Important Notes

Cautionary Statements Regarding Forward-Looking Statement

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 are 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 including 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.

Readers 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 representation concerning the future performance of the Company.

Specification of Disclosure

Value of new business stated in this presentation is of life and health insurance business unless otherwise specified, which is comprised of insurance business from Ping An Life, Ping An Annuity and Ping An Health. Embedded value stated in this presentation is at group level.

Growth rates disclosed in the charts and tables of this presentation are annual compound growth rates unless otherwise specified.
Ping An and Peers’ Booming Life Insurance Business

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium Income</td>
<td>513.9</td>
<td>680.4</td>
</tr>
<tr>
<td>Net Profit</td>
<td>32.1</td>
<td>78.8</td>
</tr>
<tr>
<td>Embedded Value</td>
<td>529.7</td>
<td>1,027.4</td>
</tr>
<tr>
<td>VNB</td>
<td>32.1</td>
<td>78.8</td>
</tr>
</tbody>
</table>

Note: (1) Above growth rates are CAGR unless otherwise stated. Sources: Respective annual reports.
(2) Listed insurers includes China life, China Pacific and New China Life.
Main Market Concerns from Last Year

The Main 4 Concerns

1. Will lasting low interest rate environment significantly impair its profitability?
2. Are EV assumptions prudent and reasonable?
3. How does C-ROSS affect the company's solvency and EV?
4. Is Ping An Life steady growth sustainable during the economic downturn?

Answer

Less Affected by Low Interest
- Long-term protection products are the main contributor of NBEV
- Long-term protection products depend less on interest margin

Prudent Assumptions
- Prudent actuarial assumptions with low deviation
- On-going review of assumptions and adjustments

Positive Impact of C-ROSS
- NBEV improved due to sound product mix
- Solvency improved steadily

Sustainable Future Profit
- Residual margin release sustains high growth
- Large residual margin supports sustainable future profit
Continue to Explore the 3 Market Concerns

1. Is insurance consumption upgrade sustainable?
2. What are Ping An’s competitive advantages?
3. How to interpret residual margin?
1. Is insurance consumption upgrade sustainable?

2. What are Ping An’s competitive advantages?

3. How to interpret residual margin?
Consumption Upgrade is an Irresistible Trend

### Changes in social environment
- Aging population
- Inflating medical expenses

### Favored State policies
- Rate marketization
- “New Country Ten”
- The 13th national 5-year plan
- C-ROSS
- Regulation No. 134
- Preferential tax policy
- 

### Increased income and awareness
- Continuous growth in residents’ disposable income
- Increased insurance awareness
Insurance Needs Continue to Expand

Aggravating Trend of Aging Population Causes Dependency Ratio Expected to Drop to 2 in 2050

Note: (1) Dependency ratio is calculated as the population of age 20~59 overpopulation of age exceed 60
(2) Sources: Bain, Euromonitor, State Statistical Bureau.
Insurance Became Attainable due to Increase in Residents’ Income and Awareness

Annual Growth of GDP per person

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>24,565</td>
</tr>
<tr>
<td>2013</td>
<td>26,467</td>
</tr>
<tr>
<td>2014</td>
<td>28,844</td>
</tr>
<tr>
<td>2015</td>
<td>31,195</td>
</tr>
<tr>
<td>2016</td>
<td>33,616</td>
</tr>
</tbody>
</table>

Annual Growth of Life Industry Premium

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (Billion RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,015.7</td>
</tr>
<tr>
<td>2013</td>
<td>1,101.0</td>
</tr>
<tr>
<td>2014</td>
<td>1,303.1</td>
</tr>
<tr>
<td>2015</td>
<td>1,628.8</td>
</tr>
<tr>
<td>2016</td>
<td>2,223.5</td>
</tr>
</tbody>
</table>

Annual Growth of Health Insurance Premium

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (Billion RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>24,565</td>
</tr>
<tr>
<td>2013</td>
<td>26,467</td>
</tr>
<tr>
<td>2014</td>
<td>28,844</td>
</tr>
<tr>
<td>2015</td>
<td>31,195</td>
</tr>
<tr>
<td>2016</td>
<td>33,616</td>
</tr>
</tbody>
</table>

