

**中国平安 PINGAN**

保险 · 银行 · 投资

# 2014 Interim Results

August, 2014



# Cautionary Statements Regarding Forward-Looking Statements

To the extent any statements made in this presentation containing information that is not historical are essentially forward-looking. These forward-looking statements include but not limited to projections, targets, estimates and business plans that the Company expects or anticipates will or may occur in the future. These forward-looking statements are subject to known and unknown risks and uncertainties that may be general or specific. Certain statements, such as those include the words or phrases "potential", "estimates", "expects", "anticipates", "objective", "intends", "plans", "believes", "will", "may", "should", and similar expressions or variations on such expressions may be considered forward-looking statements.

Reader should be cautioned that a variety of factors, many of which may be 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 presentation 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.



# Agenda

Topic	Speaker	Position
Overview	Peter Ma	Group Chairman & CEO
Operating Highlights	Alex Ren	Group President
Financial Analysis and Embedded Value	Jason Yao	Group CFO
Insurance Business	Yuansiong Lee	Group Chief Insurance Business Officer
Banking Business	Ping Shao	President of Ping An Bank
Investment Business	Timothy Chan	Group Chief Investment Officer

Overview

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# Overview

# Overview

## Traditional Business

### Insurance

- ✓ Ping An Life: ranked second in terms of premium income, with the number of individual life sales agents surpassing 600 thousand.
- ✓ Ping An Property & Casualty: ranked second in terms of premium income while maintaining sound profitability.

### Banking

- ✓ Continuously optimized business structure and business transformation bringing positive results.
- ✓ Profitability improved rapidly with credit risk being controlled.

### Investment

- ✓ Trust business: business structure leading the industry, with successful redemption of all projects reaching maturity.
- ✓ Strengthened risk control of insurance funds investment, with the net investment yield rising at a stable pace.

### Customer Migration

- ✓ Remained committed to the “customer-centric” management concept, strengthened our integrated finance services and optimized cross-selling.
- ✓ Steadily promoted customer migration, achieving remarkable results in the first half of 2014.

## Internet Finance

- ✓ Internet finance businesses, including Lufax, Wanlitong Loyalty Points Program, and third-party payment, recorded substantial growth in scale and user base.

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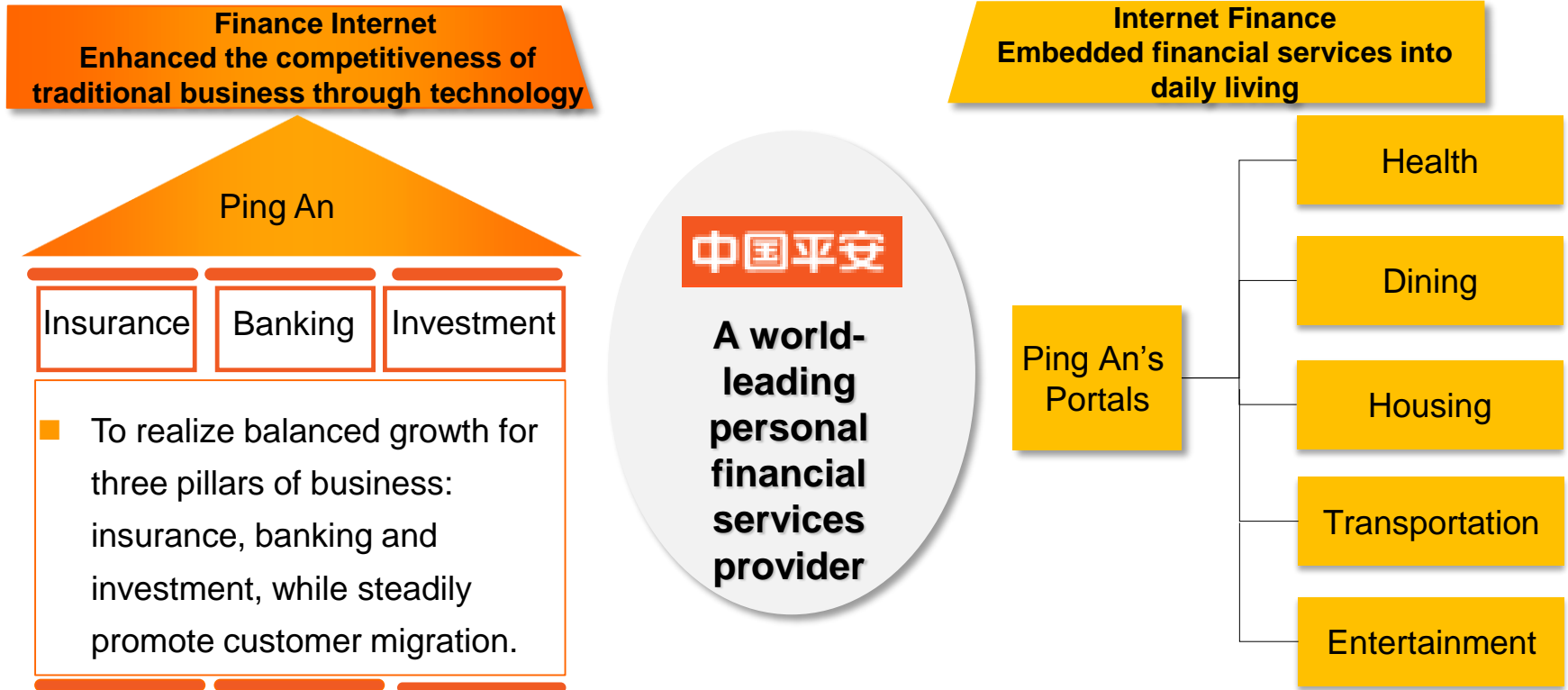
Banking  
Business

Investment  
Business

# Operating Highlights

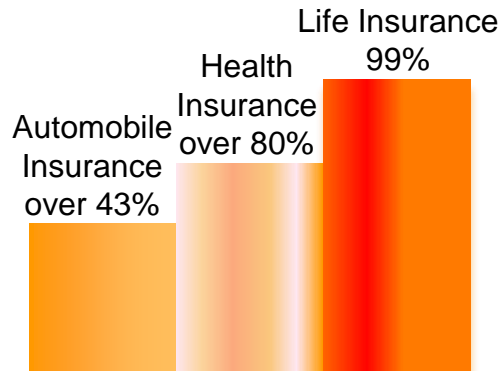
# Operating Highlights

In the first half of 2014, the global economy recovered at a moderate pace. China continued to face a complex external economic environment, while the overall economy grew at a relatively steady pace. Ping An focused on running stable operations and maintained the healthy and sustainable growth of the three pillars of traditional businesses - insurance, banking and investment, while actively explored the internet finance model, achieving our goal of advancing both traditional businesses and internet finance businesses.



# Technology-Driven Finance

## MIT Utilization



### ➤ Achievements in MIT

- Offered financial services for 13 million customers
- Saved hundreds of millions of operation costs per year
- Underwritten premium over RMB100 billion

### ➤ Optimization and Extension of MIT

- Basing on MIT platform, **newly established “E-Sales Access” pre-sales platform**, which extended e-services to frontline sales. This involves precise and comprehensive analysis of customer needs, so as to help customers understand their needs and consume reasonably.
- Basing on MIT platform, **upgraded the e-platform**. Enabled the one-step registration for our “Five Tong” accounts and launched the “one-key renewal” for automobile insurance to simplify the process and raise the rate of policy renewal.



# Remarkable Achievements in Customer Migration

(in thousands)

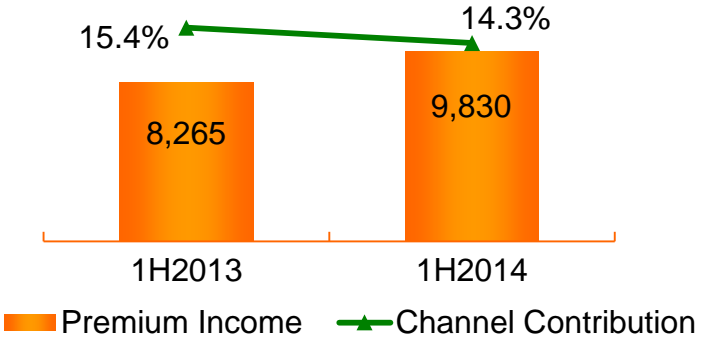
Terminal Source	Ping An Life	Ping An Property & Casualty	Retail Banking	Credit Card	Others	Total
Ping An Life	-	706	259	388	64	1,417
Ping An Property & Casualty	97	-	61	206	11	375
Retail Banking	142	294	-	248	61	745
Credit Card	106	179	150	-	21	456
Others	6	18	8	15	-	47
<b>Total</b>	<b>351</b>	<b>1,197</b>	<b>478</b>	<b>857</b>	<b>157</b>	<b>3,040</b>

Note: Others include Ping An Securities, Ping An Trust and other subsidiaries which carry on traditional finance business.

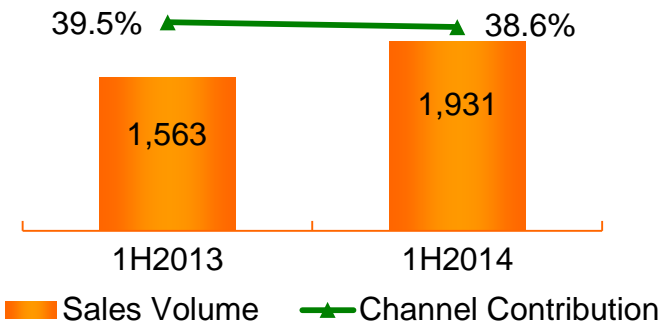
# Cross-selling Generated Greater Synergy

(In RMB Million)

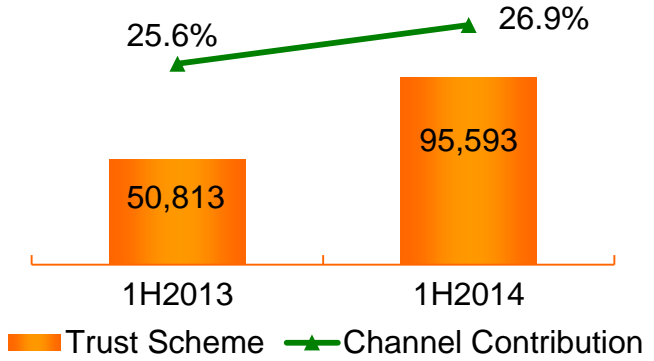
## Property and Casualty Business



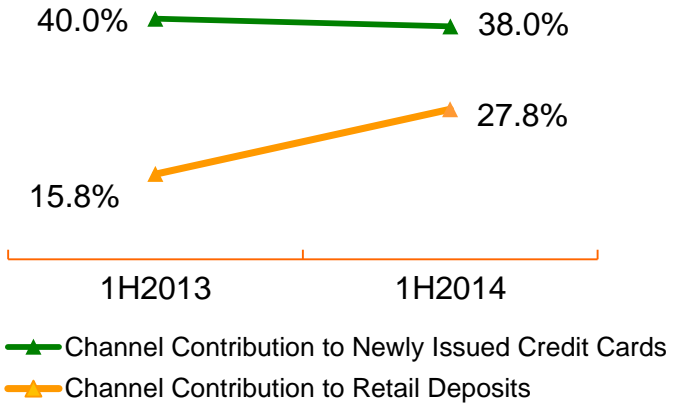
## Group Short-term Insurance Business



## Trust Business



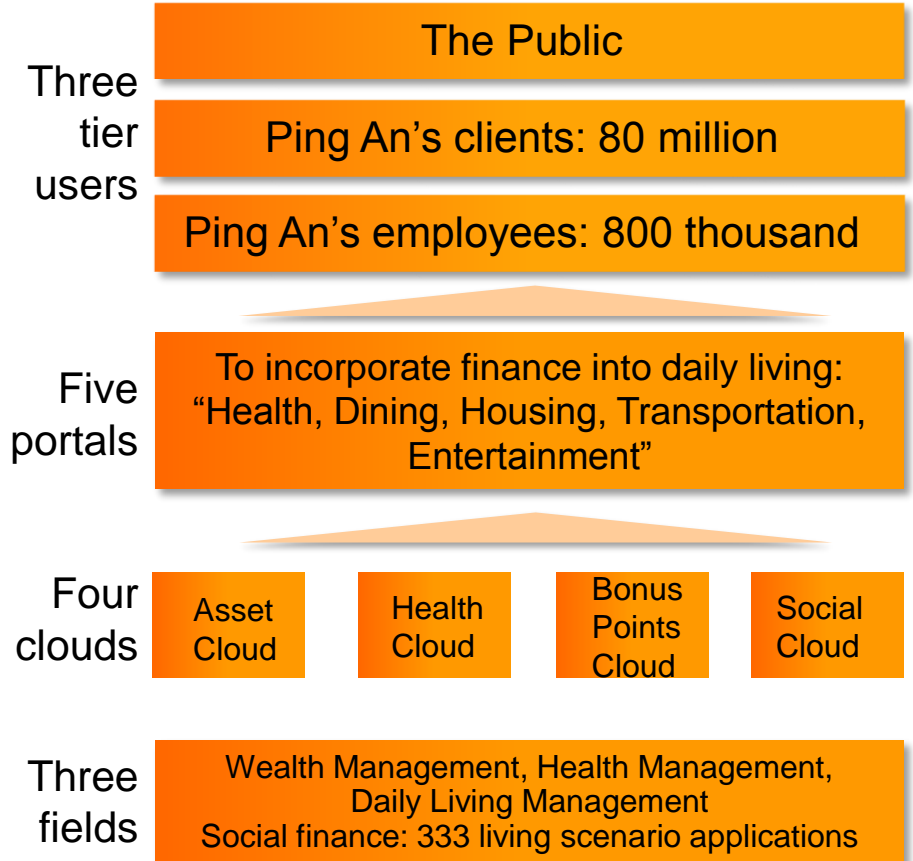
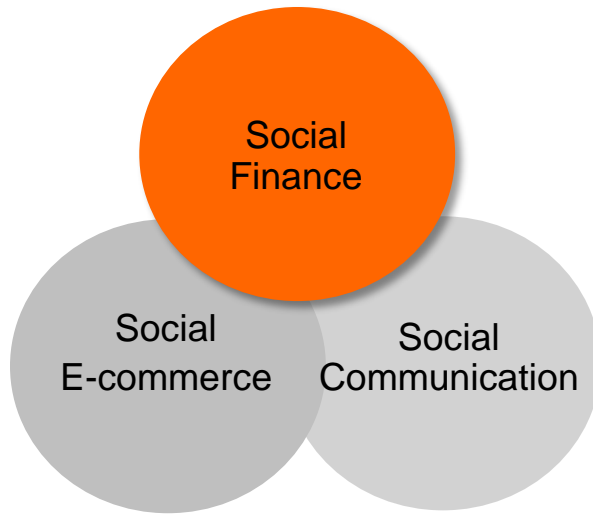
## Banking Business



