

中国平安 PINGAN

专业·价值

2022 Annual Results

March 2023



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. Neither the Company nor any of its employees or affiliates is responsible for, or is making, any representations concerning the future performance of the Company.

Contents

Performance Overview

Jason Yao
Co-CEO

Integrated Finance

Xie Yonglin
President and Co-CEO

Life Reform & Technology

Jessica Tan
Co-CEO

Performance Overview

Jason Yao
Co-CEO

Ping An's strategies: advancing the “integrated finance + healthcare” strategic upgrade

One vision

World-leading
Integrated Finance and Healthcare Services Provider

Two-pronged



Integrated Finance

One customer, multiple products,
and one-stop services



Healthcare

Family doctors and
elderlycare concierges

Technology-driven

Technological Empowerment

Empowering financial services with technologies, empowering financial services with ecosystems, and advancing development with technologies

2022 Business Highlights

(in RMB)

Operating profit⁽¹⁾

148.4 billion

+0.3%

Dividend per share

2.42/share

+1.7%

Operating ROE

18%

Net profit⁽¹⁾

83.8 billion

-17.6%

NBV

28.8 billion

-24.0%

L&H operating profit⁽¹⁾

111.2 billion

+16.0%

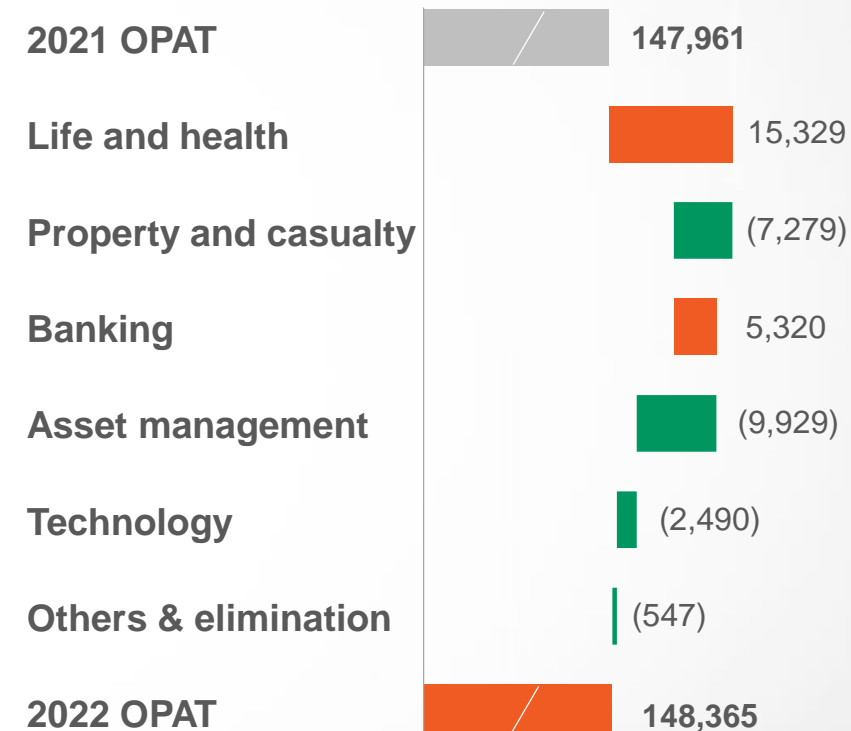
Note: (1) Operating profit and net profit refer to the operating profit and net profit attributable to shareholders of the parent company respectively.

Group operating profit rose despite an extremely challenging environment

(in RMB million)

	2022	Proportion (%)	YoY Change (%)
Life and health	111,235	75.0	16.0
Property and casualty	8,838	6.0	(45.2)
Banking	26,380	17.8	25.3
Asset management ⁽²⁾	2,292	1.5	(81.2)
Technology ⁽³⁾	5,458	3.7	(31.3)
Others & elimination	(5,838)	(3.9)	10.3
The Group	148,365	100.0	0.3

Operating profit growth drivers



Notes: (1) Operating profit refers to the operating profit attributable to shareholders of the parent company. Operating profit is based on net profit from financial statements, excluding items that are of a short-term, volatile or one-off nature and others. For details of computation, please refer to the Company's 2022 Annual Report disclosed on the website of the SSE and the announcement of audited results for the year ended December 31, 2022 disclosed on the website of the HKEX.

(2) The asset management business represents the results of subsidiaries that engage in asset management business including Ping An Securities, Ping An Trust, Ping An Asset Management, Ping An Financial Leasing, and Ping An Overseas Holdings.

(3) The technology business represents the results of subsidiaries, associates and joint ventures that engage in technology business including Autohome, Lufax Holding, OneConnect, and Ping An Health.

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

L&H operating profit attributable to shareholders of the parent company rose 16% YoY

(in RMB million)

		2022	2021	YoY change (%)
End-2021 residual margin of L&H	940,733			
Contribution from new business	33,606			
Expected interest growth	35,679			
Lapse variances and others ⁽¹⁾	(35,088)			
Release of residual margin	(80,517)			
End-2022 residual margin of L&H	894,413			
Release of residual margin		80,517	82,488	(2.4)
Return on net worth ⁽²⁾		16,366	14,567	12.4
Spread income ⁽³⁾		6,252	4,823	29.6
Operating variances and others ⁽⁴⁾		14,582	7,436	96.1
Operating profit before tax		117,718	109,314	7.7
Income tax ⁽⁵⁾		(4,737)	(12,239)	(61.3)
Operating profit after tax		112,980	97,075	16.4
Operating profit attributable to the parent company		111,235	95,906	16.0

Notes: (1) Lapse variances and others were adverse mainly because residual margin decreased 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 increased 96.1% YoY, largely because actual claims payment was lower and persistency ratios improved, resulting in higher operating variances.

(5) Income tax decreased 61.3% YoY, mainly because tax-exempt incomes from central government bonds, railway bonds and fund dividend distribution increased YoY.

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

L&H NBV fell driven by declines in long-term life & health protection sales and offline activities including recruitment and face-to-face visits as residents' willingness to consume weakened

	NBV	Change (%)	NBV Margin (%)	Change (pps)
<i>(in RMB million)</i>				
Retail business	28,439	(23.8)	32.0	(6.4)
Agency	22,932	(26.2)	36.3	(6.7)
Endowment & annuity protection (short-PPP)	7,079	(1.4)	18.8	(0.8)
Endowment & annuity protection (long-PPP) ⁽¹⁾	6,029	(20.2)	44.7	(2.8)
Long-term life & health protection ⁽²⁾	6,235	(50.2)	86.4	(0.3)
Short-term insurance	3,589	(6.2)	76.8	1.2
Telemarketing, internet and others	3,457	(22.9)	22.9	(5.3)
Bancassurance	2,050	15.9	19.2	(0.2)
Group business	380	(33.0)	1.2	(0.2)
Total NBV	28,820	(24.0)	24.1	(3.7)

High-protection
business

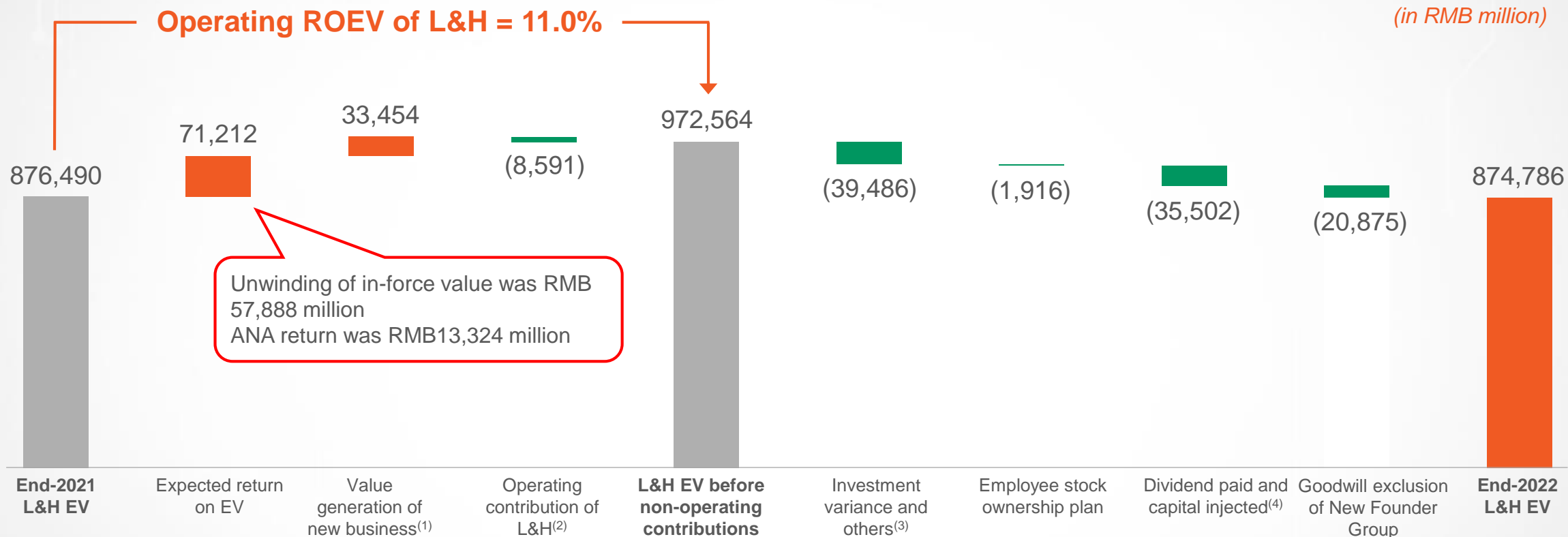
Nearly 70% of
agency NBV

Notes: (1) PPP stands for Premium Payment Period. Endowment & annuity protection (long-PPP) products cover endowment and annuity products with a PPP of 10 years and above. The main products of the critical illness plus return of principal combination sold over recent years are classified as endowment & annuity protection (long-PPP) due to conservative classification.

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

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

L&H delivered an operating ROEV of 11.0%



Notes: (1) Value generation of new business includes NBV (RMB28,820 million) and risk diversification effects (RMB4,634 million).

(2) Operating contribution of L&H includes operating assumptions and model changes (RMB-6,920 million), L&H operating variance and others (RMB-1,672 million).

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

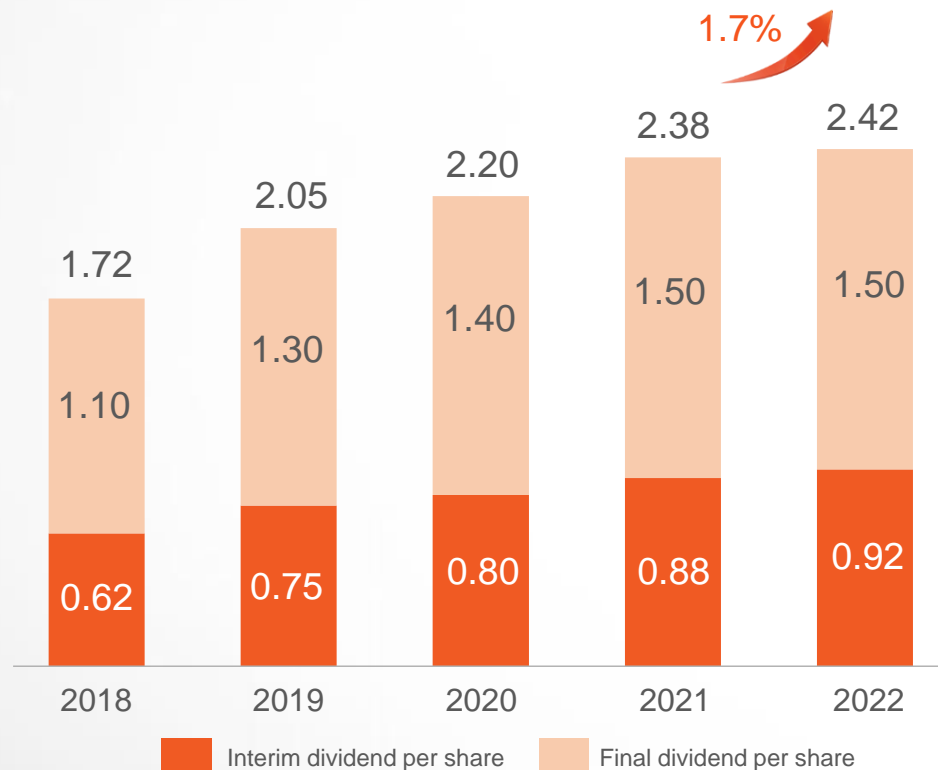
(4) Dividends paid by Ping An Life to the Group amounted to RMB52,572 million. The Company injected RMB17,070 million of capital into Ping An Annuity and Ping An Health Insurance.

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

Ping An attaches importance to shareholder returns, and the annual cash dividend per share grew 1.7% YoY, with free cash of the parent company remaining at a reasonable level

Annual cash dividend kept rising

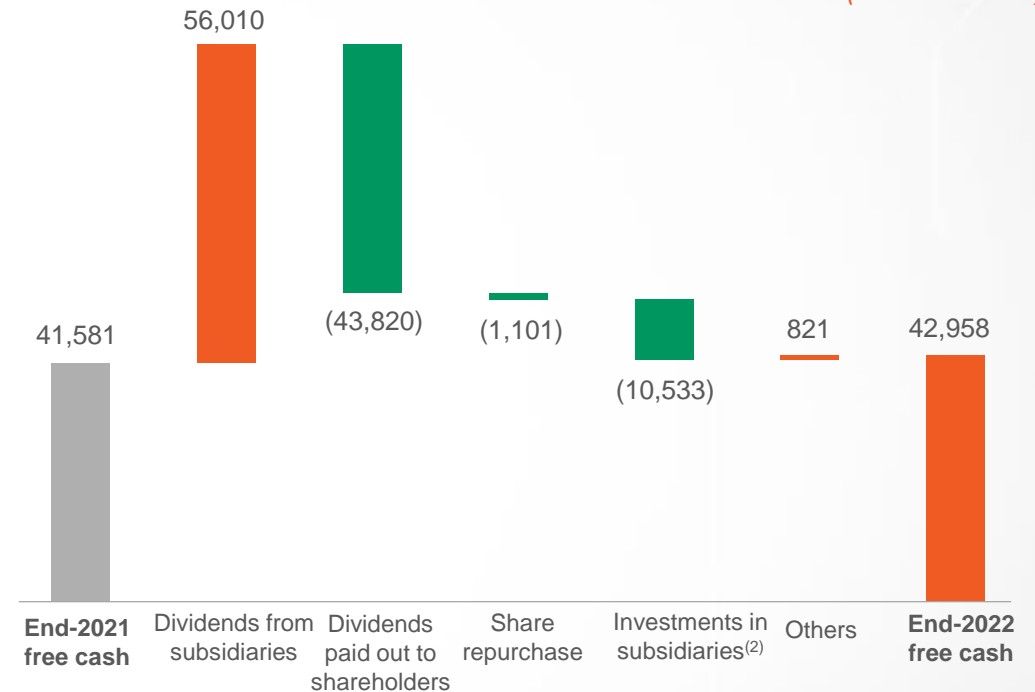
(in RMB per share)



Note: 2022 final dividend is pending approval at the 2022 Annual General Meeting.