Note: (1) Above growth rates are CAGR unless otherwise stated.
(2) Above premium is in accordance with Accounting Treatment of Insurance Contracts. Source: CIRC website.
China’s Insurance Market is Underdeveloped and Filled with Tremendous Potential

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland</td>
<td>2,225</td>
<td>4.2%</td>
<td>6.5</td>
</tr>
<tr>
<td>13th 5yr plan target in 2020</td>
<td>3,500</td>
<td>5.0%</td>
<td>Expanded by 5 times</td>
</tr>
<tr>
<td>Japan</td>
<td>24,629</td>
<td>9.5%</td>
<td>32.0</td>
</tr>
<tr>
<td>Taiwan</td>
<td>28,517</td>
<td>20.0%</td>
<td>17.6%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>50,680</td>
<td>13th 5yr plan target in 2020</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

Source: SwissRe Sigma Report; SwissRe "Asia-Pacific 2015 Mortality Protection Gap”; Shortfall in insurance protection is defined as the amount required to maintain certain living standard minus deposit saving minus sum-assured of purchased life insurance.
Unevenly Developed Insurance Market Ensures Sustainable Business Growth

Insurance Density and Penetration of 2016
Mainland vs. Peers in Asia

<table>
<thead>
<tr>
<th></th>
<th>Insurance Density (RMB)</th>
<th>Insurance Penetration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>(7.2%, 18,500)</td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>(16.2%, 46,600)</td>
<td></td>
</tr>
<tr>
<td>Taiwan</td>
<td>(16.7%, 23,800)</td>
<td></td>
</tr>
<tr>
<td>Beijing</td>
<td>(5.9%, 6,764)</td>
<td></td>
</tr>
<tr>
<td>Shanghai</td>
<td>(4.2%, 4,622)</td>
<td></td>
</tr>
<tr>
<td>Shenzhen</td>
<td>(3.1%, 5,014)</td>
<td></td>
</tr>
<tr>
<td>Other districts</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: CIRC website; SwissRe Sigma Report.
Ping An’s Level of Protection is Gradually Deepening Even Though Still Underdeveloped

**Total No. of Long Term Protection Policies (in ‘000)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Death</th>
<th>Dread Disease</th>
<th>Accident</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,547</td>
<td>1,593</td>
<td>3,799</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td>1,593</td>
<td>3,799</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td>7,966</td>
<td>9,855</td>
</tr>
<tr>
<td>2015</td>
<td>8,024</td>
<td>8,024</td>
<td>9,855</td>
</tr>
<tr>
<td>2016</td>
<td>9,855</td>
<td>9,855</td>
<td>9,855</td>
</tr>
</tbody>
</table>

**Sum-assured per Protection Policy (in ‘000 RMB)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Death</th>
<th>Dread Disease</th>
<th>Accident</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>161</td>
<td>163</td>
<td>12</td>
</tr>
<tr>
<td>2013</td>
<td>163</td>
<td>161</td>
<td>12</td>
</tr>
<tr>
<td>2014</td>
<td>161</td>
<td>161</td>
<td>12</td>
</tr>
<tr>
<td>2015</td>
<td>180</td>
<td>163</td>
<td>12</td>
</tr>
<tr>
<td>2016</td>
<td>180</td>
<td>161</td>
<td>12</td>
</tr>
</tbody>
</table>

Note: (1) Above data account for new business only, and exclude short term products
(2) Sum-assured per protection insurance policy accounts for basic benefit only, excludes extra payout of special benefit
1. Is insurance consumption upgrade sustainable?

