

Retail Business Model and Results of Ping An Group

December 2016

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BUSINESS OVERVIEW OF 1H 2016



BUSINESS PERFORMANCE ON INDIVIDUAL CUSTOMERS



BUSINESS PERFORMANCE ON MAIN PRODUCTS



ECONOMIC MODEL AND VALUE OF RETAIL BUSINESS

Ping An's Goal: To Become a World-leading Personal Financial Services Provider

We are Committed to Becoming
A World-leading Personal Financial Services Provider



Customers

**Biggest Number of
Individual Customers**



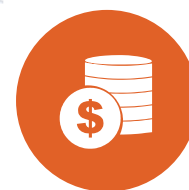
Products

**Widest Range of
Financial Products**



Services

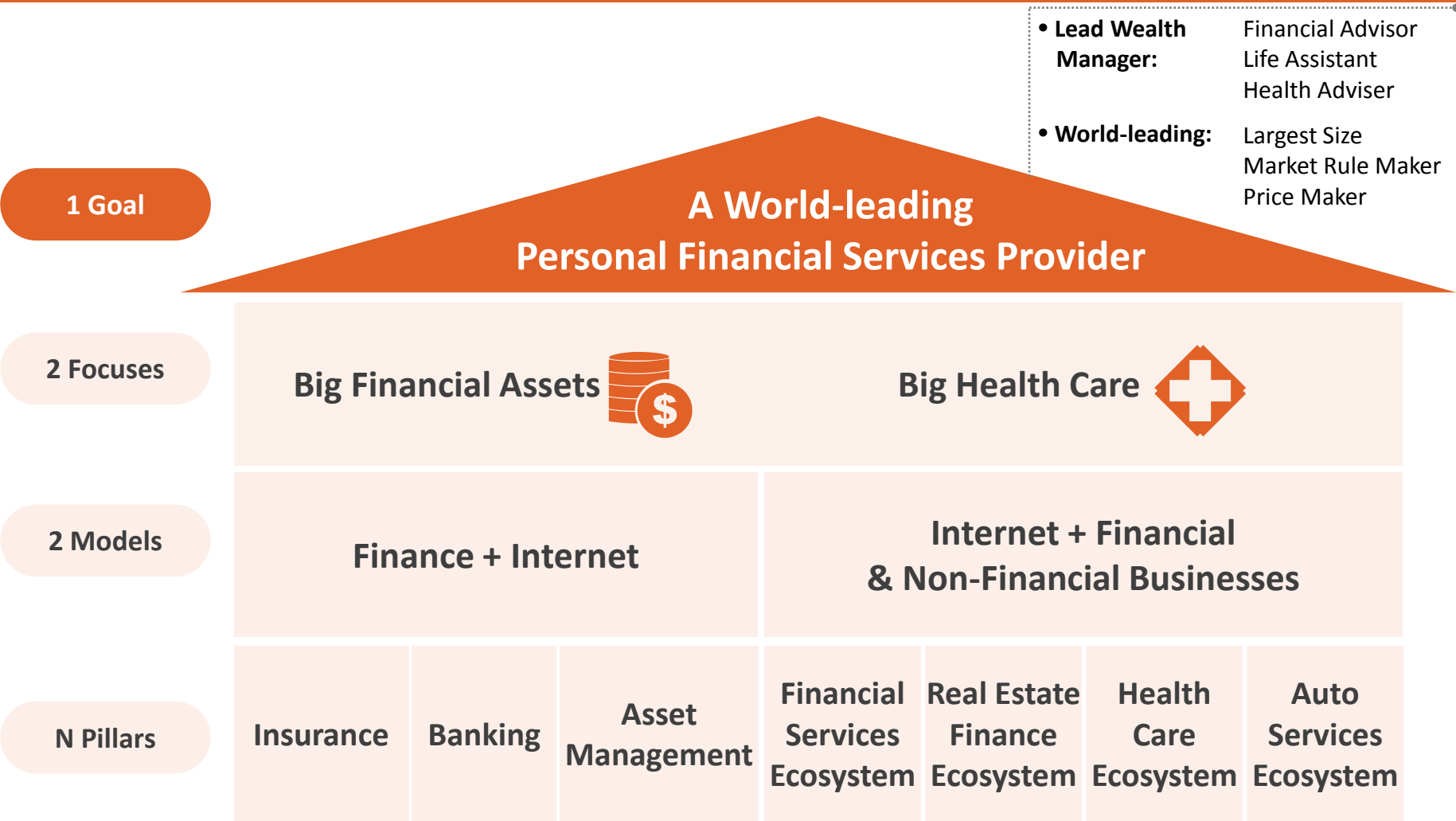
**Best Quality of
Customer Experience**



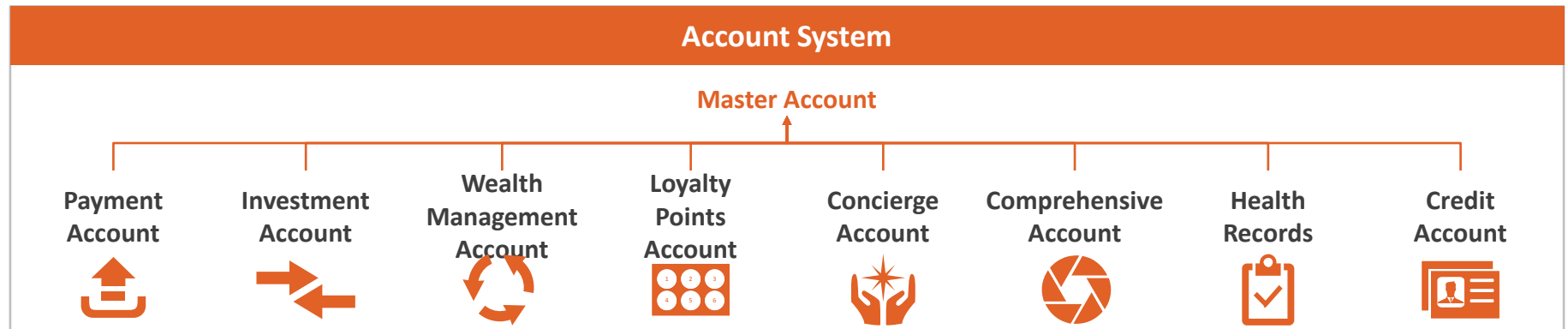
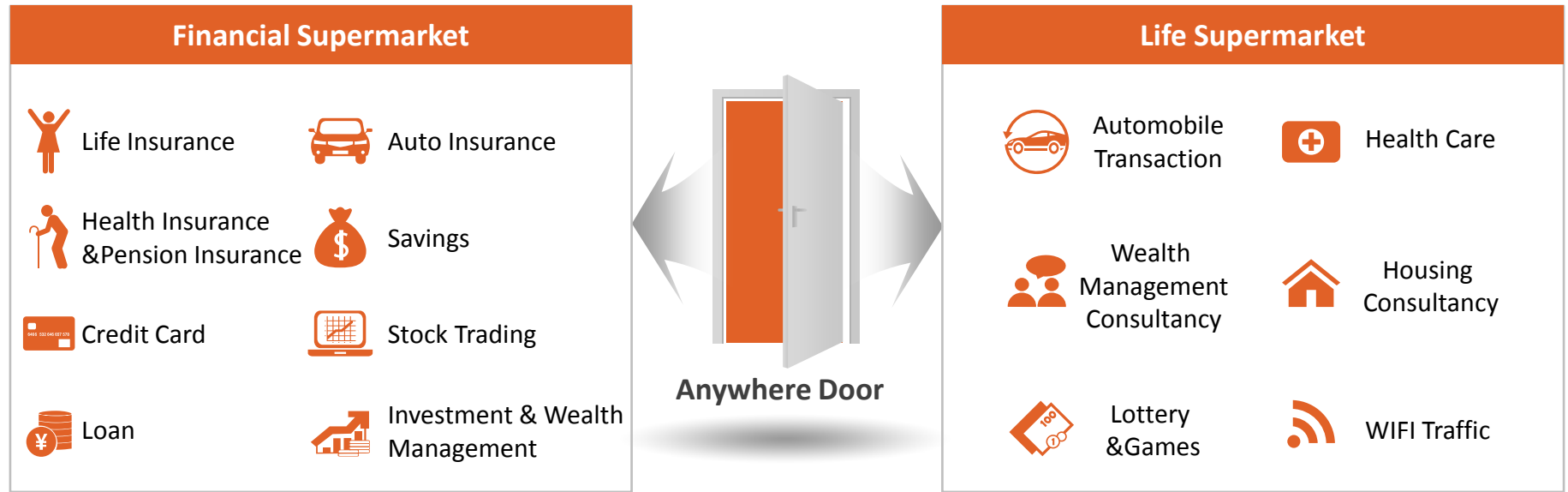
Profit