Free cash of the parent company

(in RMB million)

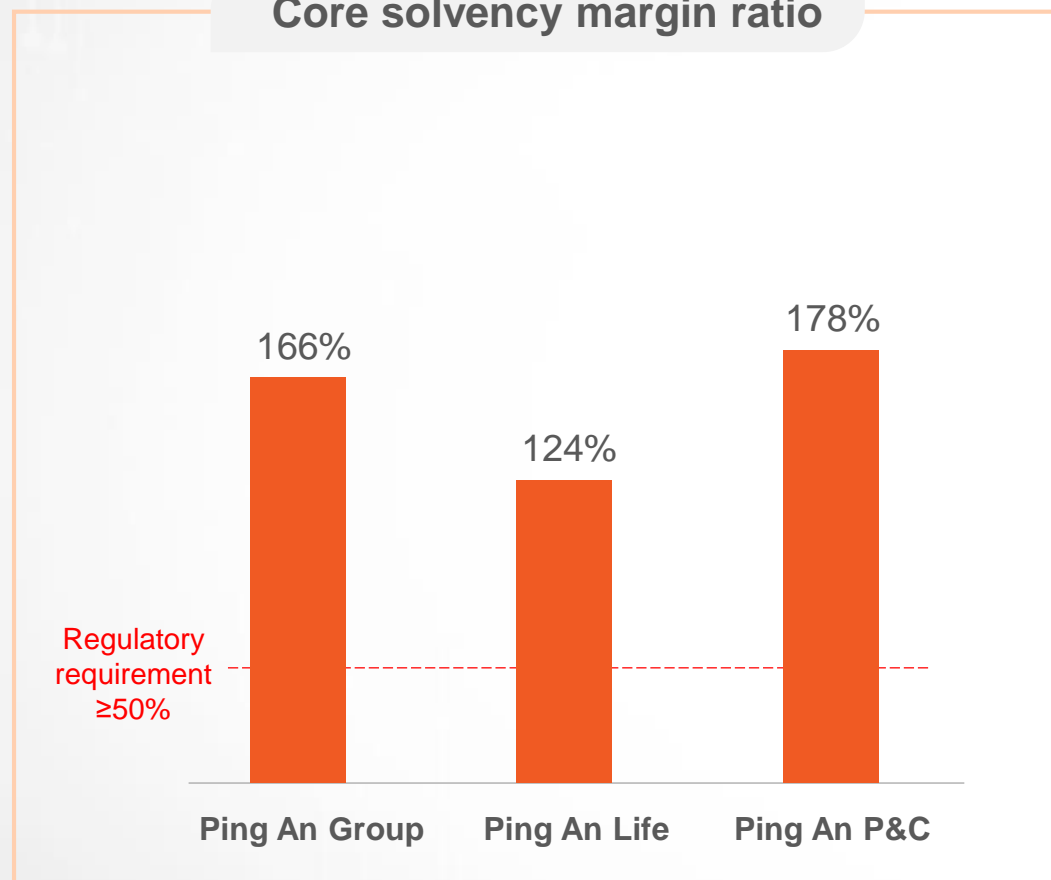


Notes: (1) Free cash of the parent company includes bonds, equity securities, bank deposits and cash equivalents that the parent company holds. Free cash of the parent company is mainly invested in subsidiaries or used in daily operations or for dividend distribution.

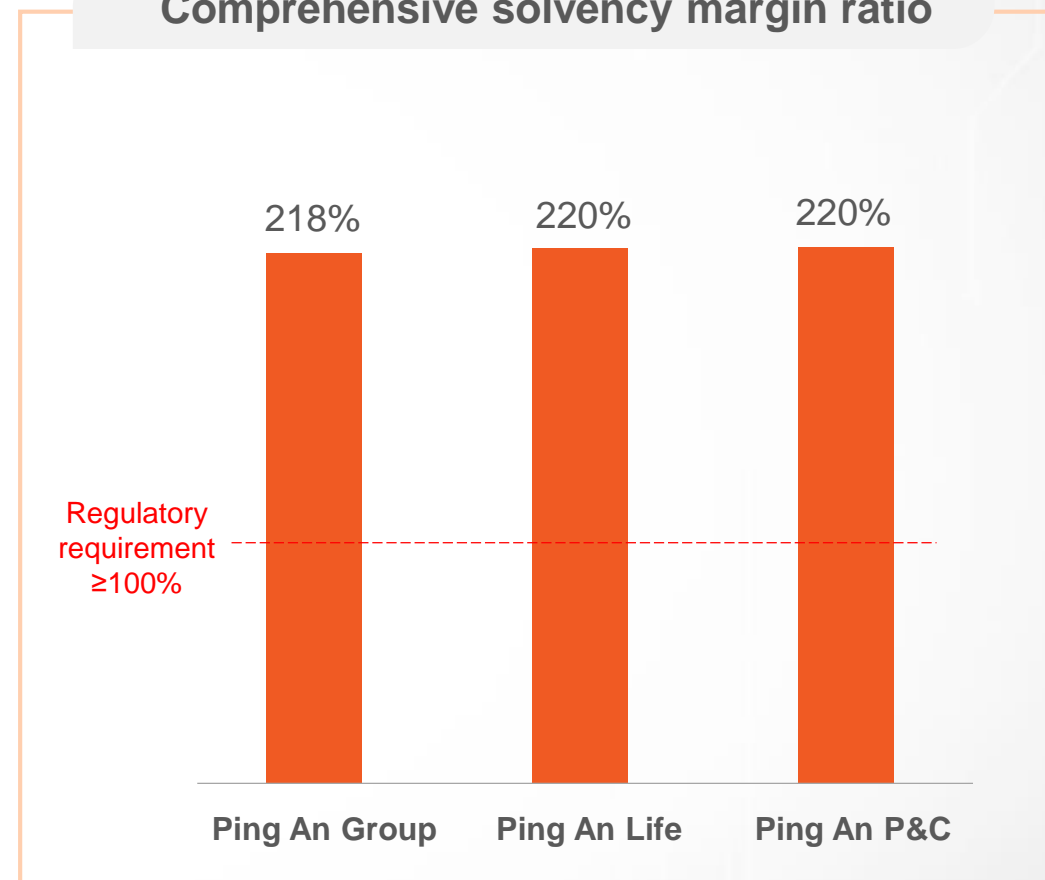
(2) Investments in subsidiaries mainly include the parent company's capital injection into Ping An Annuity.

Solvency margin ratios significantly exceed regulatory requirements under C-ROSS Phase II

Core solvency margin ratio



Comprehensive solvency margin ratio



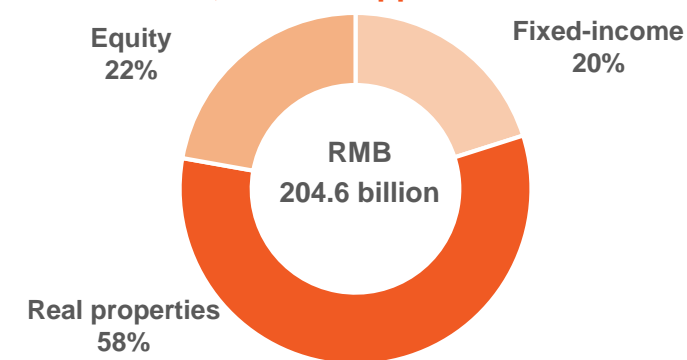
Notes: (1) The above solvency margin ratios as of December 31, 2022 are computed in accordance with the C-ROSS Phase II and the transition period policy.

(2) On top of the minimum regulatory requirement, the CBIRC sets other thresholds for companies to conduct certain businesses, including a minimum core solvency ratio of 75% for conducting internet life insurance business. Solvency margin ratios of the Group and relevant subsidiaries are all well above those thresholds.

Investment portfolio of insurance funds

Proportion	Dec 31, 2022	Dec 31, 2021	Change (pps)
Cash and cash equivalents	3.3%	2.8%	0.5
Term deposits	5.4%	5.3%	0.1
Debt financial assets			
Bond investments	50.7%	48.6%	2.1
Bond funds	2.5%	2.3%	0.2
Preferred stocks	2.7%	3.0%	(0.3)
Perpetual bonds	0.9%	1.5%	(0.6)
Policy loans	4.3%	4.6%	(0.3)
Debt schemes	4.1%	5.0%	(0.9)
Wealth management products ⁽¹⁾	6.0%	6.7%	(0.7)
Equity financial assets			
Stocks	5.2%	7.0%	(1.8)
Equity funds	3.4%	2.3%	1.1
Wealth management products ⁽¹⁾	1.2%	0.8%	0.4
Unlisted equities	2.5%	2.8%	(0.3)
Long-term equity stakes	4.7%	4.1%	0.6
Investment properties	2.7%	2.6%	0.1
Other investments⁽²⁾	0.4%	0.6%	(0.2)
Total investments (in RMB million)	4,368,400	3,916,412	

➤ **Real estate investments: 4.7% of total investments, down 0.8 pps YTD**



Real properties: primarily rent-collecting commercial and office properties with sustained returns, in line with the principle of allocating insurance funds to long-duration assets to match liabilities

Equity: approximately 70% invested in rent-collecting real properties in the form of equity stakes in project companies

Fixed-income: mainly corporate bonds, real estate financial products with funds directly invested in real estate projects, and so on

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

(2) Other investments mainly include statutory deposits for insurance operations, three-month or longer-term financial assets purchased under reverse repurchase agreements, and financial derivatives.

Non-standard debt assets generated 5.05% nominal yield

Debt schemes and debt wealth management products

Carrying value: **RMB442.8 billion**

Proportion: **10.1%**



	% of total investments	Nominal yield (%)	Remaining maturity (year)
Infrastructure	4.9	5.03	4.99
Expressway	1.1	5.16	3.60
Electric power	0.6	4.67	5.81
Infrastructure and development zones	1.2	5.47	6.28
Others (water supply, environmental protection, railway...)	1.9	4.81	4.74
Non-banking financial services	1.9	5.38	2.95
Real estate industry	1.4	5.03	2.70
Coal mining	0.02	5.70	3.80
Others	1.9	4.77	3.72
Total	10.1	5.05	4.05

- Over **96.1%** of debt schemes and trust schemes have **AAA** external credit ratings
- Aside from some high-credit entities which do not need credit enhancement for financing, most of the assets held by the Company have **guarantees or collateral**
- Target assets are mainly in **economically developed areas including Beijing, Shanghai, and Guangdong**

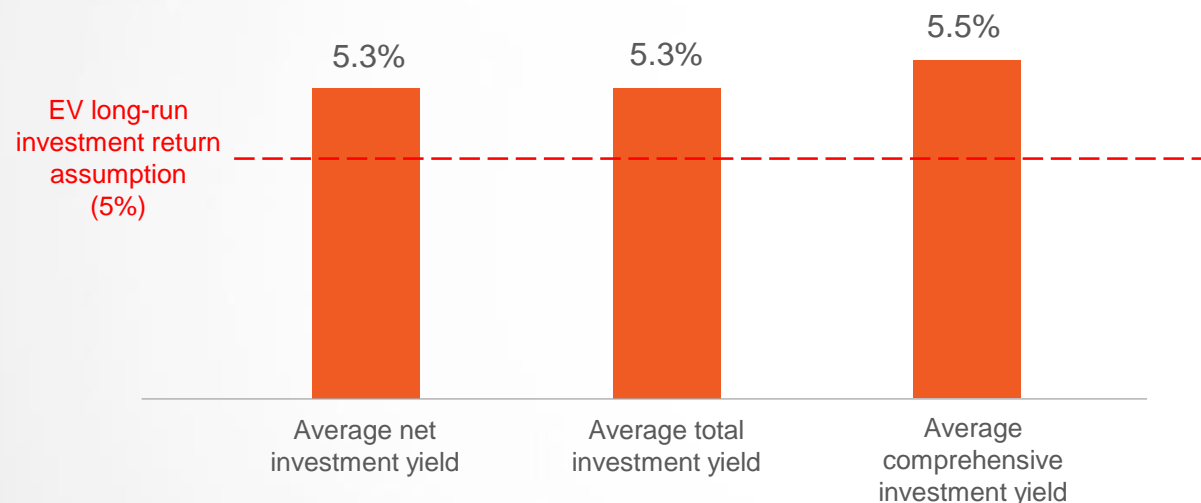
Notes: (1) Non-banking financial services refer to financial institutions other than banks, including insurers, asset management companies, and financial leasing companies.

(2) The real estate industry is broadly defined as comprising: real estate financial products with funds directly invested in real estate projects; and trust schemes, infrastructure investment schemes, project funding schemes, and so on with funds used indirectly in connection with real estate enterprises.

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

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

10-year average investment return (2013-2022)



Investment performance

	2022	2021
Net investment yield	4.7%	4.6%
Total investment yield	2.5%	4.0%

- The Company adopts a **“barbell”** structure for the investment portfolio of insurance funds to create stable investment incomes across macroeconomic cycles
- The Company continues to optimize the **asset-liability matching** of insurance funds, accumulate high-quality assets, and implement disciplined, flexible and robust investment operations
- The investment portfolio remains prudent. The bonds held are mainly high-quality fixed-income instruments including **central and local government bonds**

Sustainability: responsible, lower-carbon, and forward-looking

Green Development

Green investment & financing
RMB282.4 bn

Green banking business
RMB182.1 bn

Green insurance premium income
RMB25.1 bn

Green operations

Ping An launched Green Operations Innovation Competition, promising to achieve **operational carbon neutrality by 2030**

Responsible Investment & Financing

Responsible investment & financing **exceeded RMB1.79 trn**

Social Responsibility

Ping An Rural Communities Support

Ping An cumulatively provided **over RMB77.1 bn** for poverty alleviation and industrial revitalization

Bring insurance, finance and healthcare to rural areas

The project was implemented in places such as Shaoguan, Guangdong Province and Baise, Guangxi Province to support rural revitalization

Index & Rating

2022

Description



MSCI ESG rating

A

No.1 in multi-line insurance & brokerage industry in the Asia-Pacific region


S&P Global's *The Sustainability Yearbook 2022*

Included

The only financial company in the Chinese mainland



CDP rating

A-

The leadership level among financial companies in the Chinese mainland



Sustainalytics' ESG Risk Ratings

Low-risk

A leading position in China



Hang Seng Corporate Sustainability Index

Included

Included in the Hang Seng China Enterprises Index ESG Index and the Hang Seng ESG 50 Index

Global Partnerships



Honors and Awards



Fortune

Fortune
Global 500

No. **25**

Global financial
services
companies

No. **4**



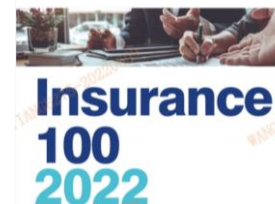
Forbes

Global 2000

No. **17**

Global insurance
conglomerates

No. **1**



Brand Finance,
the world's largest brand
consulting company

Brand Finance
Insurance 100

No. **1**

As the world's
most valuable
insurance brand

for the **6th**
consecutive year



Fortune

Fortune
China 500

No. **4**

IFRS 17: disclosure timeline and impacts

2022 Annual Report

- Key changes brought by IFRS 17 and its impacts

March 2023

Interim voluntary announcements

- Key financial information under IFRS 17 for 2022

Before Interim Report 2023

April 2023

1Q 2023 Report

- The first financial statements under IFRS 17

August 2023

2023 Interim Report

- Interim financial statements with notes under IFRS 17



IFRS 17 will not change our business nature or business strategy

- Product strategy will not be impacted
- Solvency position will not be impacted
- No material change in the management of asset-liability matching



Impacts of IFRS 17 on key financial indicators

- Continue to disclose operating profit and operating ROE
- Disclose contractual service margin (CSM), which is similar to residual margin
- Disclose New Business CSM (which conceptually is similar to NBV) and calculate New Business CSM Margin = $\text{New Business CSM} / \text{Present Value of Expected Premiums}$
- EV/NBV will not be impacted

Integrated Finance

Xie Yonglin
President and Co-CEO

Retail integrated finance: building a brand of heartwarming financial services by providing one-stop integrated finance solutions

“1+N” retail financial business model

Business Model

One customer, multiple products, and one-stop services

Precise insights into customer demands

“Who are our customers?”
“What do customers want?”