2. What are Ping An’s competitive advantages?

3. How to interpret residual margin?
Robust Business Growth

- **VNB**
  - 2012: 15,915
  - 2013: 18,163
  - 2014: 21,966
  - 2015: 30,838
  - 2016: 50,805
  - Growth: +33.7%

- **Group EV**
  - 2012: 285,812
  - 2013: 329,653
  - 2014: 458,812
  - 2015: 552,853
  - 2016: 637,703
  - Growth: +22.2%

- **Release of Residual Margin**
  - 2012: 15,865
  - 2013: 18,710
  - 2014: 22,519
  - 2015: 29,267
  - 2016: 38,198
  - Growth: +24.6%

- **Group Net Profit**
  - 2012: 20,050
  - 2013: 28,154
  - 2014: 39,279
  - 2015: 54,203
  - 2016: 62,394
  - Growth: +32.8%

- **Residual Margin**
  - 2012: 6,377.03
  - 2013: 9,931.00
  - 2014: 16,827.00
  - 2015: 25,416.00
  - 2016: 33,819.00
  - Growth: +28.2%

- **Group Dividend per Share (RMB)**
  - 2012: 0.225
  - 2013: 0.325
  - 2014: 0.375
  - 2015: 0.530
  - 2016: 0.750
  - Growth: +35.1%

Note: Above growth rates are CAGR.
Top Quality New Business Generates Robust Value and Profit Growth

Accounting profit is affected by operating variance, investment variance and accounting estimate changes which might fluctuate over years.
Key Elements to Top Quality New Business

- **Agent**: Leading agents guarantee high premium growth
- **Customer**: Enormous customer base is the source of sustainable new business boom
- **Product Strategy**: Optimize product portfolio, lower operating risk and improve profitability
- **Management**: Add value due to highly efficient operation

**Value of NB**

- FYP
- VNB Margin
Contents

1. Is insurance consumption upgrade sustainable?

2. What are Ping An’s competitive advantages?
   - 2.1 Leading Agency Workforce
   - 2.2 Enormous Group Customer Base
   - 2.3 The Right Product Strategy
   - 2.4 Excellent Management

3. How to interpret residual margin?
The Key Factors to Leading Agency Workforce

High Standard Strict Appraisal

- Requirement to retention and promotion higher than peers
- Strict dismissal policy

Integrated Financial Platform

- Provide enormous customer base
- Cross-selling increases agents’ income which attract new recruit and enhance retention

“Tech+” Boost Productivity

- Over 120 million “Jin Guan Jia” APP registered users
- Online training with no time and space constraint
Agents Fully Equipped Through “Tech+”

- Apply AI to analyze agents’ character, habit and background to provide tailored-made training and coaching
- Current and previously employed agents conduct sales on “Jin Guan Jia” APP
- Zhiniaio and live training, with no time and space constraint
- 338 thousand live sessions took place during March to October
- Over 120 million “Jin Guan Jia” APP registered users, world most used insurance APP
- Ad. forwarded 220 million times on WeChat, resulted in 3.6 million sales
- Big data applied to analyze preference and behavioral pattern of existing and potential customers to increase successful sales
- “Onsite and offsite” team management model
- Apply AI to optimize agents’ development, enhance performance
- “Jin Guan Jia” APP + Integrated Finance Model increase sales, agents’ income, and retention rate
- Online training improve agents’ ability
No. of Agency Workforce and Productivity Continue to Rise

![Graph showing the number of agency workforce and activity rate](image)

**No. of agency workforce (in ’000 person)**

- 2012: 513
- 2013: 557
- 2014: 636
- 2015: 870
- 2016: 1,111
- 2017Q3: 1,434

**Activity rate and policies per agent per month**

- 2012: 1.0
- 2013: 1.0
- 2014: 1.1
- 2015: 1.2
- 2016: 1.2

CARG +21.3%

Note: 21.3% CAGR increase of agents during 2012-2016, which does not include growth in 2017.
Agents’ Income Higher than Average Salary of Urban Workers by 20% due to High Productivity and Cross-selling

Note: (1) Above growth rates are CAGR unless otherwise stated.
(2) Urban workers’ average monthly salary = (Urban non-private sector’s workers * average salary of urban non-private sector + Urban private sector’s workers * average salary of urban private sector) / Urban workers. Source from the state statistics bureau.
Contents

1. Is insurance consumption upgrade sustainable?

2. What are Ping An’s competitive advantages?
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   2.2 Enormous Group Customer Base
   2.3 The Right Product Strategy
   2.4 Excellent Management