Strongest Profitability

Ping An's Strategy: 1—2—2—N



Ping An's Business Model: "One Account, Two Supermarkets, and One Door"



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Ping An's Operating Highlight

	Biggest Number of Individual Customers	<ul style="list-style-type: none"> The Number of Individual Customers Served by the Group Reached 342 Million, including Nearly 122 Million Financial Customers and 298 Million Internet Users.
	Widest Range of Financial Products	<ul style="list-style-type: none"> Among Financial Customers, High-net-worth (HNW) Individuals Have 9.98 Financial Products Per Capita; And the Customers As a Whole Have 2.16 Financial Products Per Capita.
	Best Services	<ul style="list-style-type: none"> Financial Customers Use 2.44 Online Services Per Capita, and Internet Users Use 1.81 Online Services Per Capita, With the Group's NPS Reaching 30%
	Strongest Profitability	<ul style="list-style-type: none"> The Per Capita Profit of Financial Customers is RMB 195 Among Major Products, Life Insurance's NBEV-MARGIN is 33.9% ; Auto Insurance's COR is 97.9% ; For Retail Banking, AUM Return Rate is 1.13%、 and LUM Return Rate is 6.01%

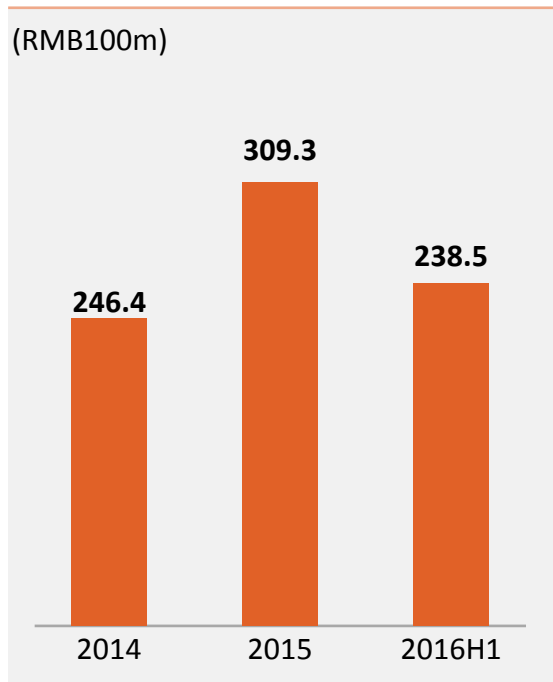
Note: (1) All data of operating results was as of the end of June 2016;

(2) NPS refers to net promoter score of group customers.

Group's Retail Business Has Seen Stable Growth in Profit

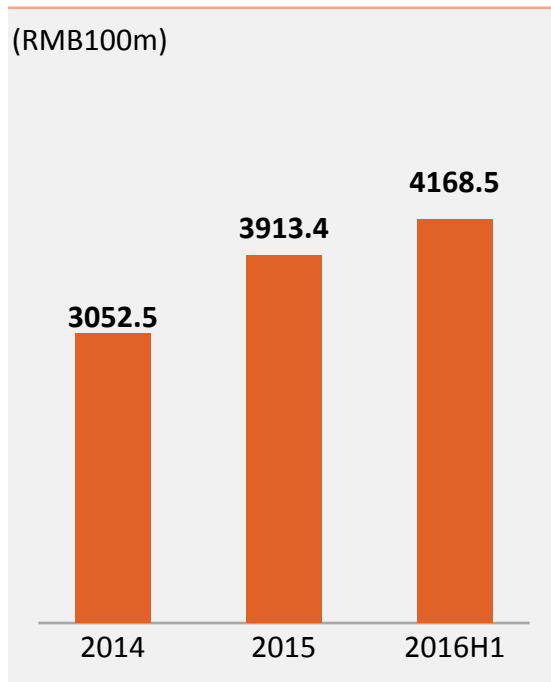
Net Profit of Retail Business

(RMB100m)

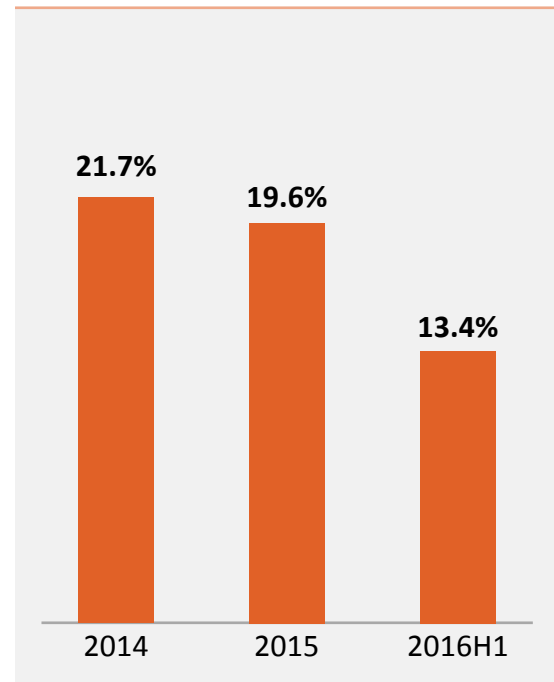


EV of Retail Business

(RMB100m)



ROE of Retail Business

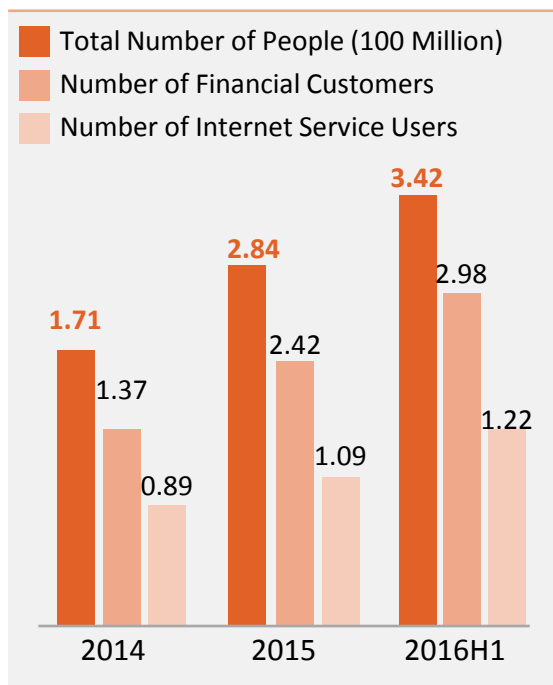


Notes: (1)The Group's Retail EV = EV of PA Life and PA Health's Retail business+ net assets of other subsidiaries' Retail business

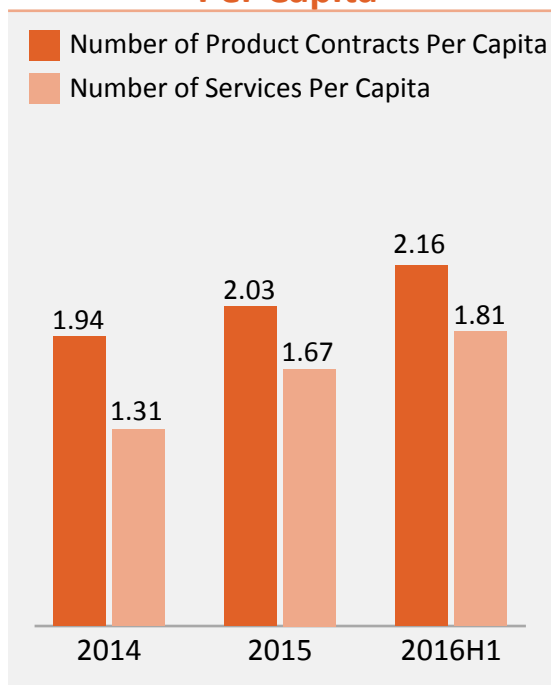
(2)Net profit, ROE and EV are all based on the caliber of the parent company, with net profits and net assets of different subsidiaries being totaled up based on the parent company's shareholding ratio in them, without any consolidation or offset adjustments.