- Be **customer-centric**, accurately identify customer demands, and promote customer acquisition, customer retention and asset retention in combination with Ping An Bank’s Smart Bank 3.0 strategy
- Adhere to the “**worry-free, time-saving, and money-saving**” value proposition, strengthen benchmarking, and build our brand

Heartwarming financial services

“What do we offer?”
“How do we deliver?”

- Develop **product suites for different customer segments**, and provide scenario-based one-stop integrated finance solutions by leveraging mapping and consulting toolkits
- Explore **ecosystem-based development**, identify customer segments, set scenarios, match services, and unlock the value of ecosystem-based development

“Four Connects and One Platform”

“What infrastructure should we build?” “What collaborations should we develop?”

- Enhance basic capabilities in **accounts, data, products, benefits, and an intelligent marketing services platform**
- Create excellent customer experience and empower business growth

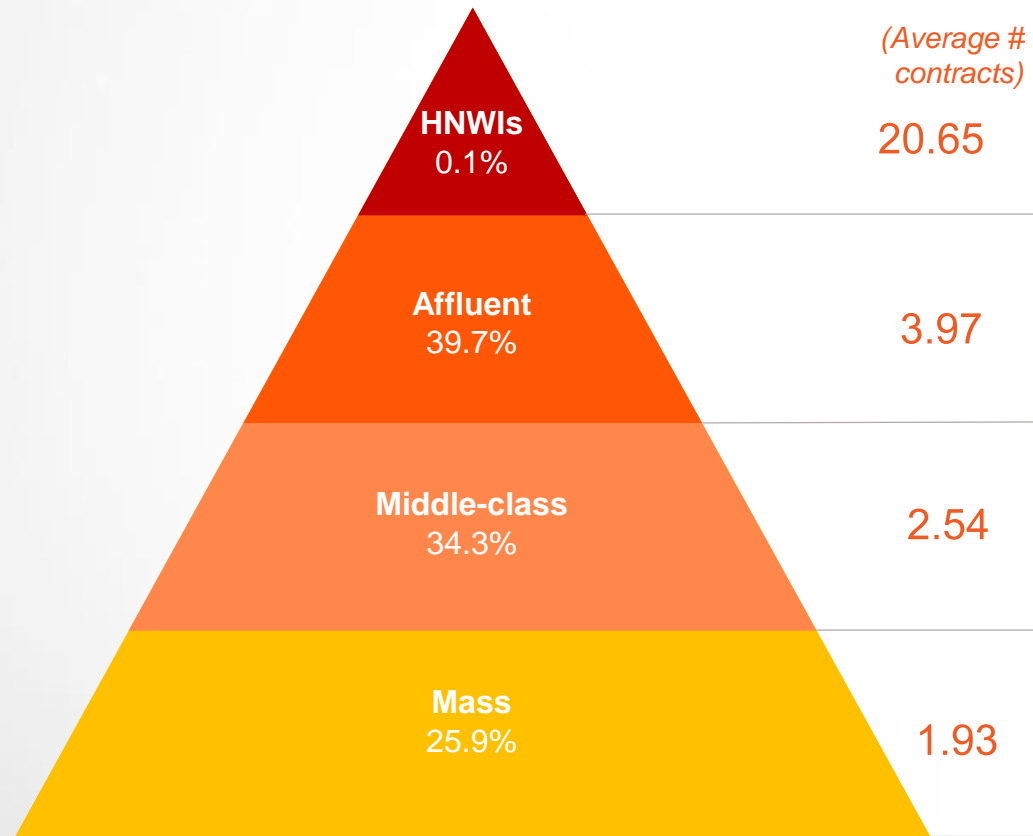
Strategies and Actions

Highlights

Balance of AUM in financial master accounts	RMB411.9 bn +28.1% YTD
New sales of insurance trust products	RMB41.4 bn +41.5% YoY
Total transaction volume of seasonal marketing campaigns	RMB2.62 trn

Retail integrated finance: offering excellent products and services to meet customer needs and create value

Retail customer structure and contracts per customer by segment



Customer needs and typical offerings

Wealth management and inheritance

- Wealth management: privately offered products and family trusts, pension annuities, pension funds
- Inheritance and protection: insurance trusts, life insurance
- Investment and consumption: wealth management products, securities accounts, securities margin trading, home mortgages, auto loans, auto owner credit cards

Consumption, business management, comprehensive protection

- Credit card purchases and installments, business operation loans
- Life insurance, critical illness insurance, accident insurance, physical checkups, auto insurance
- Highly liquid products, wealth management products, publicly offered products

Pension reserves, capital turnover, personal protection, housing/auto consumption

- The well-off middle-aged and elderly: pension funds, pension wealth management, medical insurance, deposit products
- Diligent middle-class: business operation loans, life insurance, credit card installments, publicly offered products
- The well-off young and middle-aged: home loans, auto insurance, auto owner credit cards

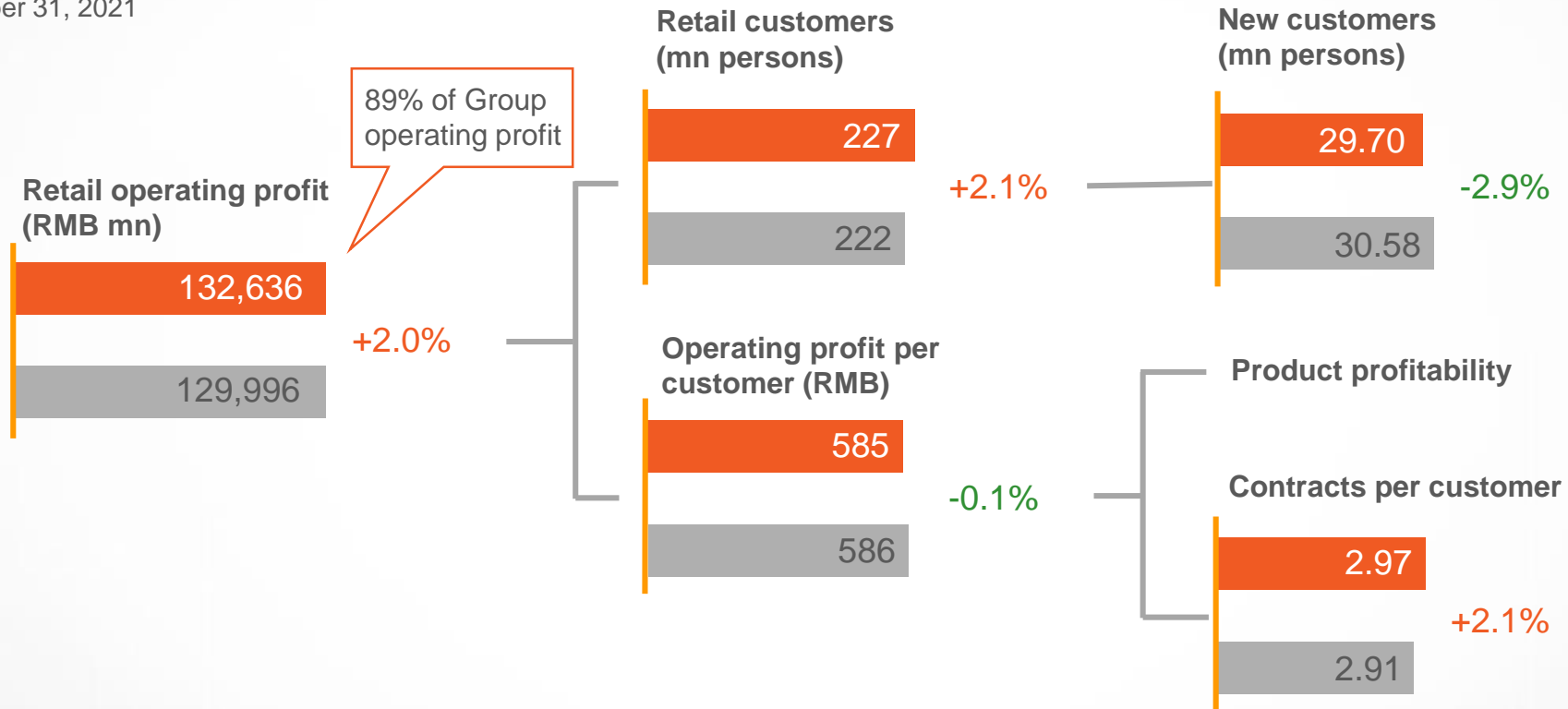
Capital turnover, basic protection, housing/auto consumption

- The diligent moderately prosperous: business operation loans, elderly protection, life insurance
- Moderately prosperous families: accident insurance, medical insurance
- The striving young: home loans, auto insurance, credit card purchases

Retail integrated finance: strong results boosted by a growing customer base and increasing contracts per customer

■ 2022/December 31, 2022

■ 2021/December 31, 2021



Notes: (1) The operating profits are operating profits attributable to the shareholders of the parent company.

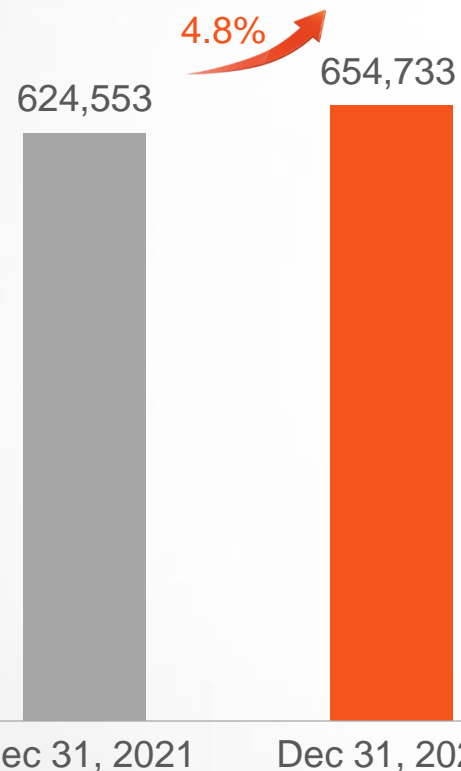
(2) The Company improved the definitions of retail customers and contracts per customer in 2022 by removing unreachable customers but including distributed contracts. Comparable data for 2021 was restated correspondingly.

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

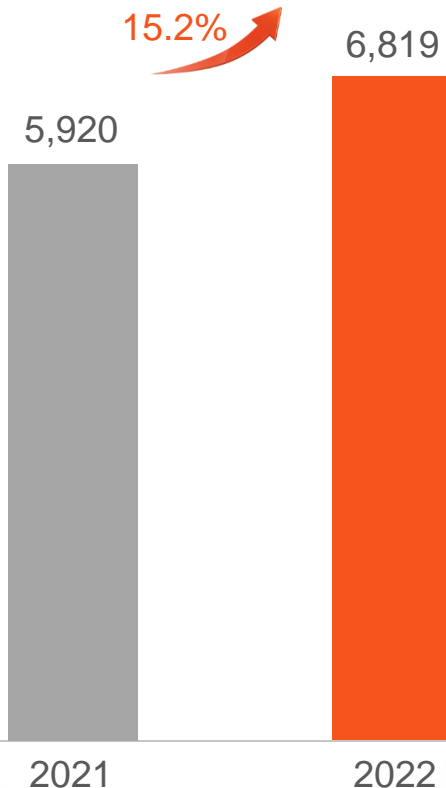
Corporate integrated finance: yielded good results with a constantly growing written premium

(in RMB million)

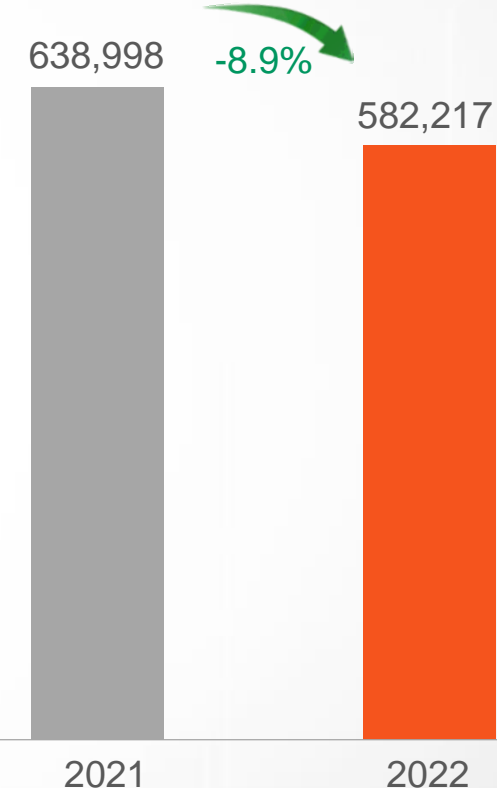
Outstanding balance of underlying assets invested by insurance funds sourced from corporate business⁽¹⁾



Written premium of the corporate channel⁽²⁾



New financing scale achieved through corporate business cross-selling⁽³⁾



Notes: (1) The underlying assets invested by insurance funds sourced from corporate business refer to the assets sourced by the Group's core financial companies, including Ping An Asset Management, Ping An Securities, and Ping An Trust, for the allocation of the Group's insurance funds.

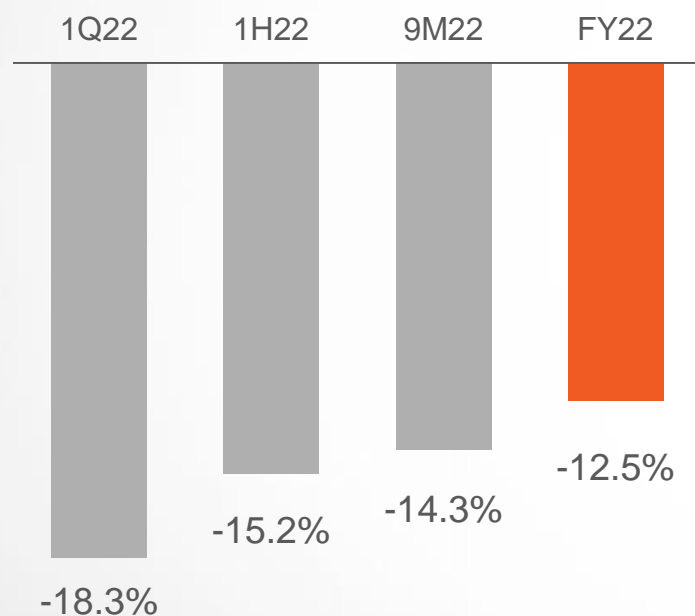
(2) The written premium of the corporate channel refers to the corporate premiums achieved through cross-selling less that achieved by Ping An Life.

(3) 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. New financing scale achieved through corporate business cross-selling declined YoY in 2022 due to market situations and investment strategies.