3. How to interpret residual margin?
Extensive Extended Services Provided by Collaborated Multi-Subsidiaries Improve Customer Satisfaction and Cultivation

Enormous customer base from Group provides solid foundation for Ping An Life

- Debit Card
- Credit Card
- Ping An Life
- Jahwa
- Health
- Trust
- P&C

High customer loyalty and stickiness

Low barrier to develop

Cross-selling improve recruitment and retention
Illustrations of Customer Cultivation

Illustration 1
Life + Good Doctor

Illustration 2
Life + P&C

Recommend uncomplicated, standardized auto insurance necessity

Refer to travel scenario
Recommend accident protection product

Extend protection coverage
Recommend Ping An Fu

Provide diversified services such as Ping An RUN, exercise promotion etc. to guide customer into establishing insurance awareness. Provide all aspect of care such as insurance protection as well as extended health consulting services to complete the Health Cycle.
Contents

1. Is insurance consumption upgrade sustainable?

2. What are Ping An’s competitive advantages?
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   2.3 The Right Product Strategy
   2.4 Excellent Management

3. How to interpret residual margin?
The Right Product Strategy Creates a Tripartite Win-Win Situation among Consumers, Agents and Ping An

**Philosophy**
- Value oriented
- also
- Account for Volume

**Product Strategy**
- Balance of Traditional, participation and universal
- Prioritize protection type business

**Objective**
- Win-Win
- Consumer
- Agent
- Ping An
Balanced Portfolio Minimizes Interest Rate Sensitivity

FYP Distribution in Agency Channel over Past 5 Years

- Traditional: 33%
- Participation: 45%
- Universal: 22%

% Change of VNB When Investment Rate +50bp

- Par and UL exhibit lower interest rate sensitivity
- Typical TRAD protection type: 9%
- Typical PAR protection type: 2%
- Typical TRAD Saving type: 18%
- Typical PAR Saving type: 11%

Decreasing interest leads to a lower dividend and credit rate.

Liability cash flow of PAR and UL partially exhibit characteristic of floating-rate bond, which carry lower sensitivity to interest rate.
Effective Duration is a More Realistic Representation of Interest Rate Sensitivity

E.g. Parameters of a fixed rate bond and a floating rate bond is as follow(1):

<table>
<thead>
<tr>
<th></th>
<th>Book value</th>
<th>Term</th>
<th>Book yield</th>
<th>Market yield</th>
<th>Current price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed</td>
<td>100</td>
<td>10 yr</td>
<td>5%</td>
<td>5%</td>
<td>100</td>
</tr>
<tr>
<td>Floating</td>
<td>100</td>
<td>10 yr</td>
<td>Same as market yield</td>
<td>5%</td>
<td>100</td>
</tr>
</tbody>
</table>

Macaulay duration = \[
\sum_{t=1}^{T} \frac{t \cdot CF_t}{(1+i)^t}
\]

Effective duration = \[
\frac{P_- - P_+}{P_0 \cdot (i_+ - i_-)}
\]

Note: (1) Assumptions applied are: Spread of floaters and spread for pricing both equal 0, coupon paid annually, floating coupon paid according to current market rate.
Diversified Portfolio Ensures Sustainable Long-term Profit

Ping An Life’s Asset and Liability Effective Duration at Mid-year 2017

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Policy Term</th>
<th>Asset duration</th>
<th>Liability cash outflows duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional</td>
<td>&gt;50 years</td>
<td>7-8 years</td>
<td>15-20 years</td>
</tr>
<tr>
<td>Participating and universal</td>
<td>&gt;50 years</td>
<td>7-8 years</td>
<td>3-6 years</td>
</tr>
</tbody>
</table>

Overall A&L Gap (Effective duration) < 5

Achieve Long-term Sustainable Profit

- Long policy term
- Good A&L duration match
- Low lapse rate
- = Sustainable long-term profit
Enriching Insurance Coverage to Generate Diversified and Steady Mortality Margin