The Total Number of Individuals Served has Increased Rapidly, with Customer Value Being Gradually Reflected

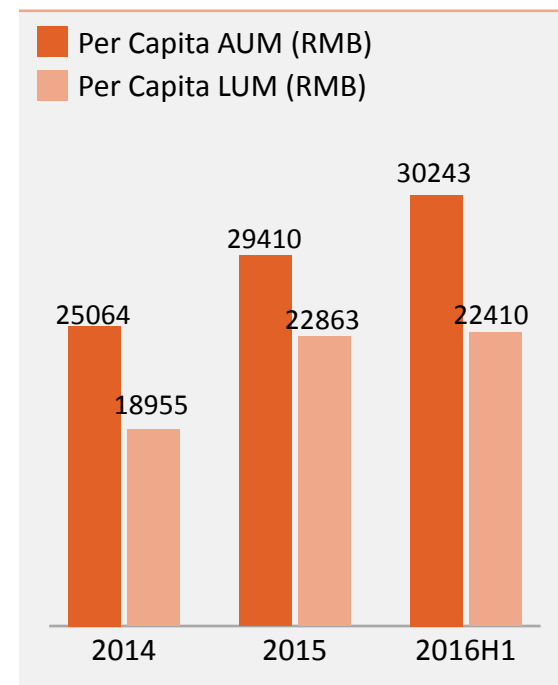
Total Number of People



Number of Contracts/Services Per Capita



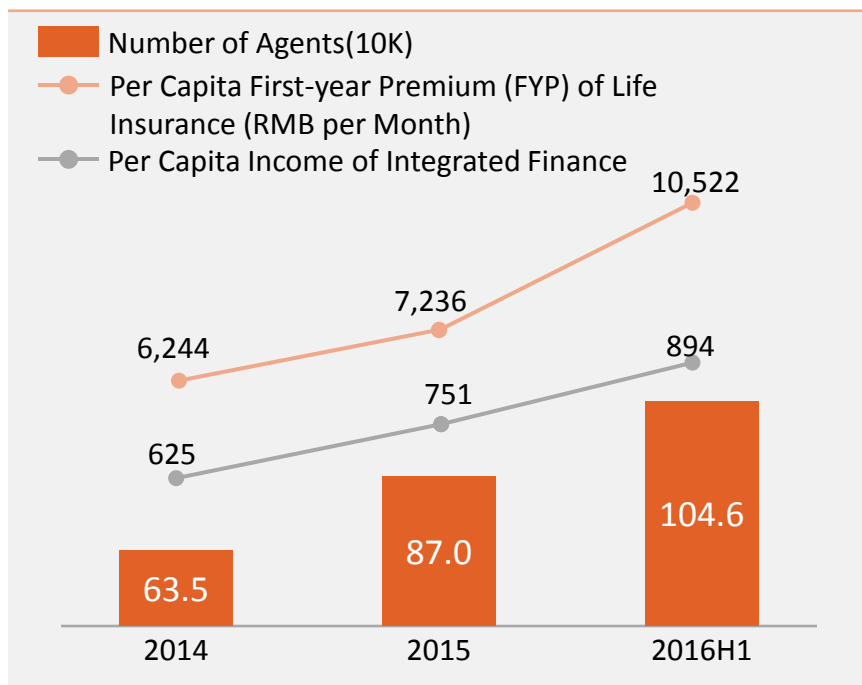
Per Capita AUM/LUM



Notes: (1)AUM per capita refers to AUM per capita of financial clients who have purchased effective asset-based products;
 (2)LUM per capita refers to LUM per capita of financial clients who have purchased effective liability-based products.

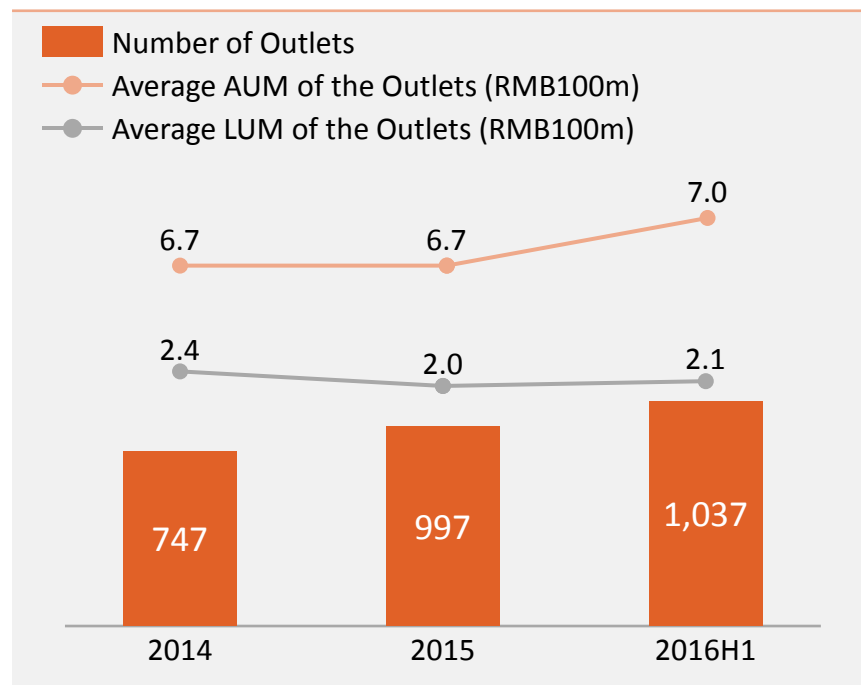
Online/Offline Multi-level Sales and Services Network Provides Better Experience for Customers (1/2) --Agents and Counter Services

Agents



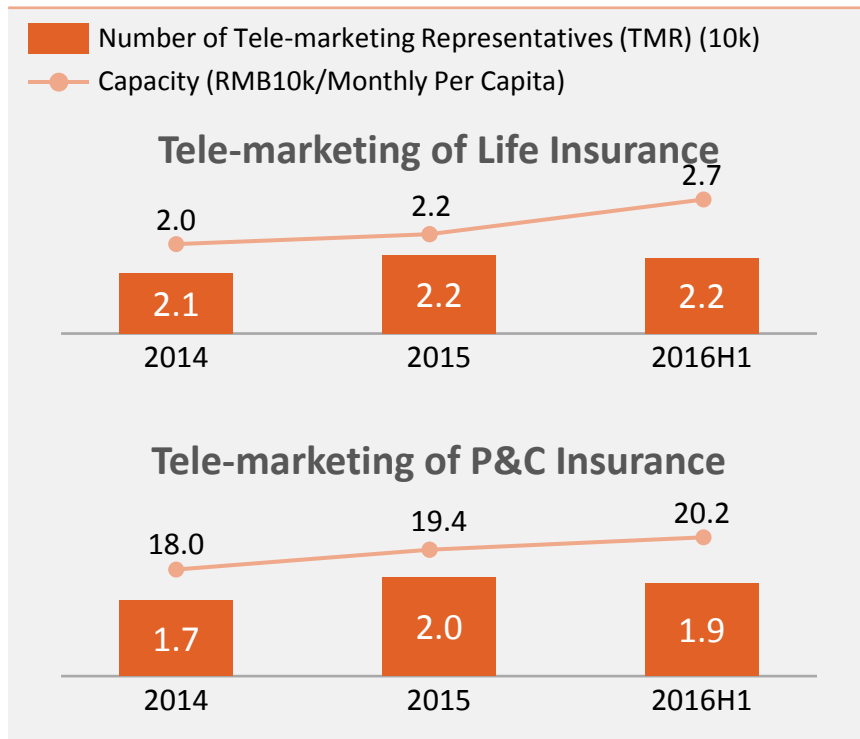
Note: First-year written premium per capita of life Insurance was RMB 10,026/month in 2015H1

