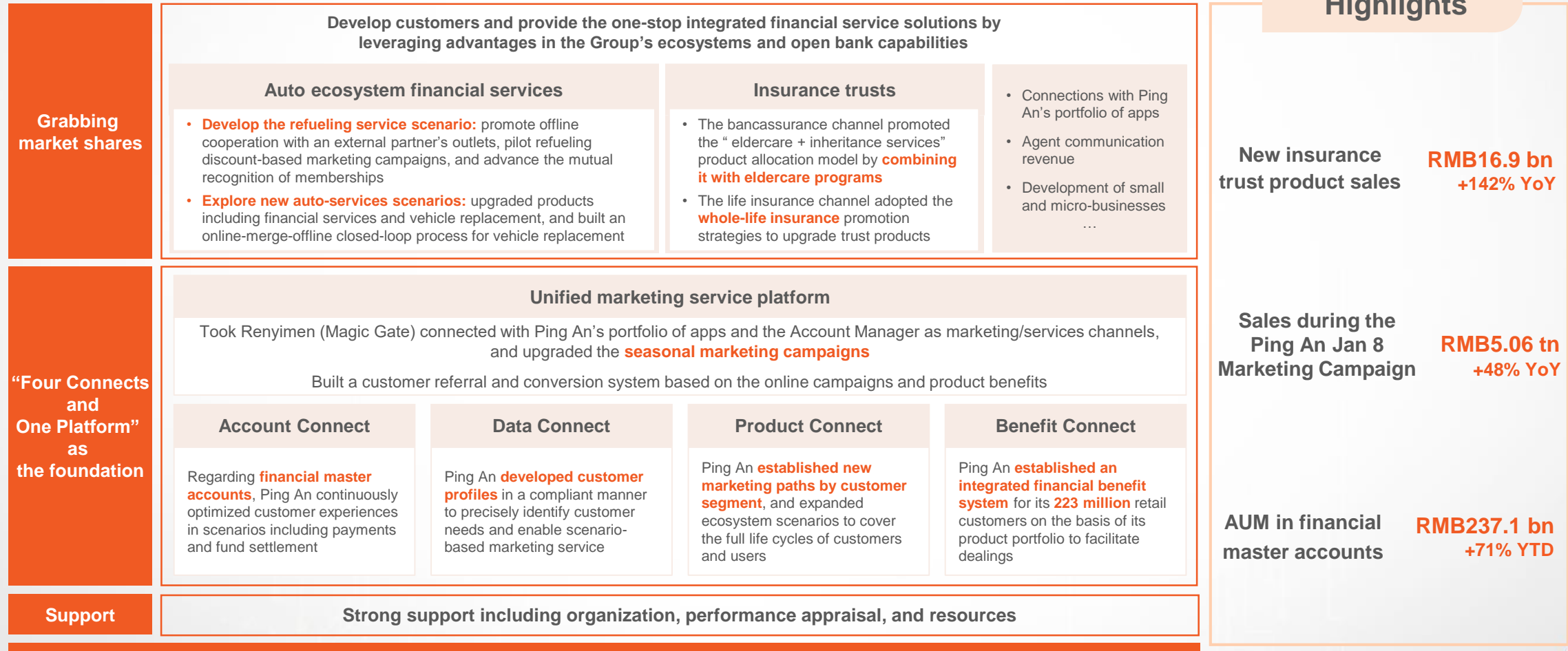
No. **3**

Integrated Finance

Xie Yonglin
President and Co-CEO

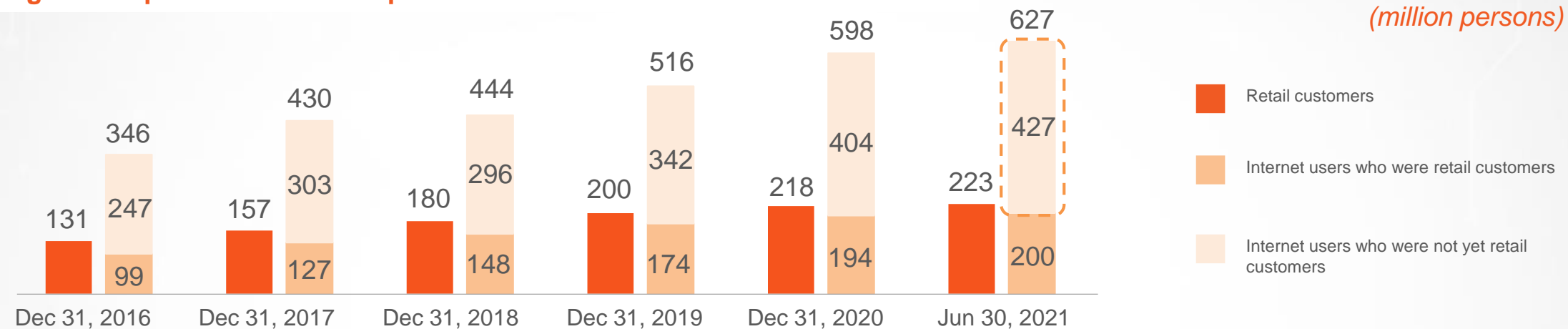
Retail integrated finance: implemented the “one customer, one integrated account, multiple products, and one-stop services” business model, and developed a heartwarming financial service brand

“1+N” retail financial business model

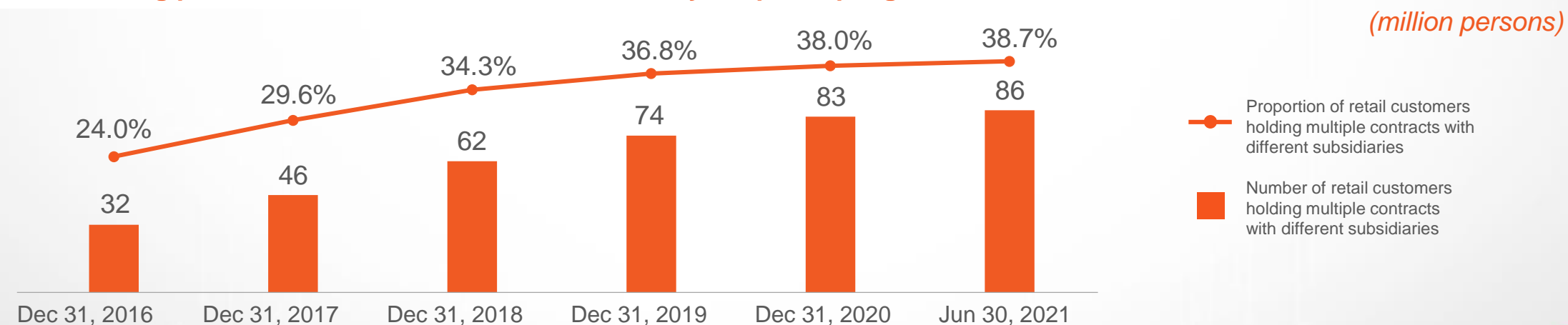


Retail integrated finance: increased customers, users and cross-selling

Significant potential to further penetrate our 627 million internet user base



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





Notes: (1) We tightened the definitions of retail customers and internet users by removing customers with complimentary insurance only and unique users of suspended internet platforms respectively at the end of 2019, and restated data for the comparable periods of 2017 and 2018.

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

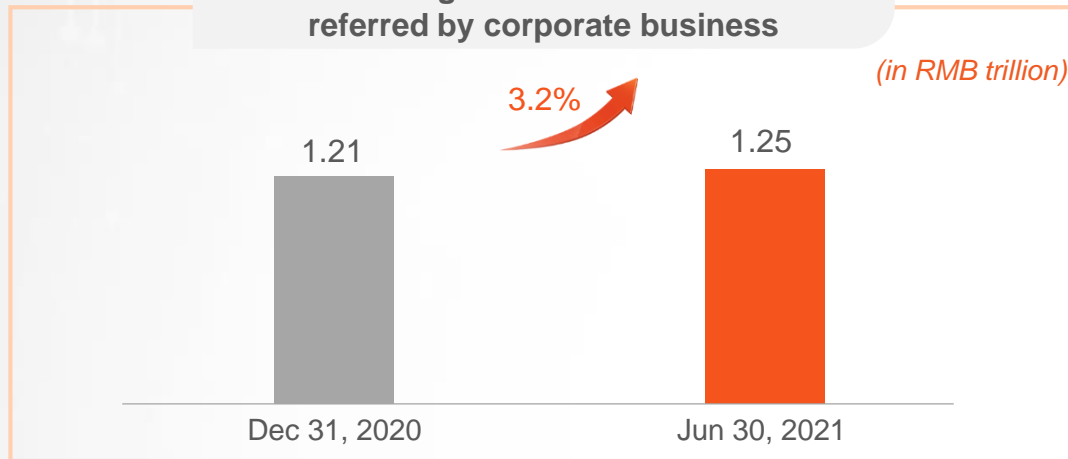
Corporate integrated finance: ongoing customer development and three innovative breakthrough models

“1+N” corporate business model

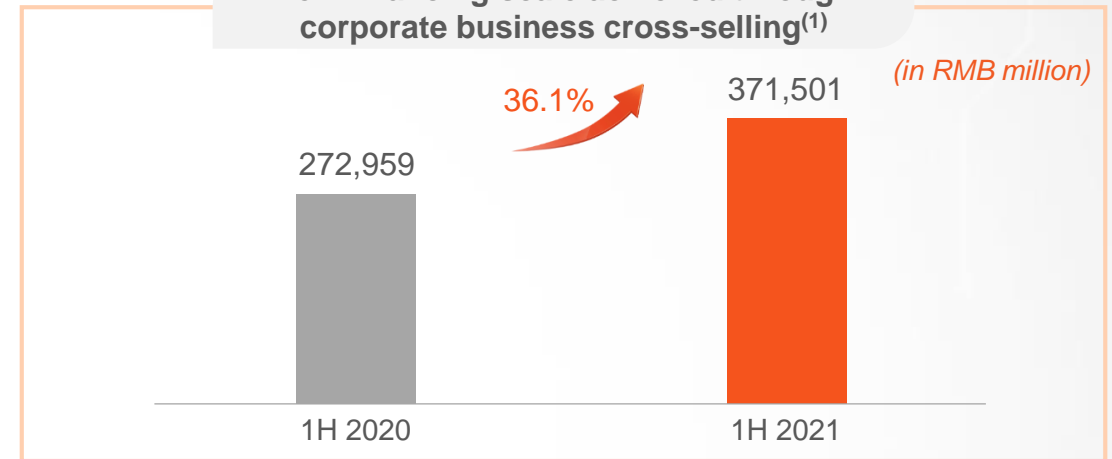
Ongoing customer development	Strategic/large customers and government customers <ul style="list-style-type: none"> Integrated “finance + ecosystem” resources across the Group, and developed business in industry scenarios; leveraged advantages in licenses and products to provide tailor-made integrated finance solutions 	Micro-, small and medium-sized business customers <ul style="list-style-type: none"> All-around digital, smart operations Online and mass customer development through a uniform customer development platform 	Financial institution customers <ul style="list-style-type: none"> Driven by expertise and technology Empower transactions with technology, and leverage advantages in strategies, pricing and post-investment empowerment
3 innovative breakthrough models	Sophisticated investment and financing model <ul style="list-style-type: none"> Developed business in industry scenarios: taking advantage of the “industry expert + solution expert + diverse funding” model Ping An provided key customers with differentiated financial services including capital increases, share purchases, and asset mobilization, involving total project investments of over RMB15 billion 	Simple standard model <ul style="list-style-type: none"> “Four Connects and One Platform” : developed a uniform customer development platform for micro-, small and medium-sized enterprises The registered users of the “Ping An Digital Pocket” app amounted to 4.87 million, up 368.5% year to date 	Trading collaboration model <ul style="list-style-type: none"> Developed the bond business ecosystem and the inquiries and bidding mechanisms, and empowered investment banks in terms of strategies, pricing and post-investment Unified post-investment risk warning: conducted analysis and gave risk warning on specific industries Yields continue to outperform the market
Technological empowerment	 Systems <p>Developed the online industrial platform to develop business in industry scenarios for up/down-stream companies</p>		 Data <p>Provided rich data from multiple dimensions including profiles of the Group’s customers, cross-selling performance analysis and market overviews</p>

Corporate integrated finance: significant improvement of integrated finance business due to synergies

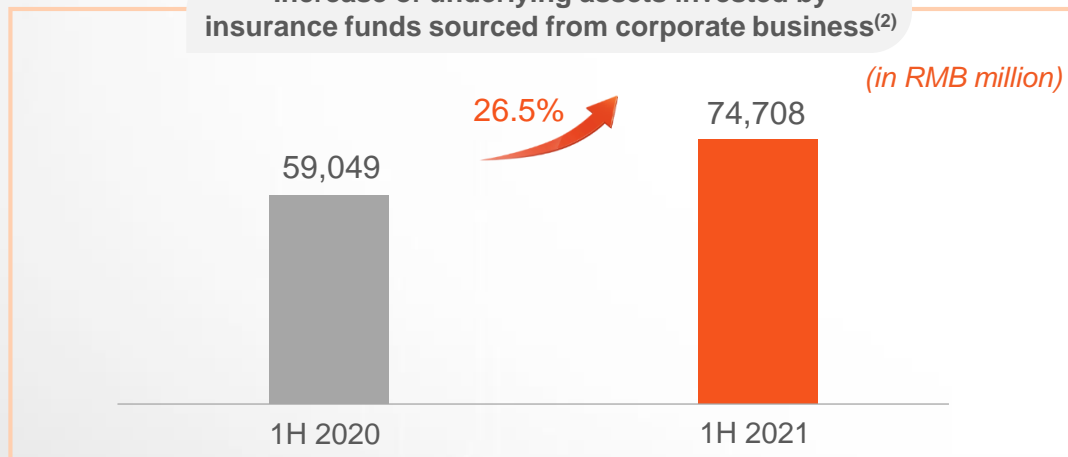
Outstanding balance of retail assets referred by corporate business