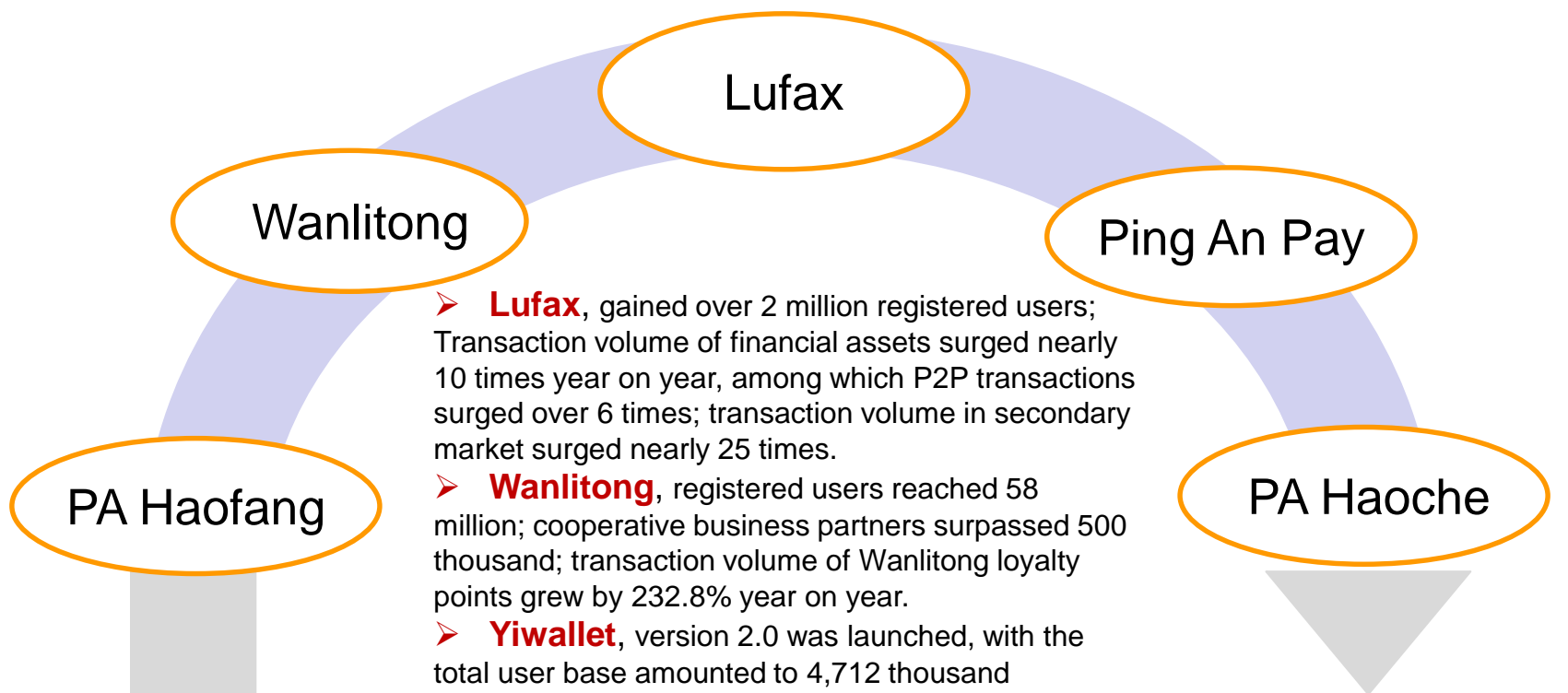
Note: Retail deposits refers to the increase of average daily balance per year.

# Internet Finance Strategy Centered on Social Finance

Internet Finance



# Internet Finance :Substantial Growth in Scale and User Base



To establish a social financial services platform comprising wealth management, health management and daily living management for Ping An's customers, as well as the widest range of social users.

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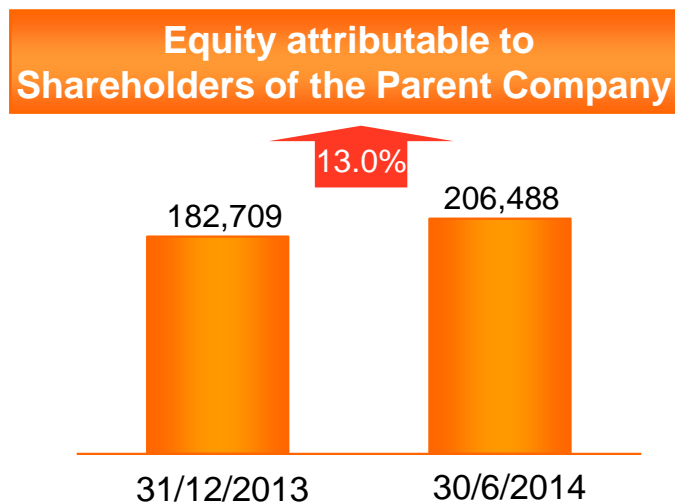
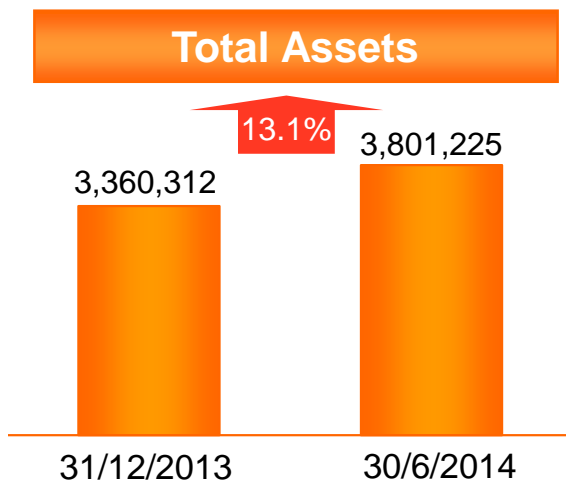
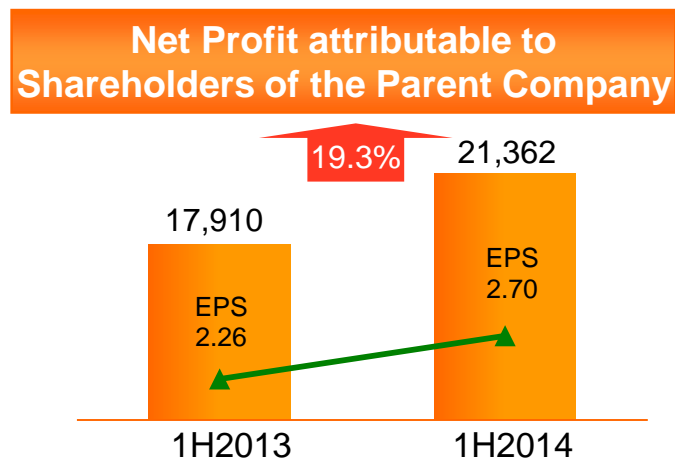
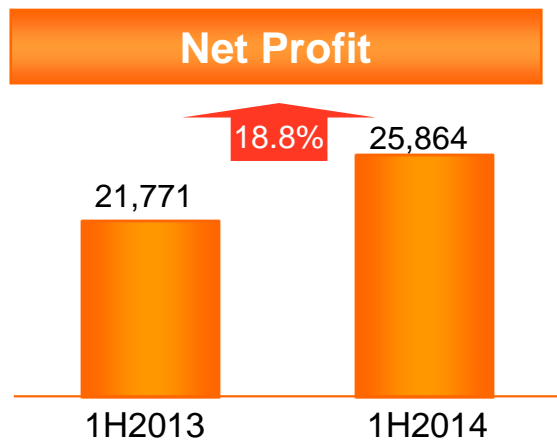
Banking  
Business

Investment  
Business

# Financial Analysis and Embedded Value

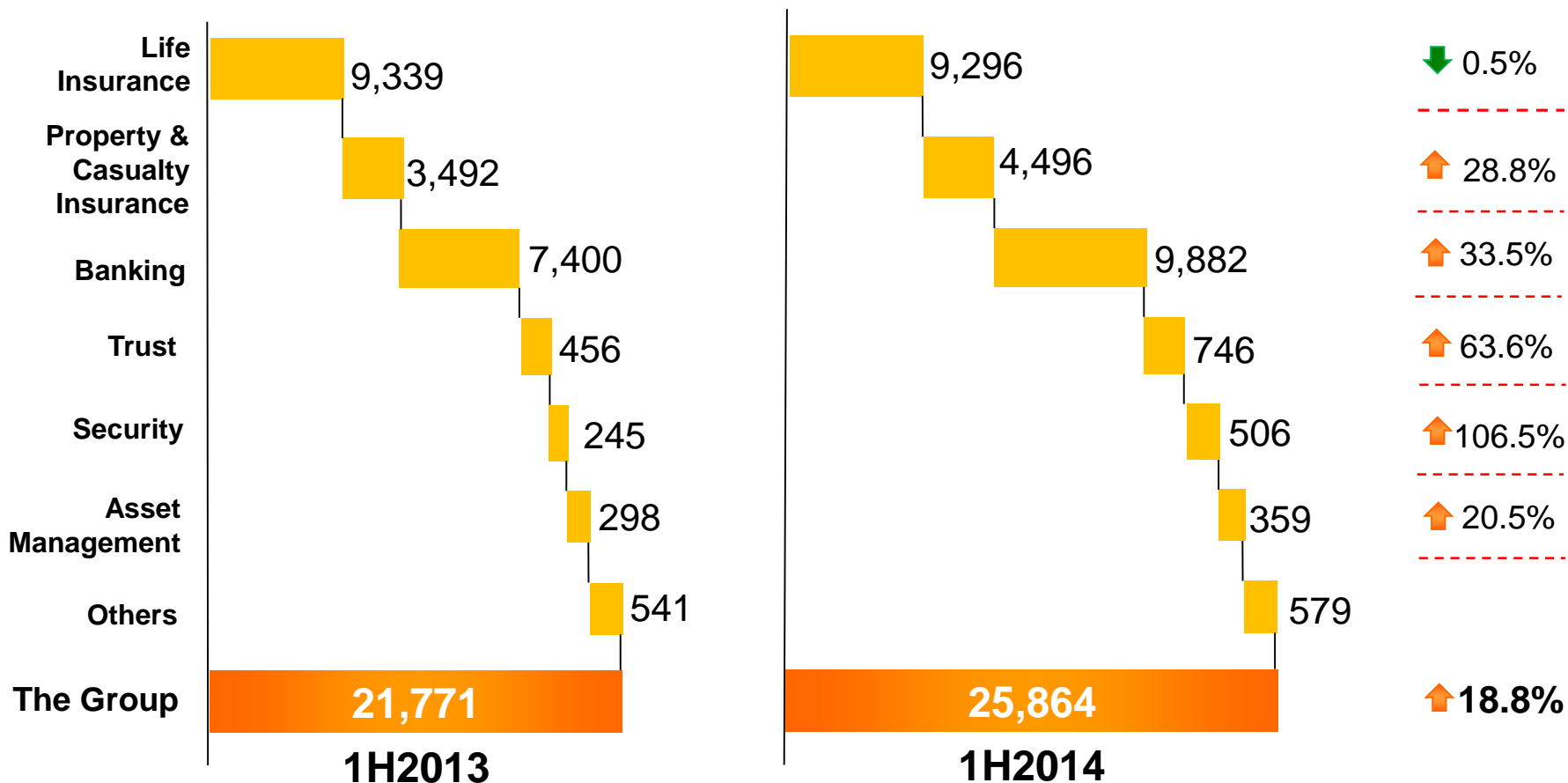
# Financial Highlights

(In RMB million/in RMB)



# Net Profit by Business Segment

(In RMB million)



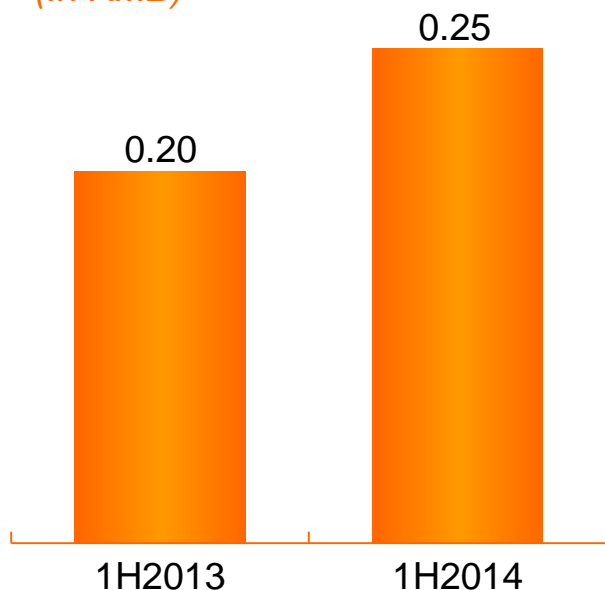
Notes: (1) Asset Management refers to the Ping An Asset Management.