Bank Counter Services

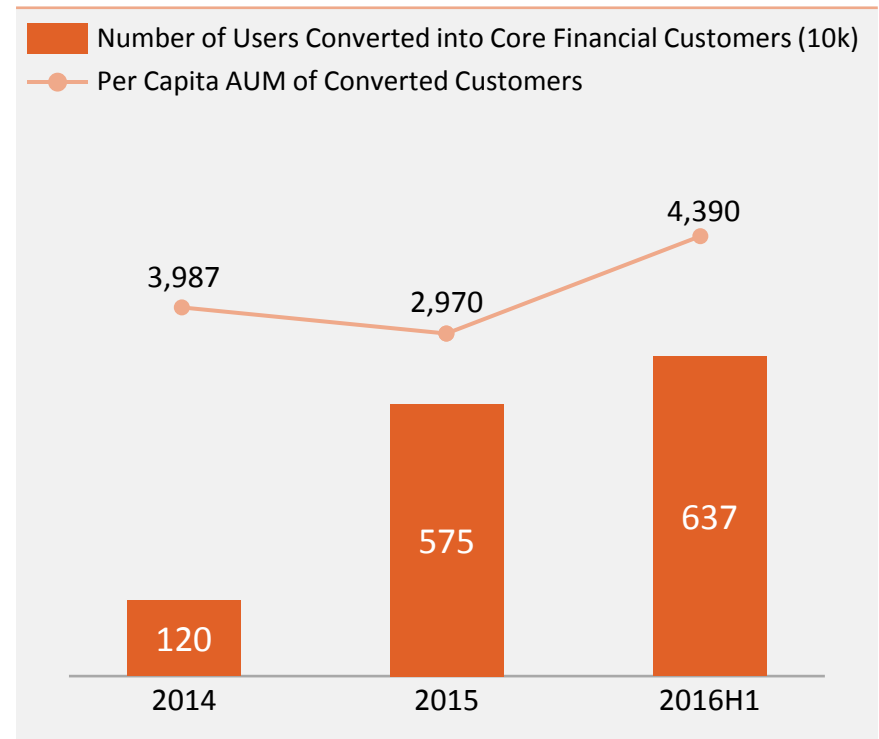


Online/Offline Multi-level Sales and Services Network Provides Better Experience for Customers (2/2) -- Telemarketing and Internet

Tele-marketing



Internet



The Size of Financial Products Has Seen Stable Growth, with Increasingly Stronger Profitability

No.	Product Line	AUM\LUM (100m)
①	Life Insurance	17,218
②	Auto Insurance	1,216
AUM RMB 3,458.7bn	③ Bank Deposit and Wealth Management	7,241
	④ Securities, Funds and Trust	5,303
	⑤ Other Insurance Products	221
	⑥ Internet Finance	3,388
LUM RMB 511.5bn	⑦ Bank Loan	2,159
	⑧ Credit Card	1,694
	⑨ Other Loans	1,262

Note: (1) Other insurance products include accidental insurance, health insurance and credit guarantee insurance, etc.

(2) Other loans include PAS's margin trading, PAT's collateral lending and Puhui's loans for individuals.

Example of Important Products		2014	2015	2016H1
1	NBEV (RMB100m)	211.0	304.2	238.5
	Margin(%)	38.3	39.3	33.9
2	Underwriting Profit (RMB100m)	7.9	5.3	11.2
	COR(%)	98.9	99.4	97.9
3+7+8	Profit (RMB100m)	8.0	27.2	25.8
	ROE(%)	3.9	11.2	9.3
4	Profit (RMB100m)	5.2	15.5	9.1
	ROE(%)	23.1	25.1	8.2

Note: (1) NBEV of life insurance was RMB16.63b in 1H 2015, with margin of 34.6%;

(2) Profits and ROE have not been split according to equity ratios.

Business Review For The First Half Year



The Group's Retail Business Reports Stable Profit Growth



The Scale of Customers Rapidly Increases with High Value Contribution



The Distribution and Services Network Which Integrates Online and Offline Resources Will Help Provide Better Experience for Clients and Enhance the Efficiency and Productivity of Channels



Financial Products Report Stable Growth in Scale and Stronger Profitability

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BUSINESS MODEL OF RETAIL BUSINESS



BUSINESS OVERVIEW OF 1H 2016



BUSINESS PERFORMANCE ON INDIVIDUAL CUSTOMERS



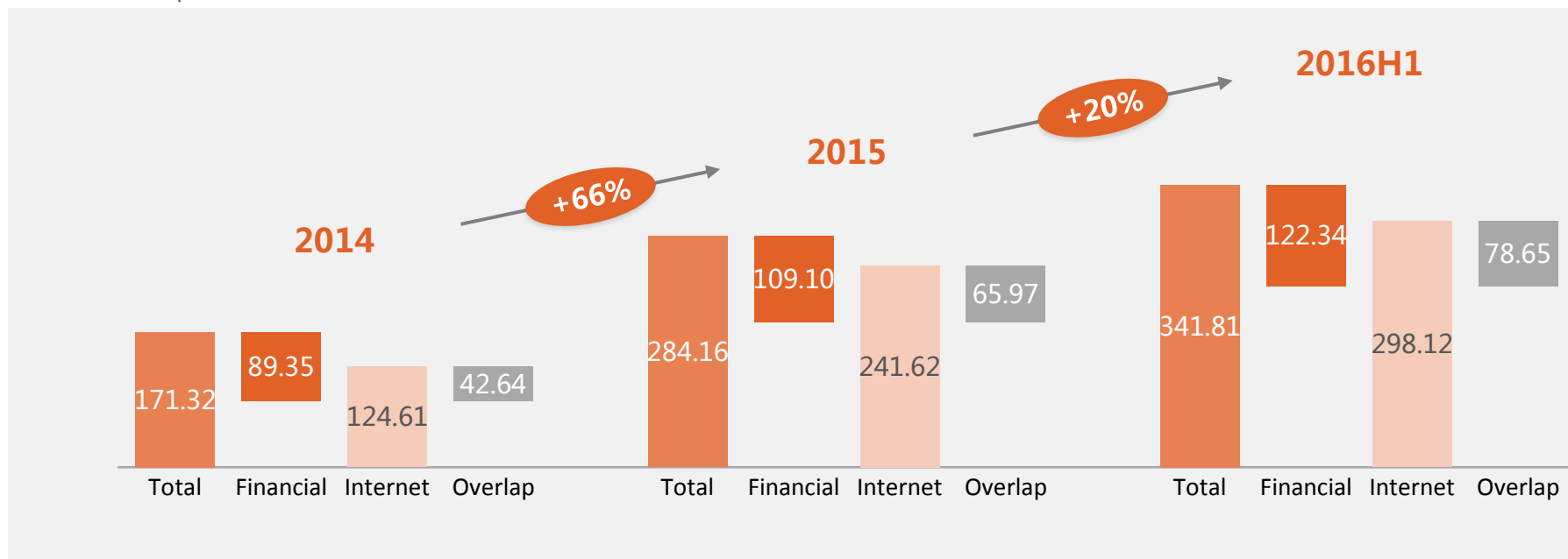
BUSINESS PERFORMANCE ON MAIN PRODUCTS



ECONOMIC MODEL AND VALUE OF RETAIL BUSINESS

Both Financial Product Customers and Internet Service Users Have Maintained Rapid Growth, with the Overlapping Number of Customers and Users being Increased Rapidly

Unit: million People



Number of Contracts Per Capita	1.93	2.43	2.03	2.43	2.16	2.31
Number of Services Per Capita	1.31	1.65	1.67	2.10	1.81	2.44

Notes: The Total Number Of People Served By The Group Includes Financial Customers And Services Users. Of Them,

(1) Financial Customers Refer To The Individual Customers Who Hold Valid Financial Products Under Ping An Group, With Internet Financial Users Being Included From 2015 On; And

(2) Service Users Refer To The Users Who Use Various Online Financial or Life Services (On Both PC and App) Under Ping An Group and Register An Account.

Both The Number of Customers And The Number of Contracts Per Capita of the 9 Types of Financial Products have seen Rapid Growth



	2016H1	2015	2016H1	2015
Core Finance				
Life Insurance	4,361	4,123	1.76	1.73
Auto Insurance	3,355	3,100	1.87	1.86
Bank Deposit and Wealth Management	3,512	3,145	1.40	1.36
Bank Loan	176	154	1.49	1.47
Credit Card	2,086	1,805	1.12	1.19
Securities, Funds and Trust	1,228	761	1.70	1.45
Other Insurance Products	1,320	533	1.13	1.14
Other Loans	208	137	1.09	1.09
Internet Finance	511	323	2.18	2.16
Total (Finance)	12,234	10,910	2.16	2.03

Note: Internet Finance Only Includes Valid Financial Investment and Trading Business at Lufax as of The End of the Statistical Period.