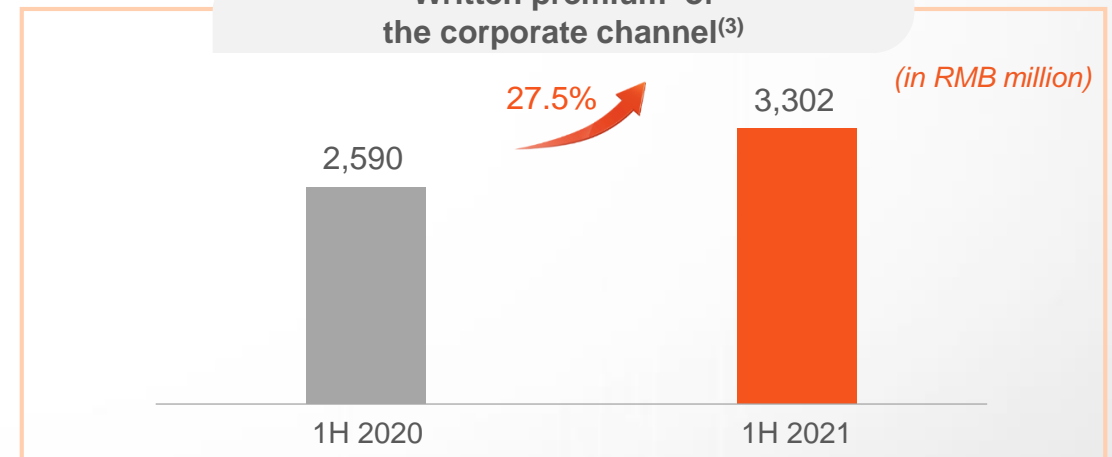
New financing scale achieved through corporate business cross-selling⁽¹⁾



Increase of underlying assets invested by insurance funds sourced from corporate business⁽²⁾



Written premium of the corporate channel⁽³⁾

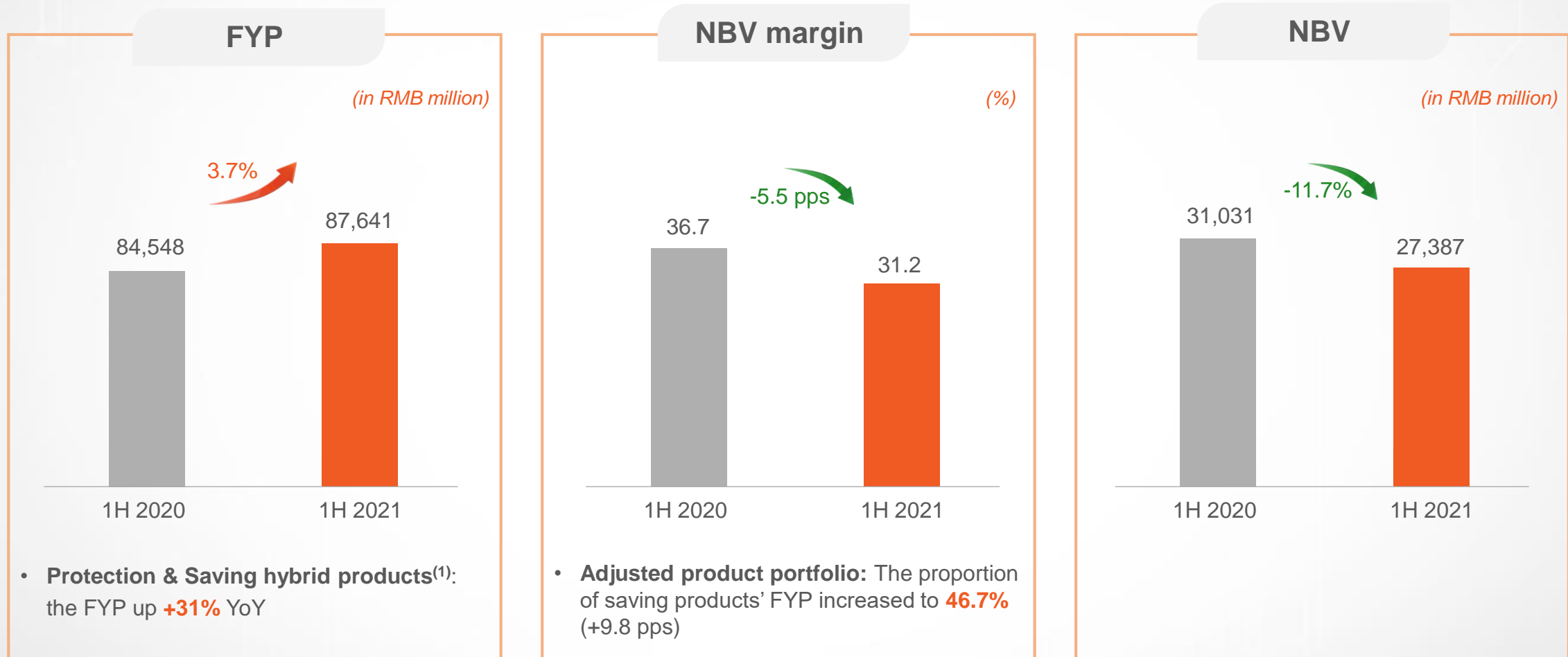


Notes: (1) The new financing scale achieved through corporate business cross-selling refers to the scale of new financing projects achieved by the Group's member companies through cross-selling.

(2) 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.

(3) The written premium of the corporate channel refers to the corporate premiums achieved through cross-selling less that achieved by Ping An Life.

L&H: First-year premium (FYP) increased YoY while NBV margin dropped due to a higher proportion of saving products

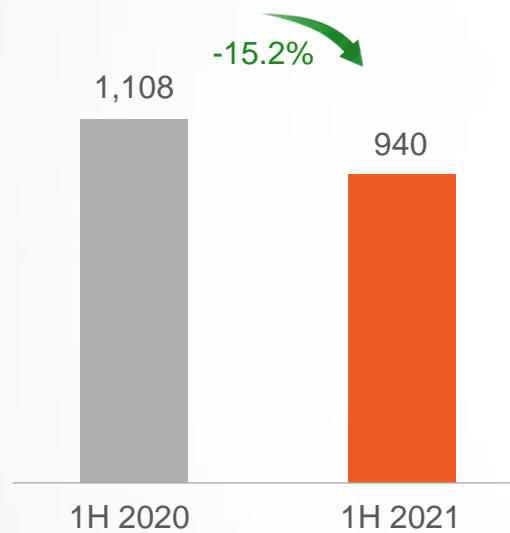


Note: (1) Protection & Saving hybrid products include long-PPP and short-PPP. Protection & Saving products (long-PPP) cover endowment and annuity products with PPP of 10 years and above. Protection & Saving products (short-PPP) cover endowment and annuity products with PPP below 10 years.

L&H: developing high-quality teams with increasing productivity and declining headcount

Average number of agents

(in thousand)



End-of-period agents

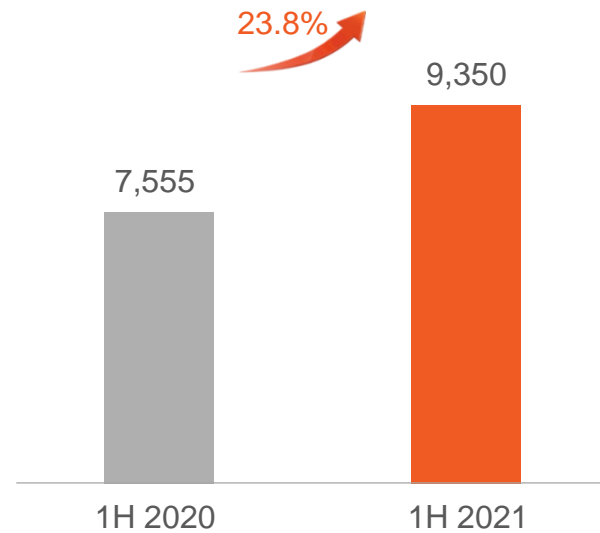
1,145,142

877,751

- **Market slowdown:** sales agents in the market decreased by **over 20%** YoY
- **Improved mix:** the Company retains high-productivity agents to improve quality

FYP per agent

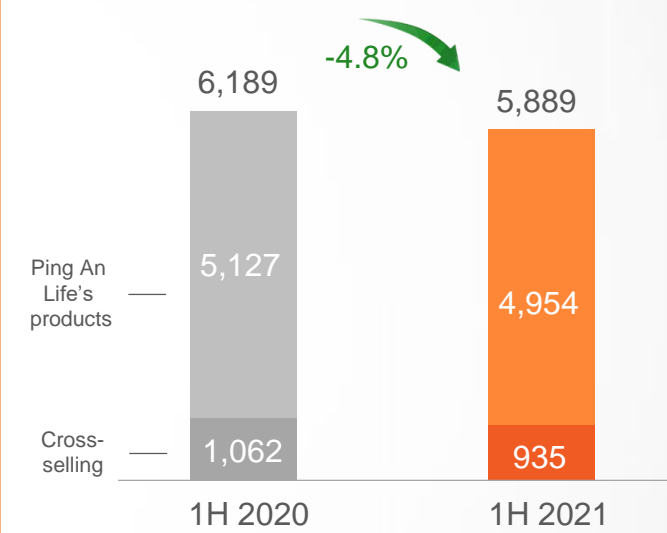
(RMB per agent per month)



- **High-productivity Diamond Agents:** FYP per Diamond Agent is **over 5 times** the average of all agents

Agent income

(RMB per agent per month)

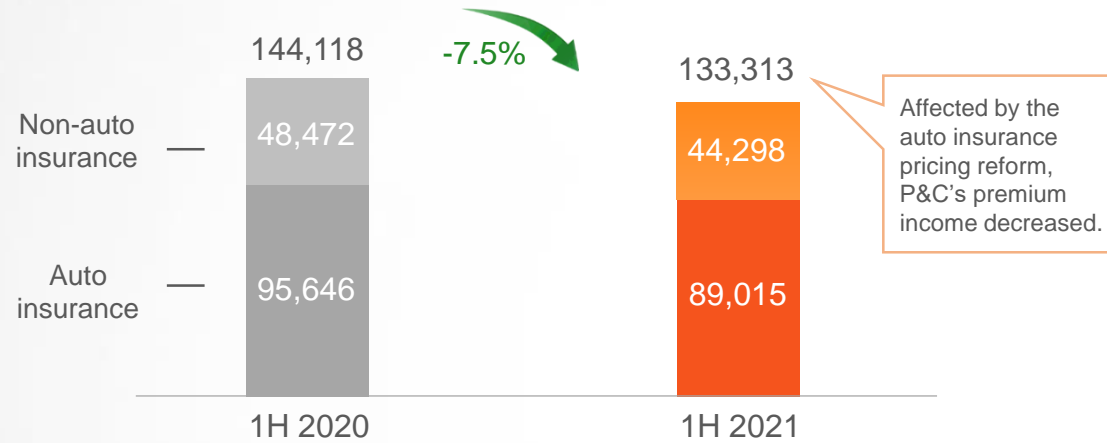


- **Commission structure:** indirect commission dropped **20%+** YoY
- **Auto insurance pricing reform:** revenue from cross-selling dropped **12%** YoY

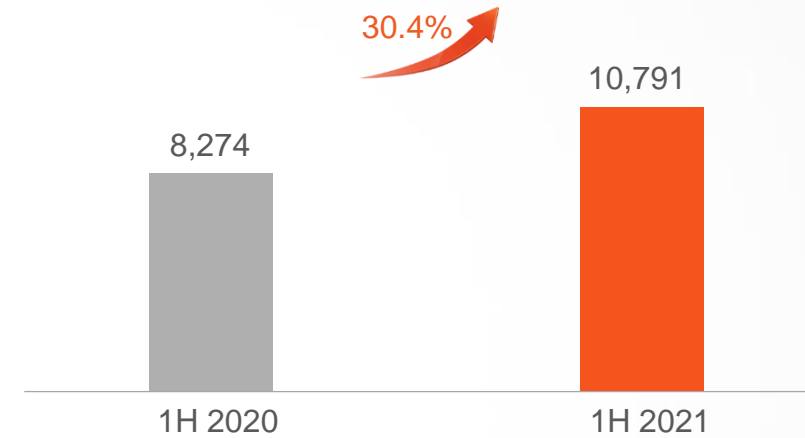
P&C: maintained strong business quality despite short-term pressure on written premiums

(in RMB million)