(2) Others refers to the parent company, Ping An Financial Leasing, financial platform services subsidiaries and offsetting items.

# Interim Dividend



(In RMB)



- The Board of Directors decided to distribute 2014 interim dividend of RMB0.25 per share, up by 25% as compared with the same period last year.
- When proposing dividend distribution, the Company takes in consideration profitability, future business development, capital requirement and sustainability of dividend policy, to achieve balance between business development and shareholders' returns.

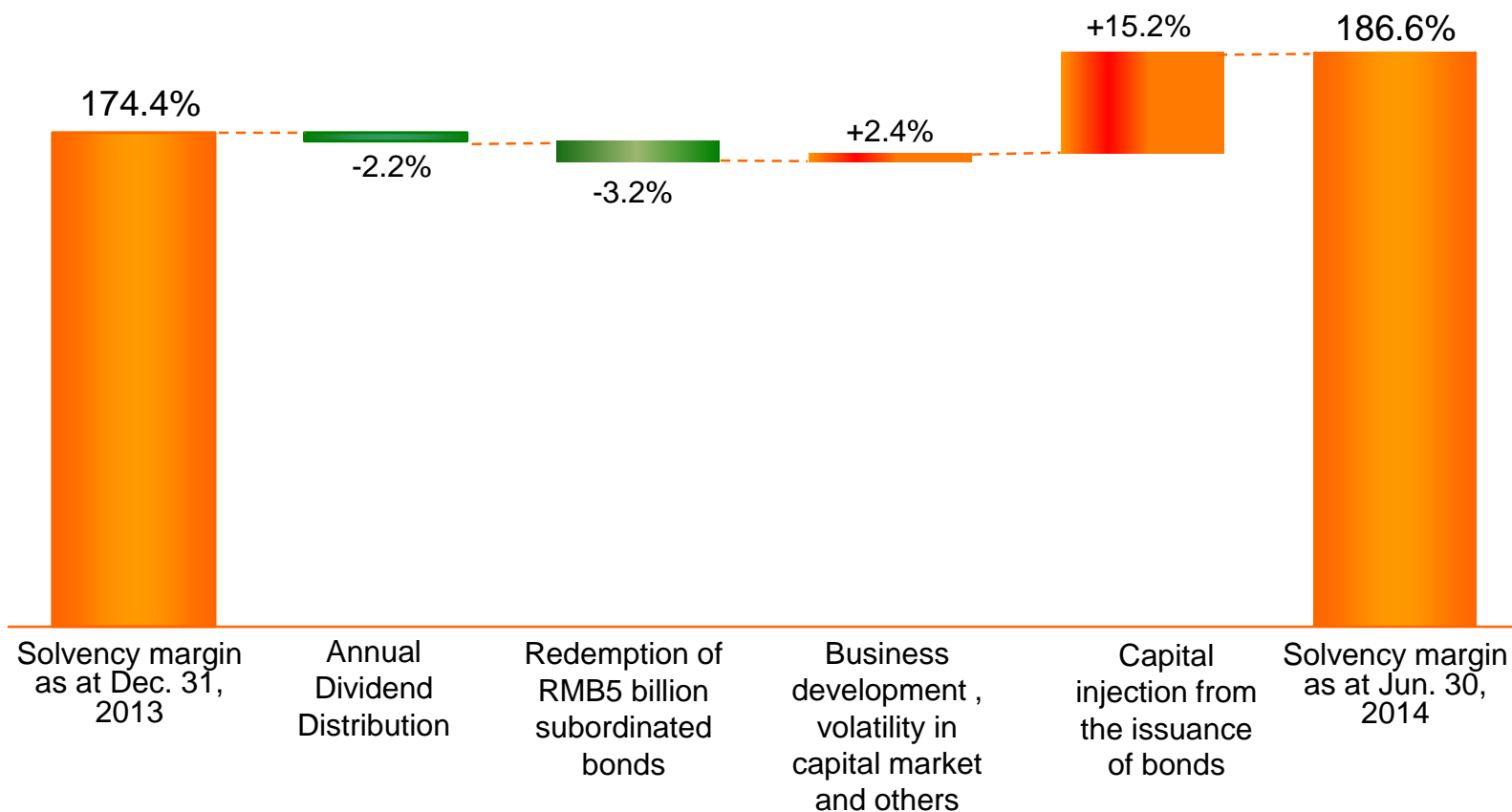


# Solvency Margin/ Capital Adequacy Ratio

	31/12/2013	30/6/2014	Capital Change
<b>Group</b> (Regulatory requirement $\geq 100\%$ )	174.4%	186.6%	
<b>Ping An Life</b> (Regulatory requirement $\geq 100\%$ )	171.9%	184.3%	RMB8 billion subordinated bonds were issued.
<b>Ping An Property &amp; Casualty</b> (Regulatory requirement $\geq 100\%$ )	167.1%	151.9%	RMB2 billion subordinated bonds were redeemed.
<b>Ping An Bank</b> (Regulatory requirement $\geq 8.9\%$ )	9.9%	11.02%	RMB15 billion tier-2 capital bonds were issued. RMB3 billion subordinated bonds were deemed.

Note: According to the “Capital Rules for Commercial Banks (Provisional)” enforced by the CBRC, commercial banks should meet the requirement of capital adequacy ratio 10.5% by the end of 2018, which could be met in stages in the transition period. The applicable requirement of capital adequacy ratio for 2014 is 8.9%.

# Movement Analysis of the Group's Solvency Margin

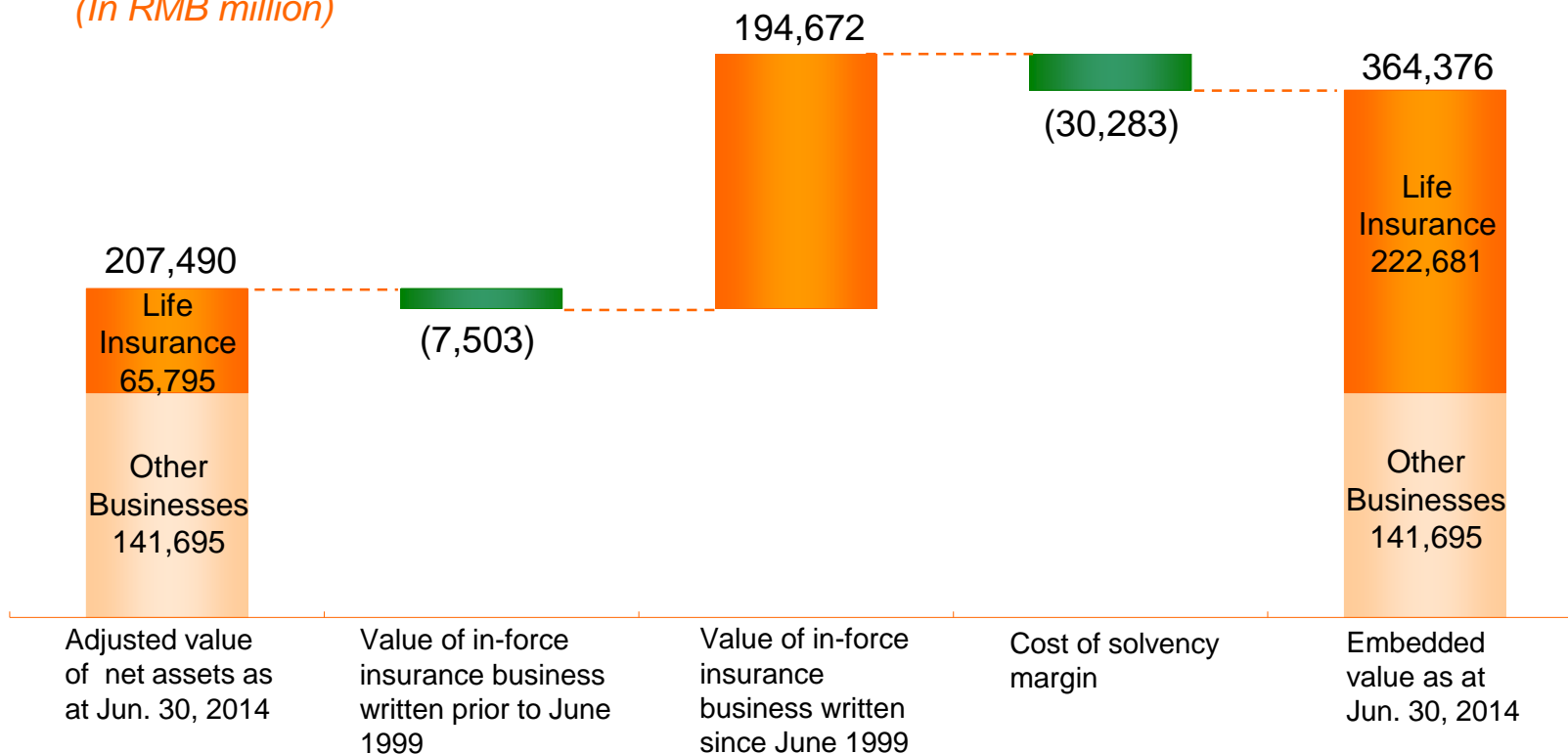


Notes: (1) In the first half of 2014, RMB2 billion and RMB3 billion subordinated bonds were redeemed by Ping An Property & Casualty and Ping An Bank, respectively.

(2) In the first half of 2014, RMB8 billion and RMB3 billion subordinated bonds were issued by Ping An Life and Ping An Security, respectively. RMB15 billion tier-2 capital bonds were issued by Ping An Bank.

# Composition of Embedded Value

(In RMB million)

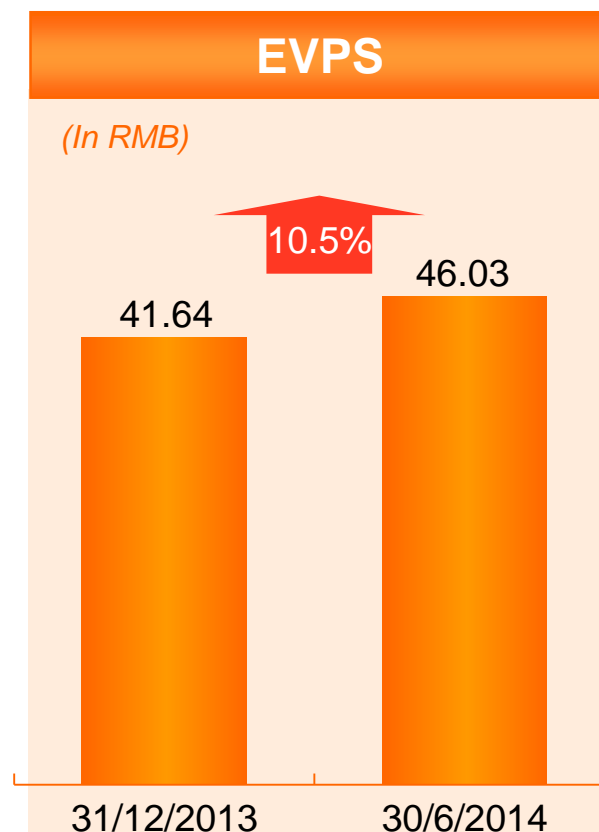
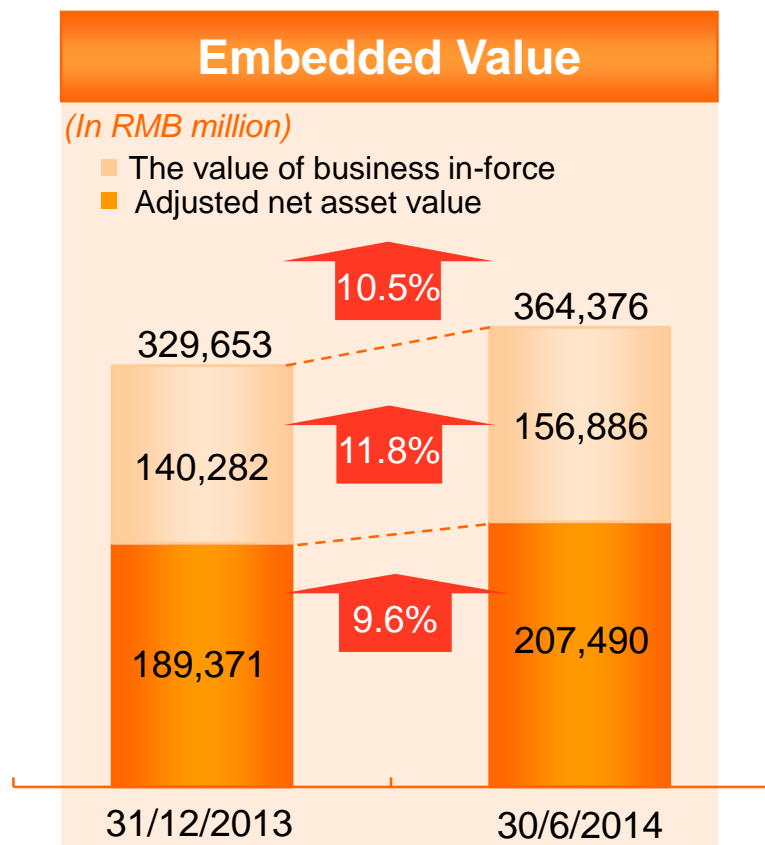


Notes: (1) Figures may not match totals due to rounding.