Both the Number of Users and the Number of Monthly Active Users of the 7 Types of Internet Services Have Seen Significant Growth, with the Monthly Frequency of Active Users being Connected to the Group being 42 Times Per Capita



	2016H1	2015	2016H1	2015
Online Insurance Services	15,430	12,185	2,038	1,653
Online Banking Services	1,796	1,240	431	419
Investment And Wealth Management Services	4,092	2,862	708	457
Account Management Services	11,178	8,423	1,536	1,422
Payment And Loyalty Point Services	4,526	3,619	344	384
Health Care Services	4,093	935	1,315	129
Other Life Services	9,368	5,479	1,473	1,013
Total (Services)	29,812	24,162	5,628	3,836

Note: the number of monthly active users was the average of monthly active users in the three months of Q2 2016

Customers and Users Maintained Rapid Growth, with 18.9mn New Financial Customers and 56.5mn New Internet Service Users in 2016H1

Distribution and Value of New Financial Customers in the Current Year

	Number of New Customers (10k)	Number of Contracts Per Capita (Contracts)
Core Finance		
Life Insurance	350	1.37
Auto Insurance	763	1.71
Bank Deposit and Wealth Management	402	1.34
Bank Loan	39	1.19
Credit Card	376	1.03
Securities, Funds and Trust	504	1.55
Other Insurance Products	947	1.09
Other Loans	145	1.03
Internet Finance	174	2.10
Total (Finance)	1,885	1.80

Distribution of New Internet Service Users in the Current Year

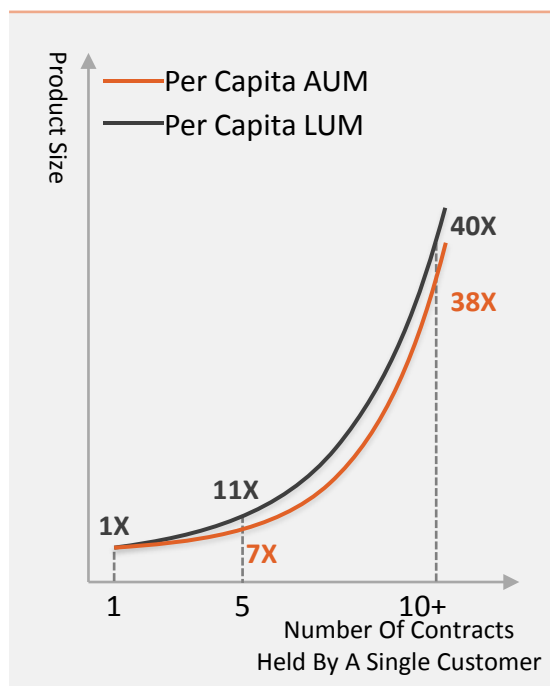
	Number of New Customers (10K)	Monthly Number of Active Users (10K)
Online Insurance Services	3,245	991
Online Banking Services	556	177
Investment and Wealth Management Services	1,230	310
Account Management Services	2,755	733
Payment and Loyalty Point Services	907	154
Health Care Services	3,158	1,241
Other Life Services	3,889	897
Total (Services)	5,650	2,681

The Per Capita Number of Contracts and the Product Size of Financial Customers have seen Stable Growth; The Higher the Customers' Wealth Grade is, the Bigger the Per Capita Contribution will be

The Higher The Customers' Wealth Grade is, the Bigger the Per Capita Contribution will be

Wealth Grade	Number of Customers (10k)	Number of Contracts Per Capita
Hnw	8.19	9.98
Affluent	2,132	3.26
Middle-class	4,667	2.18
Mass	5,426	1.70
Total (The Group)	12,234	2.16

With the Increasing Number of Contracts, The Product Size Per Capita has seen Exponential Growth



With the Increasing Seniority of Customers, the Number of Contracts Per Capita has Growing Steadily

End-2016H1 Seniority of Customers	Number of Contracts Per Capita
0 Year	1.70
1 Year	2.15
2 Years	2.19
3 Years	2.29
4 Years	2.32
5 Years & Above	2.37

Note: Mass Customers Are The Customers With An Annual Income Below RMB100k; Middle-class Customers Are The Customers With An Annual Income From RMB100k To RMB240k; Affluent Customers Are The Customers With An Annual Income Above 240k; And HNW Customers Are The Customers With An Individual AUM Of Over RMB10mn, Whose Per Capita AUM at Ping An Reached RMB 7mn at the End of 2016H1.

Financial Customers have been Highly Crossed and Penetrated between Different Product Lines

Penetration Rate of Main Financial Product Lines in 2016H1

Main Financial Product Line	Penetration Rates of Main Products				
	Life Insurance	Auto Insurance	Bank Deposit & Wealth Management	Credit Card	Internet Finance
Life Insurance	——	12%	14%	14%	3%
Auto Insurance	16%	——	11%	12%	1%
Bank Deposit & Wealth Management	18%	10%	——	26%	4%
Credit Card	29%	19%	44%	——	3%
Internet Finance	23%	10%	24%	14%	——

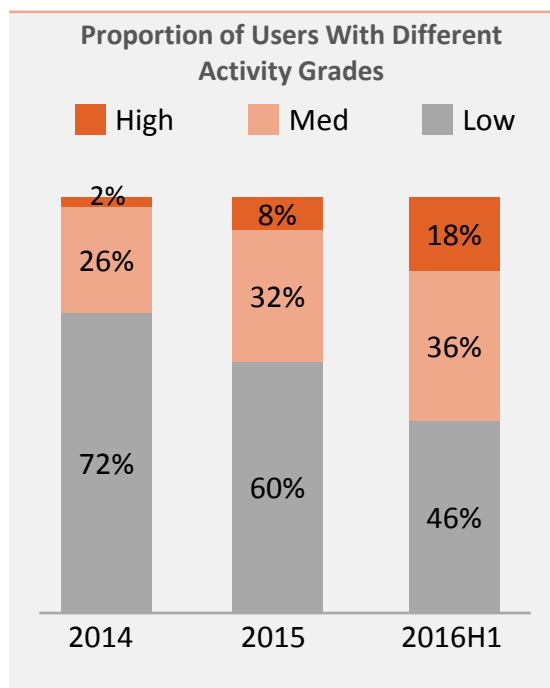
Note: The First 12% in this Figure means among the Life Insurance Clients, 12% have Purchased Auto Insurance.

Activity of Internet Service Users is Positively Correlated to the User Value. The Higher the User Activity Grade is, the Bigger the Number of Contracts Per Capita will be

The Higher The User Activity Grade is, the Bigger the Per Capita Contribution will be

Activity Grade	Number of Services Per Capita	Number of Contracts Per Capita
High	3.18	1.45
Medium	2.09	0.73
Low	1.41	0.43

The User Structure has been Improving the Proportion of High-grade Users has Increased Steadily



With the Increasing Seniority of Users, the Number of Contracts Per Capita has Growing Steadily

End-2016H1 Seniority of Users	Number of Services Per Capita	Number of Contracts Per Capita
0 Year	1.68	0.33
1 Year	1.88	0.63
2 Years	1.80	0.98

Note: Activity Grade Is Based on the Number of Logon Times. If over 4 Times In A Month, the Grade Will Be High; if Below 4 Times in a Month and Over once in a Year, the Grade Will be Medium; And if Once or Below In A Year, The Grade Will Be Low.

Internet Service Users Have Also Started to Purchase Plenty of Financial Products

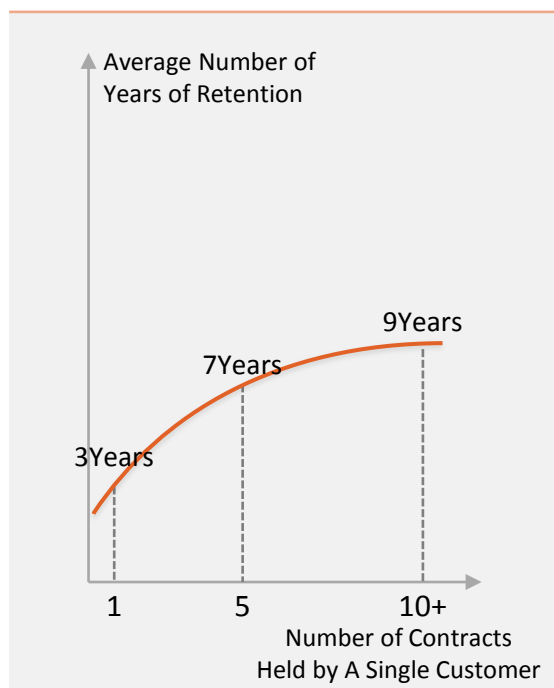
The Number of the Main Platform Users being Converted into Financial Customers in 2016H1

(10k)