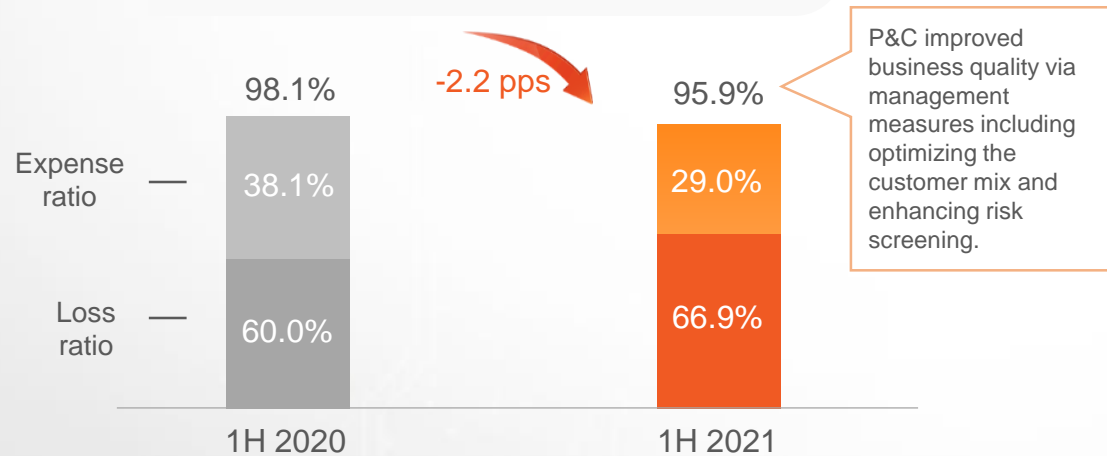
Premium income



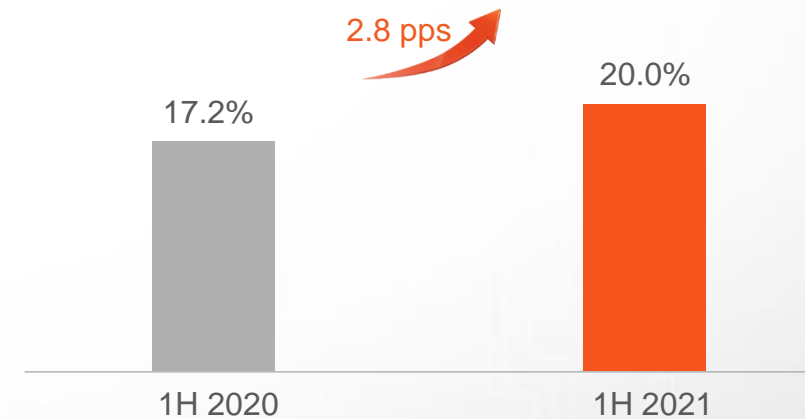
Operating profit



Combined ratio



Operating ROE (annualized)

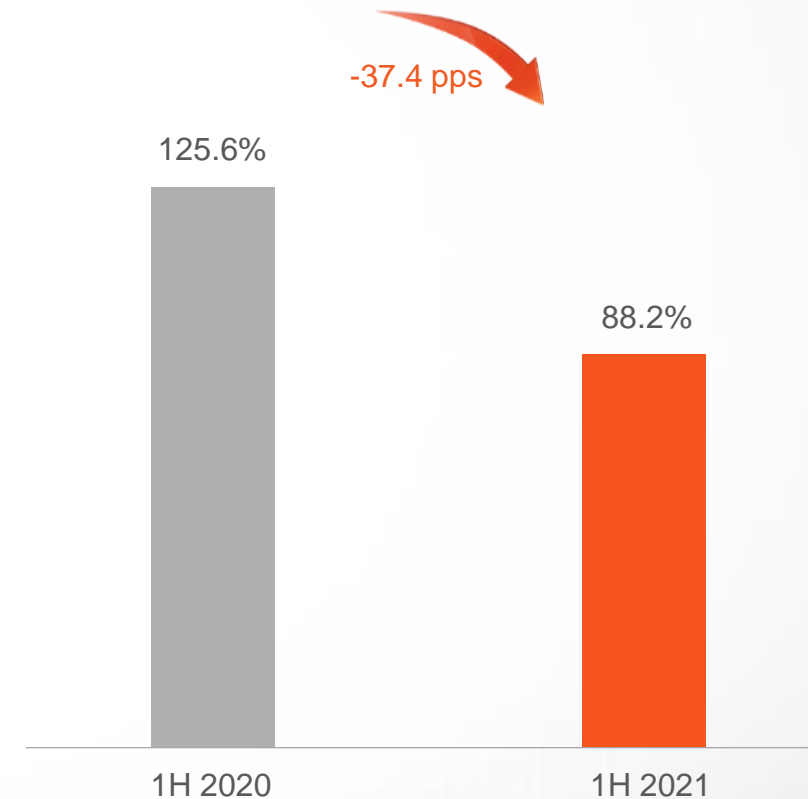


P&C: combined ratio continued to improve

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	89,015	(6.9)	97.4	2.7
Liability insurance	11,118	38.3	99.5	6.2
Guarantee insurance	9,757	(52.3)	88.2	(37.4)
Accidental injury insurance	8,508	24.0	92.1	(0.6)
Corporate property & casualty insurance	4,795	14.8	91.8	4.1

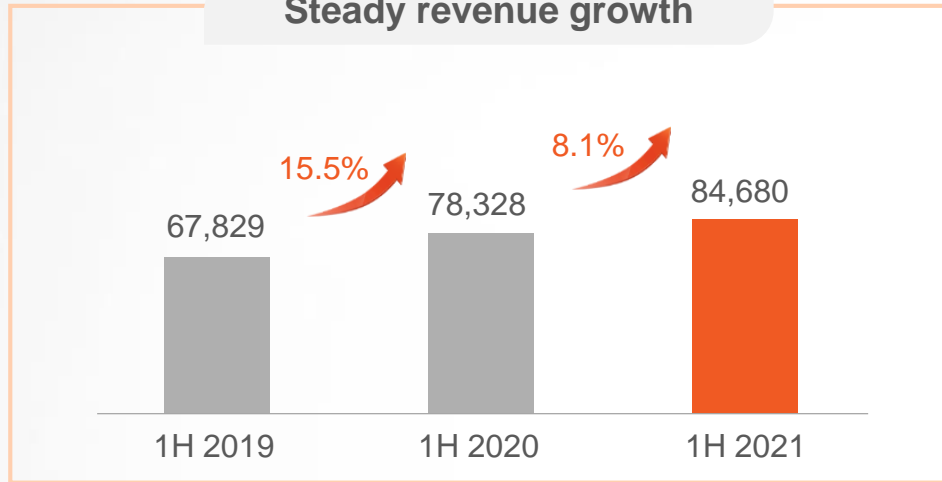
Combined ratio of guarantee insurance



Banking: revenue grew steadily and net profit increased strongly on effective management of liabilities

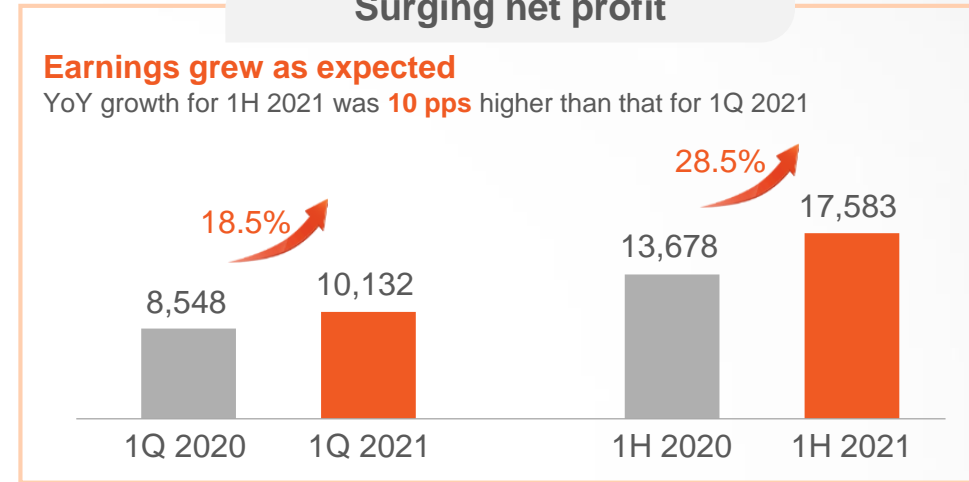
(in RMB million)

Steady revenue growth

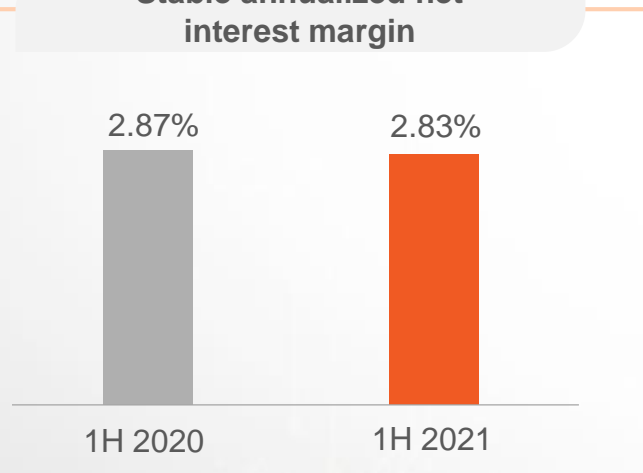


Surging net profit

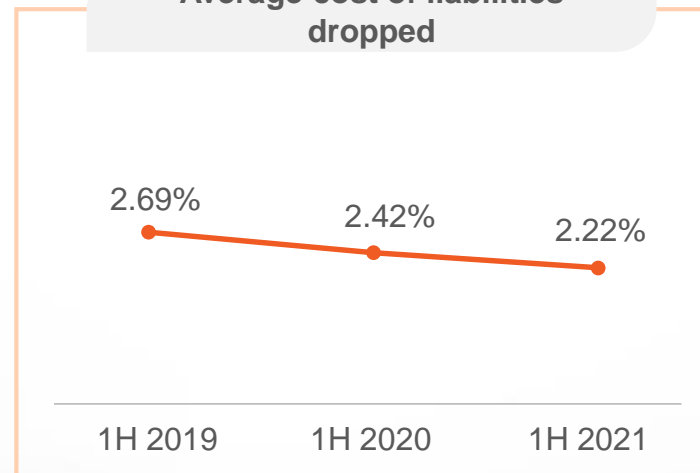
Earnings grew as expected

YoY growth for 1H 2021 was **10 pps** higher than that for 1Q 2021

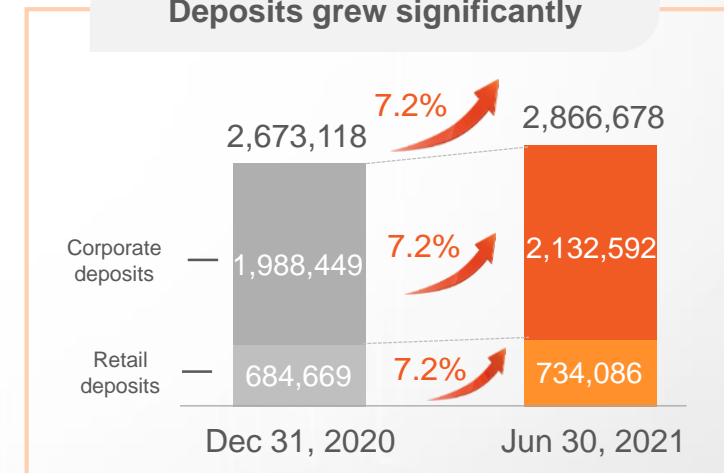
Stable annualized net interest margin



Average cost of liabilities dropped



Deposits grew significantly



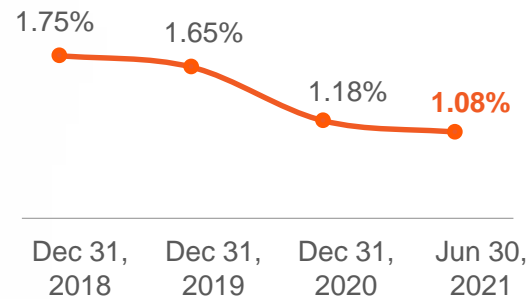
Note: The revenue from credit card installment services was reclassified from fee and commission revenue to interest revenue in accordance with the *Circular on Strictly Implementing the Accounting Standards for Business Enterprises and Effectively Strengthening the Work on the 2020 Annual Reports of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

Banking: best ever core metrics due to de-risking and strengthened provisions

Continued de-risking

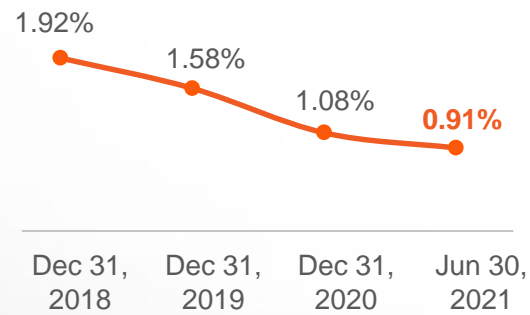
Non-performing loan ratio dropped to a record low

- Non-performing loan ratio **fell 0.10 pps** year to date to **1.08%**



Percentage of loans 60+ days overdue dropped significantly

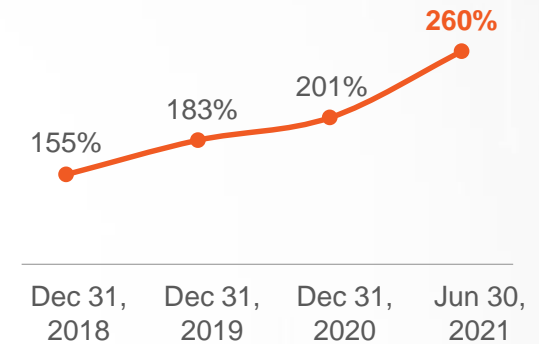
- Percentage of loans 60+ days overdue **fell 0.17 pps** year to date to **0.91%**