(2) Life insurance business includes business conducted through Ping An Life, Ping An Annuity and Ping An Health.

(3) Above risk discount rates for the value of in-force business were earned rate/11.0%.

# Growth of Embedded Value



Notes : (1) Figures may not match totals due to rounding.

(2) Above risk discount rates for the value of in-force business were earned rate/11.0%.

# NBEV Grew Steadily

(In RMB million)

	1H2013	1H2014	Change
<b>NBEV</b>			
Individual life insurance	9,394	11,067	↑ 17.8%
Bancassurance	270	180	↓ 33.1%
Group insurance	440	544	↑ 23.8%
<b>NBEV in Total</b>	<b>10,103</b>	<b>11,792</b>	<b>↑ 16.7%</b>
<b>NBEV Margin</b>	<b>28.9%</b>	<b>26.6%</b>	↓ 2.3 percentage points

Notes : Figures may not match totals due to rounding.

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# Insurance Business

# Insurance Business Overview

## Life Insurance

- Life insurance realized written premiums of RMB148.31 billion, of which the written premiums from individual life insurance business were 131.39 billion, up by 14.5% year on year.
- The number of individual life insurance sales agents surpassed 600 thousand, up by 9.1% as compared to the beginning of the year, achieving sustainable growth.
- The NBEV was 11.79 billion, up by 16.7% year on year.

## Property and Casualty Insurance

- Ping An Property & Casualty achieved premium income of RMB68.71 billion, up by 27.8% year on year, with market share of 18.0%, continuously ranked second in the industry.
- Premium income from cross-selling and telemarketing was RMB28.82 billion, increased by 23.7% year on year, with channel contribution accounting for 41.9%.
- Business quality remained sound with a combined ratio of 94.4%.

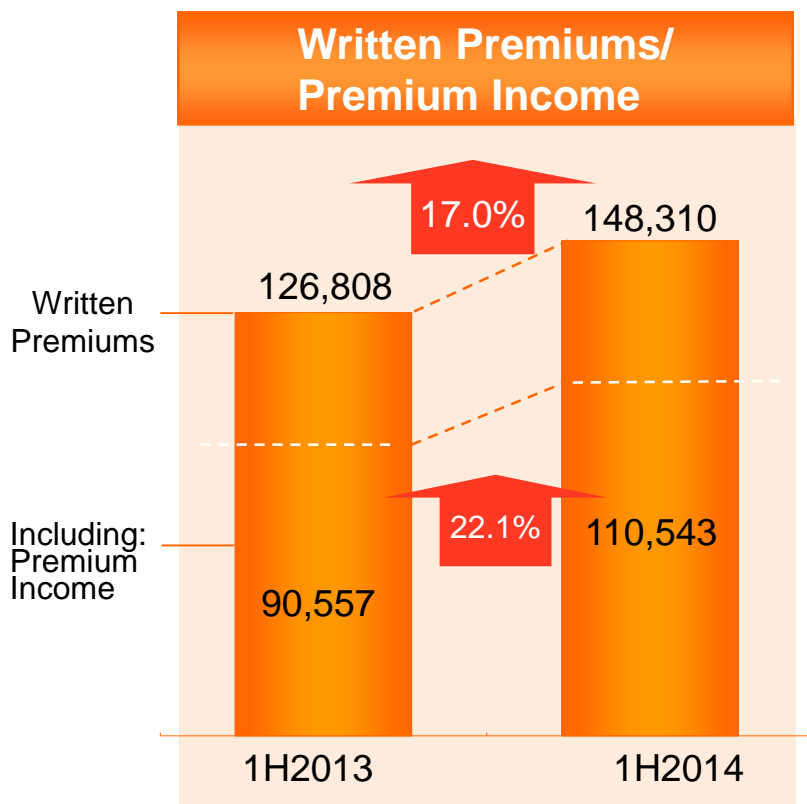
## Corporate Annuity

- Three major performance indicators of our corporate annuity business, namely annuity payments received, assets entrusted, and assets under investment management, all maintained leading positions in the industry.
- Strived to develop employee benefits scheme business, with the premium income for group insurance business rose 27.0% to RMB5,038 million, ranking second in the industry.

# Life Insurance Business (1/5)

## Written premiums increased steadily with rapid growth of telemarketing

(In RMB million)



- Notes: (1) Written premiums mean all premiums received from the policies underwritten by the Company, which is prior to the significant insurance risk testing and separating of hybrid risk contracts.  
(2) Premium income means premiums after the significant insurance risk testing and separating of hybrid risk contracts.  
(3) Life insurance includes business conducted through Ping An Life, Ping An Annuity and Ping An Health.

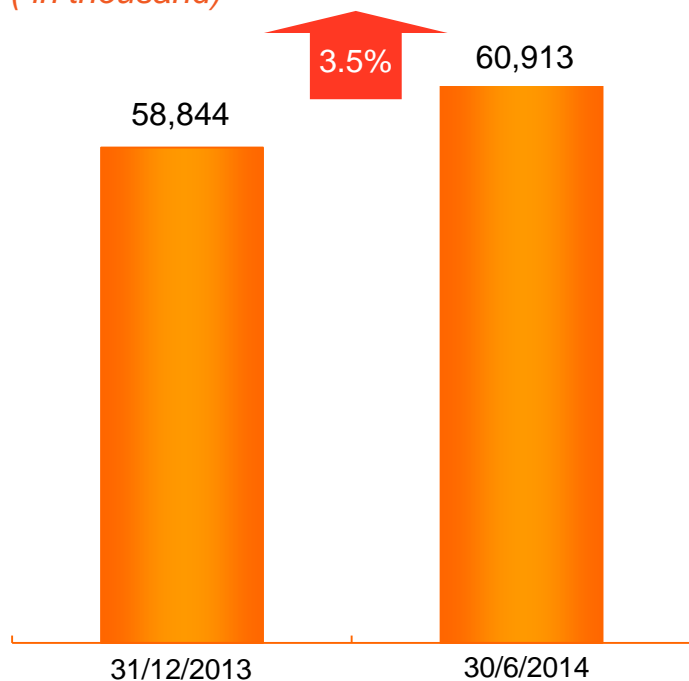


# Life Insurance Business (2/5)

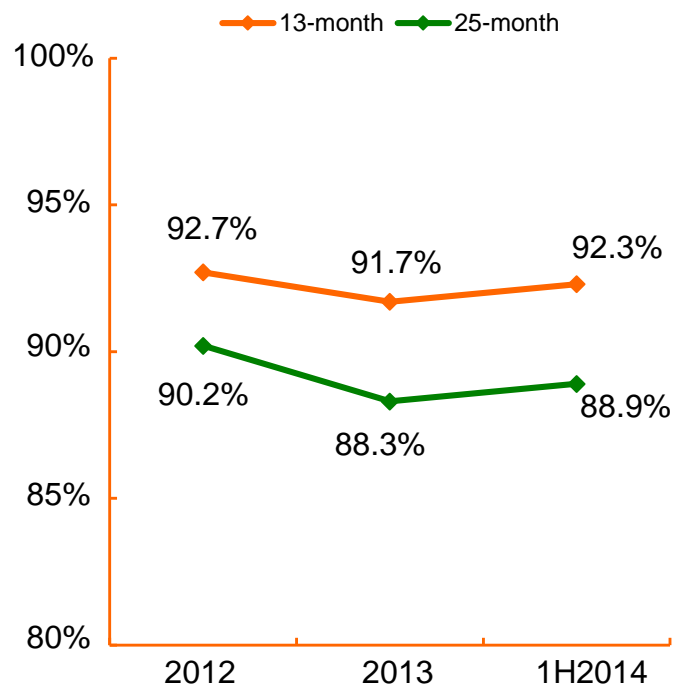
## Customers increased steadily with a satisfactory persistency ratio

### Number of Customers

(in thousand)



### Persistency Ratio

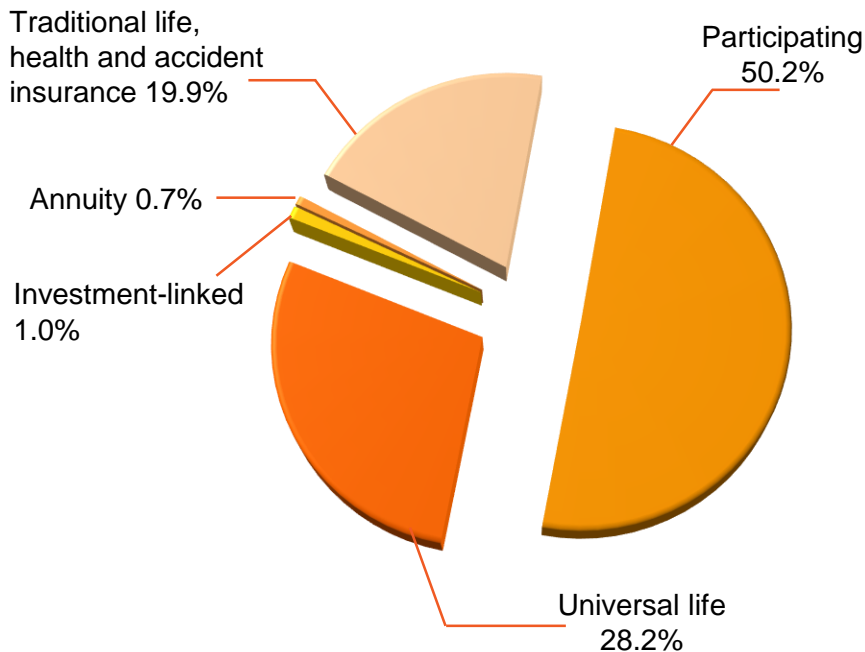


# Life Insurance Business (3/5)

## Reinforcing the sales of protection type products

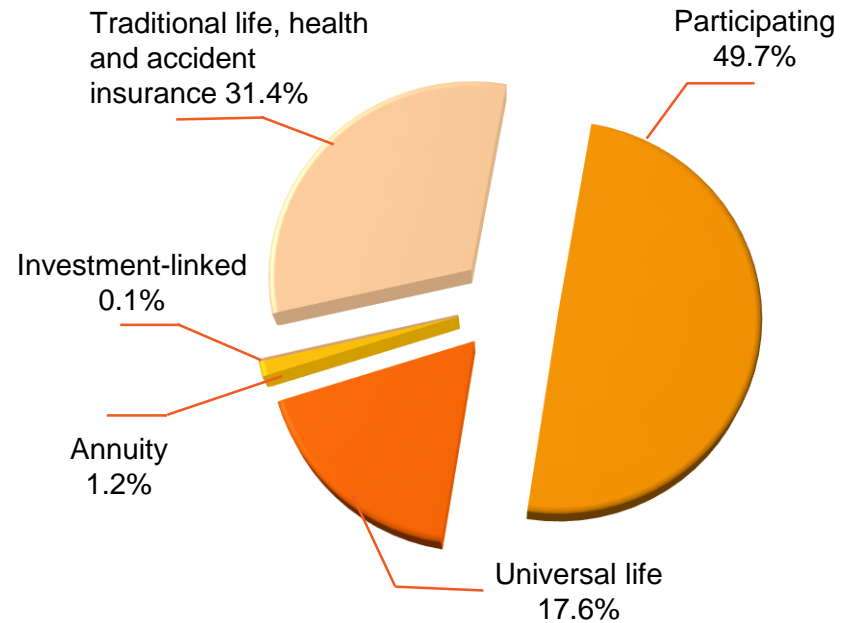
(In RMB million)