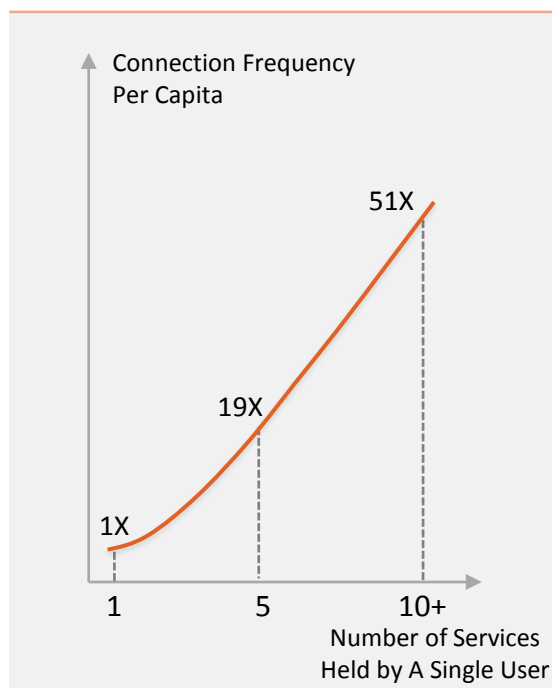
Main Internet Platforms	Main Financial Product Line				
	Life Insurance	Auto Insurance	Banking Deposit & Wealth Management	Credit Card	Internet Finance
Lufax	8.4	5.1	14.2	5.7	—
Good Doctor	12.4	7.9	6.7	6.7	2.6
Finance One Account	21.8	34.0	19.3	20.1	7.8
Yiwallet	30.8	10.1	12.5	12.4	6.6
Others	45.3	14.5	17.0	26.5	5.9

With the Increase of Products and Services, the Retention and Satisfaction of Financial Customers have been Increasingly Growing

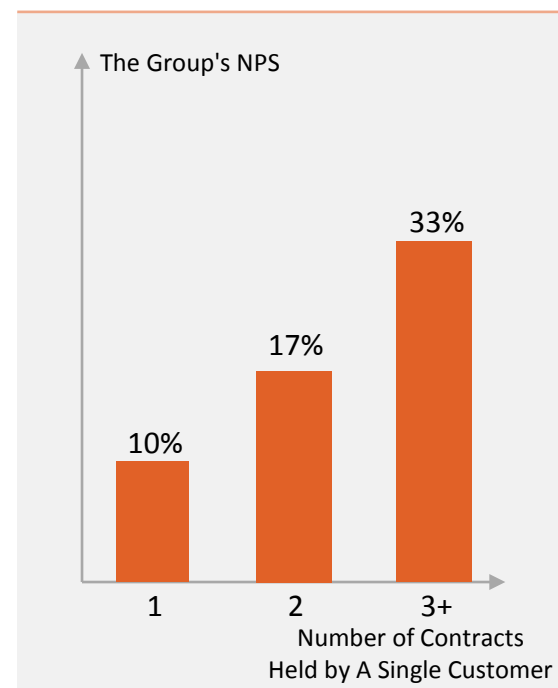
With the Increase of the Number of Product Contracts, the Per Capita Retention Time of Financial Customers Becomes Longer



With the Increase of the Number of Services, the Per Capita Connection Frequency of Financial Customers has seen Exponential Growth



With the Increase of the Number of Product Contracts, the Satisfaction of Financial Customers has been Improved



Note: Regarding the Relationship Between the Number of Contracts and Retention Years, We Exclude the Bank Customers with No Assets and the Life Insurance Customers with 1 Contract Over The 10 Years Or Above

Diversified Channels have Strong Customer Acquisition and Sales Capability to Keep Improving the Customer Value (1/2)

Offline Distribution of Customers of Main Financial Product Lines Across Different Channels In 2016H1

(10k)

Main Channels	Main Financial Product Line				
	Life Insurance	Auto Insurance	Bank Deposit & Wealth Management	Credit Card	Internet Finance
Agents	4,098	769	412	714	54
Tele-marketing	153	1,033	7	155	—
Counter Services	118	4	2,293	754	—
Internet	156	653	560	73	457
Total (The Group)	4,361	3,355	3,512	2,086	511

Diversified Channels have Strong Customer Acquisition and Sales Capability to Keep Improving the Customer Value (2/2)

Distribution Of Customers With Different Number of Financial Contracts Across Different Channels In 2016H1

(10k)

Main channels	Number of contracts held by customers at the end of 2016H1			
	1	2	3	4 and above
Agents	3,039	1,258	492	561
Tele-marketing	380	488	310	53
Counter services	2,625	259	40	35
Internet	942	673	228	50
Total (the Group)	5,865	3,335	1,410	1,624

Business Review of Individual Clients



Financial Clients and Internet Users Report Larger Scale and Rapid Growth



Financial Clients are Well-structured With Strong Purchasing Power and Huge Potential; Internet Users' Engagement Ratio of the Platform Rapidly Increases.



Financial Clients have Witnessed High Cross-product Penetration and Internet Users have Purchased Increasing Financial Products, thus Enhancing The Retention Rate and The Degree of Satisfaction.



Diversified Channels have Strong Customer Acquisition and Sales Capability to Keep Improving the Customer Value.

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ECONOMIC MODEL AND VALUE OF Retail BUSINESS

Life Insurance: We have Developed the Agent Channel Steadily, Strove to Develop the Internet Channel, and Kept Promoting the Protection-based Products

- The NBEV of the Agent Channel With Higher Value Rate Maintained A High Proportion, and the NBEV of the Tele-marketing Channel Saw an Increasing Proportion Year by Year
- The Product Structure of the Agent Channel Became Increasingly Balanced, and We Continued to Strengthen the Promotion of Protection-based Life Insurance Products

Chart 1 Proportion of Individual Life Insurance NBEV in Different Channels

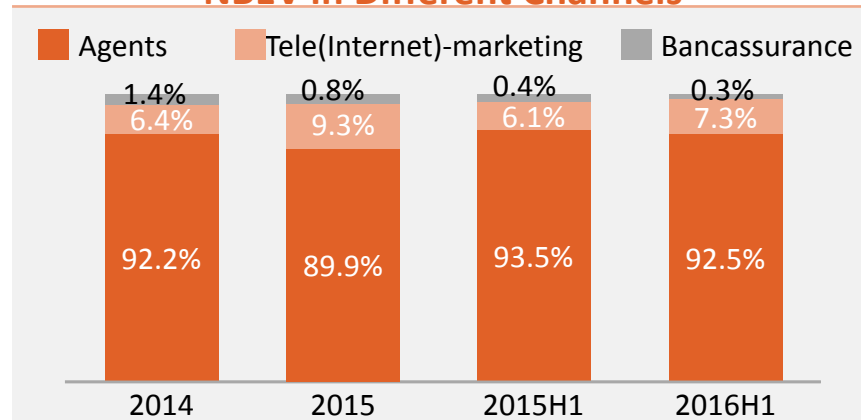


Chart 2 Proportion of Individual Life NBEV in Different Channels

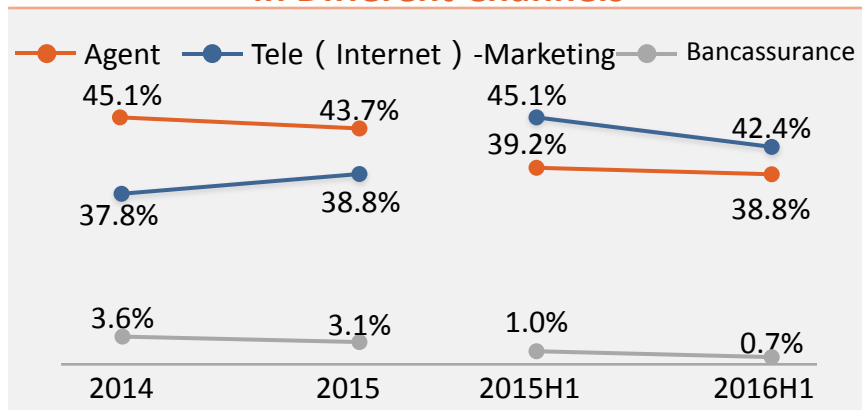
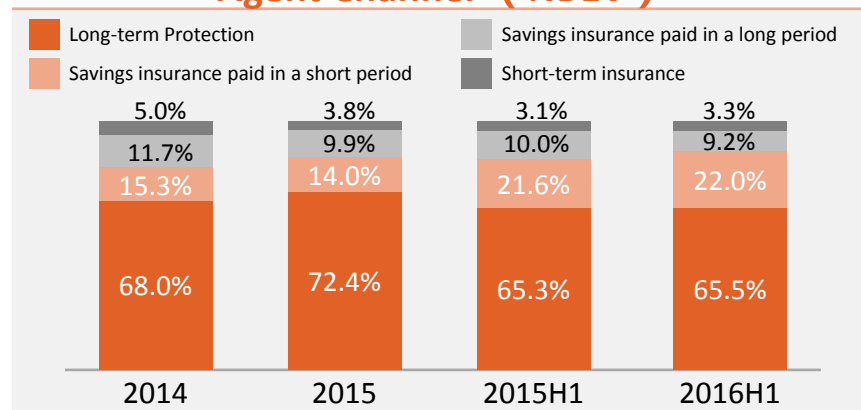