Strengthened provisions on the principle of prudence

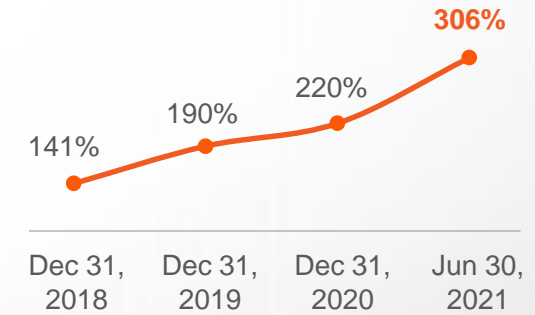
Increasing provision coverage ratio

- Net profit grew significantly, and provision coverage ratio rose **59 pps** year to date



Provision coverage ratio for loans 60+ days overdue hit a record high

- The deviation of loans 60+ days overdue dropped to **0.85**



Retail banking: transformation brings new momentum for second take-off

Retail revenue

RMB49 billion

+10.9% YoY

Retail net profit

RMB12 billion

+46.3% YoY

Average daily balance of retail demand deposits

RMB223 billion

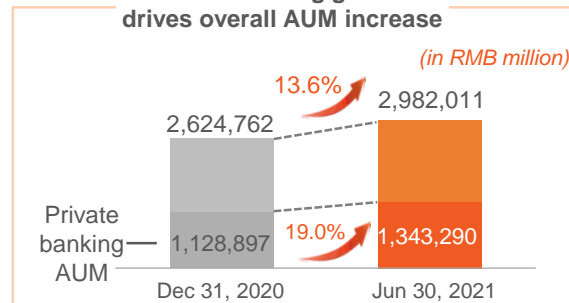
+12.9% YoY

Upgraded model of an “comprehensive bank, AI bank, remote bank, offline bank, and open bank”

Consolidate customer base to achieve rapid growth

- Rapid business growth under the “data-driven operations, online operations, comprehensive services, and ecosystem-based development” strategy

Private banking growth drives overall AUM increase



Breakthroughs in credit card

Model breakthroughs
Joint establishment of ecosystems and joint operations

- Over **20 million** auto owner credit cards
- Over **500,000** credit cards co-branded with JD.com issued in 1H 2021

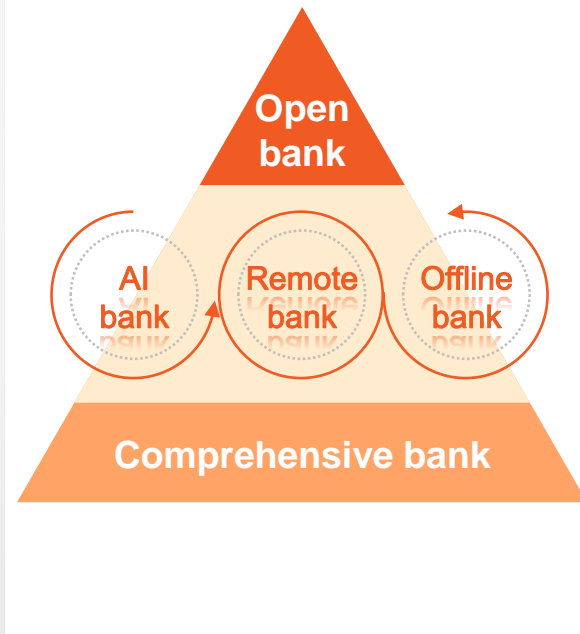
Performance breakthroughs
Transaction volume grew rapidly

RMB1,813 billion

+12.8% YoY

Accumulate momentum

Consolidate customer base



- The new model of a “comprehensive bank, AI bank, remote bank, offline bank, and open bank” boosts efficiency of basic customer development, increases private banking customers rapidly, and expands the customer base steadily

Private banking customers

65,000

+13.1% YTD

Over 1 million wealth management customers

1,024 thousand

+9.6% YTD

Mass affluent customers & customers with over RMB10,000 in average daily AUM

Growth rates up 100% and 50% YoY respectively

Retail customers

114 million

+6.3% YTD

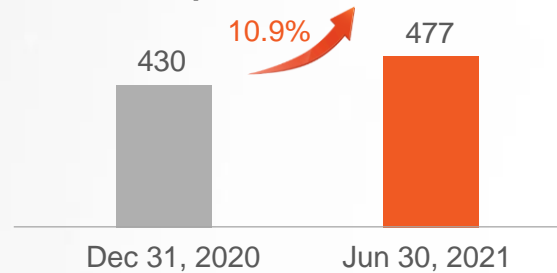
Corporate banking: strong momentum under the “enhancement of corporate banking” strategy

Corporate customer development yielded results

(in thousand)

- Net increase in corporate customers up **250%** YoY

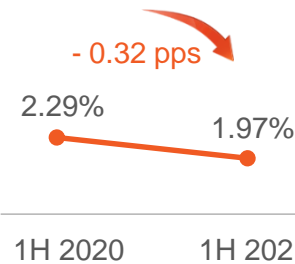
Corporate customers



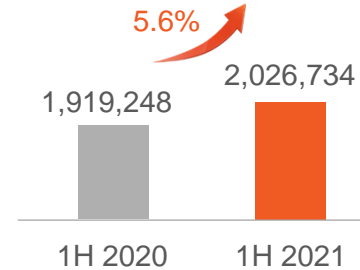
Corporate deposits: increased balance and decreased cost

(in RMB million)

Average cost of corporate deposits

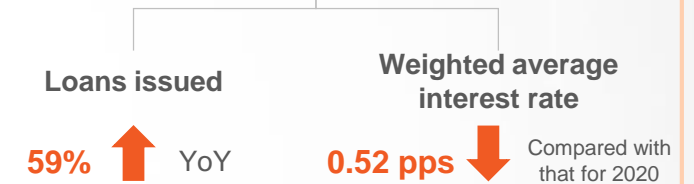


Average daily balance of corporate deposits



Inclusive finance: “larger scale, wider coverage, better quality, and lower cost”

New inclusive small and micro-business loans



Technology empowerment

- The “Nebula-IoT” platform has connected over **2.30 million** IoT devices, supporting financing of over **RMB110 billion**
- Leverage the **open bank** to enhance customer acquisition, acquire customers through ecosystems and deepen customer development on the **Ping An Digital Pocket** and the **digital treasury management platform**
- Registered users of the **Ping An Digital Pocket** amounted to **4.87 million**, up **369%** YTD



Duplicate the success of retail banking with two trump cards



Cross-selling

- Industry banking + investment banking + corporate cross-selling** generates significant synergies
- Sophisticated investment and financing reached **RMB621.8 billion** in 1H 2021, up **9.5%** YoY. New investment and financing projects implemented in partnership with other member companies of the Group grew **22.1%** YoY to **RMB286.9 billion**. Average daily balance of corporate deposits sourced through cross-selling grew **19.0%** compared with that for 2020 to **RMB171.4 billion**, of which demand deposits accounted for **51.8%**

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

New transactions



Steady growth of market-making capabilities and accelerated development of “Ping An Hedging” business

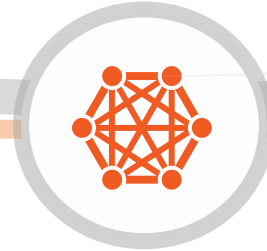
Maintained a leading position by market share of trading volumes of major market-making instruments

Gold: 9.2%
Bonds: 2.1%

“Ping An Hedging” foreign exchange and interest rate derivatives trading volume

USD14,790 million
+77.5% YoY

New interbank business



Strong sales growth and breakthroughs in new custody service

Net assets under custody

RMB6.9 trillion
+18.8% YTD

Interbank institutional sales volume

RMB605.18 billion
+50.9% YoY

New asset management business



Well-run wealth management subsidiary and rapidly growing AUM

The balance of non-principal guaranteed wealth management products

RMB756.1 billion
+16.6% YTD

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

81.6%

Retail wealth management customers

2.39 million
+42.3% YTD

Life Reform

Jessica Tan
Co-CEO

Life insurance industry: reform is urgent due to three challenges

Job market

- **Labor shortage:** China's labor force dropped from **910 million**, a peak seen in 2015, to **890 million** in 2020⁽¹⁾.
- **Increase in income benchmark:** Average income of Chinese employees for 2020 is expected to be **RMB5,700 per month**, **up 36%** from 2015⁽¹⁾. A gig economy has emerged, offering an average monthly salary of over **RMB7,000**, with a significantly impact on the life insurance industry.
- **Difficulty in the extensive management model:** Agent attrition was **about 130%** of new recruitments in the market in 2020, showing a vicious cycle characterized by high turnovers and a huge-crowd strategy.

Product competition

- **Homogeneous commercial insurance products:** Among all newly filed products in 2020, **80%** belongs to critical illness. Yearly critical illness products filed increased from **50** in 2013 to over **300**⁽²⁾.
- **Internet insurance products:** **940 million** internet life insurance policies were sold in 2020, including **over 700 million** small-ticket policies⁽³⁾, leveraging traffic to grab market share.

Customer demand

- **Declining appeal of basic insurance:** Social security system gradually improved, with basic social health insurance covering over **90%** of population⁽⁴⁾.
- **Unsatisfied demand for healthcare:** **About 90%** of deaths are due to medical problems caused by various diseases⁽⁵⁾. However, traditional insurance products provide simple **financial protection only**.
- **Lack of high-quality medical services:** Tier-3 hospitals, representing only **0.3%** of the total, process **over 20%** of consultations due to a lack of top medical resources⁽⁶⁾.

Notes: (1) The data is from the National Bureau of Statistics. The average income of Chinese employees for 2020 is the Company's projection based on China's GDP growth for 2020.

(2) The data is from the CBIRC and the China InsurTech Laboratory.

(3) Small-ticket products refer to medical and accident insurance products with an average premium of less than RMB100 per policy. The data is from the Insurance Association of China and the CBIRC.

(4) The data is from the National Health Commission.

(5) The data is from the *Guideline of the State Council on Healthy China Initiative*.

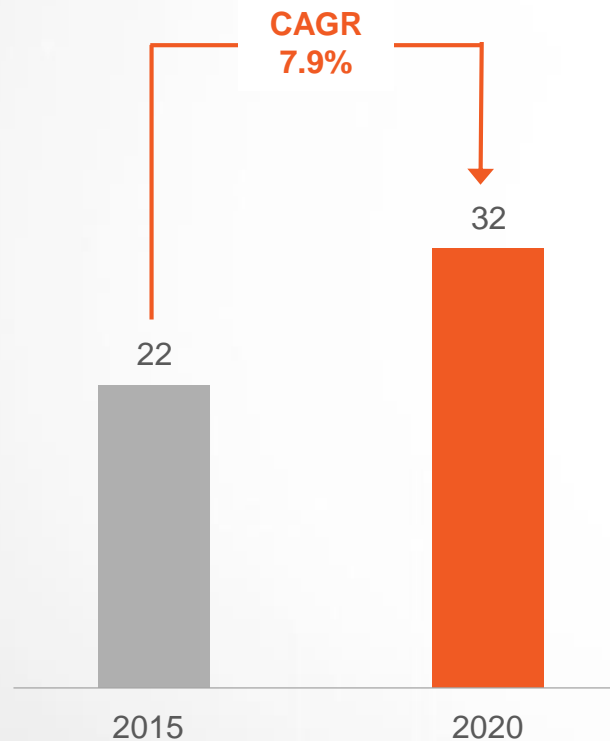
(6) The data is from the *China Health Statistics Yearbook (2020)* released by the National Health Commission.

Life industry: Great growth potential, agent remains the key distribution channel

Disposable income per capita grew steadily

Disposable income per capita per annum in China⁽¹⁾

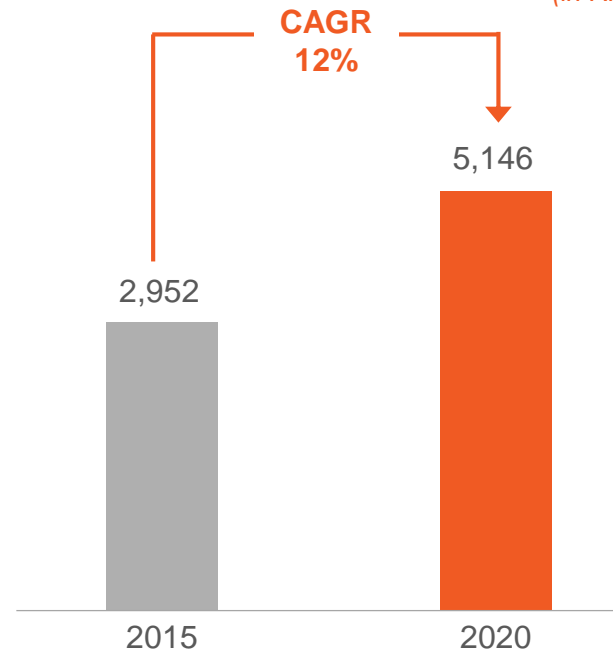
(in RMB thousand)



Total health expenditure per capita well below that in Asian developed markets

Total health expenditure per capita in China⁽²⁾

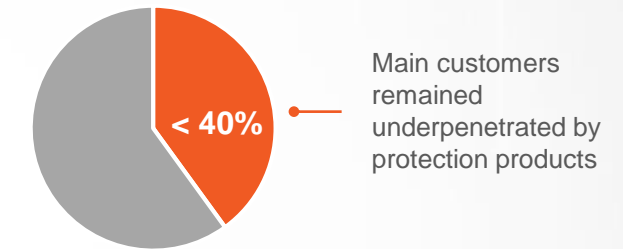
(in RMB)



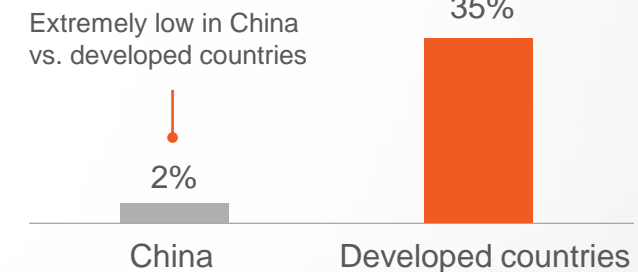
- Per capita total healthcare expenditure was about **1/3** of that in Asian developed countries and regions for 2015-2019

Underpenetrated market and reliance of long-term protection sales on agents

Protection penetration of main customers⁽³⁾



Pension % of total life insurance premium⁽³⁾



For many long-term protection products, an agent needs to interact with a customer before a deal is struck.