L&H: slower declines in FYP and new business due to continued reform

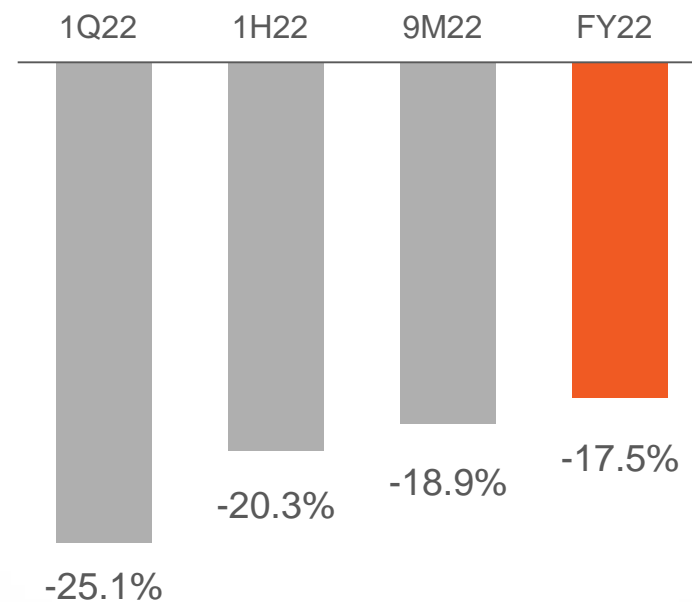
Slower decline in individual FYP

(YoY change in 2022)

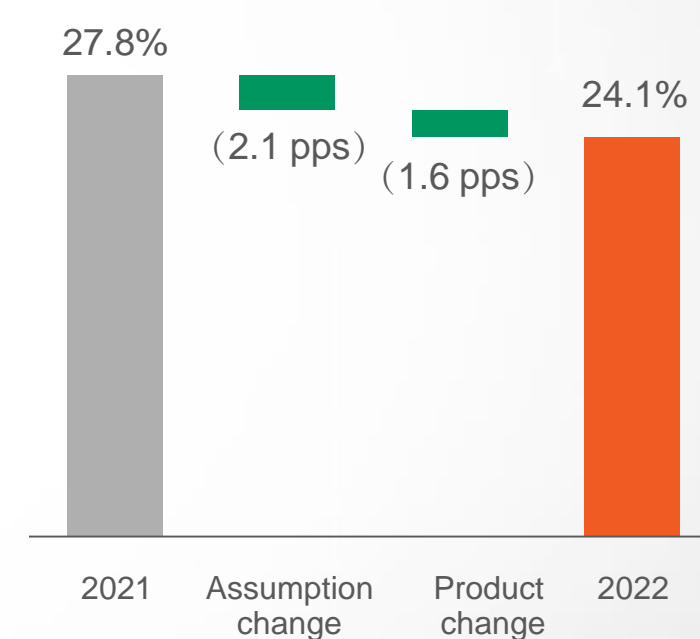


Slower decline in like-for-like NBV ⁽¹⁾

(YoY change in 2022)



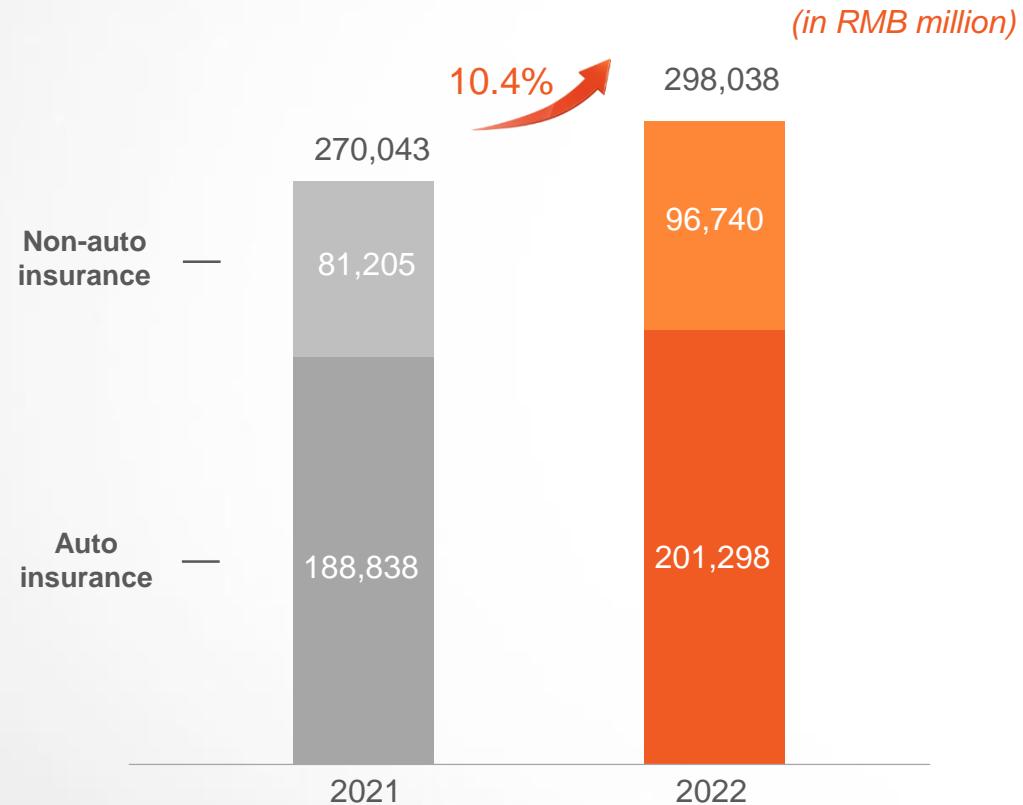
Generally stable NBV margin



Note: (1) Like-for-like NBV refers to NBV for 2022 restated by using the 2021 valuation assumptions and method.

P&C: written premium grew steadily and auto business quality improved significantly

Premium income



Premium income and combined ratio

(in RMB million)	Premium income		Combined ratio	
	Amount	YoY change (%)	Ratio (%)	YoY change (pps)
Auto insurance	201,298	6.6	95.8	(3.1)
Guarantee insurance ⁽¹⁾	21,934	21.2	131.4	40.2
Liability insurance	21,783	9.6	105.4	0.3
Accidental injury insurance	13,989	(18.7)	94.5	0.7
Health insurance	9,696	79.2	95.2	0.6
Total premium income	298,038	10.4	100.3	2.3

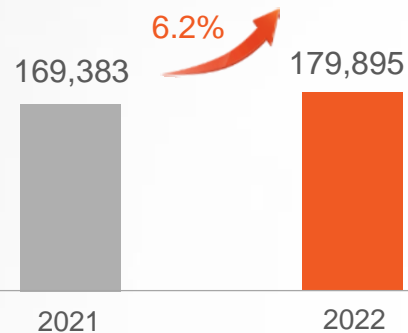
Notes: (1) Guarantee insurance combined ratio for 2022 was 131.4%, driven by rising claim expenses due to market changes. Historically guarantee insurance business produced a significant underwriting profit, but recently combined ratio has been volatile due to market changes: 88.6%, 93.6%, 111.0% and 91.2% respectively from 2018 to 2021.

(2) Presented in the table above are the top five sources of Ping An P&C's premium income, which do not add up to its total premium income.

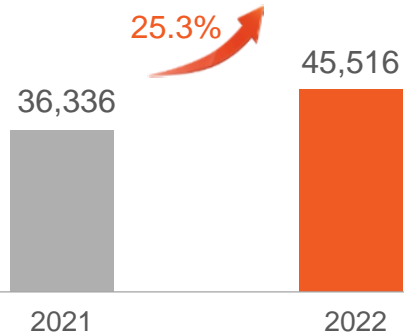
Banking: steady, healthy business growth with stable asset quality

(in RMB million)

Increased revenue

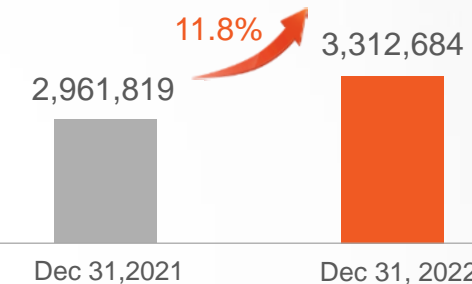


Increased net profit

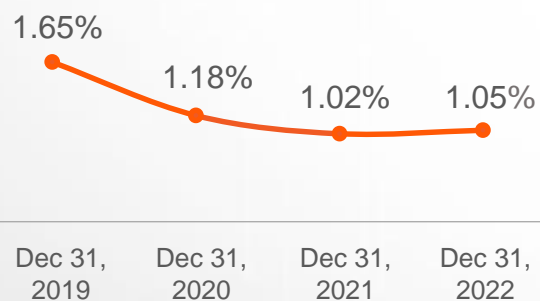


Increased deposits at lower costs

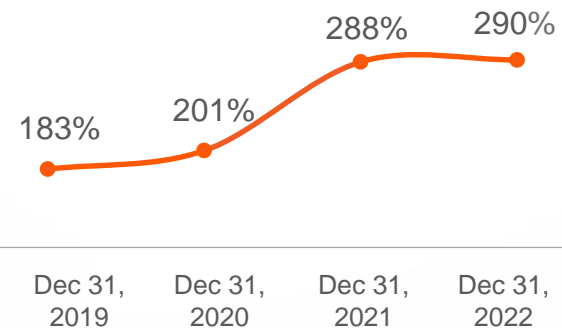
Average cost of liabilities down 5 bps YoY to 2.16%



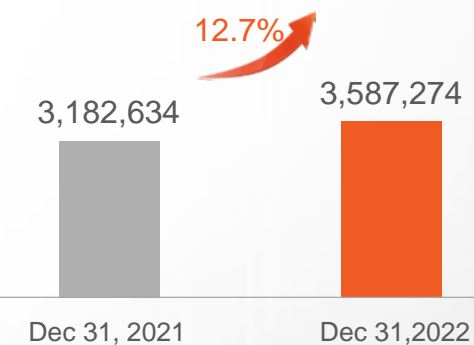
Stable NPL ratio



Provision coverage ratio strengthened further



Retail AUM continued to grow

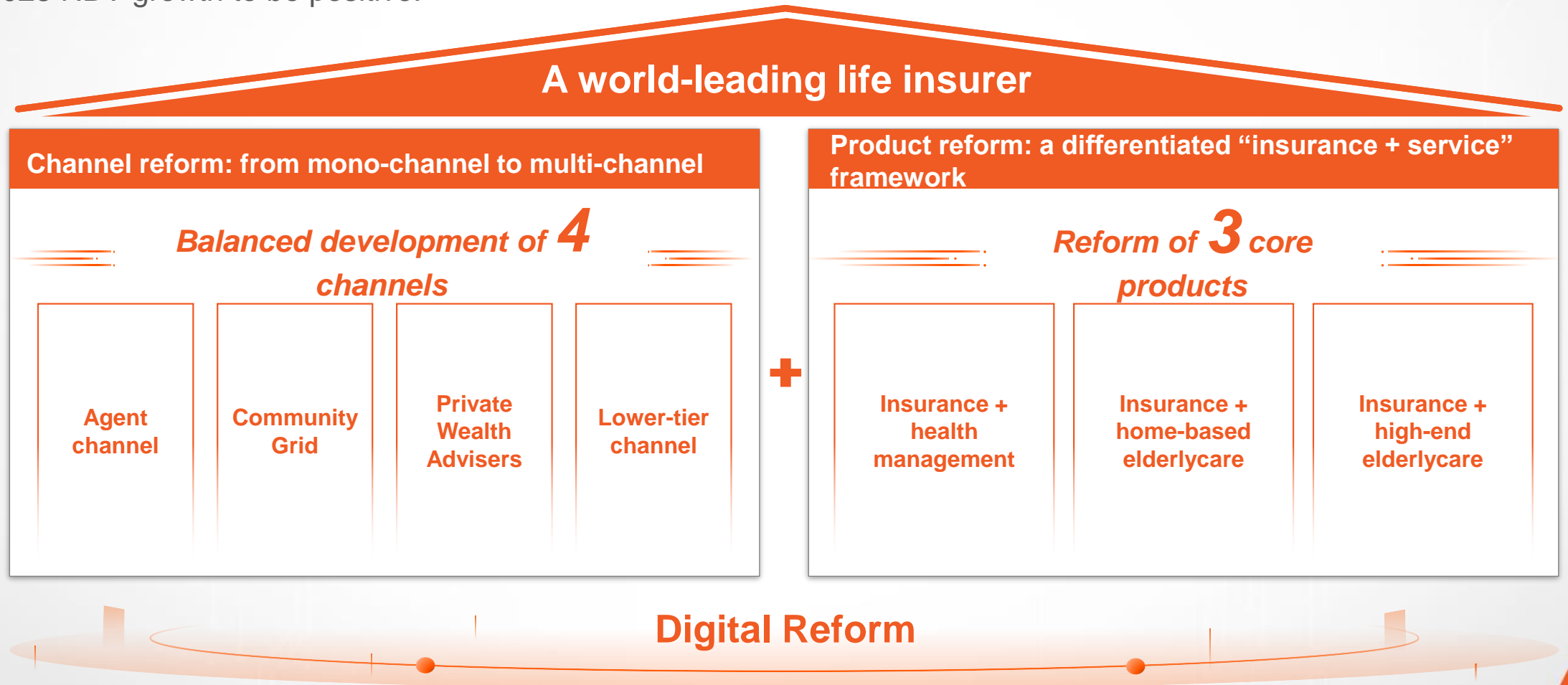


Life Reform

Jessica Tan
Co-CEO

Advancing the “4 channels + 3 products” reform strategy

Along with external environment recovery and gradual positive effect from life reform, life NBV growth turned positive YoY in February 2023 and the encouraging momentum continued into March 2023. We expect 1Q23 and 2023 NBV growth to be positive.

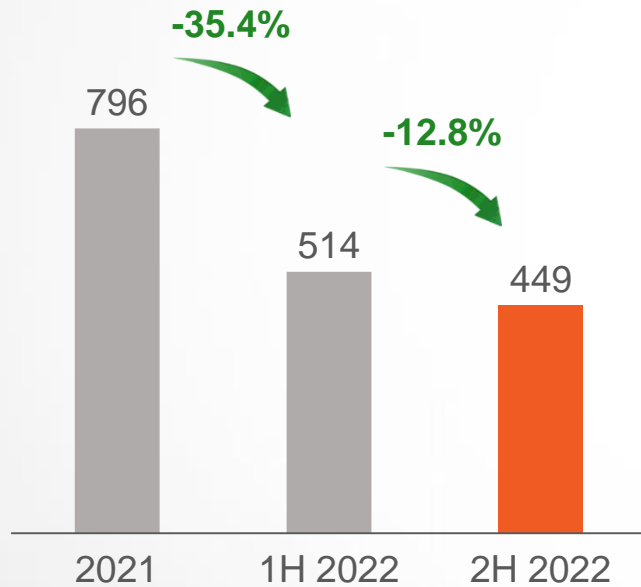


Note: The Community Grid channel includes the former telemarketing and online marketing channels, and the Private Wealth Adviser channel includes the former bancassurance channel.