Continue to expand and enrich protection type products

- Strongly promote DD product Chang Qing Shu
- Launch Hu Shen Fu expand to mid to high-end protection market
- With the help of rate marketization, launch Ping An Fu for mid to high-end protection market
- Ping An Fu upgrade, includes 8 more minor diseases in coverage
- Ping An Fu upgrade, disease coverage expand to 45 types diseases
- Launch O2O drivers accident protection product
- Market segmentation, launch Kids' Ping An Fu
- Launch Ping An RUN, expand Ping An Fu’s coverage to 80 types DD+20 types minor disease
- Satisfy customers’ every possible needs, launch Long term care product
- Ping An Fu further upgrade, sum assured increases after minor disease benefit payout

More balanced all-round protection coverage

Agency NB Mix

- Death
- Dread disease
- Medical
- Accident
Achieve High VNB Growth Meanwhile Focus on Protection Business Continues to Rise

High VNB Growth

(In million RMB)

15,915 18,163 21,966 30,838 39,290 50,805

% of VNB attributed to Long-Term Protection Products

49.2% 53.5% 60.2% 64.2% 66.6% 74.5%

Note: Above VNB and growth rate was calculated in accordance with solvency I for comparability purpose, unless otherwise stated.
Tripartite Win-Win among Consumer, Agent and Ping An

- VNB CAGR of 33.7%
- Long term protection products’ contribution to VNB of agency channel, up from 49% to 67%
- Asset liability effective duration gap less than 5

- Income CAGR of 10%
- Income continually higher than average of urban workers

- Widen protection coverage
- Increase protection level
Contents

1. Is insurance consumption upgrade sustainable?

2. What are Ping An’s competitive advantages?
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   2.2 Enormous Group Customer Base
   2.3 The Right Product Strategy
   2.4 Excellent Management

3. How to interpret residual margin?
Excellent Management Generates Profit and Value

- Unit expense
- Mortality rate
- Morbidity rate
- Reinsurance
- Taxation
- Lapse rate
- Investment rate
- Interest margin
- Lapse margin
- Expense margin
- Profit & Value

Ping An Life’s KPI: VNB account for 45%
Others include profit, investment, market share, risk indicators and etc.
Smart Risk Management System Guarantees Steady Mortality Margin

Prior to Policy Issuance

- Advanced underwriting technology, apply over 700 parameters to precisely determine risk characteristics of customers
- Cooperate with POBC and other credibility institutes to prevent anti-selection and moral hazard
- Prudence in pricing, first in peers to take morbidity deterioration into account

During Policy In-force

- Services on the health management, launch Ping An run, encourage consumers to develop healthy living habits and lower incident rate from the source
- Ping An Good Doctor provides online health consultant services cover about 100 million users and 28 million customers.

After Insurance Incident

- Cooperate with over 4 thousands hospital to control medical cost;
- Apply insurance claim using “Claim in a flash”, speed up claim process;
- Regularly review claim data and risk control effectiveness to improve risk control ability
Policy Persistency Outperform Market Peers

Lapse rate

- Ping An Life
- Market average

Policy persistency ratio

- Ping An Life 13-month persistency ratio
- Market average 13-month
- Ping An Life 25-month persistency ratio
- Market average 25-month

Note: (1) Market average is calculated as the average of China Life, Ping An, China Pacific and New China Life; source: respective annual report
(2) The persistency ratio of China Life is base on 14-month and 26-month, while the other 3 listed insurers are based on month and 25-month
The 10 Year Average Investment Return Exceeds EV Assumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Net investment rate</th>
<th>Gross investment rate</th>
<th>Fair value return rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>4.5%</td>
<td>14.1%</td>
<td>23.1%</td>
</tr>
<tr>
<td>2008</td>
<td>4.1%</td>
<td>-1.7%</td>
<td>-8.5%</td>
</tr>
<tr>
<td>2009</td>
<td>3.9%</td>
<td>6.4%</td>
<td>8.3%</td>
</tr>
<tr>
<td>2010</td>
<td>4.2%</td>
<td>4.9%</td>
<td>4.0%</td>
</tr>
<tr>
<td>2011</td>
<td>4.5%</td>
<td>4.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2012</td>
<td>4.7%</td>
<td>2.9%</td>
<td>5.2%</td>
</tr>
<tr>
<td>2013</td>
<td>5.1%</td>
<td>5.1%</td>
<td>4.5%</td>
</tr>
<tr>
<td>2014</td>
<td>5.3%</td>
<td>5.1%</td>
<td>8.9%</td>
</tr>
<tr>
<td>2015</td>
<td>5.8%</td>
<td>7.8%</td>
<td>7.8%</td>
</tr>
<tr>
<td>2016</td>
<td>6.0%</td>
<td>5.3%</td>
<td>4.4%</td>
</tr>
<tr>
<td>10 year average</td>
<td>4.8%</td>
<td><strong>5.3%</strong></td>
<td><strong>5.7%</strong></td>
</tr>
</tbody>
</table>