Multiple times

Notes: (1) The data is from the National Bureau of Statistics.

(2) The data is from the National Health Commission and the World Bank. Asian developed countries and regions include Singapore, Taiwan China, Hong Kong China.

(3) The data is from the CBIRC. Main customers' ages are between 26 to 45. Developed countries include the United States, Britain and Canada.

Channel reform: high-quality team transformation, refined tiered management



Measure: transformation to high-quality 3-tier teams

Prioritized development: maintain high productivity and expand the sales force

- **Increased number of general Diamond Agents:** developed high-productivity Diamond Agents from **1,000** outlets rated as potential star-level outlets
- **Improved quality of high-end Diamond Agents:** their productivity has been increased by **20%+** with exclusive services, products, and events

Steady improvement: stabilize the team and increase the productivity

- **Digitized activity management:** **200+** actions were standardized, raising the activity rate by **~150%**
- **Customized product packages:** marketable product packages were designed, increasing agent income by **5%+**

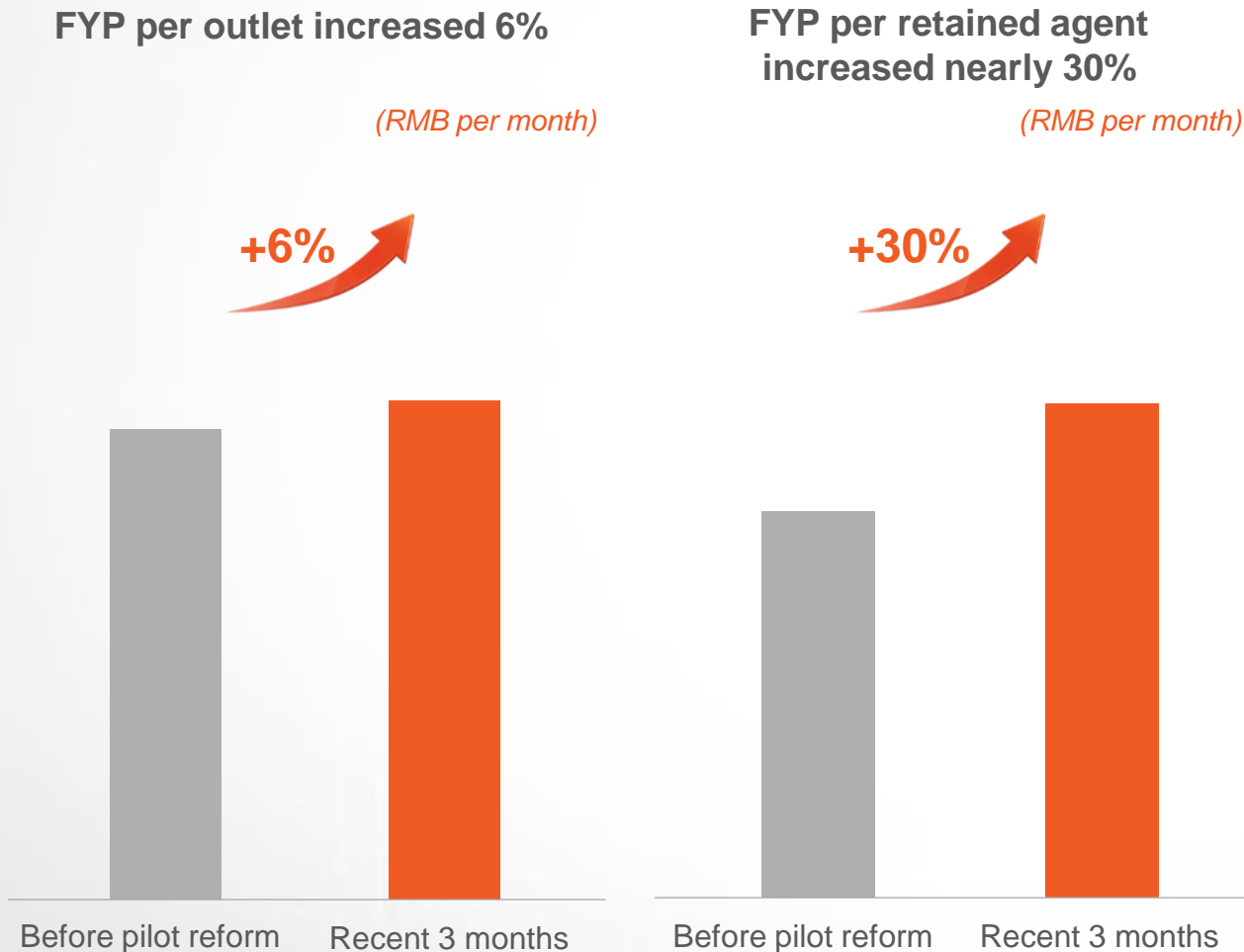
Dual-track development: improve the team quality while increasing productivity and retention

- **Upgrade of agent recruitment via "Excellence +":** aiming to raise the proportion of high-quality new agents⁽¹⁾ to **50%** within three years
- **New agent development:** aiming to achieve high retention of **35%+** through training upgrade (NPS **90%+**) and product support

Note: High-quality new agents refer to those who are over 25 years old and have a college degree or above. The proportion of high-quality new agents refers to the proportion of high-quality new agents to the total number of agents.

Channel reform: Stronger performance driven by pilot digital channel reform

Some of the pioneering outlets in the pilot projects have seen stronger performance



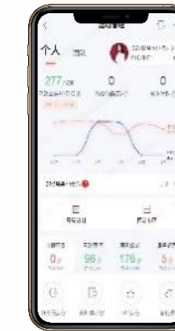
Note: Recent 3 months indicate the recent 3 months as of Jun 30, 2021.

Stronger performance driven by improved behaviors and quality

Better behaviors

Customer visits increased **~150%** compared with the control group

Tool example: activity dashboard



A digital dashboard manages **30+** metrics on behavior, quality, and performance

Better quality

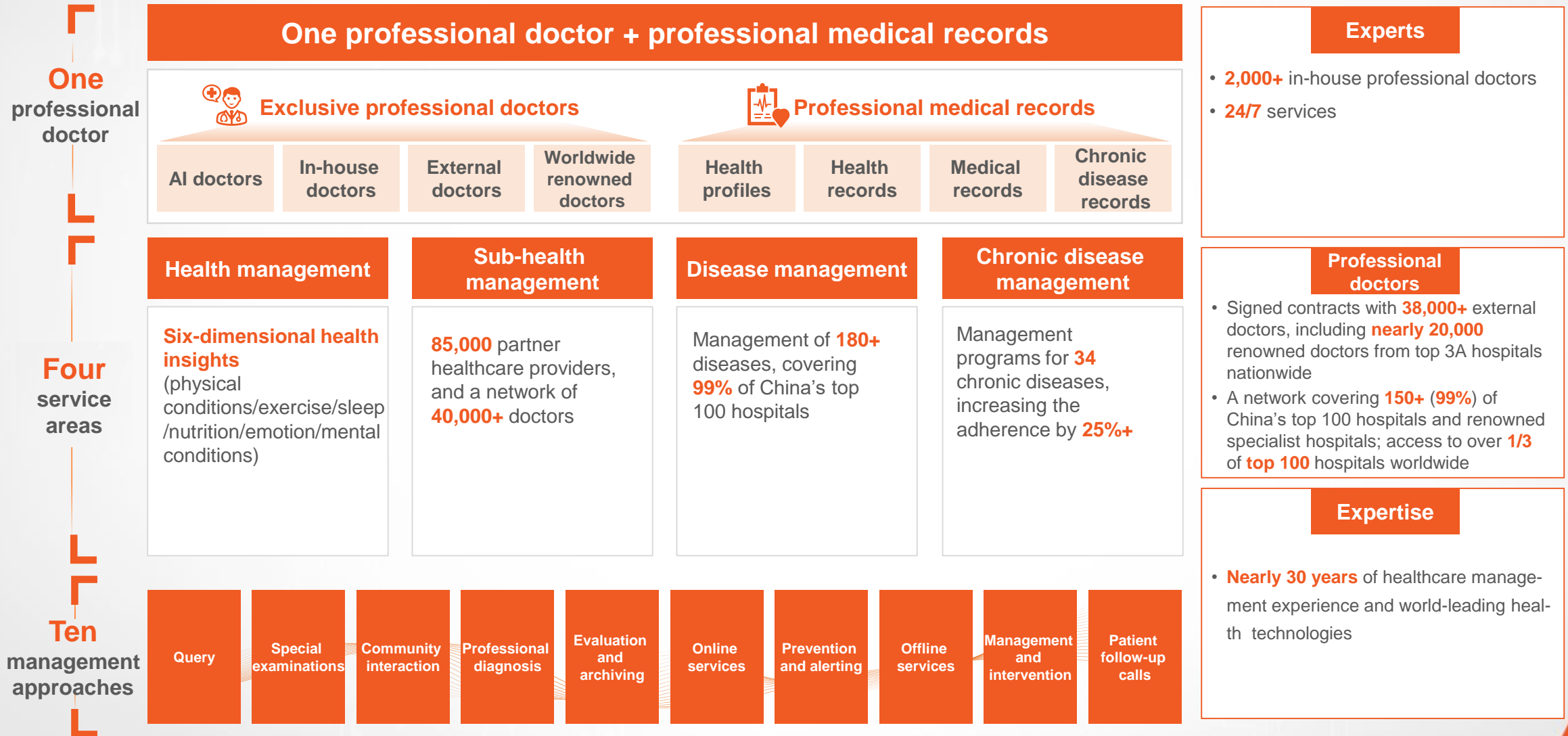
Long-term insurance policies sold per capita increased **~140%** compared with the control group

Tool example: customer center



200+ customer development processes were reshaped for refined management

Product reform (insurance + health management): “Expertise makes life better” through the “1 + 4 + 10” healthcare management service framework



Product reform (insurance + high-end eldercare): “Expertise brings premium eldercare” in line with “Five Zhens” eldercare standards

“Five Zhens” eldercare standards

Fully cover the needs of the elderly and meet their demands for high-quality eldercare services



Location

Core tier 1 and tier 2 cities
Life and entertainment circles within a **10-minute walk**

Services

1 x N concierge group, **950** customized service features, and **1,000+** service standards

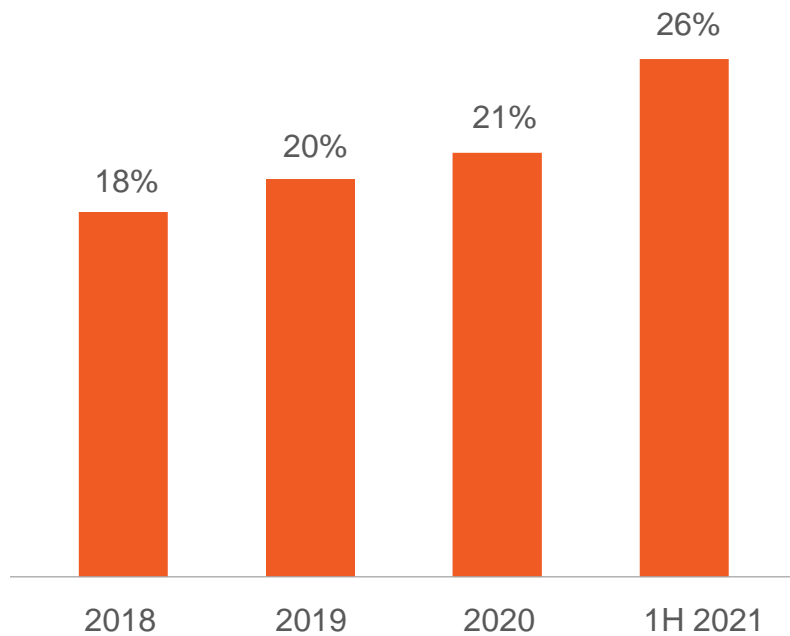
Benefits

2,000+ in-house experts
100+ professional medical care solutions

Product reform: Healthcare services bring customers to Ping An Life and increase customer stickiness

Customer acquisition: each year 20%+ of Ping An Life's new customers are sourced via healthcare services

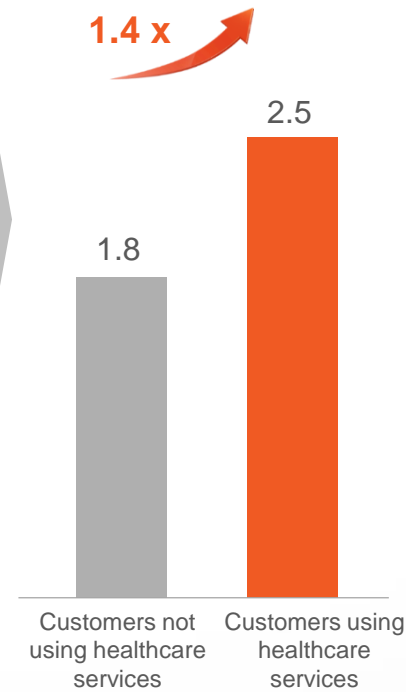
Proportion of Ping An Life's new customers sourced via healthcare services each year