Channel reform—the agent channel: stable teams with increasing productivity and income

Agent force ⁽¹⁾ decline slowed

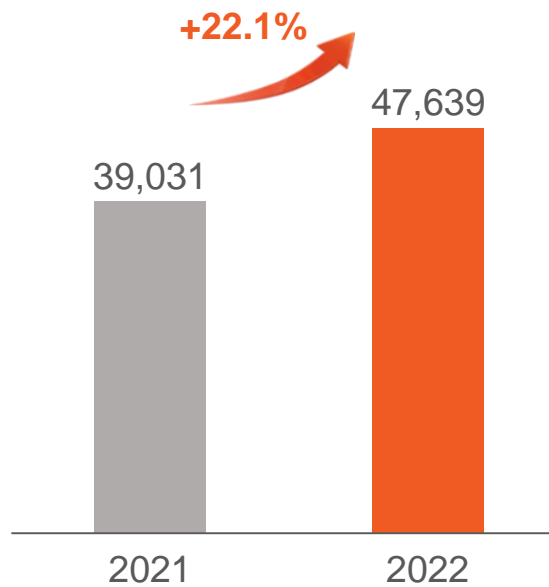
Average number of agents per month *(in thousand)*



- **Stable teams:** headcount dropped in line with the market
- **Improved quality:** the proportion of “Talent +” agents rose by **14 pps**

Productivity per agent ⁽¹⁾ increased YoY

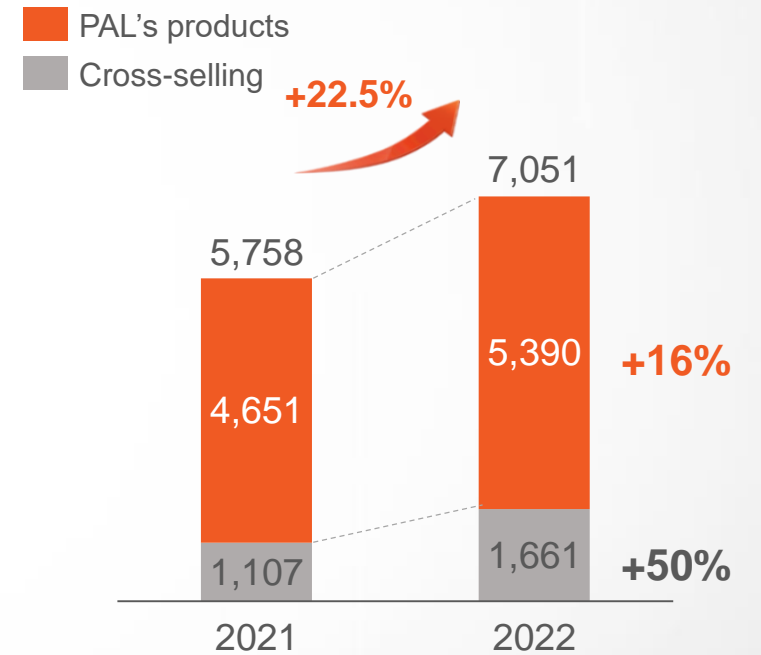
NBV per agent *(RMB per agent per year)*



- **Increased policies:** the number of long-term insurance policies sold per agent increased **7%**
- **Improved value:** NBV per policy increased **11%** due to a higher proportion of high-premium products

Income per agent ⁽¹⁾ increased YoY

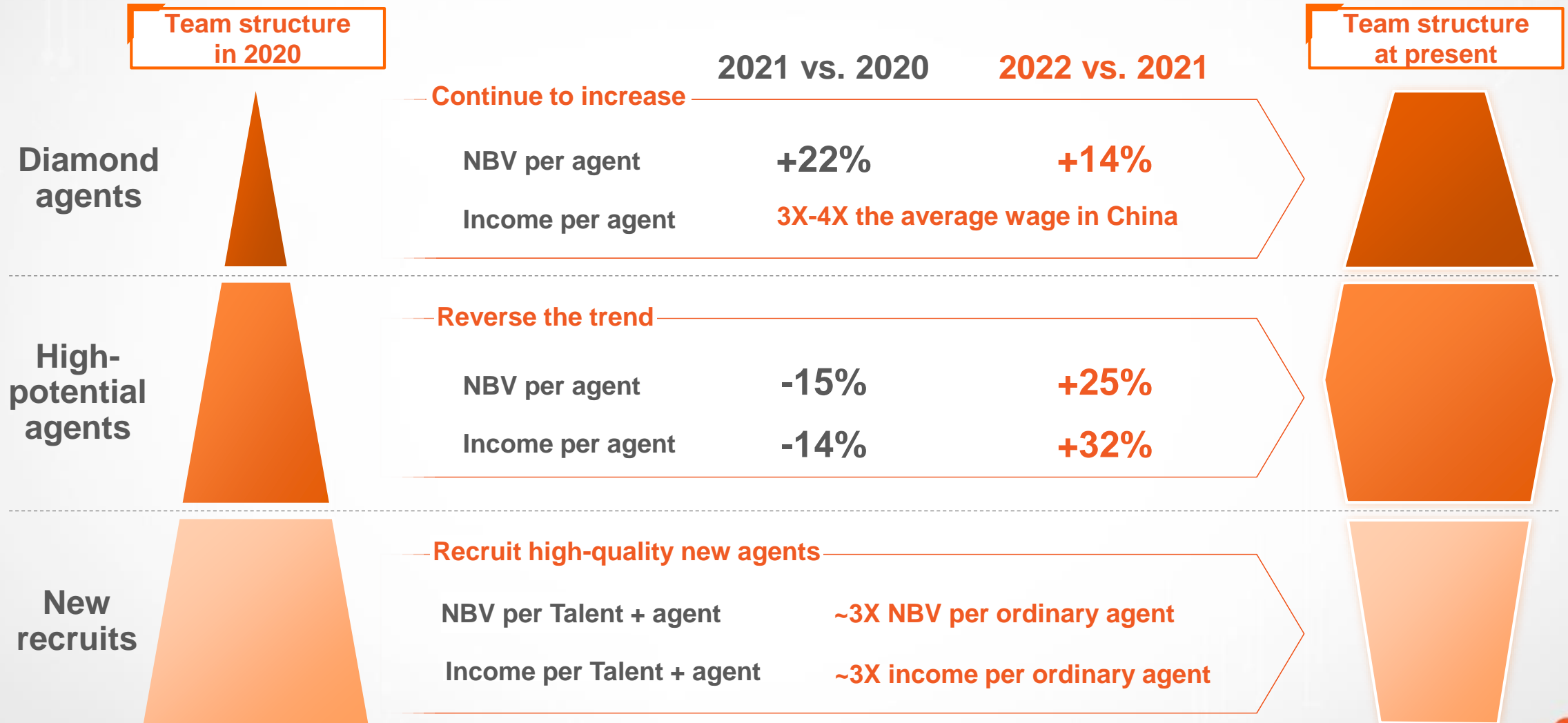
Income per agent *(RMB per agent per month)*



- **Increased income from cross-selling:** income from cross-selling rose **50%** YoY

Notes: (1) The data excludes an average monthly number of 4,046 agents under the innovative high-potential agent model.
(2) Figures may not match the calculation due to rounding.

Channel reform—the agent channel: building a team of “high-competence, high-performing, and high-quality” agents



Channel reform—the agent channel: Ping An Life completed rolling out smart operations to outlets nationwide, seeing results from pilots

1st and 2nd batches⁽¹⁾:
business results improved

3rd batch⁽¹⁾: growth was faster
than overall growth of all outlets

4th batch⁽¹⁾: quality improved

5th batch⁽¹⁾: behavior improved

Implemented at ~10% of business
outlets for 18+ months

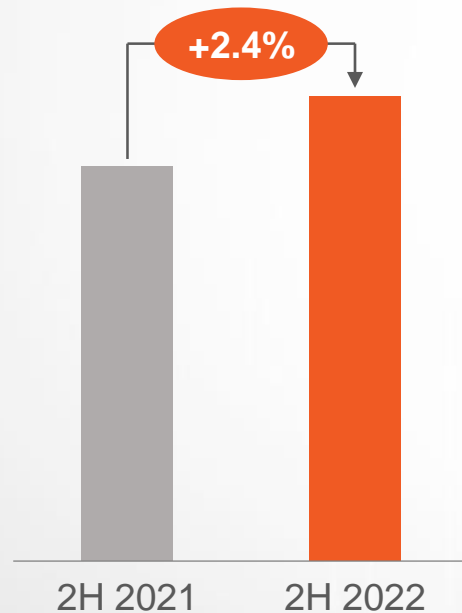
Implemented at ~20% of business
outlets for 12+ months

Implemented at ~35% of business
outlets for 9+ months

Implemented at ~35% of business
outlets for less than 3 months

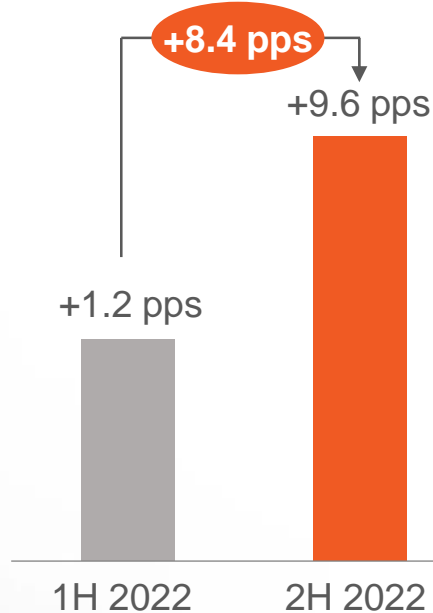
NBV⁽²⁾ turned positive in 2H

NBV of pilot outlets in 2H

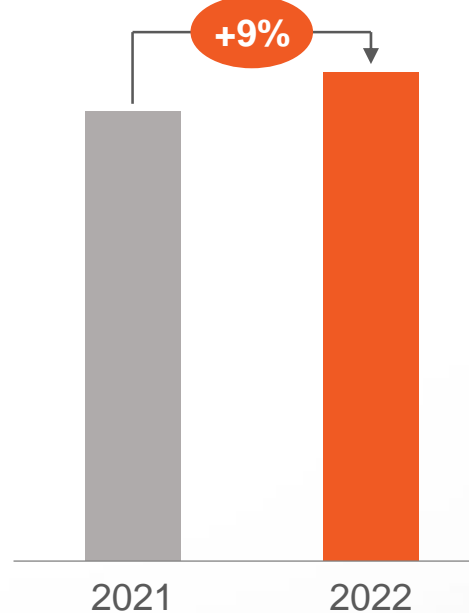


**NBV⁽²⁾ growth was faster
than overall growth of all outlets**

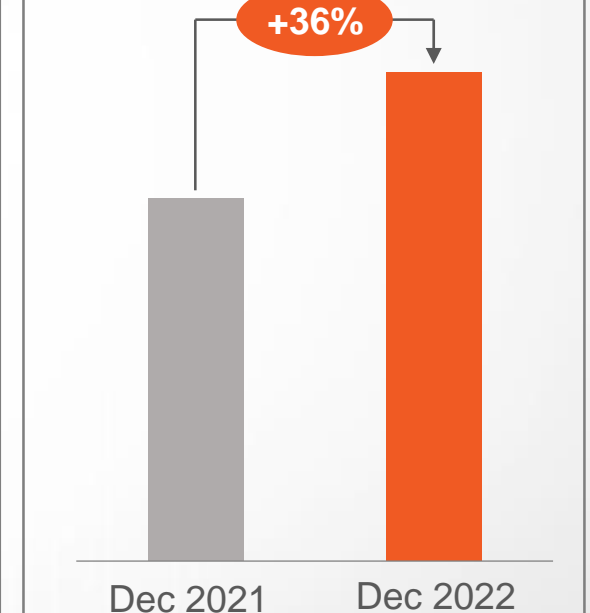
Growth gap between pilot outlets
and all outlets



**Long-term insurance policies
sold per agent increased**

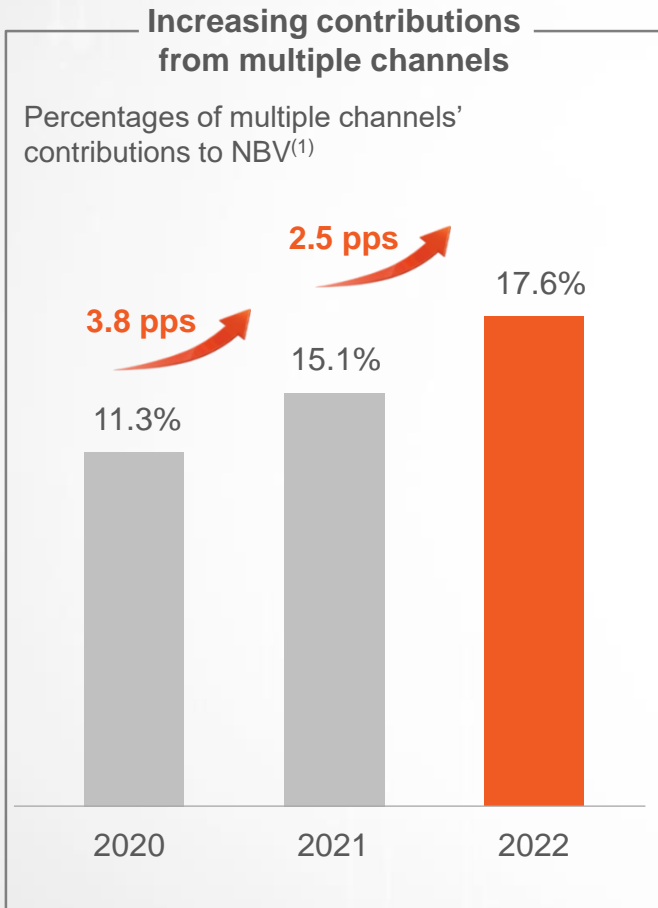


**Customers reached
per agent increased**



Notes: (1) The 1st (~5%), 2nd (~5%), 3rd (~20%), 4th (~35%) and 5th pilots (~35%) were launched in late 2020, mid-2021, late 2021, March 2022 and November 2022 respectively.
(2) Exclusive of impacts of external environment changes and offline business hindrances.

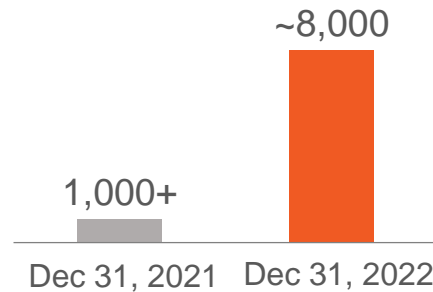
Channel reform—multiple channels: innovative channels gradually took shape, with initial results



Community Grid: Ping An Life successfully piloted Community Grid in 25 cities and built a team of ~8,000 offline specialists

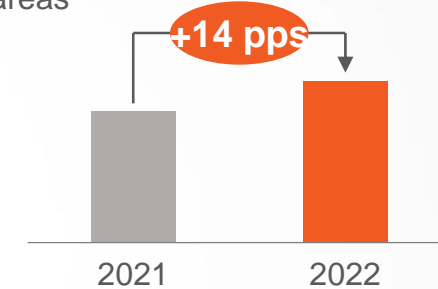
Team size

Offline Community Grid specialists



Persistency ratio up YoY

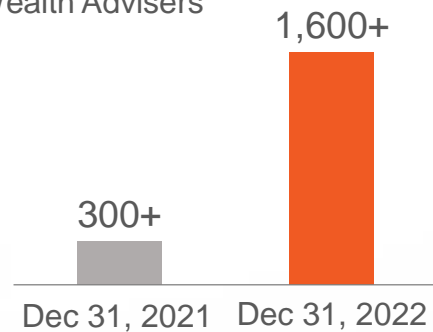
13-month persistency ratio of insurance policies in pilot areas



Private Wealth Advisers: 1,600+ Private Wealth Advisers have been recruited, covering 30+ bank branches

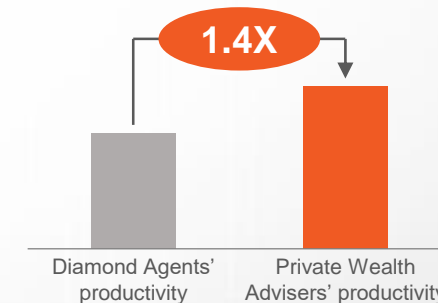
Team size

Private Wealth Advisers



More productive than Diamond Agents

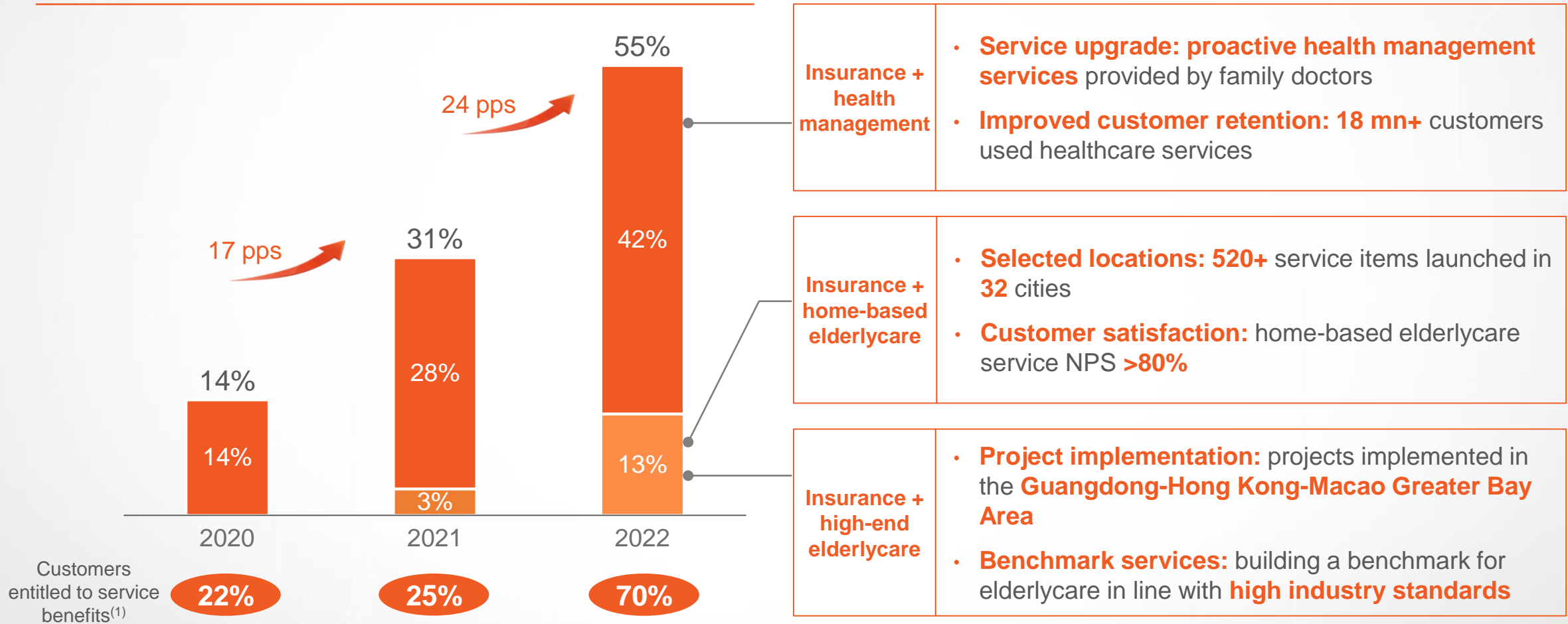
NBV per agent



Note: (1) Multiple channels' contributions to NBV are the sum of Ping An Life's retail NBV contributed by the Community Grid, Private Wealth Advisers, and lower-tier channel.