Note: The investment asset applied above includes asset from Ping An Life, Ping An P&C, Ping An Annuity, Ping An Health and other insurance subsidiary.
Better-than-expected Investment and Operating Results Contribute to Profit due to Excellent Management

<table>
<thead>
<tr>
<th></th>
<th>2016 (In million RMB)</th>
<th>Average Breakdown of 2012~2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Release of residual margin</td>
<td>38,198</td>
<td>115.5%</td>
</tr>
<tr>
<td>Accounting estimate change</td>
<td>(28,895)</td>
<td>(51.4%)</td>
</tr>
<tr>
<td>Investment variance</td>
<td>11,561</td>
<td>19.7%</td>
</tr>
<tr>
<td>Operating variance</td>
<td>11,418</td>
<td>16.1%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>32,281</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note: Operating variance includes the release of risk margin

Accounting estimate change in the past 5 years was mainly caused by the lowering of discount rate.
Contents

1. Is insurance consumption upgrade sustainable?

2. What are Ping An’s competitive advantages?

3. How to interpret residual margin?
Residual margin release is a major source of accounting profit.

Residual margin is a major contributor of capital under C-ROSS.

Residual margin and VIF are both present value of future profit, so why the big difference?
Different Discount Rate, Treatment of Tax and Capital Cost Resulted Variation Between Residual Margin and VIF

<table>
<thead>
<tr>
<th>Main item causes variation</th>
<th>Residual margin</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax and capital cost</td>
<td>Exclude</td>
<td>Include</td>
</tr>
<tr>
<td>Discount rate</td>
<td>Base on CGB yield and investment rate</td>
<td>RDR of 11%</td>
</tr>
</tbody>
</table>

Note: Above result is comprised of Ping An Life only

<table>
<thead>
<tr>
<th>(In billion RMB)</th>
<th>2016 Value of in-force</th>
<th>Tax and capital cost</th>
<th>Discount rate and other economic assumption differences</th>
<th>other differences</th>
<th>2016 Residual margin of in-force</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>229.5</td>
<td>81.4</td>
<td>162.2</td>
<td>(18.4)</td>
<td>454.7</td>
</tr>
</tbody>
</table>

2016 Value of in-force

Tax and capital cost

Discount rate and other economic assumption differences

other differences

2016 Residual margin of in-force

Note: Above result is comprised of Ping An Life only
Variation Between Residual Margin and VNB Caused by the Same Factors as VIF

Note: Above result is comprised of Ping An Life only
Residual Margin Increase Driven by NB and Excellent Management

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residual margin 2015YE</td>
<td>330.8</td>
</tr>
<tr>
<td>New business contribution</td>
<td>129.9</td>
</tr>
<tr>
<td>Expected growth</td>
<td>17.4</td>
</tr>
<tr>
<td>Release of residual margin</td>
<td>(38.2)</td>
</tr>
<tr>
<td>Operating variance and others</td>
<td>14.8</td>
</tr>
<tr>
<td>Residual margin 2016YE</td>
<td>454.7</td>
</tr>
</tbody>
</table>
Ping An’s life business sustains robust growth!

- Favored state policies
- Social environment changes
- Increased domestic income
- Industry dividend
- Self advantage
- Leading Agency workforce + Enormous Group Customer Base
- Right product strategy
- Excellent management
Thank you!