Customer stickiness enhancement: customers using healthcare products and services bring higher value to Ping An Life

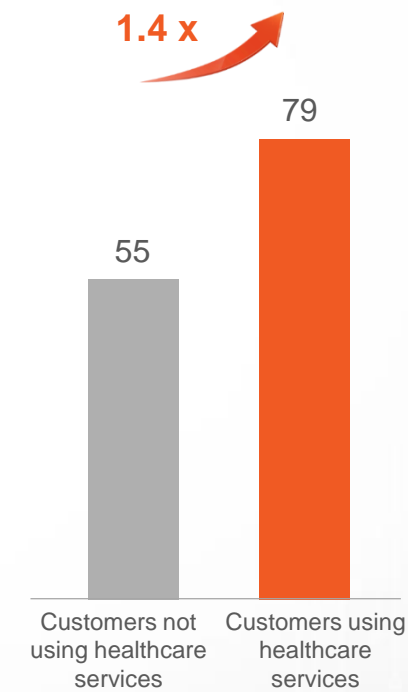
Ping An Life's policies held per customer

(Policy)

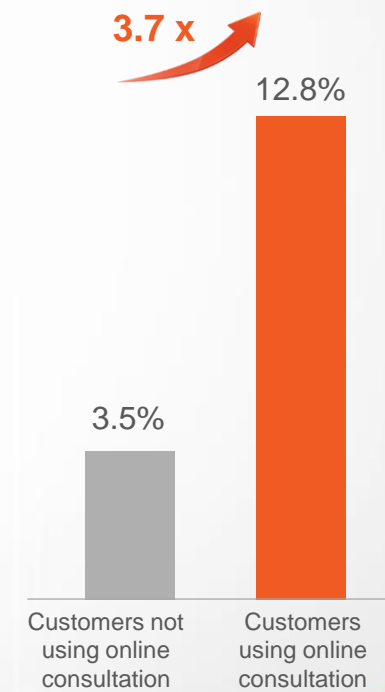


Premium of Ping An Life's policies held per customer

(in RMB thousand)



Upselling rate



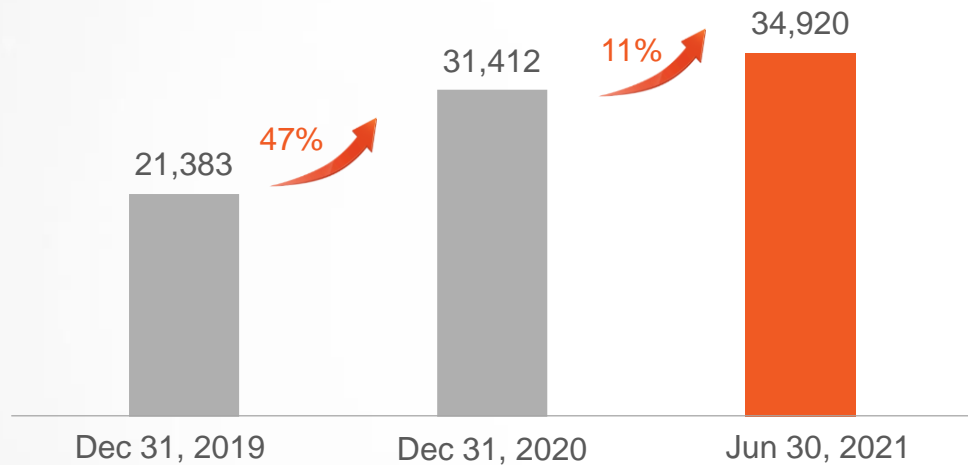
Technology

Jessica Tan
Co-CEO

Technological strength: Ping An ranked 1st globally by fintech and digital healthcare patent applications, and won dozens of international championships

Ping An ranked 1st globally by patent applications

Patent applications⁽¹⁾



- **Fintech:** remained **1st globally**
- **Digital healthcare:** remained **1st globally**
- **AI and blockchain:** ranked among **the world's top three**
- **Ping An's invention patent applications** accounted for **nearly 96%** of the patent applications filed, and **8,452** were filed **under the Patent Cooperation Treaty (PCT) and abroad**

International championships and papers published in top journals

 Ping An cumulatively won 70+ international championships, including seven garnered in the first half of 2021

SemEval

CVPR

MEDIQA

ICDAR

 Ping An cumulatively published 210+ papers, including 80+ published in the first half of 2021

JNCI JOURNAL of the NATIONAL CANCER INSTITUTE

THE LANCET

Briefings in Bioinformatics

ELSEVIER

nature

ICASSP2021

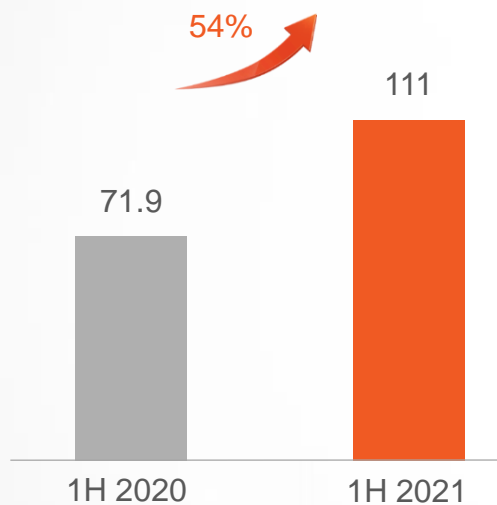
Note: (1) The ranking data is based on the ranking information of patent applications published during 2018-2020.

“Finance + technology”: empower financial services with technology to promote sales, improve efficiency, and contain risks

Promote sales

Sales realized by AI service representatives⁽¹⁾

(in RMB billion)



Proportion of sales realized by AI service representatives

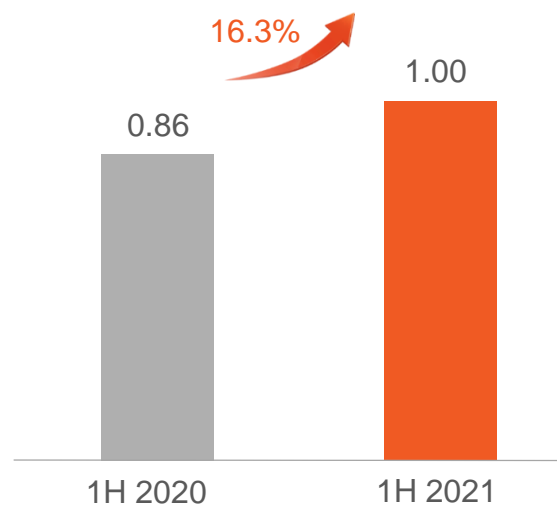
24%

39%

Improve efficiency

The amount of services provided by AI service representatives⁽²⁾

(billion times)



Proportion of service workloads handled by AI

82%

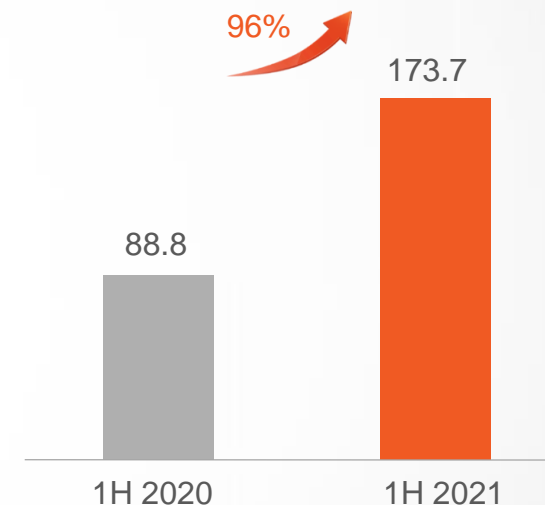
84%

• Labor efficiency improved by a total of 26%⁽⁴⁾

Contain risks

Overdue loans cumulatively collected by AI⁽³⁾

(in RMB billion)



30-day recovery rate of AI collection

60%

78%

Notes: (1) Due to business adjustments, sales realized by AI service representatives in the Reporting Period exclude sales contributed by Ping An Bank and Lufax Holding. Relevant metrics and data for the comparable period have been restated accordingly.

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

(3) Overdue loans cumulatively collected by AI comprise overdue credit card receivables, auto loans, consumer loans, and unsecured loans cumulatively collected by AI.

(4) Labor efficiency improvement for the period of 2018-2020 was reflected by a manpower decline.

“Finance + ecosystem” : create a closed loop represented by healthcare ecosystem

Empower financial services with ecosystems

- **Customer acquisition:** Ping An had **627 million** internet users as of June 30, 2021, including **16.12 million** financial customers acquired in the first half of 2021, **36%** of whom were sourced from internet users within the Group’s ecosystems
- **Customer stickiness:** Per capita contracts and AUM held by retail customers who used services from the Group’s ecosystems are **2.4 times** and **3.8 times** respectively as many as those held by other customers

Healthcare ecosystem

Results

- **Healthcare:** covered **40,000+** institutions and served about **950,000** doctors in **170** cities
- **Ping An Good Doctor:** **400 million** users, **40,000+** in-house and external doctors, and **160,000+** contracted pharmacies
- **Ping An HealthKconnect:** **22** provincial-level social health insurance platforms

14 service providers



Financial services ecosystem

Results

- **Retail customers:** Lufax Holding served **14.83 million** active investors and a total of **15.54 million** borrowers
- **Institutions:** OneConnect served **641** banks and covered **110** insurance institutions

12 service providers



Auto services ecosystem

Results

- **B-end:**
Dealers: **25 thousand** ⁽¹⁾ served
Automakers: **92** ⁽¹⁾ covered
New energy: **20** partner brands
Used cars: leading online auction platform TTP Car Inc.
- **C-end:** **44.1 million** daily active users

5 service providers



Smart city services ecosystem

Results

- **Empower governance:** **launched in 156 cities**
- **Support industries:** covered **1.68 million** enterprises
- **Advance livelihoods:** served **130 million** citizens

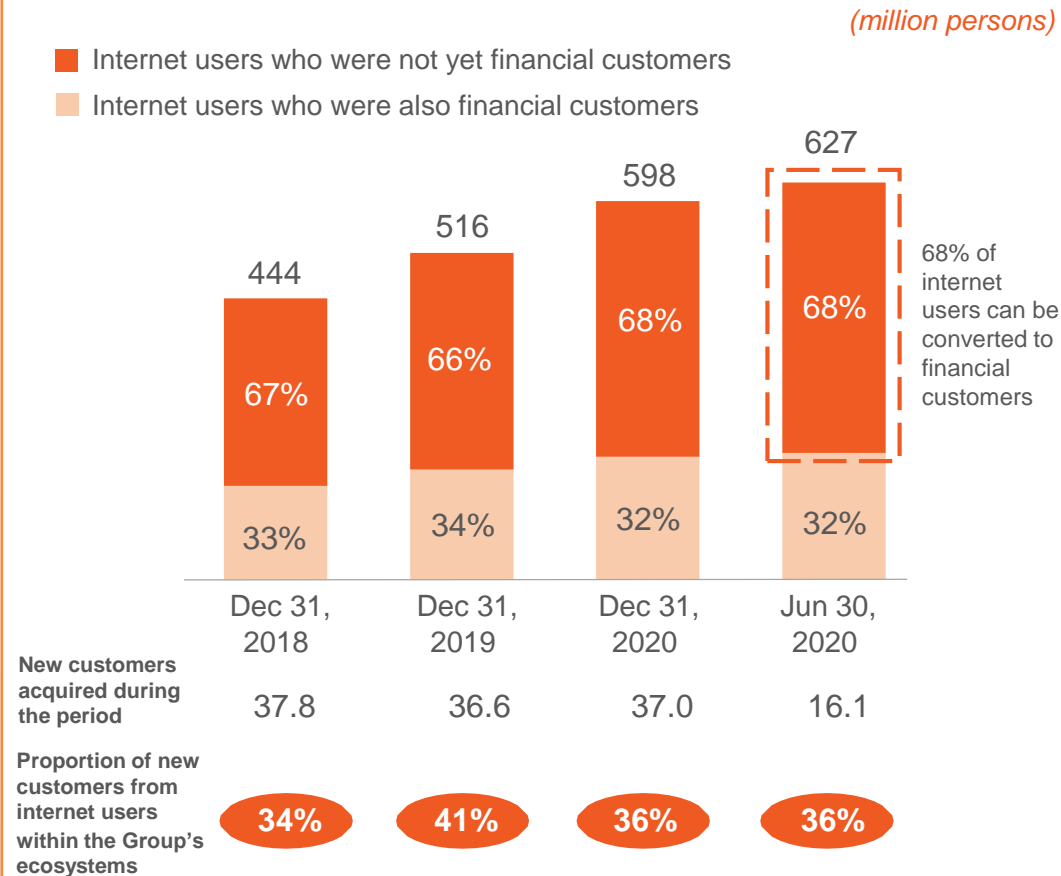
11 service providers



Note: (1) Data is from Autohome’s 2020 Annual Report.