Product reform—“insurance + services”: service integration boosts performance and delivers significant results

Increasing percentage of NBV contributed by customers entitled to service benefits



Note: (1) The proportion of existing customers entitled to service benefits (including healthcare, home-based elderlycare, and high-end elderlycare) to existing customers of Ping An Life's long-term insurance products.


Product reform—“insurance + services”: innovative business models for home-based eldercare services

3-in-1 concierge system


AI concierge

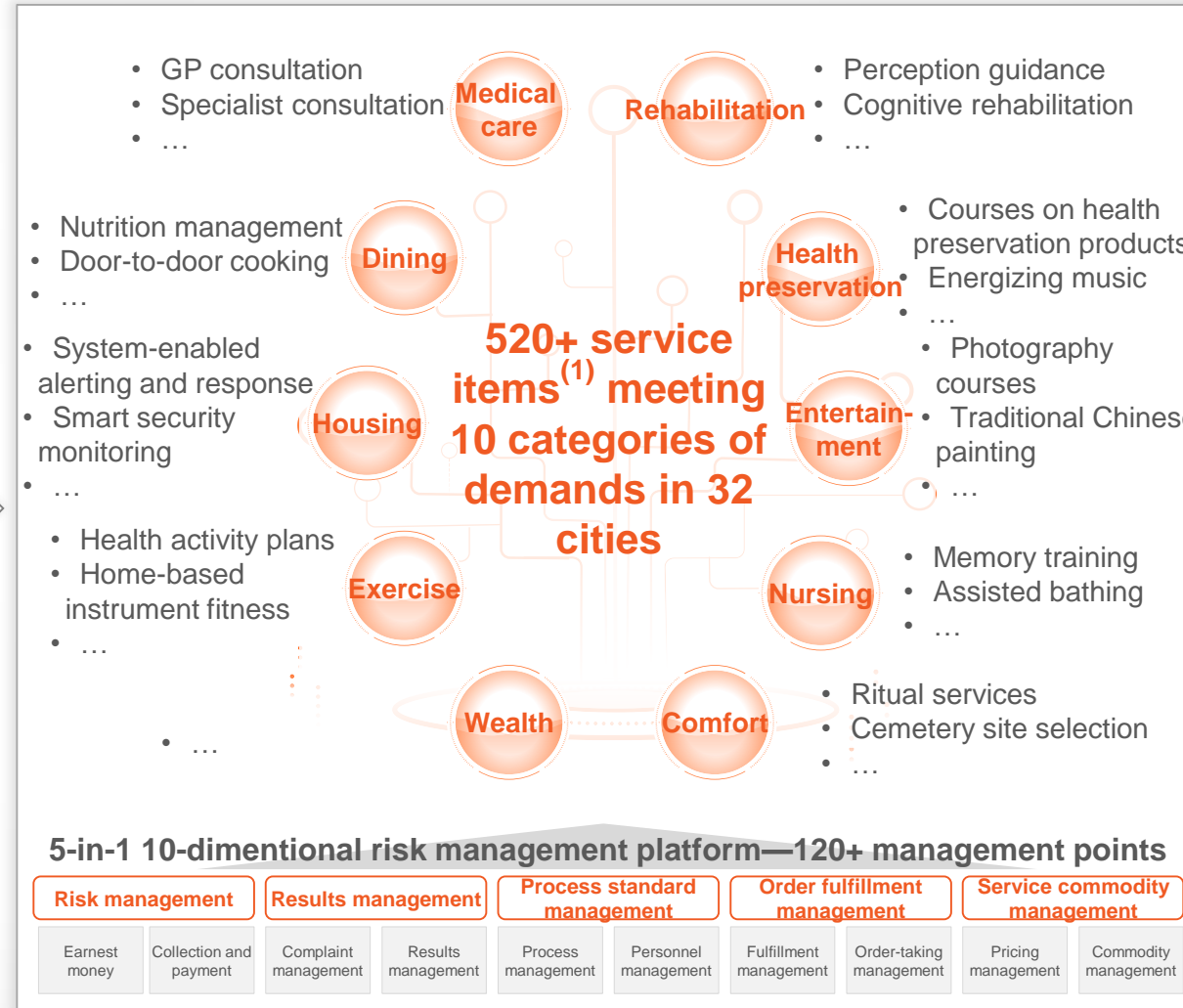
 24/7 escort and real-time response

Life concierge

 One-stop customized and coordinated services

Doctor concierge

 Whole-process services by dedicated doctors



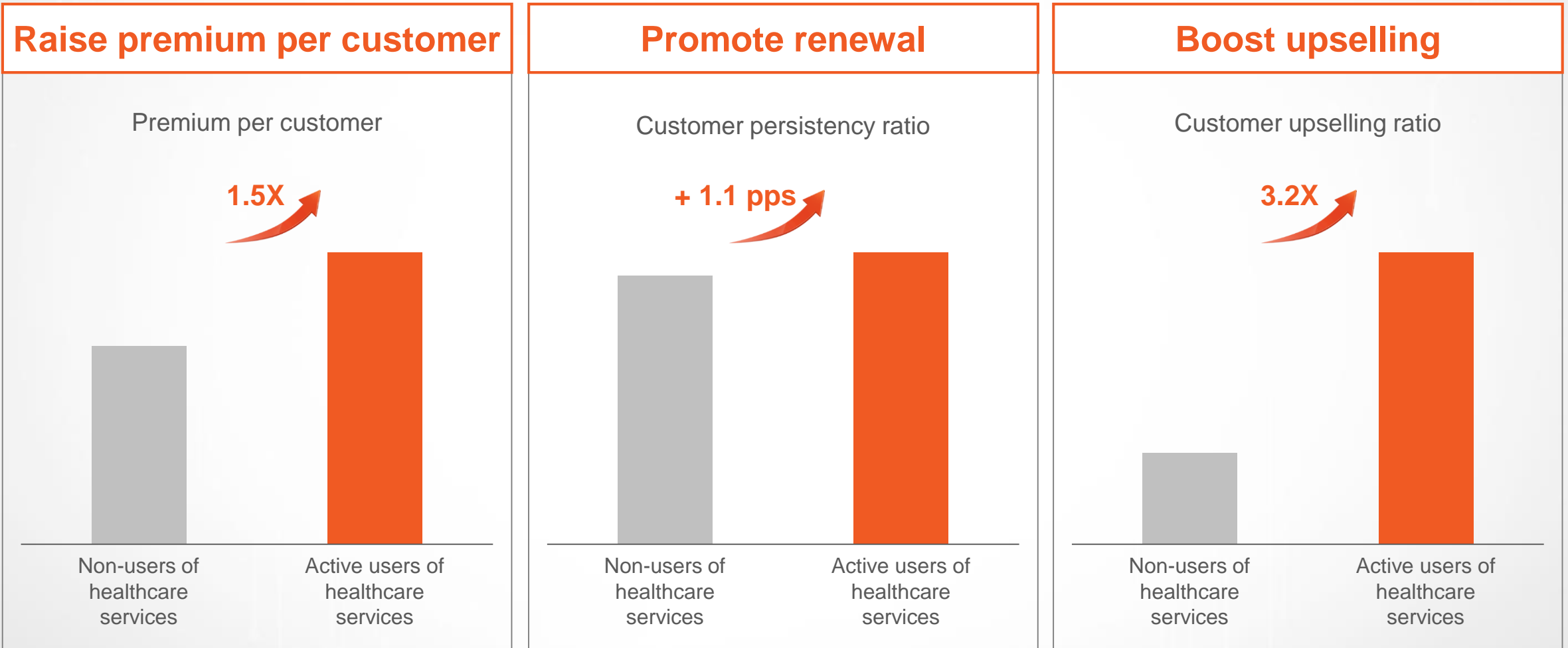
80%+
Service NPS

40%+
DAUs⁽²⁾

520+
Elderly-oriented
service items

Notes: (1) Home-based eldercare services are provided by Ping An Health Cloud Co., Ltd. and/or qualified third-party providers, including paid services that are optional according to customer needs. Service items vary or may vary from region to region.
(2) Average DAU rate for December 2022.

Product reform—“insurance + services”: healthcare services help Ping An Life boost customer value

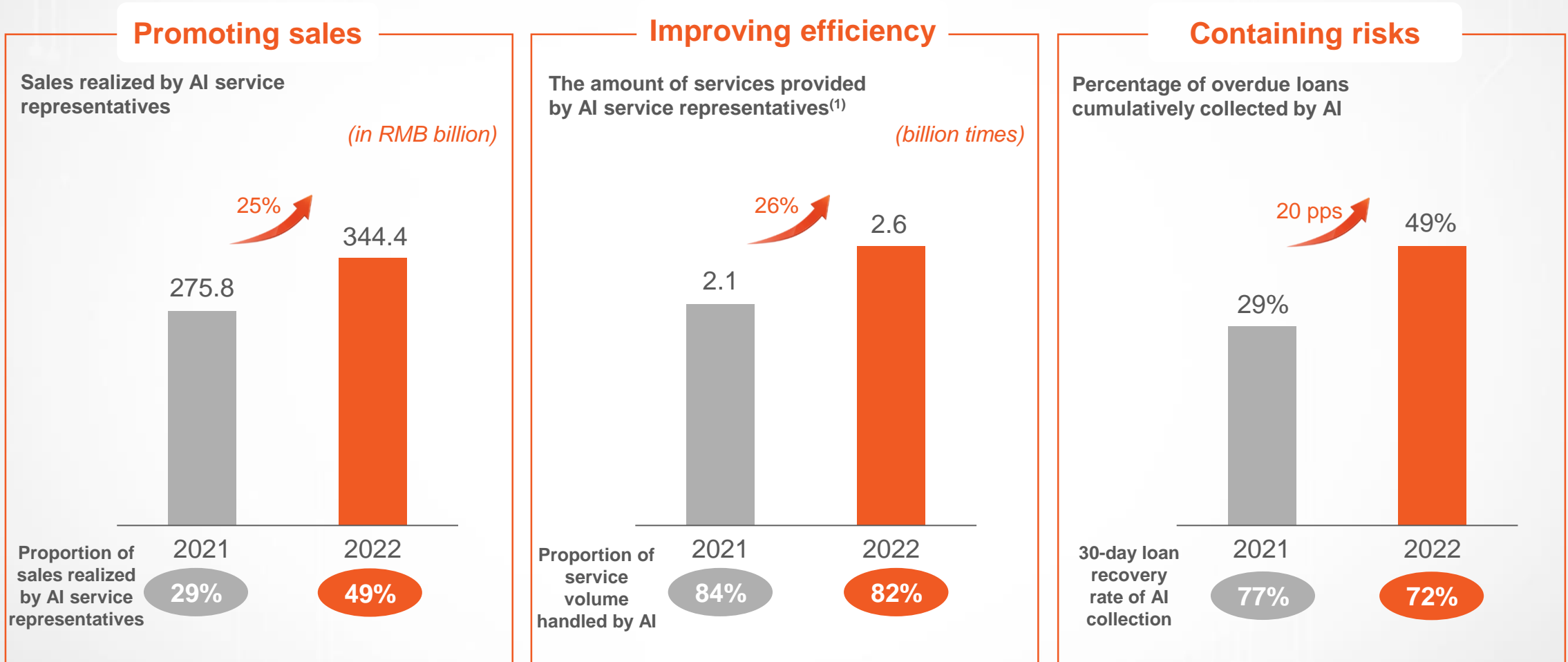


Note: Active users of healthcare services refer to registered users of Ping An Life's "Jin Guan Jia" app who also use healthcare services; the number of Ping An Life's customers is calculated based on the holders of in-force policies rather than policy beneficiaries.

Technology

Jessica Tan
Co-CEO

Technology-empowered financial services: promoting sales, improving efficiency, and containing risks



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

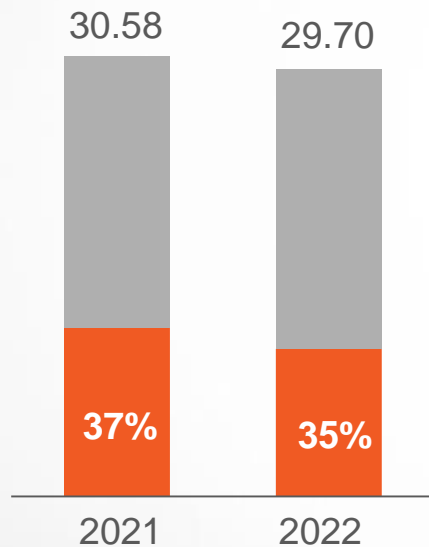
(2) Figures may not match the calculation due to rounding.