### Product Structure of Life Insurance Business



100% = 148,310

### Product Structure of New Business for Individual Life Insurance



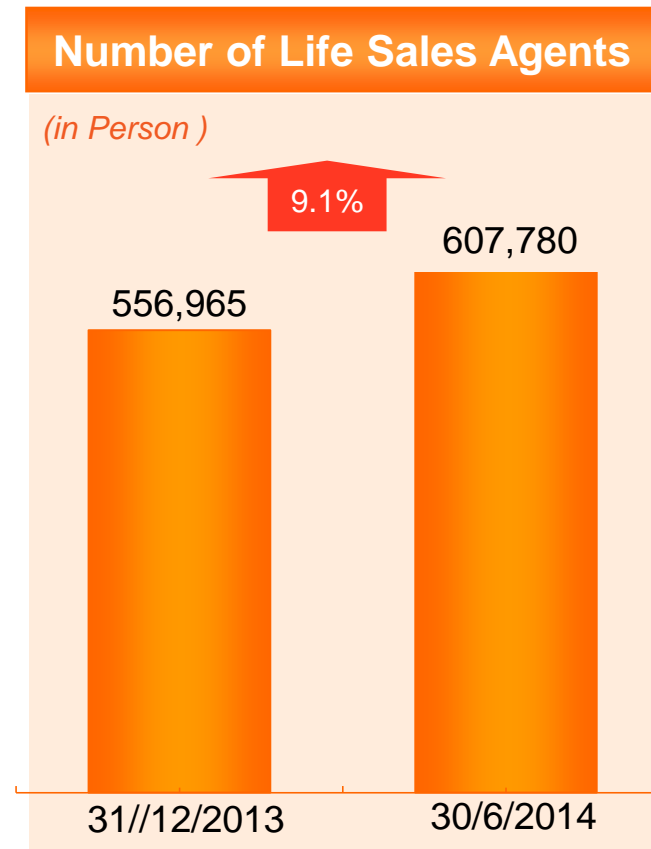
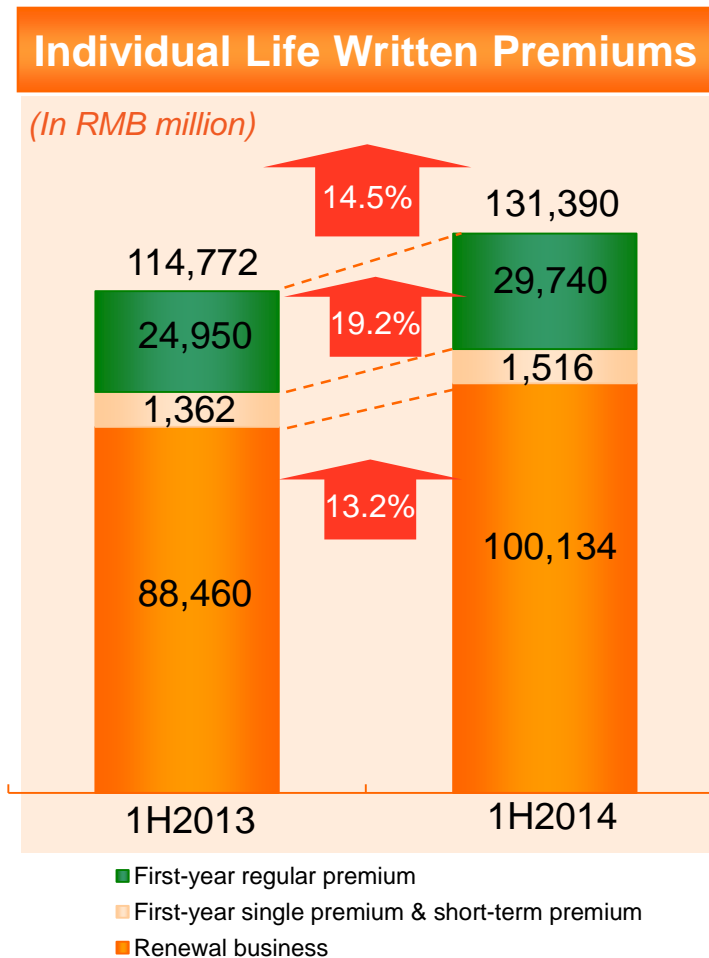
100% = 31,256

Notes: (1) The above premiums mean written premiums.

(2) Life insurance includes business conducted through Ping An Life, Ping An Annuity and Ping An Health.

# Life Insurance Business (4/5)

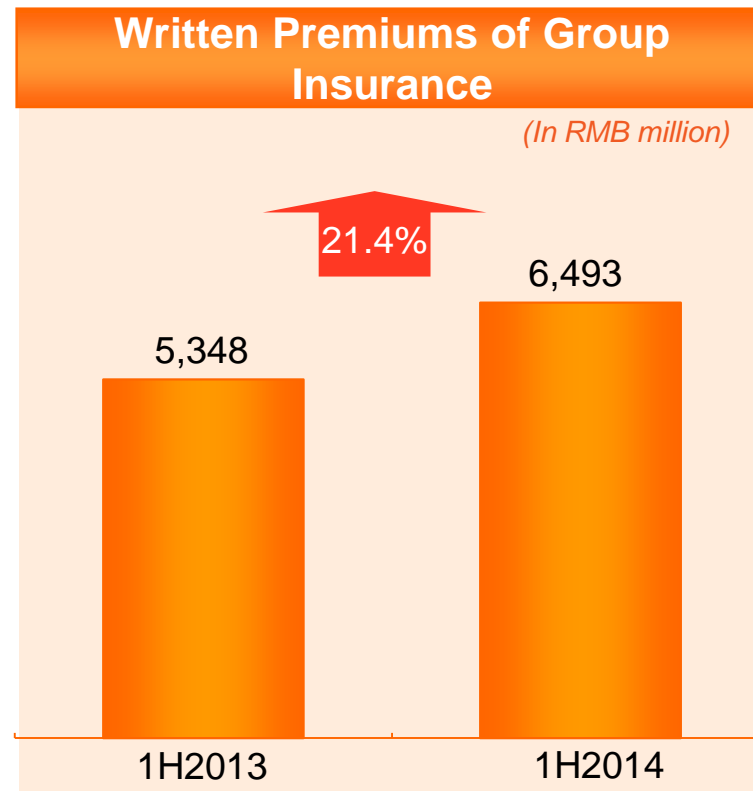
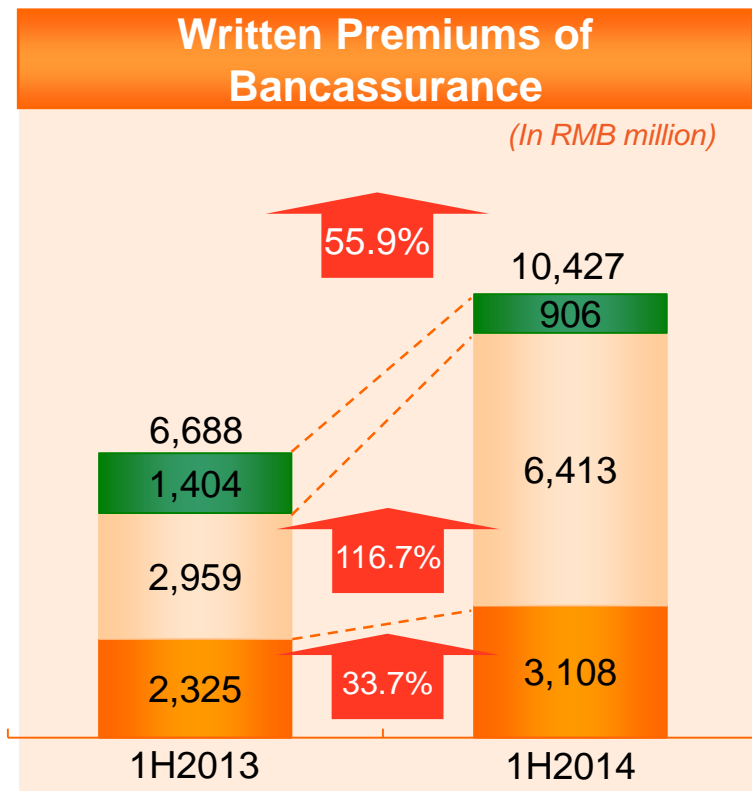
Individual business achieved growth both in premiums and sales force



Note: Life insurance includes business conducted through Ping An Life, Ping An Annuity and Ping An Health.

# Life Insurance Business (5/5)

Bancassurance propelled sales network expansion, while group insurance strived to develop employee benefits scheme



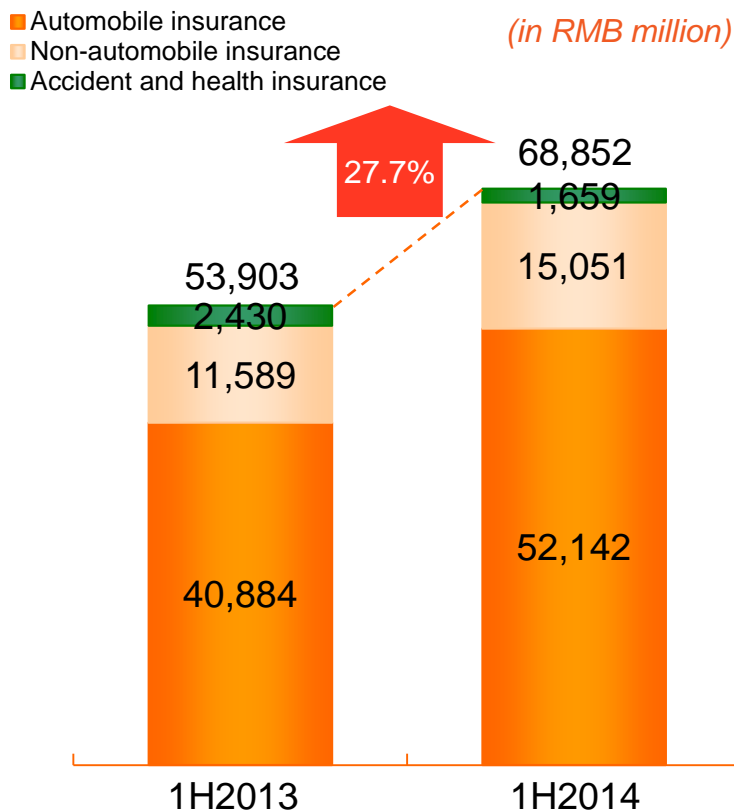
- First-year regular premiums
- First-year single and short-term premiums
- Renewal business

Note: Life insurance includes business conducted through Ping An Life, Ping An Annuity and Ping An Health.

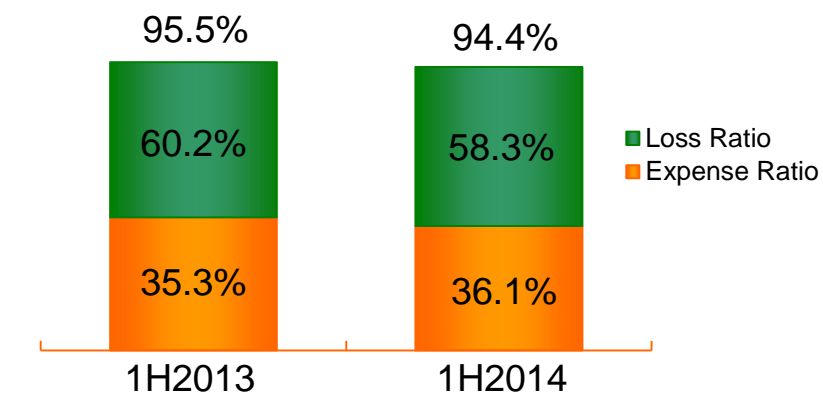
# Property and Casualty Business (1/2)

Premium income maintained stable growth with sound business quality

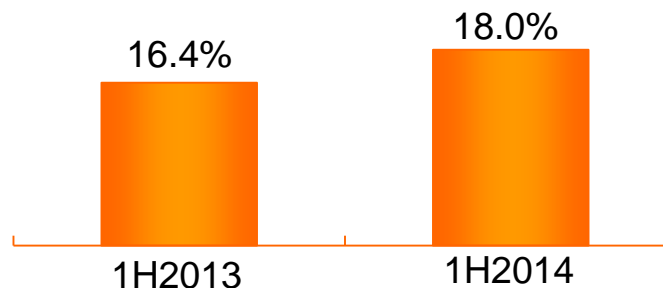
## Premium Income



## Combined Ratio



## Market Share



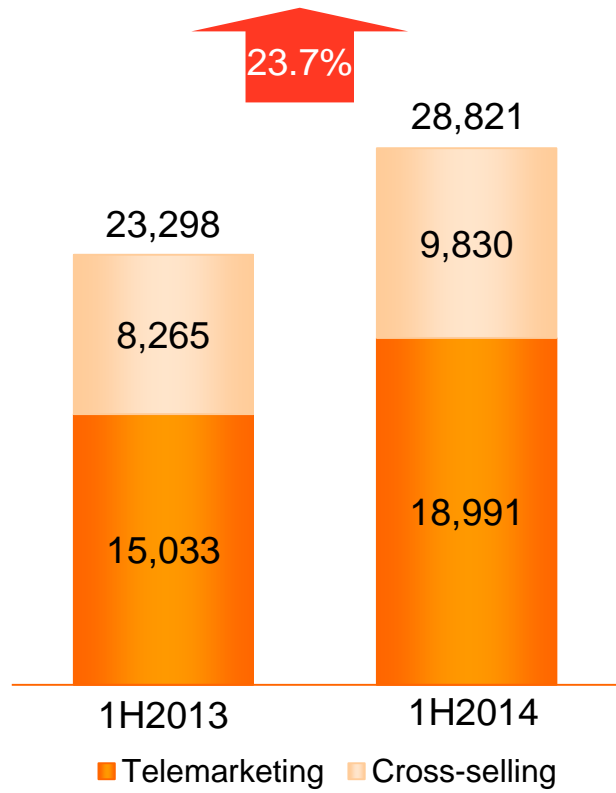
Note: Premium income and combined ratio above are about the property and casualty business, which includes Ping An Property & Casualty and Ping An Hong Kong. Market share above is about Ping An Property & Casualty.