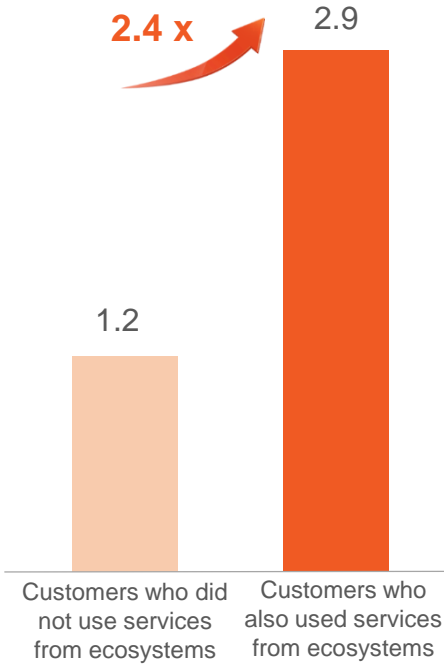
Empower financial services with ecosystems: acquire customers, improve customer stickiness, and boost main financial businesses

Customer acquisition: 36% of new customers were sourced from internet users of the Group's ecosystems



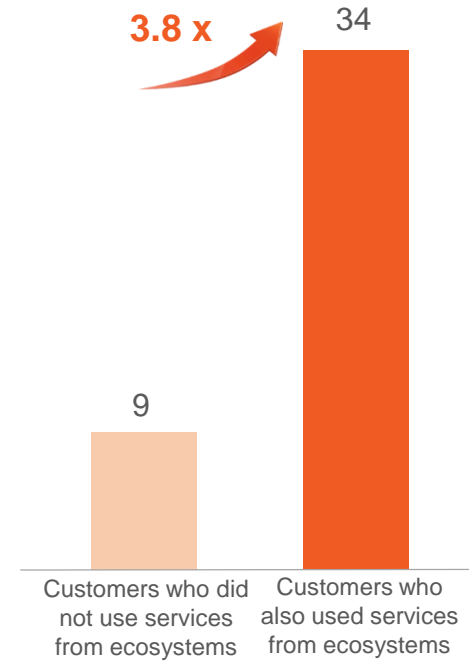
Customer stickiness: financial customers who also used services from the Group's ecosystems bring more value

Financial contracts per customer



AUM per customer

(in RMB thousand)



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

Customer metrics



Investors

Wealth management
Proportion of client assets
(from customers with assets
of over RMB300,000) **80%**

Active investors **14.83mn**
+16% YoY



Borrowers

Accumulated borrowers **15.54mn**
+16% YoY



Partner institutions

Retail credit facilitation **68**
financial institution partners

Wealth management **>440**



Overdue ratio

Retail credit facilitation **1.9%**
Ratio of loans more than 30 days
overdue⁽¹⁾ **-1.0 pps YoY**

Financial metrics

(in RMB million)

Revenue

+17.1%
YoY

25,684

30,079

1H 2020

1H 2021

Net profit

7,272

9,697

Net profit margin

28.3%

32.2%

Business metrics

(in RMB million)

Balance of retail credit facilitated

+11.3%
YTD

545,145

606,794

Dec 31,
2020

Jun 30,
2021

Client assets

-1.3%
YTD

426,571

421,104

Dec 31,
2020

Jun 30,
2021

■ Current products

■ Legacy products⁽²⁾

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.

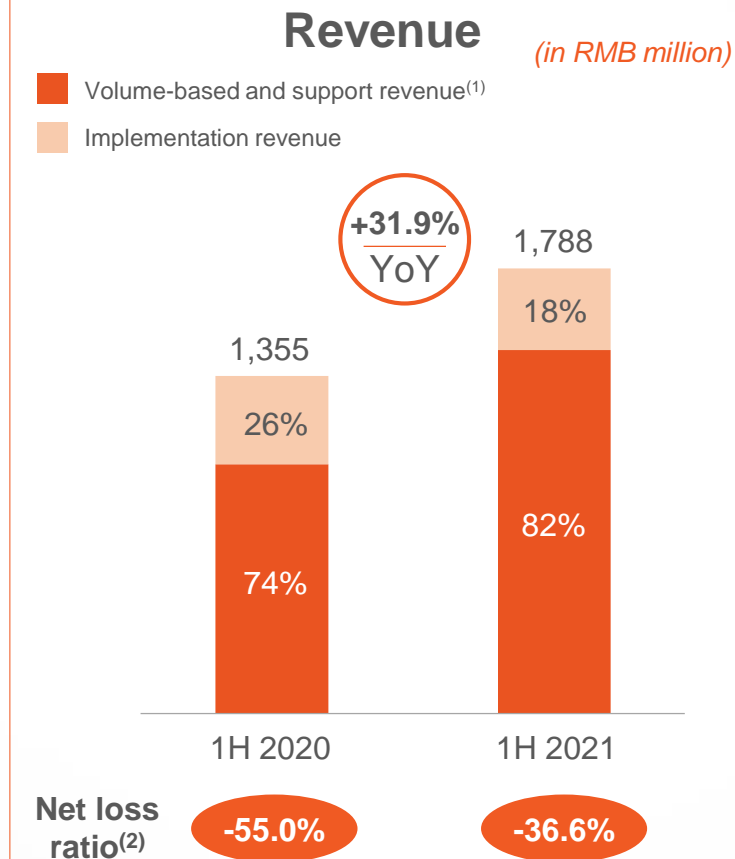
(2) Legacy products refer to products that ceased to be distributed by the wealth management business of Lufax Holding but still have outstanding balances, mainly comprising P2P products. As Lufax Holding further transformed its platform business, the P2P AUM held by customers was substantially cleaned up as of June 30, 2021.

OneConnect (OCFT US): a technology-as-a-service platform for financial institutions


Customer metrics

	Banks	641
	Insurance institutions	110
	Overseas	
	Countries or regions covered	20
	Financial and government customers	109

Financial metrics



Business metrics

	Premium customers ⁽³⁾	460 +114 YoY
Premium customer	Premium plus customers ⁽³⁾	113 +26 YoY
	Transaction volume of retail and SME loans	RMB 48.0 billion +0.6 billion YoY
Scale	Claims processed via Smart Quick Claim	3.21 million times +31.5% YoY
	Patent applications	5,075 +748 YoY
Technological innovation	Awards won by Gamma Lab	15 +2 YoY

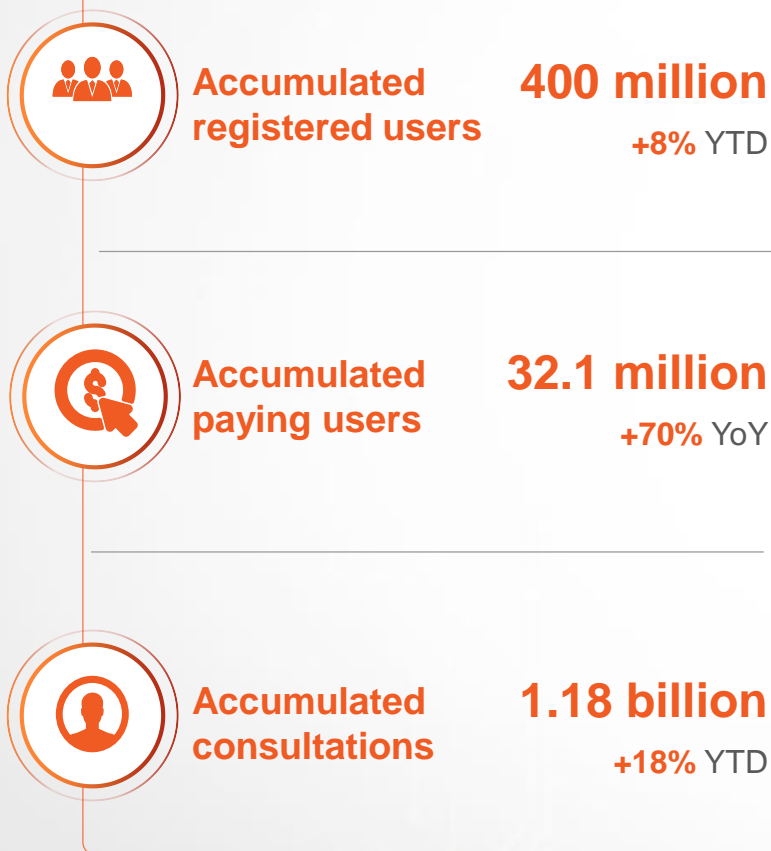
Notes: (1) Volume-based and support revenue comprises revenue from business origination services, risk management services, operational support services, cloud services platform and others.

(2) Net loss ratio was calculated based on OneConnect's net profit attributable to shareholders of the parent company.

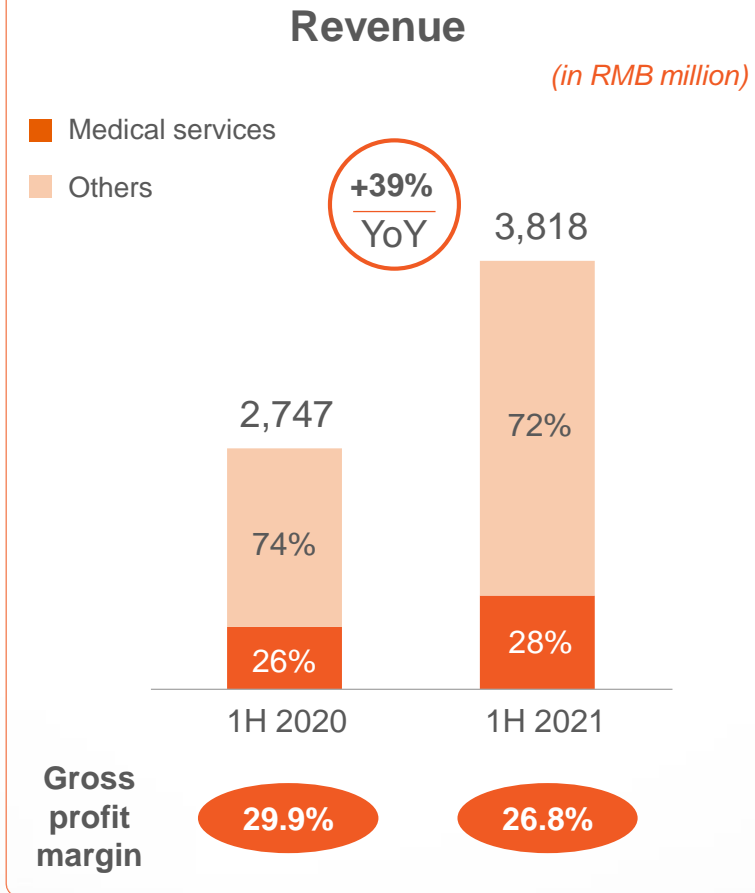
(3) The number of premium customers is the number of institutional customers that contribute annual revenue of at least RMB100,000 to OneConnect, excluding Ping An Group and its subsidiaries. The number of premium plus customers is the number of institutional customers that contribute annual revenue of at least RMB1,000,000 to OneConnect, excluding Ping An Group and its subsidiaries.

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

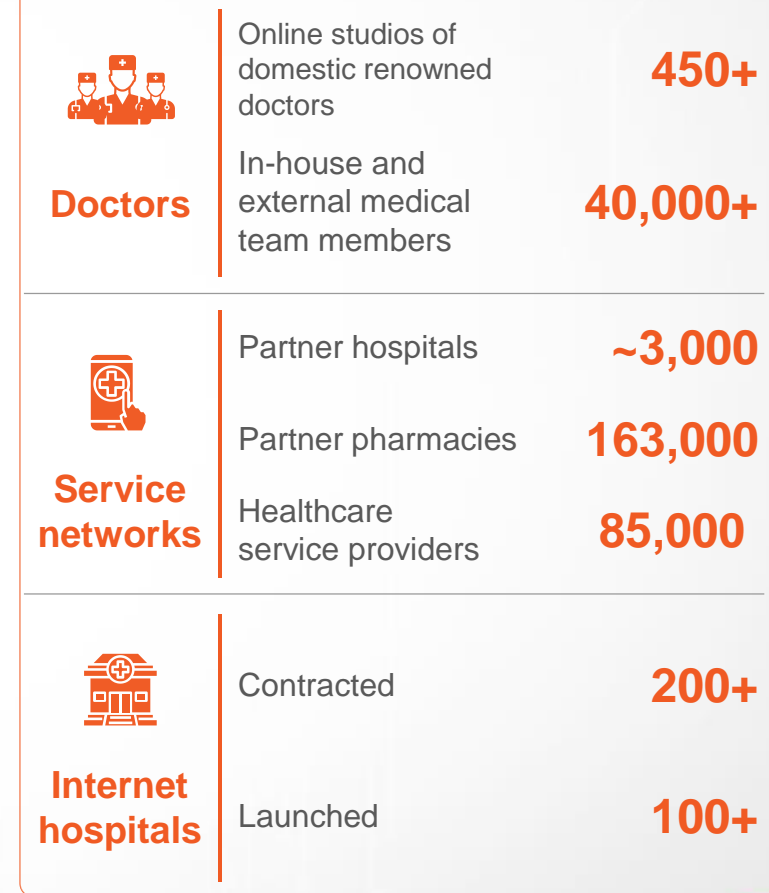
Customer metrics



Financial metrics



Healthcare resources

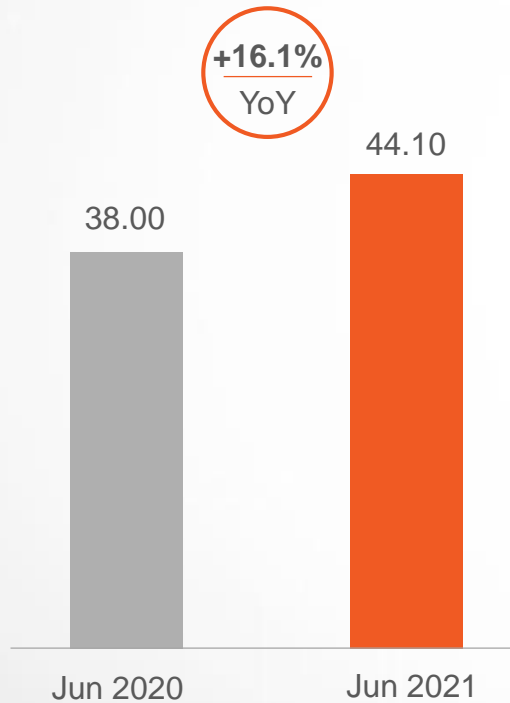


Autohome (ATHM US/02518.HK): China's leading online auto services platform

Customer metrics

Average daily active users on mobile devices ⁽¹⁾

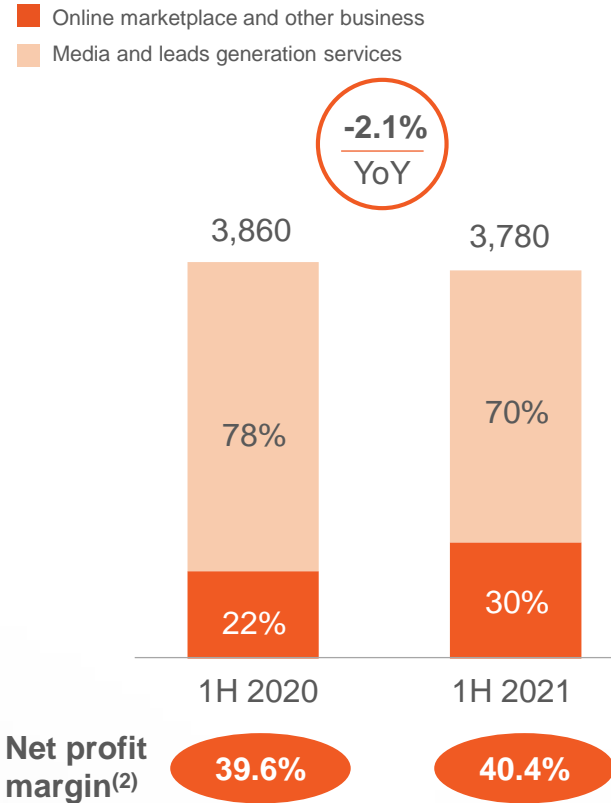
(in million)