Ecosystem-empowered financial services: acquiring and retaining customers, and boosting core financial businesses

Using ecosystems to acquire customers

New retail customers

(million persons)

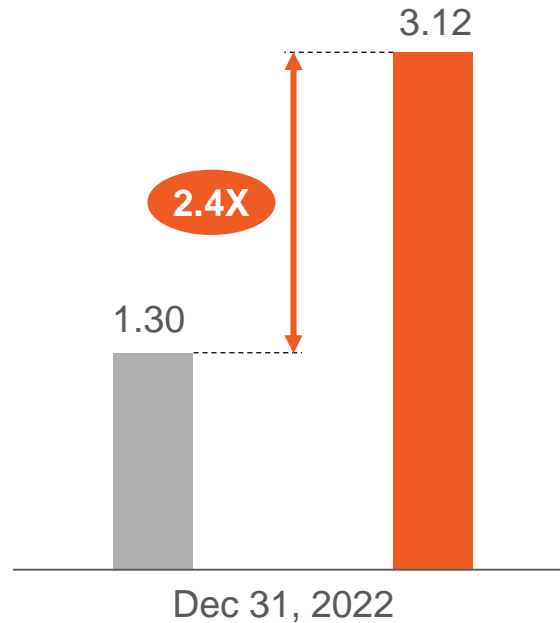


■ New customers from the Group's ecosystems
■ New customers not from the Group's ecosystems

Using ecosystems to retain customers

Contracts per retail customer

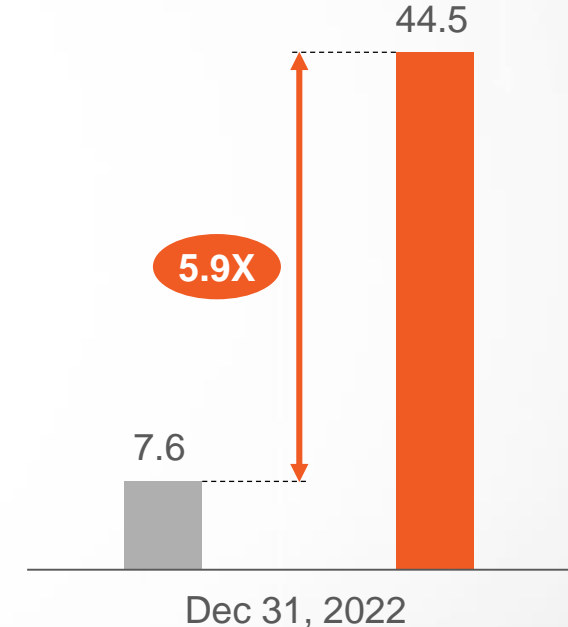
(Contract)



■ Ecosystem service users
■ Ecosystem service non-users

AUM per retail customer

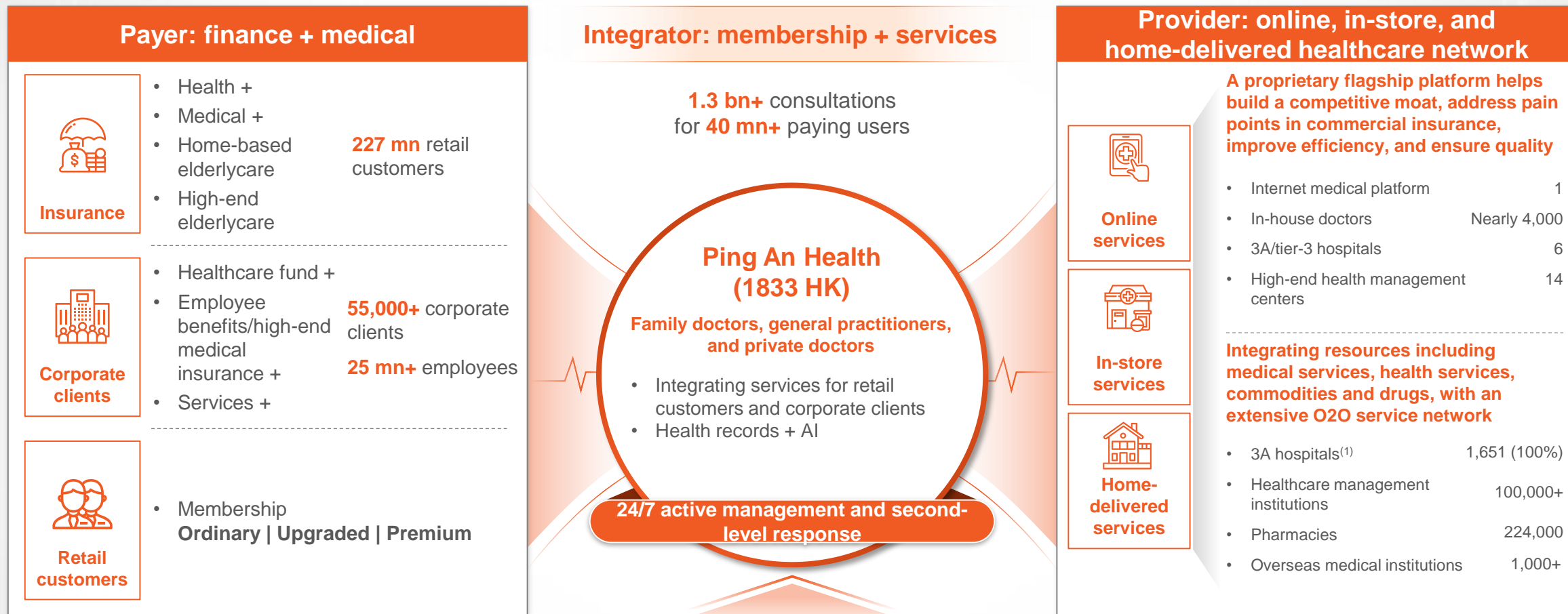
(in RMB thousand)



Notes: (1) The Company improved the definitions of retail customers and contracts per customer in 2022 by removing unreachable customers but including distributed contracts. Comparable data for 2021 was restated correspondingly.

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

Ping An's "managed care": building a world-leading healthcare ecosystem with differentiation advantages



Note: (1) Source of data: the 2022 China Health Statistics Yearbook released by the National Health Commission of the PRC

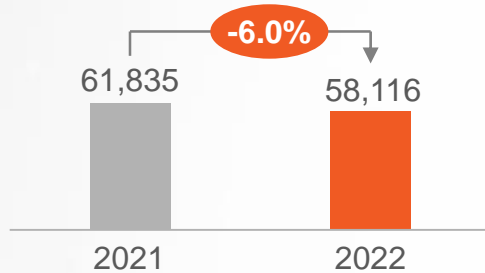
Technology-powered development: exploring innovative business models and accelerating business transformation



A leading financial services enabler for small business owners in China

Revenue

(in RMB million)



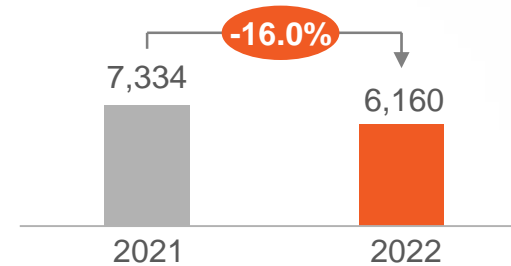
- Accumulated borrowers: **19.02 mn** (+12.9%)
- AI enables **81** partner financial institutions to enhance risk identification



A leading online healthcare services platform in China

Revenue

(in RMB million)



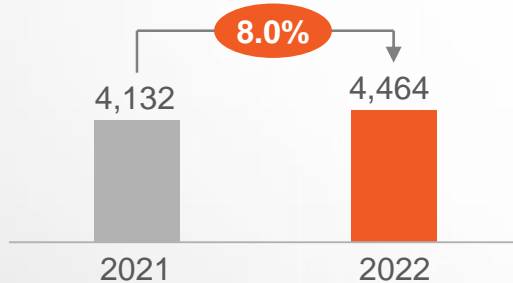
- Focusing on developing **large and medium-sized corporate clients**
- Developing “**three tailored product suites**” and “**four blockbusters**”⁽¹⁾



No. 2 by revenue among Chinese listed financial software companies⁽²⁾

Revenue

(in RMB million)



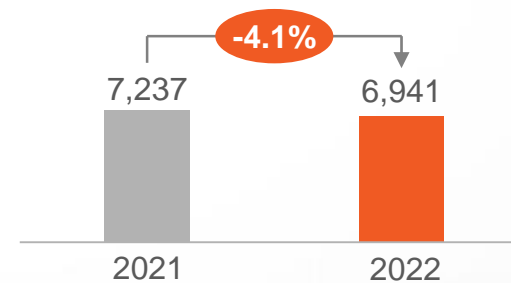
- Focusing on **3** segments: Digital Banking, Digital Insurance, and Gamma Platform
- Premium plus customers⁽³⁾: **221** (+4.2%)



A leading online auto services platform in China

Revenue

(in RMB million)



- Revenue rebounded and rose quarter by quarter, up **11.8%** YoY in 4Q
- Ranking 1st in the industry with **54.39 mn** mobile daily active users

Notes: (1) “Three tailored product suites” refer to three channel-tailored product suites, namely Xiang Kang, Ai Kang, and Pu Kang; “four blockbusters” refer to four product lines designed for specific customer segments, namely females, chronic diseases, TCM, and psychology.

(2) OneConnect’s ranking by revenue among domestic listed financial software companies is from China Insights Consultancy, based on the financial software and service revenue of companies that had gone public by 2021.

(3) The number of premium plus customers is the number of institutional customers contributing at least RMB1 million to OneConnect’s annual revenue, excluding Ping An Group and its subsidiaries.

Q&A



Appendices

- 1. Profit sources of the Group and its main segments**
- 2. Implementation of IFRS 17**

Appendices: 2022 Group operating profit (Table A-1)

<i>(in RMB million)</i>	See Table B	See Table C	See Table D				
	Life & Health	P&C	Banking	Asset Management	Technology	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	48,488	8,838	26,380	2,292	3,614	(5,838)	83,774
Net profit attributable to non-controlling interests	858	41	19,136	1,511	1,239	873	23,658
Net profit (A)	49,346	8,879	45,516	3,803	4,853	(4,965)	107,432
Excluding:							
Short-term investment variance (B)	(46,791)	-	-	-	-	-	(46,791)
Impact of discount rate change (C)	(16,843)	-	-	-	-	-	(16,843)
Impact of one-off material non-operating items and others (D)	-	-	-	-	(1,844)	-	(1,844)
Operating profit (E = A – B – C – D)	112,980	8,879	45,516	3,803	6,697	(4,965)	172,910
Operating profit attributable to shareholders of the parent company	111,235	8,838	26,380	2,292	5,458	(5,838)	148,365
Operating profit attributable to non-controlling interests	1,745	41	19,136	1,511	1,239	873	24,545

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

Appendices: 2021 Group operating profit (Table A-2)

(in RMB million)	See Table B	See Table C	See Table D				
	Life & Health	P&C	Banking	Asset Management	Technology	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	59,468	16,117	21,060	12,221	(1,957)	(5,291)	101,618
Net profit attributable to non-controlling interests	835	75	15,276	1,731	1,500	767	20,184
Net profit (A)	60,303	16,192	36,336	13,952	(457)	(4,524)	121,802
Excluding:							
Short-term investment variance (B)	(23,491)	-	-	-	-	-	(23,491)
Impact of discount rate change (C)	(13,281)	-	-	-	-	-	(13,281)
Impact of one-off material non-operating items and others (D)	-	-	-	-	(9,905)	-	(9,905)
Operating profit (E = A – B – C – D)	97,075	16,192	36,336	13,952	9,448	(4,524)	168,479
Operating profit attributable to shareholders of the parent company	95,906	16,117	21,060	12,221	7,948	(5,291)	147,961
Operating profit attributable to non-controlling interests	1,169	75	15,276	1,731	1,500	767	20,518

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

Appendices: Life & Health earnings (Table B)

Profit Analysis

<i>(in RMB million)</i>	2022	2021	Notes
Release of residual margin	80,517	82,488	A
Return on net worth	16,366	14,567	
Spread income	6,252	4,823	
Operating variances and others	14,582	7,436	
Operating profit before tax	117,718	109,314	
Income tax	(4,737)	(12,239)	
Operating profit after tax	112,980	97,075	See Table A
Short-term investment variance	(46,791)	(23,491)	
Impact of discount rate change	(16,843)	(13,281)	
Impact of one-off material non-operating items and others	-	-	
Net profit	49,346	60,303	See Table A

Residual Margin

<i>(in RMB million)</i>	2022	2021	Notes
Opening residual margin	940,733	960,183	
New business residual margin	33,606	55,905	
Expected interest growth	35,679	36,505	
Release of residual margin	(80,517)	(82,488)	A
Lapse variances and others	(35,088)	(29,373)	
Closing residual margin	894,413	940,733	
Release of residual margin / opening residual margin	8.6%	8.6%	
Long-term life & health protection % release	69%	71%	

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

Appendices: P&C earnings (Table C)

(in RMB million)

	2022	2021	Notes
Premium income	298,038	270,043	
Net earned premiums	277,620	260,490	B
Claim expenses	(193,976)	(174,663)	
Commission expenses on insurance operations	(34,277)	(32,039)	
Administrative expenses	(54,739)	(53,179)	
Reinsurance commission revenue	4,484	4,527	
Underwriting profit	(888)	5,136	D = B x (1-C)
Combined ratio (%)	100.3	98.0	C
Total investment income	10,014	14,123	E = F x G
Average investment assets	358,145	325,515	F
Total investment yield (%)	2.8	4.3	G
Other net revenue and expenses	(892)	(563)	
Profit before tax	8,234	18,696	
Income tax	645	(2,504)	
Net profit	8,879	16,192	See Table A
Operating profit	8,879	16,192	See Table A

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

Appendices: Banking earnings (Table D)

(in RMB million)

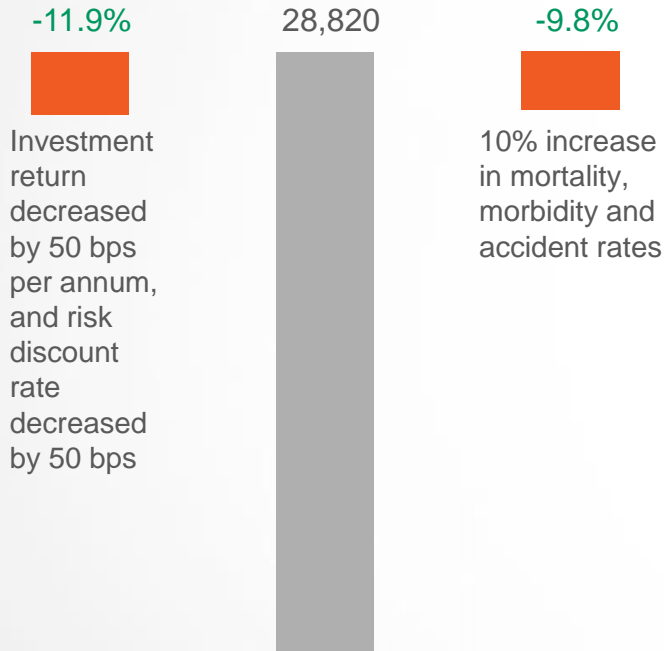
	2022	2021	Notes
Net interest revenue	130,130	120,336	H = I x J
Average interest-earning assets	4,738,938	4,314,998	I
Net interest margin (%)	2.75	2.79	J
Net non-interest revenue	49,765	49,047	
Revenue	179,895	169,383	K
General and administrative expenses	(49,387)	(47,937)	L = - (K x M)
Cost-to-income ratio (%)	27.45	28.30	M
Taxes and surcharges	(1,727)	(1,644)	
Operating profit before impairment losses on assets	128,781	119,802	
Impairment losses on credit and other assets	(71,306)	(73,817)	
Including: Loan impairment loss	(64,168)	(59,407)	N = - (O x P)
Average balance of loans and advances (including discounted bills)	3,190,601	2,853,155	O
Credit cost (%)	2.01	2.08	P
Other expenses	(222)	(106)	
Profit before tax	57,253	45,879	
Income tax	(11,737)	(9,543)	
Net profit	45,516	36,336	See Table A

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

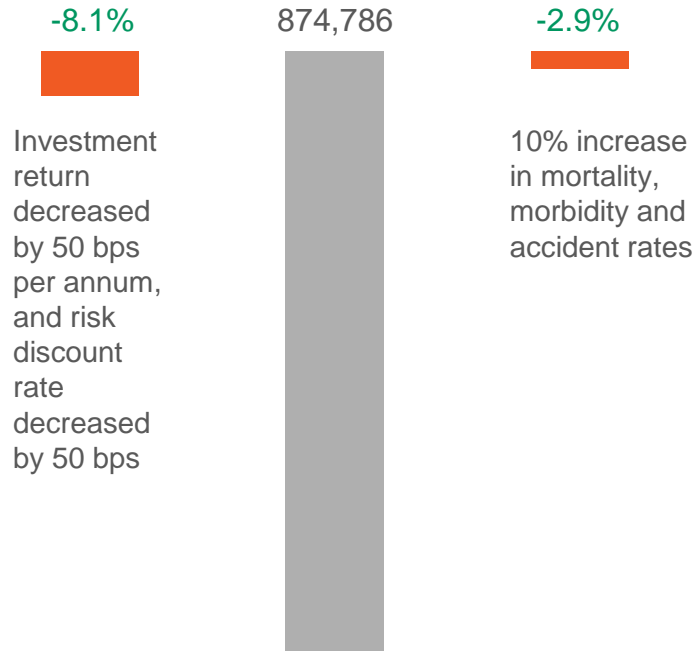
Appendices: NBV and EV exhibited low sensitivity to future investment return