# Property and Casualty Business (2/2)

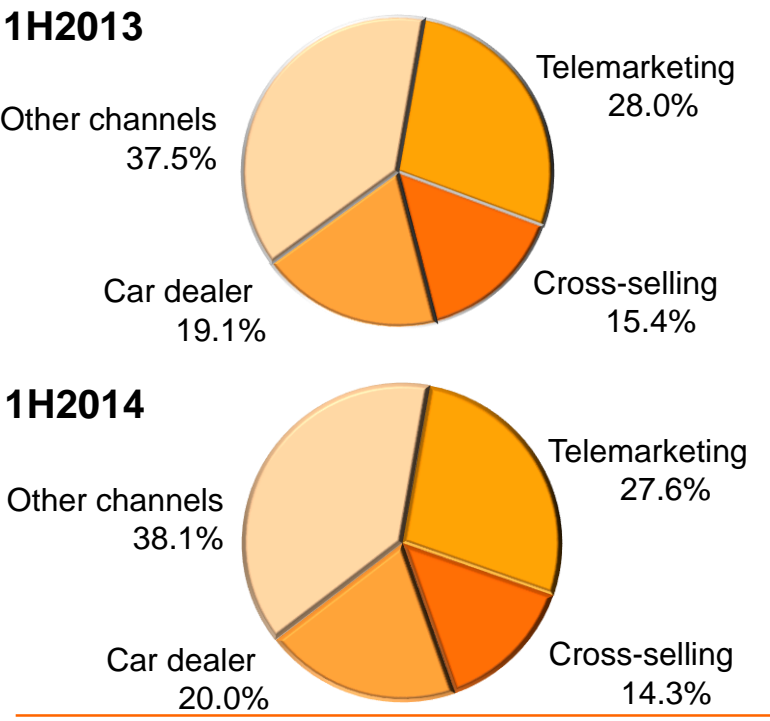
## Premium income from cross-selling and telemarketing grew continuously

### Premium from Cross-selling and Telemarketing

(In RMB million)



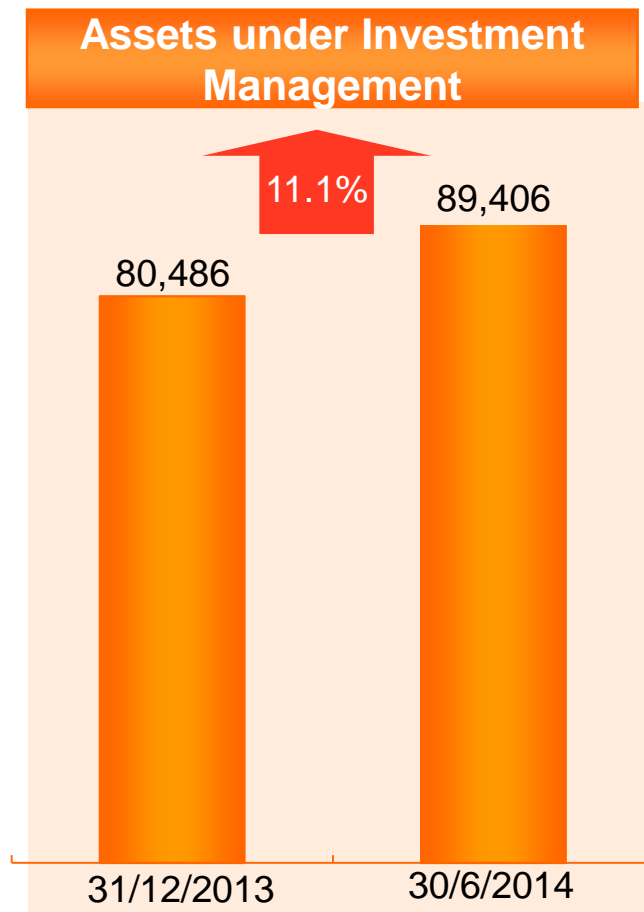
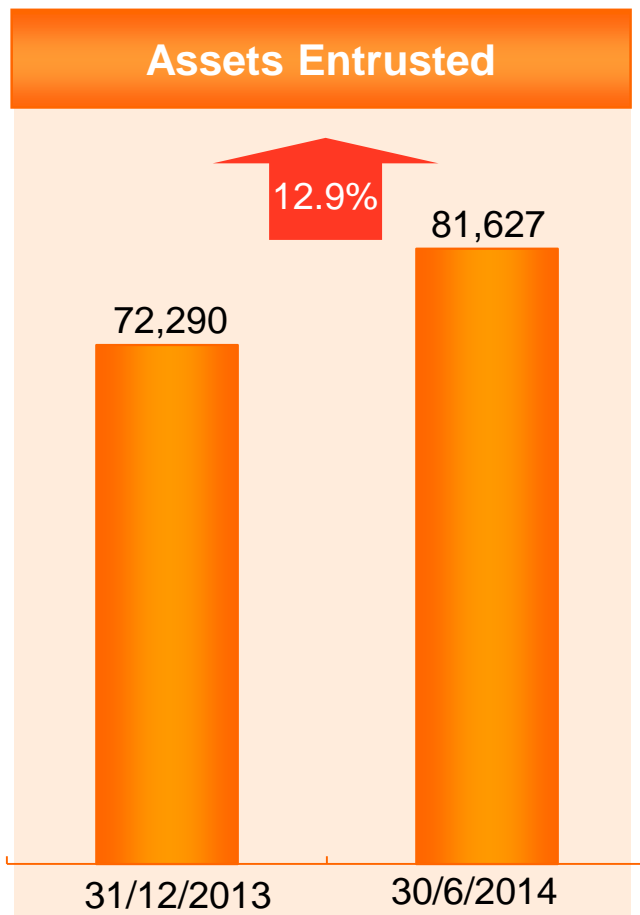
### Percentage of Channel Contribution



Note: The data above are operating results of Ping An Property & Casualty.

# Sustained Growth in Corporate Annuity Business

(In RMB million)



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# Banking Business



# Banking Business Overview

## Financial Highlights

- **Ping An Bank's** operating income was RMB34.73 billion, **net profit** was RMB10.07 billion, up 48.27% and 33.7%, respectively.
- **Total assets** reached RMB2.14 trillion, up by 12.9% over the beginning of the year.
- **Total deposits** and **total loans** amounted to RMB1.51 trillion and RMB0.94 trillion, up by 24.0% and 10.7% over the beginning of the year, respectively.

## Business Development

- **Business structure was further optimized**, with net non-interest income of RMB10.18 billion, up by 107.82% year on year, accounting for 29.3% of total operating income, up by 8.4 pps.
- **Cost/income ratio** 37.59%, down by 1.28 pps year on year.
- **Outlets expansion** speeded up, with 38 new outlets opened in the first half of 2014.

## Asset Quality

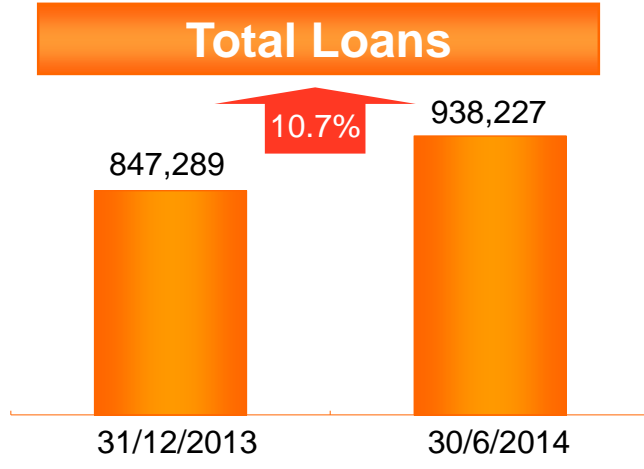
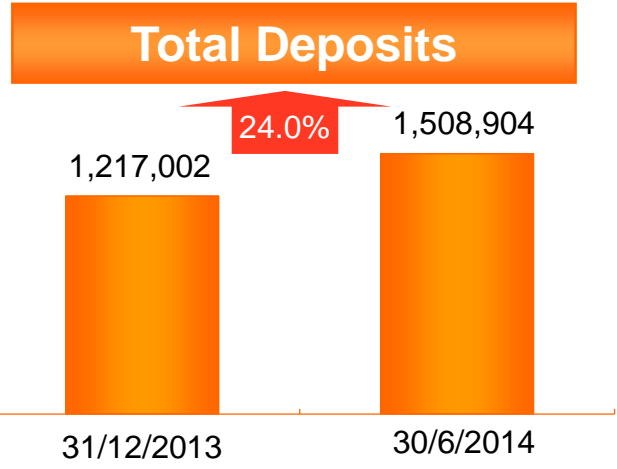
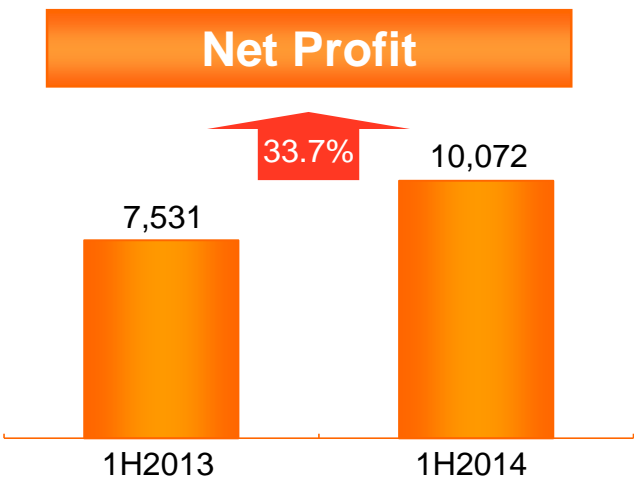
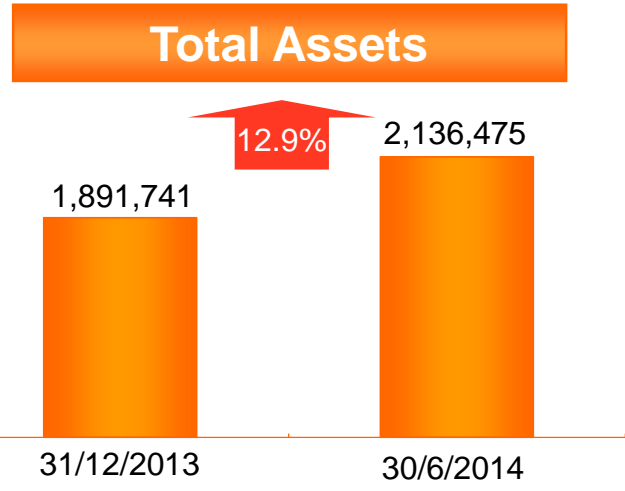
- **Non-performing loan ratio** 0.92%, up slightly by 0.03 percentage points.
- **Provision coverage ratio** 198.18%, a slight decrease of 2.88 percentage points. The loan loss provision ratio was 1.83%, up by 0.04 percentage points.

## Capital Adequacy

- **Capital adequacy ratio** 11.02%.
- **Tier 1 capital adequacy ratio** 8.73%.
- **Core tier 1 capital adequacy ratio** 8.73%.
- All of these abovementioned ratios met the regulatory requirements.

# Business Scale and Profitability Achieved Steady Growth

(In RMB million)



Note: The above figures came from the interim report of Ping An Bank.

# Implement Reforms of Retail Banking Business

## High-end Customers

- The number of wealth management customers reached 195 thousand, up by 18% over the beginning of the year.
- The total assets under management amounted to RMB441.4 billion, an increase of 21% over the beginning of the year.

## Credit Cards

- Credit cards in force (CIF) reached 15.23 million, up by 10% over the beginning of the year.
- The balance of credit card loan amounted to RMB98.7 billion, an increase of 14% over the beginning of the year.

## Personal Finance

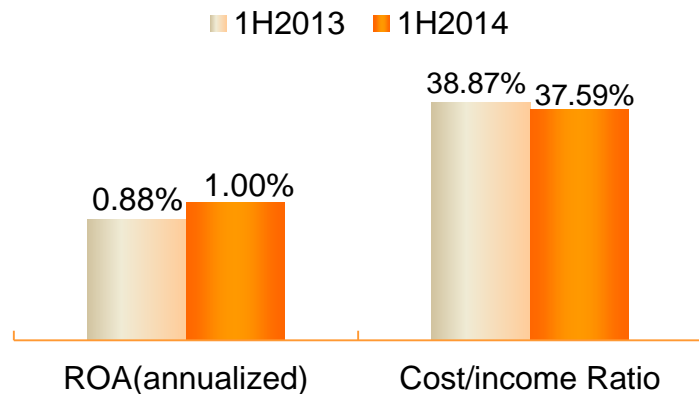
- **Automobile finance:** the balance of automobile finance loan reached RMB54.9 billion, whose market share kept leading the market.
- **Consumer finance:** the balance of “New Easy Loan” amounted to RMB32.4 billion, an increase of 34% over the beginning of the year.