Chart 3 Product Structure of the Agent Channel (NBEV)



Note: The indicators in this page are statistics by definition of EV according to the first generation of the solvency supervision system. The data for 2015H1 and the data for 2016H1 are based on new business in 1-6 months of that year; The assumption and method adopted for 2015H1 are the same with those for 2016H1

Auto Insurance: The Business Continues to Grow Rapidly with Balanced Channel Development, Better Risk Screening Capability, Lower Loss Ratio and Well-performed Profitability

- Different Channels of Telemarketing/Internet Marketing, Car Dealership and Cross-selling Have Seen Balanced Development, With The Proportion of Premiums From Tele-marketing/Internet Marketing Exceeding 40%, Which Lays A Solid Foundation for Online Migration of Customers in the Next Stage.
- We have been Improving Risk Screening Capabilities, with A Decrease in the Frequency of Accidents Year by Year
- We Boast Greater Underwriting Profitability.

Chart 2 Proportion of Individual Auto Insurance Premiums Based on Different Channels in 2016H1

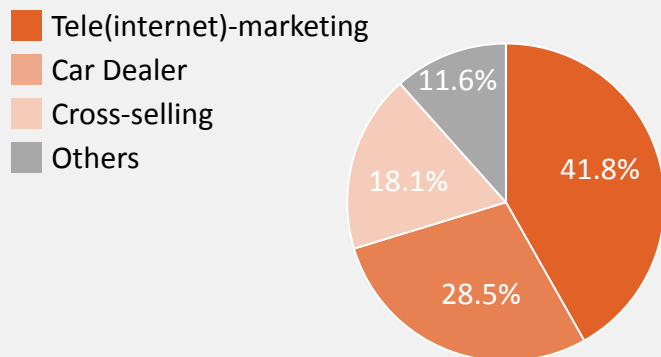
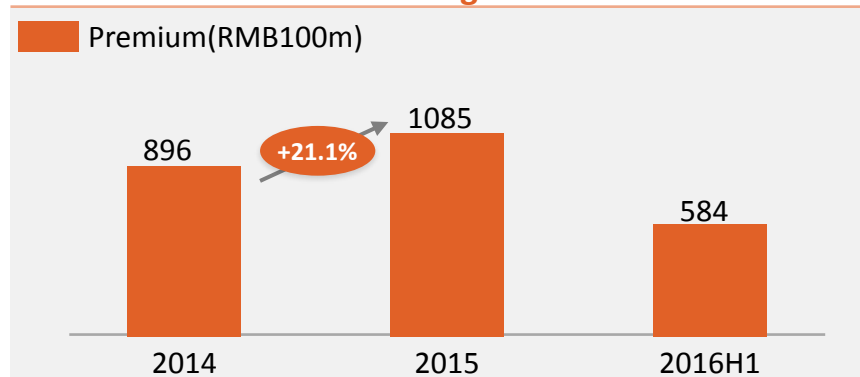
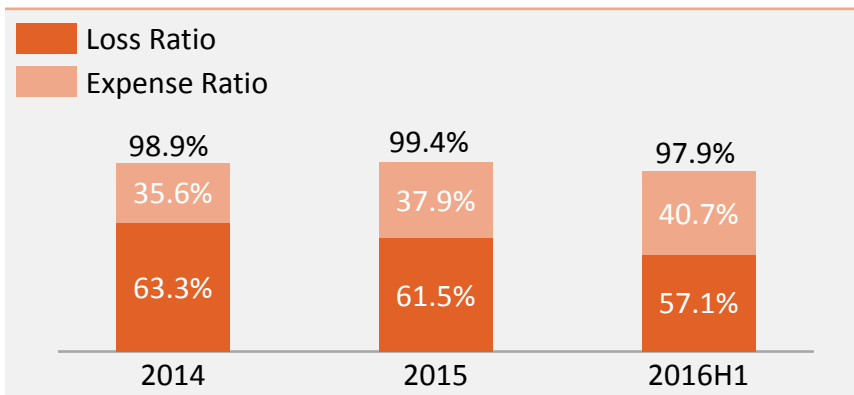


Chart 1 Premiums revenue of individual auto insurance and growth rate



Note: Due to the impacts of the value-added tax reform, the growth rate for 2016H1 is slower than that for 2015.

Chart 3 Combined Ratio of Individual Auto Insurance



Retail Banking: We have been Providing Customers with All-around Convenient Integrated Financial Services On/Off the Line, Expanding the Business Size, and Improving the Overall Return Rate

- Making The Intelligent Transformation To Increase Service Channels And Product Types, And Expand the Business Size
- Optimizing the Product Structure to Continue to Improve the Overall Return Rate
- NPL Has Stayed Stable

Chart 1 AUM and AUM Return Rate

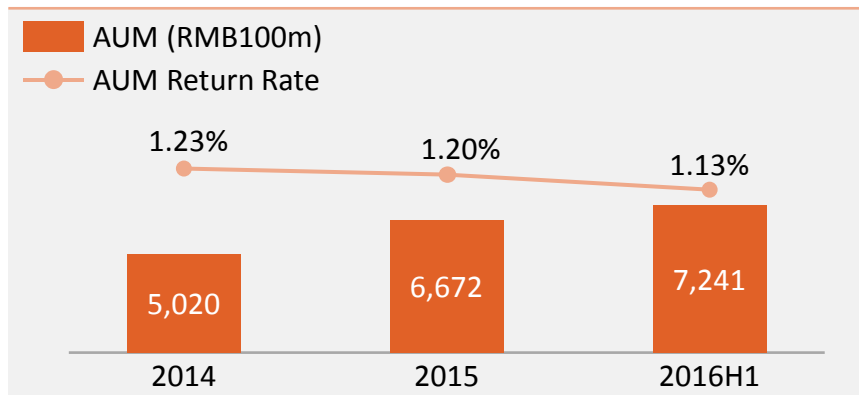


Chart 2 LUM and LUM Income Rate

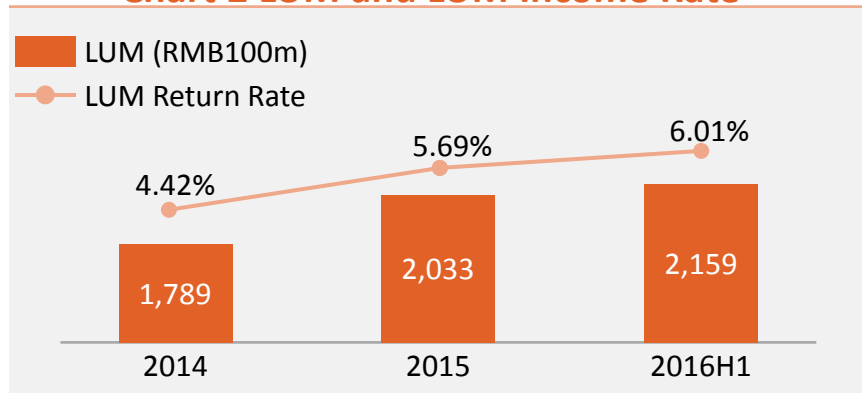
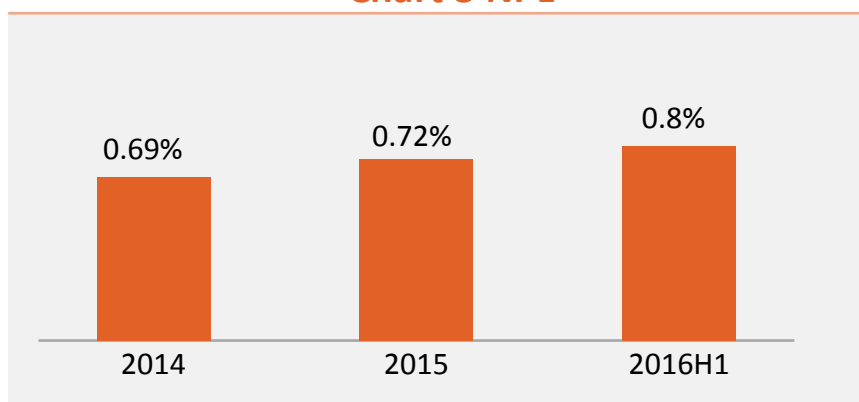


Chart 3 NPL



Note: loans for small businesses or natural persons are excluded.