Financial metrics

Revenue

(in RMB million)



Business metrics

C-end



C-end

Average daily active users on mobile devices

44.10 million
+16.1% YoY

B-end



Automakers & dealers

YoY increase in revenue of data products

+54.7%



New energy vehicle (NEV)

New energy car brands served

20



Used cars

Acquired TTP Car Inc., a leading used car auction platform in China. TTP Car Inc. reached the breakeven point in operations in June 2021.

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

(2) Net profit margin was calculated based on Autohome's non-GAAP adjusted net profit attributable to shareholders of the parent company.

Smart city business: leveraging technologies to empower city governance, support industries, and advance people's livelihoods

Government services: smart government services



- **Coverage:** deployed in **50+** cities and **80+** commissions, offices, and bureaus, and benefited **1.5 million+** companies
- **Efficiency increase:** helped local governments analyze macroeconomic conditions and industries, and provided companies with risk management service

Business development: smart environmental protection



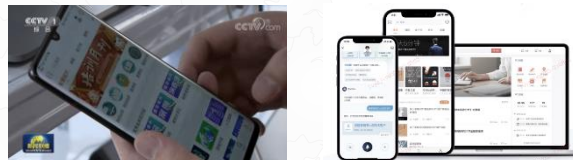
- **Coverage:** went live in **ten** provinces/cities, covering **110,000+** businesses and **6,000+** environmental monitoring points in Shenzhen
- **Efficiency increase:** conducted smart monitoring of **230** pollutants in **seven** industries

Citizen services: smart life



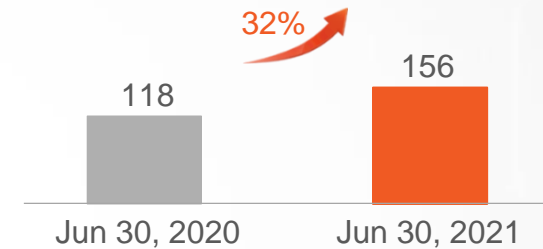
- **Citizen services:** accessed **3.3 billion+** times by **nearly 42 million** users
- **City services:** online processing of **16,000+** service items and AI-enabled instant approval of **3,500+** service items in **nearly 30** cities

Citizen services: smart education

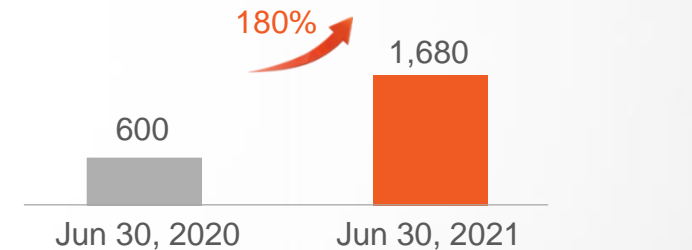


- **Vocational education:** served **56 million** users, with courses broadcast **456 million** times
- **Corporate training:** served **1,700+** government and corporate customers, recording **1.61 billion** attendances at online conferences and business training

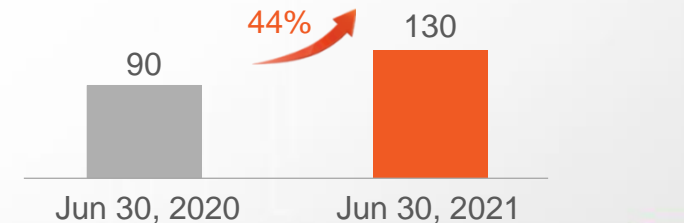
Cities covered



Companies covered



Citizens served





Expertise makes life simple

Technology makes integrated financial services heartwarming

Healthcare makes life better

Q&A

Appendices: 1H 2021 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	29,256	10,741	10,191	1,253	1,677	5,078	2,644	(2,835)	58,005
Net profit attributable to non-controlling interests	529	50	7,392	1	71	737	726	452	9,958
Net profit (A)	29,785	10,791	17,583	1,254	1,748	5,815	3,370	(2,383)	67,963
Excluding:									
Short-term investment variance (B)	(15,245)	-	-	-	-	-	-	-	(15,245)
Impact of discount rate change (C)	(5,200)	-	-	-	-	-	-	-	(5,200)
Impact of one-off material non-operating items and others (D)	-	-	-	-	-	-	(3,592)	-	(3,592)
Operating profit (E = A – B – C – D)	50,230	10,791	17,583	1,254	1,748	5,815	6,962	(2,383)	92,000
Operating profit attributable to shareholders of the parent company	49,495	10,741	10,191	1,253	1,677	5,078	6,236	(2,835)	81,836
Operating profit attributable to non-controlling interests	735	50	7,392	1	71	737	726	452	10,164

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

Appendices: 1H 2020 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	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 and others (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: Life & Health earnings (Table B)

Profit Analysis

<i>(in RMB million)</i>	1H 2021	1H 2020	Notes
Release of residual margin	41,589	40,342	A
Return on net worth	7,133	6,261	
Spread income	2,125	2,791	
Operating variances and others	7,011	9,890	
Operating profit before tax	57,858	59,284	
Income tax	(7,629)	(7,749)	
Operating profit after tax	50,230	51,535	See Table A
Short-term investment variance	(15,245)	(1,987)	
Impact of discount rate change	(5,200)	(3,660)	
Impact of one-off material non-operating items and others	-	-	
Net profit	29,785	45,888	See Table A

Residual Margin

<i>(in RMB million)</i>	1H 2021	1H 2020	Notes
Opening residual margin	960,183	918,416	
Contribution from new business	41,480	59,354	
Expected interest growth	18,287	18,034	
Release of residual margin	(41,589)	(40,342)	A
Lapse variances and others	(10,148)	6,872	
Closing residual margin	968,212	962,333	
Residual margin release / opening residual margin	4.3%	4.4%	
Long-term protection % release	71%	73%	

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

Appendices: P&C earnings (Table C)

<i>(in RMB million)</i>	1H 2021	1H 2020	Notes
Premium income	133,313	144,118	
Net earned premiums	127,255	122,339	B
Claim expenses	(85,812)	(73,431)	
Commission expenses of insurance operations	(15,594)	(21,613)	
Administrative expenses	(23,855)	(27,932)	
Reinsurance commission revenue	2,586	3,033	
Underwriting profit	5,210	2,396	D = B x (1-C)
Combined ratio (%)	95.9	98.1	C
Total investment income	7,973	8,406	E = F x G
Average investment assets	318,510	298,591	F
Total investment yield (unannualized, %)	2.5	2.8	G
Other net revenue and expenses	(419)	(565)	
Profit before tax	12,764	10,237	
Income tax	(1,973)	(1,963)	
Net profit	10,791	8,274	See Table A
Operating profit	10,791	8,274	See Table A

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

Appendices: Banking earnings (Table D)

<i>(in RMB million)</i>	1H 2021	1H 2020	Notes
Net interest revenue	59,361	55,580	H = I x J
Average balance of interest-earning assets	4,224,570	3,887,854	I
Net interest margin (unannualized, %)	1.41	1.43	J
Net non-interest revenue	25,319	22,748	
Revenue	84,680	78,328	K
General and administrative expenses	(23,160)	(21,380)	L = - (K x M)
Cost-to-income ratio (%)	27.35	27.30	M
Tax and surcharges	(820)	(798)	
Operating profit before impairment loss	60,700	56,150	
Impairment losses on credit and other assets	(38,285)	(38,491)	
Including: Loan impairment loss	(25,121)	(32,302)	N = - (O x P)
Average balance of loans (including discounted bills)	2,759,354	2,429,534	O
Credit cost (unannualized, %)	0.91	1.33	P
Other expenses	(74)	(72)	
Profit before tax	22,341	17,587	
Income tax	(4,758)	(3,909)	
Net profit	17,583	13,678	See Table A

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

Appendices: Trust earnings (Table E)

(in RMB million)

	1H 2021	1H 2020	Notes
Fees and commission revenue	1,961	2,259	Q = R x S
Monthly average assets held in trust	408,194	435,772	R
Fee rate of assets held in trust (%)	0.48	0.52	S
Fees and commission expenses	(243)	(160)	
Net fees and commission revenue	1,718	2,099	
Administrative expenses	(584)	(513)	
Total investment income	253	293	
Other net revenue and expenses	242	262	
Profit before tax	1,629	2,141	
Income tax	(375)	(488)	
Net profit	1,254	1,653	See Table A

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

Appendices: Securities earnings (Table F)

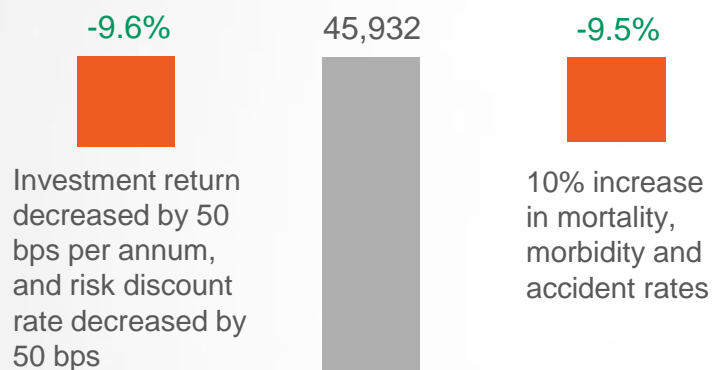
<i>(in RMB million)</i>	1H 2021	1H 2020	Notes
Fees and commission revenue	4,249	3,636	
Fees and commission expenses	(1,115)	(852)	
Net fees and commission revenue	3,134	2,784	
Total investment income	3,621	3,245	
Other revenue	2,552	2,545	
Revenue	9,307	8,574	T
Administrative expenses	(2,829)	(2,357)	U = - (T + W) x V
Cost-to-income ratio(%)	45.4	44.3	V
Finance costs	(1,286)	(1,005)	
Other expenses	(3,080)	(3,253)	W
Profit before tax	2,112	1,959	
Income tax	(364)	(394)	
Net profit	1,748	1,565	See Table A

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

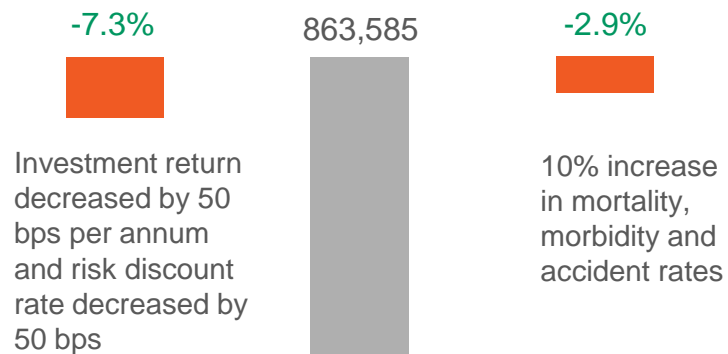
Appendices: NBV and EV exhibited low sensitivity to future investment return

(in RMB million)

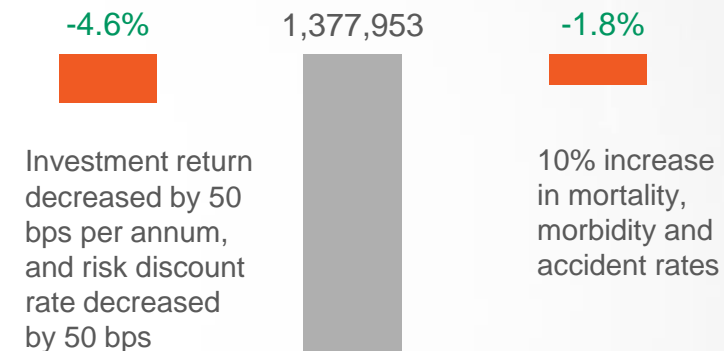
NBV of one year



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.