## Private Banking

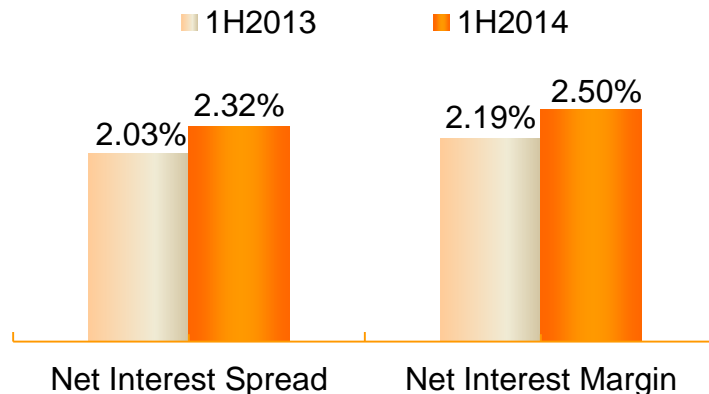
- The number of private banking customers was 25,538, among which the number of qualified customers grew by 26% over the beginning of the year to 7,822.
- The assets under management from private banking clients amounted to RMB117.5 billion, including RMB60.1 billion of deposits.

# Key Operation Ratios

## ROA and Cost/income Ratio

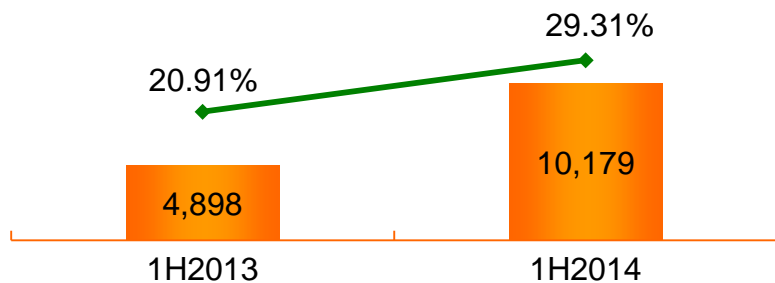


## NIS and NIM

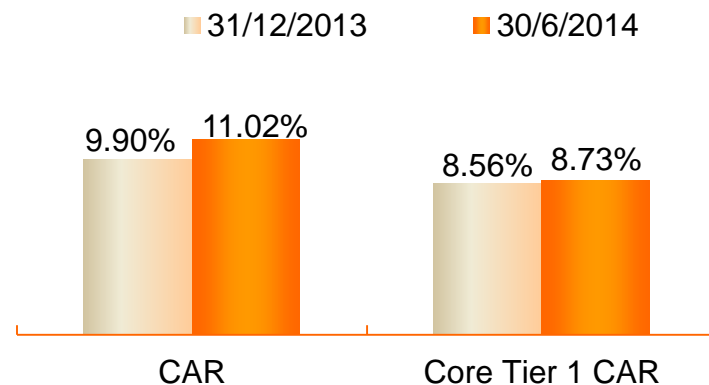


## Net Non-interest Income

(In RMB million)   
■ Net non-interest income   
◆ Percentage of net non-interest income



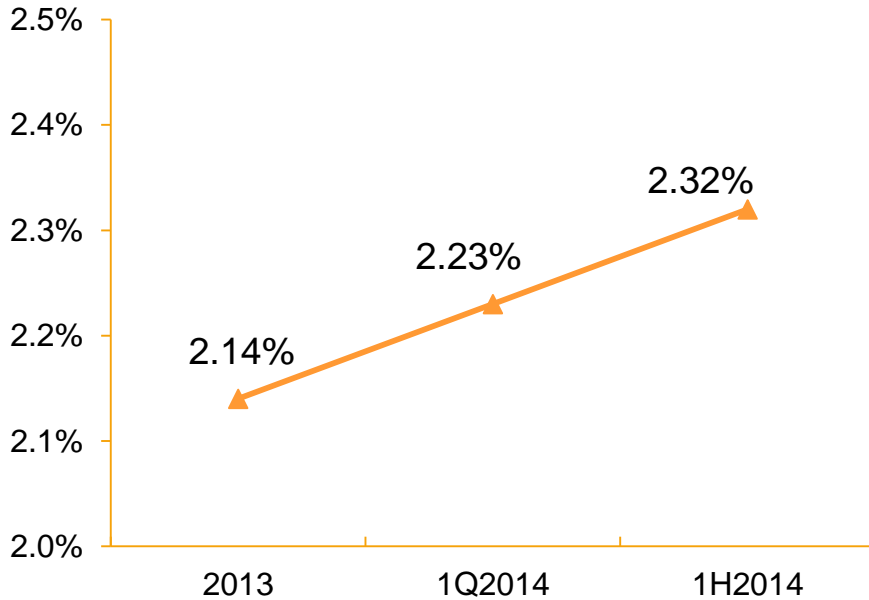
## CAR



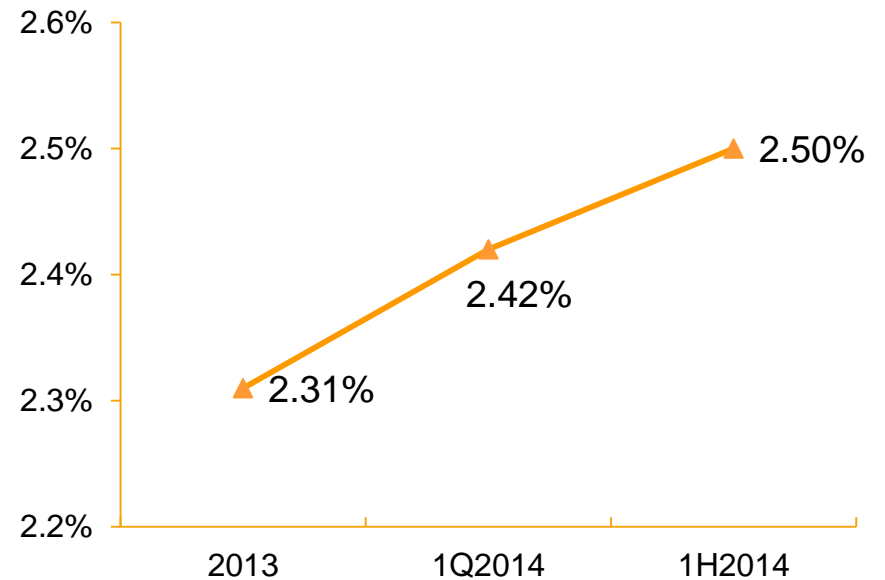
Notes: The above figures came from the interim report of Ping An Bank. .

# Growth of NIS and NIM

## Net Interest Spread



## Net Interest Margin

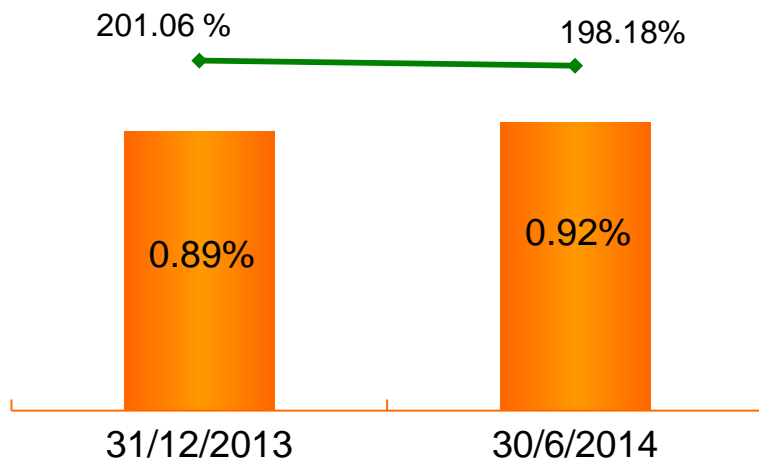


- Both net interest spread and net interest margin increased, due to the continuous efforts in optimizing the structure of interest-earning assets and risk pricing management.

# Asset Quality

## Non-performing Loan Ratio and Provision Coverage Ratio

■ Non-performing Loan Ratio 
 ◆ Provision Coverage Ratio



## Non-performing Loan Ratio by Region

Regions	Non-performing ratio	Change (percentage points)
Headquarter	2.01%	↓ 0.39
East	1.19%	↑ 0.14
South	0.63%	↑ 0.14
West	0.25%	↓ 0.06
North	0.43%	↑ 0.07

- Ping An Bank stepped up efforts on non-performing assets recovery and used various methods to dispose non-performing assets. It further enhanced the credit structure, prevented and mitigated potential risks associated with existing loans and tightly controlled the growth of new non-performing loans, in order to maintain stable asset quality.

Overview

Operating  
Highlights

Financial Analysis and  
Embedded Value

Insurance  
Business

Banking  
Business

Investment  
Business

# Investment Business

# Investment Business Overview

## Investment Portfolio of Insurance Funds

- **Investment yield:** Net investment yield reached 5.0%.
- **Asset allocation:** steadily increased the proportion of high-interest fixed income investments to optimize the asset allocation.
- **Risk control:** The invested debt schemes and trust schemes have essentially achieved full coverage of “Cash flow & Guarantee & Collateral” on projects. These projects are guaranteed by large state-owned enterprises, the government or banks.

## Trust Business

- Ping An Trust’s private wealth management business recorded stable growth, with the number of active and high net worth customers exceeding 27,000.
- The assets managed under trust schemes reached RMB366.89 billion. The proportion of paid-in capital of collective trust products was 67.5%, business structure leading the industry.
- Strictly controlled risks, with maturing real estate projects successfully redeemed.





## Ping An Asset Management

- Ping An Asset Management realized a net profit of RMB359 million in the first half of 2014.
- The scale of assets under management for its third-party business reached RMB109.27 billion, while management fees income for third-party asset management business realized RMB300 million.













# Investment Portfolio: Net Investment Yield Grew Steadily, While Total Investment Yield Decreased Due to Impairment Losses

(In RMB million)

	1H2013	1H2014	Change
Net investment income	25,965	31,894	 22.8%
Net realized and unrealized gains	1,524	(957)	 N/A
Impairment losses	(1,052)	(7,608)	 623%
<hr/>			
<b>Total investment income</b>	<b>26,437</b>	<b>23,329</b>	 <b>11.8%</b>
<b>Net investment yield</b>	<b>4.8%</b>	<b>5.0%</b>	
<b>Total investment yield</b>	<b>4.9%</b>	<b>4.3%</b>	

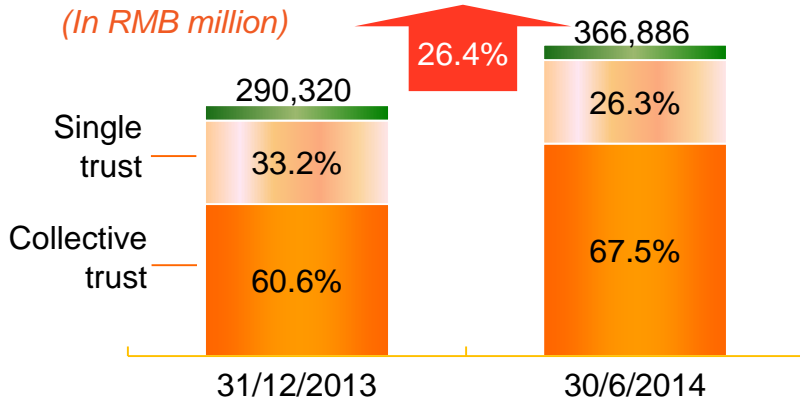
# Investment Portfolio: Asset Allocation

(In RMB million)

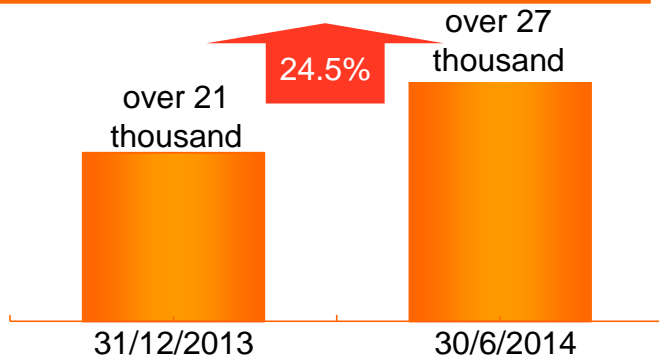
	31/12/2013	30/6/2014	Change (percentage points)	
<b>Fixed maturity investments</b>	<b>82.2%</b>	<b>85.0%</b>		<b>2.8</b>
Term deposits	18.3%	17.5%		0.8
Bond investments	51.9%	51.2%		0.7
Debt schemes investment	6.2%	8.2%		2.0
Wealth management products	2.5%	4.4%		1.9
Other fixed maturity investments	3.3%	3.7%		0.4
<b>Equity investments</b>	<b>9.8%</b>	<b>8.8%</b>		<b>1.0</b>
Infrastructure investments	0.7%	0.6%		0.1
Investment properties	1.7%	1.5%		0.2
Cash, cash equivalents and others	5.6%	4.1%		1.5
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		
<b>Total investments</b>	<b>1,230,367</b>	<b>1,356,631</b>		