(in RMB million)

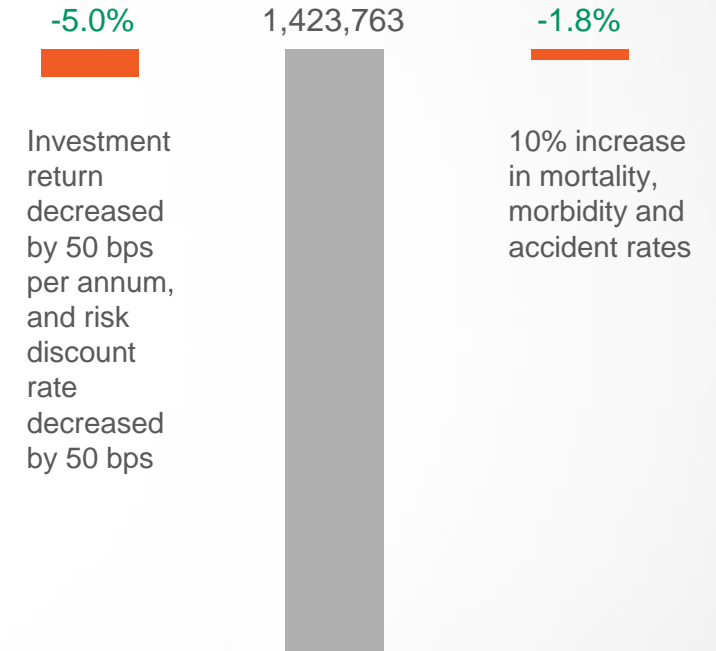
NBV of one year



Life & Health EV



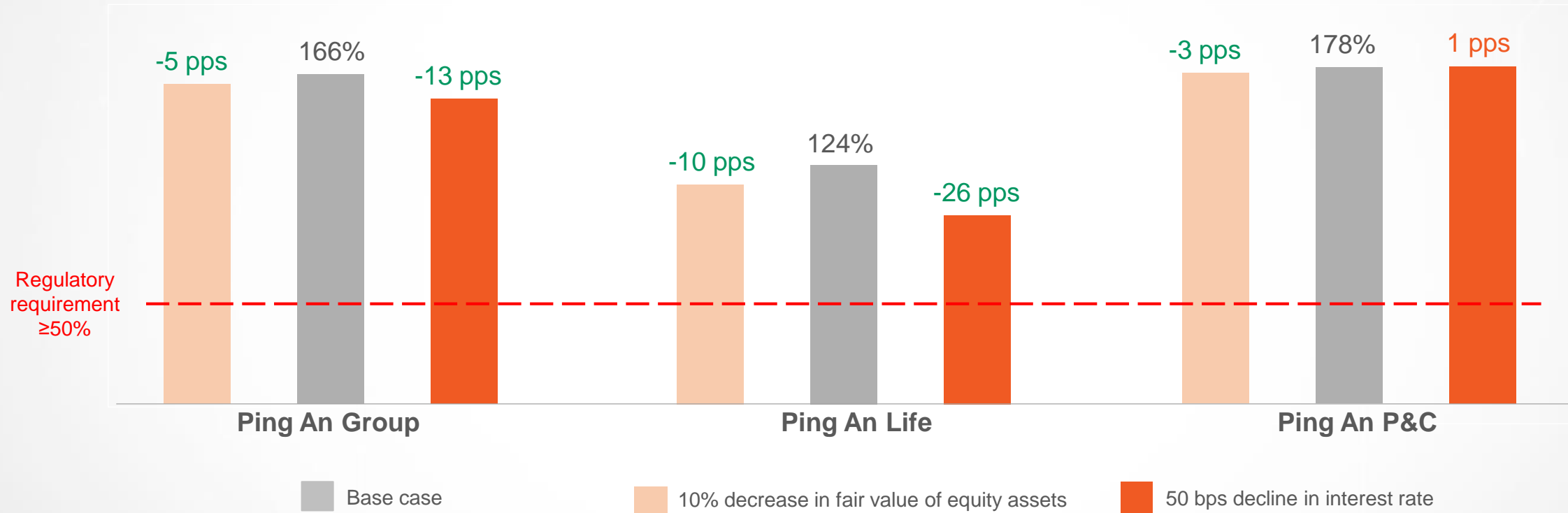
Group EV



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.

Appendices: the sensitivity of core solvency margin ratio





Appendices

1. Profit sources of the Group and its main segments
2. **Implementation of IFRS 17**

Appendices: IFRS 17 mainly changes insurance revenue recognition and insurance contract liability measurement



Changes in standards

Adjusting the recognition principle for insurance revenue and insurance service expenses

- Exclude the investment component in insurance contracts
- Insurance revenue will be recognized over the coverage period

Revising measurement models for insurance contract liabilities

- 3 methods: general model, variable fee approach, and premium allocation approach

Revising measurement of deferred profit liability

- CSM will reflect changes in fulfillment cash flows that relate to future service
- Under the variable fee approach, CSM will reflect the insurer's share of the change in the fair value of the underlying items and changes in other financial risks

Revising the method for determining the discount rate of insurance contract liabilities

- Discount rate will be based on observable current market interest rates reflecting insurance contracts' characteristics
- General model: choose to include the impact of discount rate change in other comprehensive income (OCI)

Optimizing accounting match between assets and liabilities

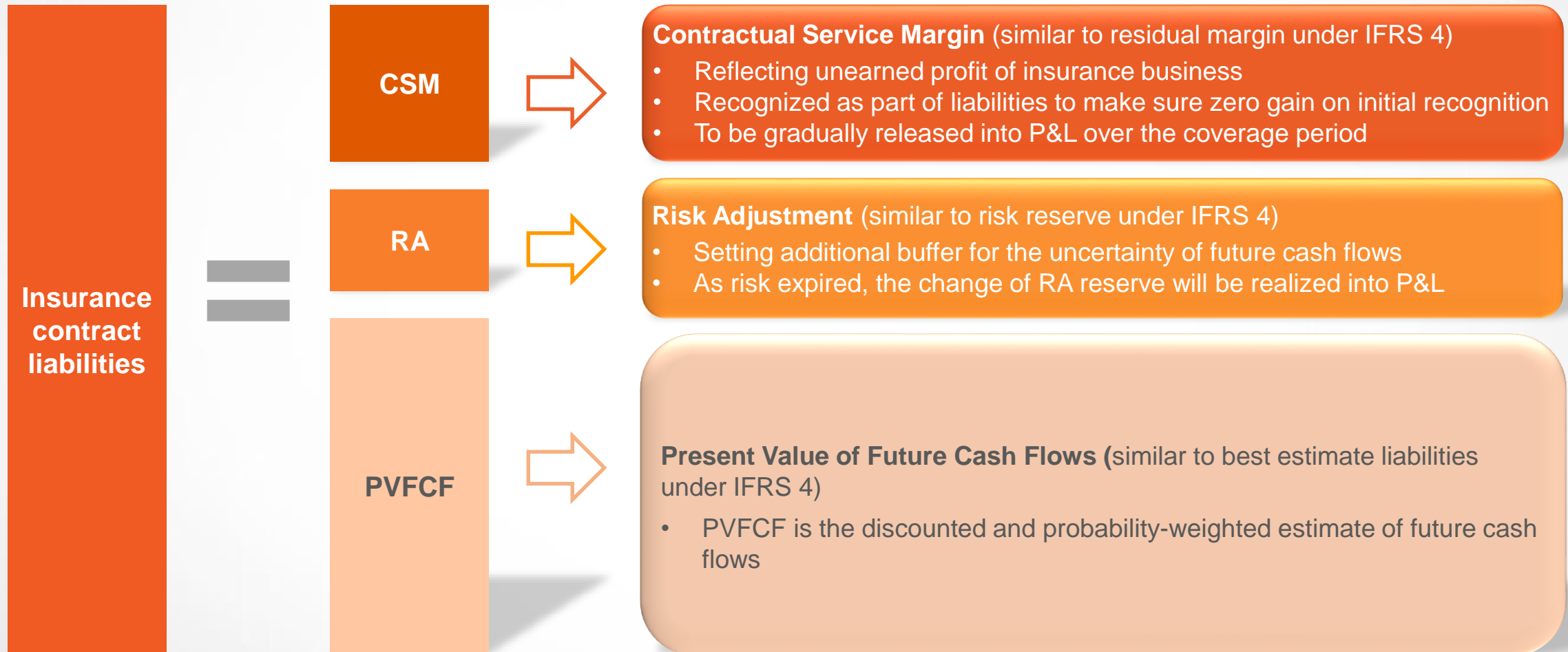
- Reclassify financial assets held for activities related to insurance contracts at the initial application date
- Ping An Life reclassifies all relative eligible amortized cost (AC) bonds as fair value through other comprehensive income (FVOCI)



Financial impacts

- **Significant decrease in revenue from long-term life insurance contracts whereas premium income as a business scale indicator will not be impacted**
- **CSM will be more volatile than residual margin**
- **The timing of profit/loss recognition will change, but the ultimate profitability of insurance contracts will not be impacted**
- **Despite more volatile liabilities, volatility of shareholders' equity will not necessarily be greater as assets and liabilities accounting match can be optimized**

Appendices: “Building blocks” for IFRS 17 insurance contract liabilities



Appendices : CSM is conceptually similar to residual margin under IFRS 4, reflecting the unearned profit of insurance business

Statement of changes in CSM under IFRS 17

Items	+/- ve	Formula	Notes
Opening CSM		[A]	
Operating result of CSM		$[B]=[C]+[F]+[G]+[H]$	Operating result of CSM reflects the company's business results and efficiency
Contribution from new business ("New Business CSM")	⊕	[C]	Conceptually similar to NBV, reflects the unearned profit from new business sold in a period
Present value of Expected Premiums from new business sold		[D]	
New business CSM margin		$[E]=[C]/[D]$	New Business CSM Margin is the ratio of New Business CSM to Present Value of Expected Premiums
Expected interest growth	⊕	[F]	Unwinding of discount in CSM whereby discount rate is risk-free rate plus tax and liquidity premium
Changes in estimates that adjust CSM ⁽¹⁾	⊕/⊖	[G]	Changes in estimates that adjust CSM include non-financial changes in future cash flows and part of the experience variances
Release of CSM	⊖	$[H]= X\%*([A]+[C]+[F]+[G]+[I])$	Unearned profit will be realized over the coverage period via Release of CSM
Changes in financial risks arising from insurance contracts with direct participation features	⊕/⊖	[I]	Investment fluctuation attributable to shareholders in direct participating contracts
Closing CSM		$[J] = [A]+[B]+[I]$	Conceptually similar to VIF of EV, reflecting the unearned profit from all in-force policies

Note: (1) Excluding changes in the financial risks under the insurance contracts with direct participation features.

Appendices: Operating profit reflects business results and trends of L&H

Income statement⁽¹⁾ under IFRS 17

Items	+/- ve	Formula
Insurance revenue		[A]
Release of CSM	⊕	[B]
Change in risk adjustment for non-financial risk expired	⊕	[C]
Expected incurred claims and other insurance service expenses	⊕	[D]
Acquisition cost amortization	⊕	[E]
Insurance revenue under PAA model	⊕	[F]
Total Investment Income	⊕	[G]
Total revenue		[H]=[A]+[G]
Insurance service expenses		[I]
Claims incurred	⊖	[J]
Acquisition cost amortization	⊖	[K]=-[E]
Others	⊖	[L]
Reinsurance net results	⊖	[M]
Insurance finance expenses	⊖	[N]
Other expenses	⊗	[O]
Total expenses		[P]=[I]+[M]+[N]+[O]
Pre-tax profit		
Income tax		
Net profit after tax		

Profit analysis under IFRS 17

Items	+/- ve	Formula	Notes
Insurance service result		[R]=[A]+[I]+[M]	
Release of CSM	⊕	[B]	Linked to CSM release
Risk adjustment release	⊕	[C]	Release of risk buffer
Operating variances and others	⊗	[S]=[D]+[F]+[J] +[L]+[M]	
Investment service result		[T]=[G]+[N]+[O]	Including actual investment return on net worth, and spread income which is the investment return from assets backing insurance contract liability exceeding the interest required on insurance contract liability
Pre-tax profit			
Income tax	⊖		
Net profit after tax			
Excluding:			
Short-term investment variance			Deviation between actual & assumed long-term investment returns of insurance contracts, excluding the investment result of the underlying items for business subject to the variable fee approach
Impact of one-off material non-operating items			
Operating profit after tax			

Note: (1) Referring to the format set by the Ministry of Finance. Items are consolidated and expanded.

Appendices: limited impact on P&C's financial metrics including revenue and profit

Profit analysis under IFRS 17

Items	+/- ve	Formula	Notes
Insurance revenue	⊕	[A]	Premium earned from insurance contracts issued in the period, including interest accrued on LRC (Liability for Remaining Coverage)
Insurance service expenses	⊖	[B]	Comprising incurred claims and other service expenses from insurance contracts issued. Discounting of LIC (Liability for Incurred Claims) will reduce insurance service expenses
Allocation of reinsurance premiums	⊖	[C]	Cost recognised because of the expected transfer of reinsurance contract services in the period
Amounts recovered from the reinsurer	⊕	[D]	Incurred claims and other service expenses recovered from reinsurance contracts held
Insurance service result		[E]=[A]+[B]+[C]+[D]	
Total investment income	⊕	[F]	
Interest expenses on insurance liabilities	⊖	[G]	Unwinding of insurance liability discount
Interest expenses on ceded reinsurance liabilities	⊕/⊖	[H]	Unwinding of reinsurance asset or liability discount
Investment service result		[I]=[F]+[G]+[H]	
Other net revenue and expenses	⊕/⊖		
Profit before tax			
Income tax	⊖		
Net profit			
Operating profit			

Appendices: Glossary

Contractual Service Margin	CSM	Insurance liability representing the future (unearned) profits of the groups of insurance contracts to be recognized over the coverage period
General Model	GM	Default measurement model for all contracts without direct participation features
Investment Component		The amounts that an insurance contract requires the entity to repay to a policyholder even if an insured event does not occur
Liability for Incurred Claims	LIC	An entity's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses
Liability for Remaining Coverage	LRC	An entity's obligation to investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the coverage period)
Premium Allocation Approach	PAA	Simplified measurement model for contracts with short-term duration, or contracts tested as eligible according with a non-significant variability in the fulfilment cash flows during coverage
Present Value of Expected Premiums	PVEP	Explicit, unbiased and probability-weighted estimate (i.e. expected value) of the present value of the future premiums that will arise as the entity fulfils insurance contracts from newly issued contracts during the period
Present Value of Future Cash Flows	PVFCF	Discounted and probability-weighted estimate of future cash flows
Risk Adjustment	RA	Insurance liability component to reflect the compensation for bearing the uncertainty on the amount and timing of the cash flows that arises from non-financial risk
Underlying Items	UI	Items that determine some of the amounts payable to a policyholder. Underlying items can comprise any items; for example, a reference portfolio of assets, the net assets of the entity, or a specified subset of the net assets of the entity
Variable Fee Approach	VFA	Measurement model for contracts with direct participation features