# Trust Business: Focused on Private Wealth Management Business to Form Competitive Advantages

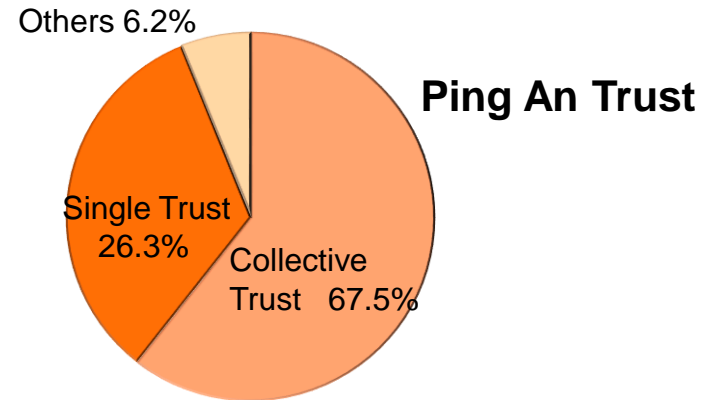
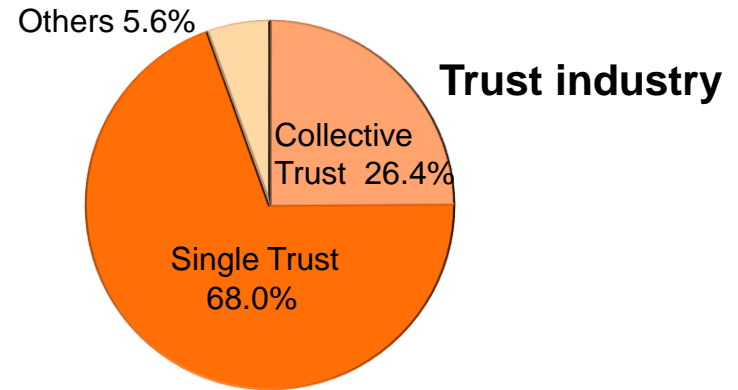
## Asset Structure of Trust Schemes



## Number of Active and High Net Worth Customers

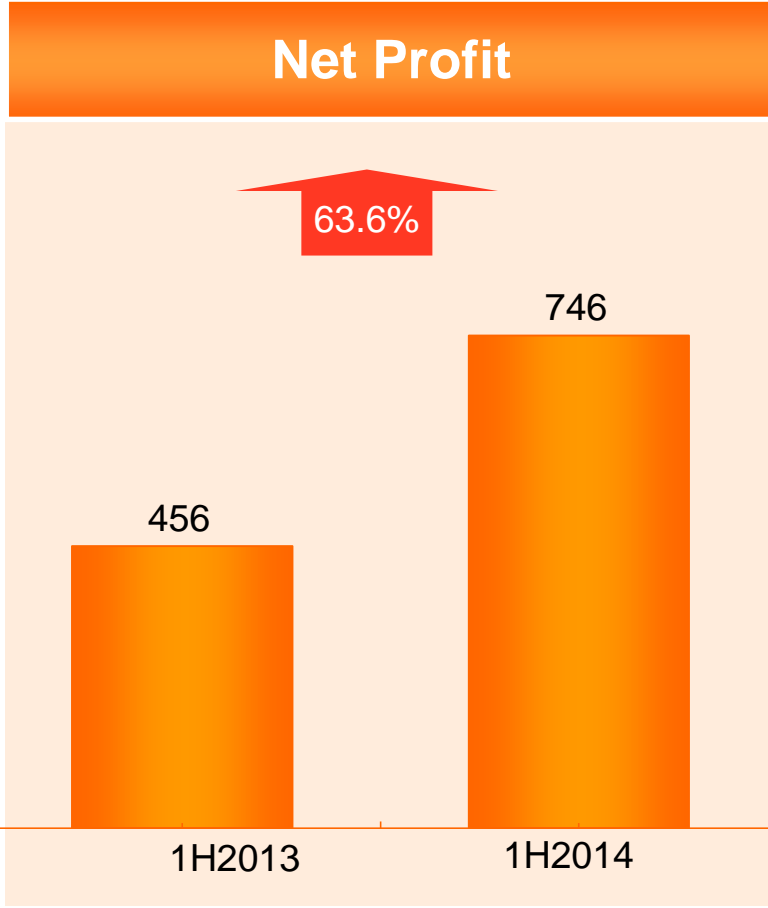
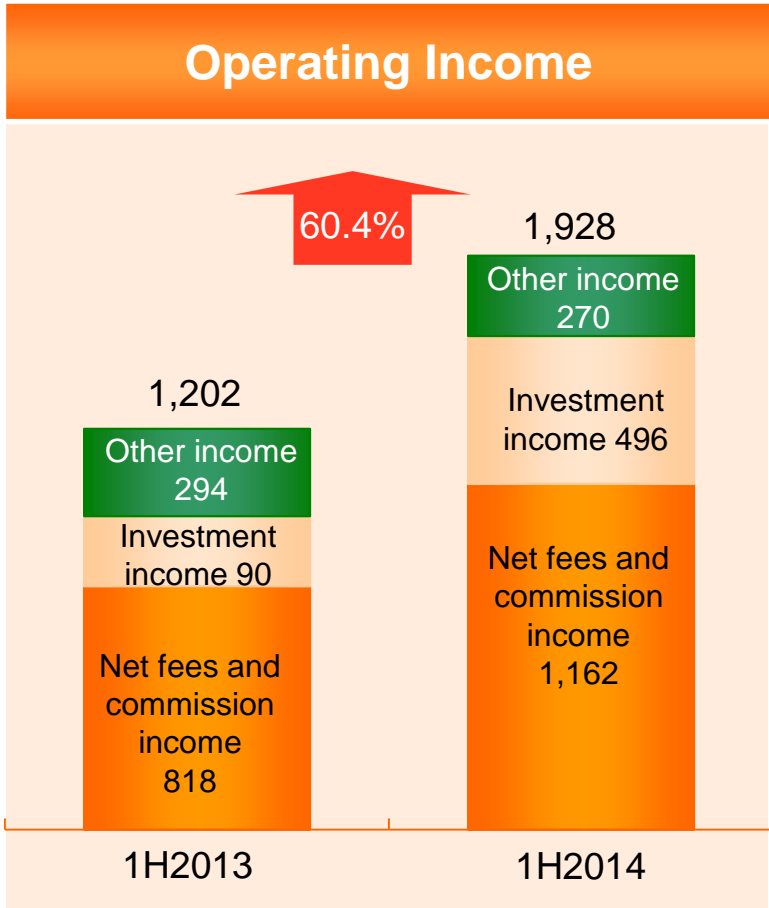


## Comparison of Asset Structure as at June 30, 2014



# Trust Business: Income and Profit Achieved Stable Growth

(In RMB million)



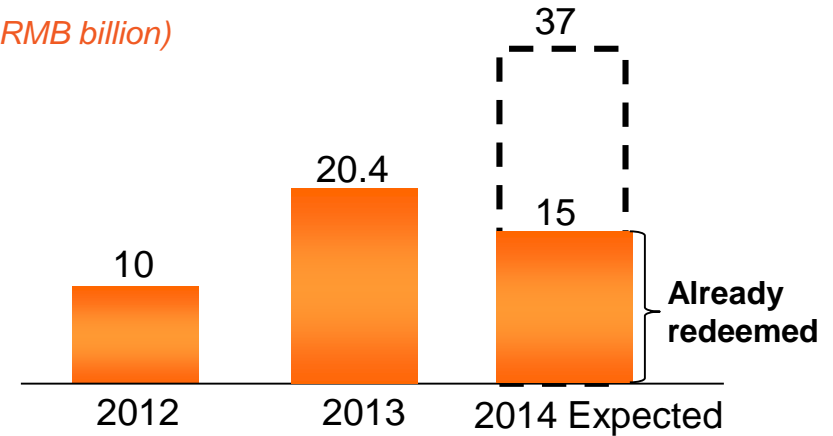
# Trust Business: Strict Risk Control Mechanism Ensured Successful Redemption of Real Estate Projects

## Strict Risk Control Mechanism

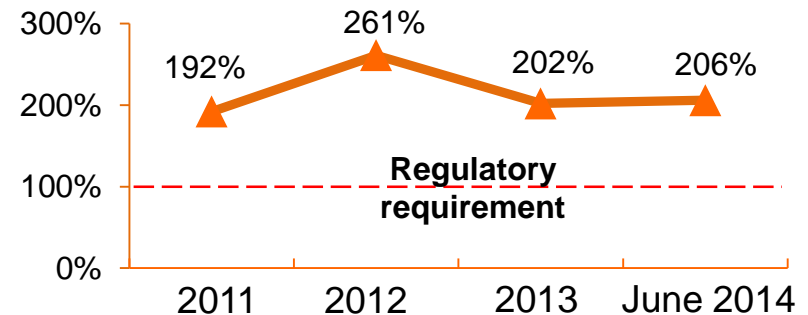
- Assessment of counterparties:** mid-to-large size counterparties accounting for over 80%; the proportion of high credit rating counterparties increased; over 60% of the real estate projects located in first and second tier cities; the average duration of new projects reduced to less than one year.
- Project selection:** third party evaluation; due diligence on collaterals; reexamination from real estate valuation advisors.
- Post-investment project management:** delegated directors, financial personnel and engineering personnel to monitor the construction and sales progress.
- Daily management:** quantifying risk indicators to monitor investment risk.

## Redemption of Real Estate Projects

(in RMB billion)

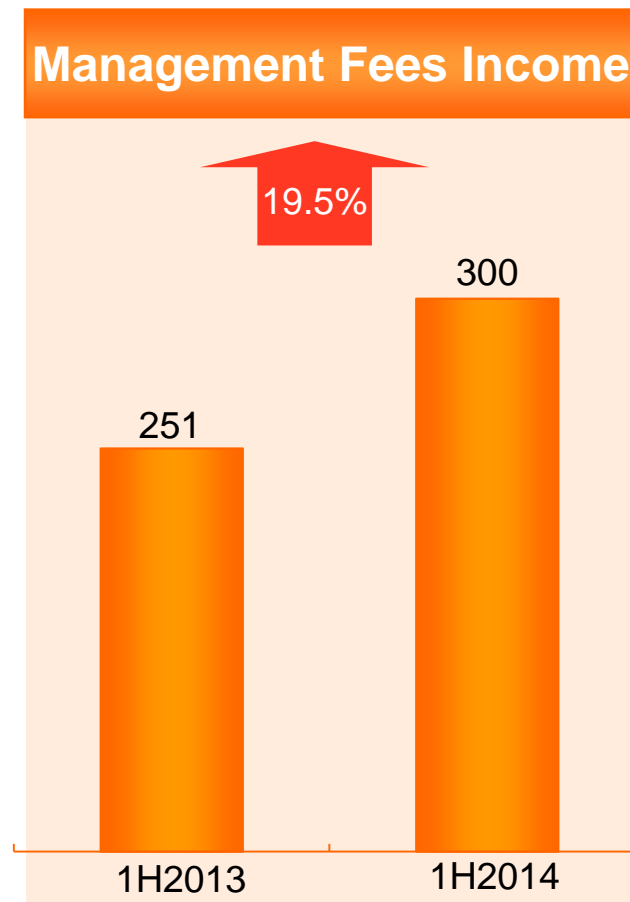
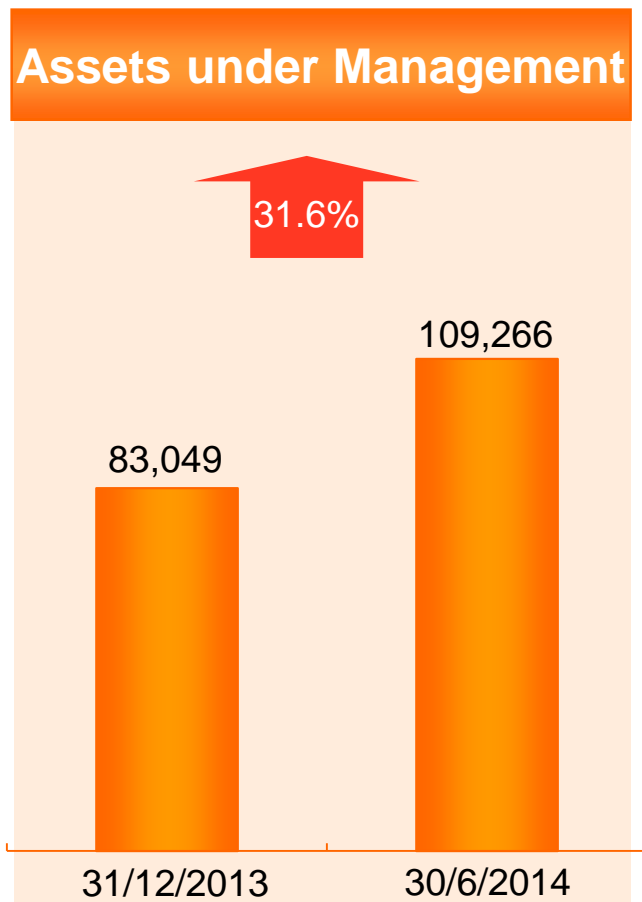


## Net Capital/Total Risk Capital of All Businesses



# Ping An Asset Management: Third-party Business

(in RMB million)



# Expertise Creates Value



## **Fortune**

Ranked 128th in “Fortune 500”, maintained top ranking among mainland Chinese enterprises in the non-SOE category



## **Forbes(US)**

Ranked 62nd in “Forbes Global 2000”



## **Euromoney**

“Best Managed Insurance Company in Asia”



## **Millward Brown, WPP**

Ranked 77th in “BrandZ Top 100 Global Brands”



## **FinanceAsia(HK)**

“Asia’s Best Managed Company”



## **Economic Observer**

“Low Carbon Emission Role Model Company in China”



## **Sina Finance**

“Listed Company with the Best Brand Image”  
“Best Blue-Chip Company on the Main Board”



## **Shanghai Security News and cnstock.com**

“Best Insurance Brand Award”

中国平安 PINGAN

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Q & A