Credit Card: Massive Customer Acquisition, and Providing Diversified Scenarios of Consumption, Installment and Wealth Management to Increase the Income

- Fully Using the Group's Internal and External Network Platform Resources for Massive Customer Acquisition
- Increasing The Trading Amount, and Steadily Improving The Loan Size and The Return On Assets (ROA)
- Using The Big Data to Analyze the Customer Behavior, Build Multiple Risk Models and Increase the Customer Income

Chart 1 Number of Customers

(10k)

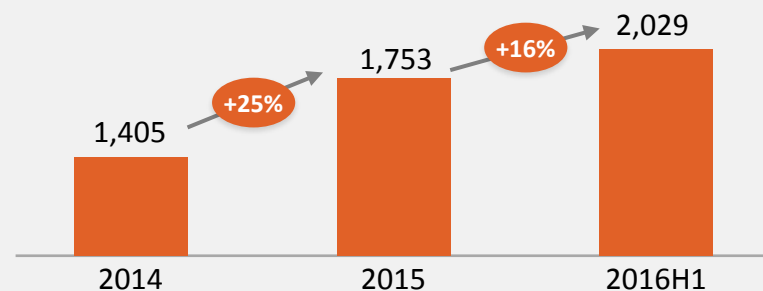


Chart 2 Trading Amount

(RMB100m)

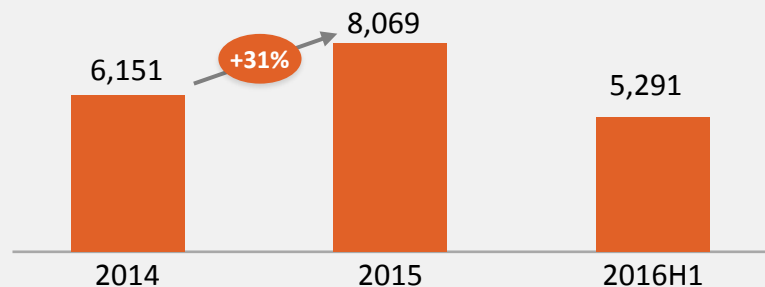
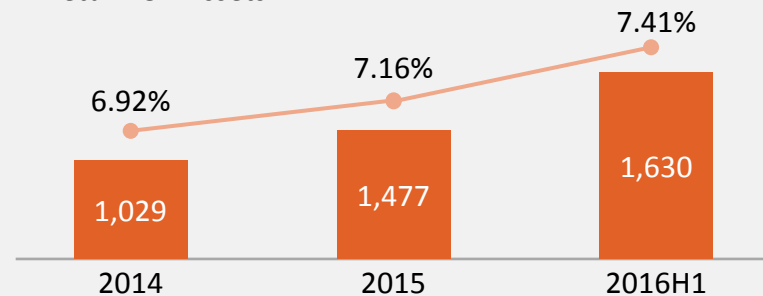


Chart 3 Loan Balance and Return on Assets

Loan Balance (RMB100m)

Return On Assets



Note: The return on assets minus the provisioned rate of return

Securities: Brokerage Business Reports Larger Customer Size and Market Share

- The Advantage of Internet Brokerage in Mass Customer Acquisition Continues to Expand; Existing Clients Report Stable Progress In Market Share, From the Ranking of No. 8 by the end of 2015 to No. 4.
- Internet Turns to be the Main Channel for Customer Acquisition. The Company has Built An Image in the Industry that It is Now Leading the Transformation of Developing to be an Internet Securities Company.

Chart 2 Number of Customers of the Brokerage Business

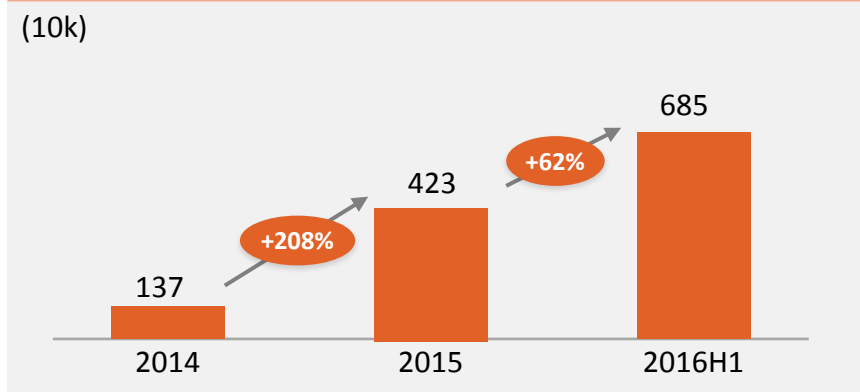


Chart 1 Profit of Brokerage Business

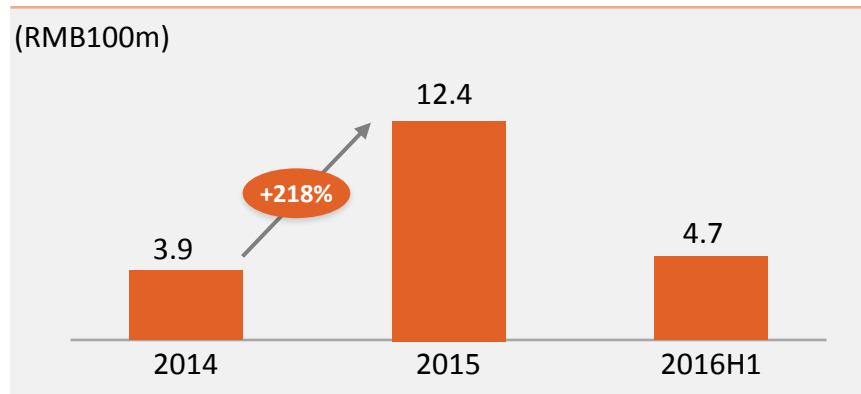
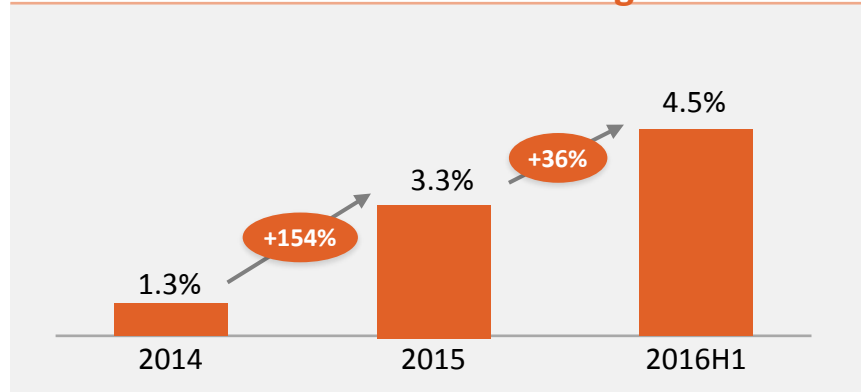


Chart 3 Market Share of Brokerage Business

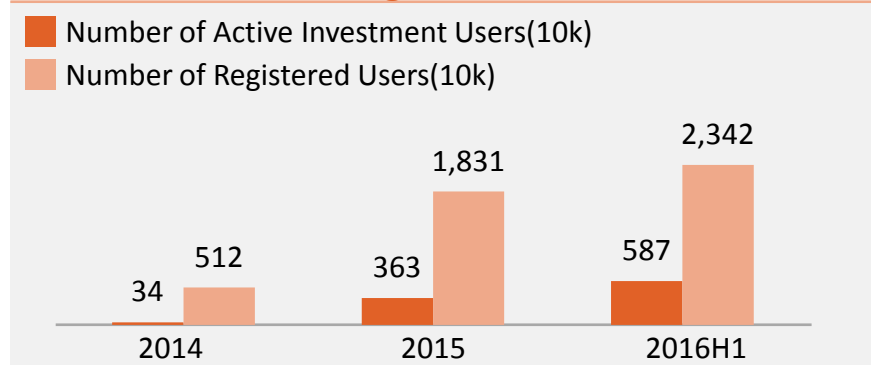


Data Sources: Industry Association

Lufax: Its User Base has Reached 20m, with both the Business Trading Volume and AUM Growing Rapidly

- The World's Largest Online Wealth Management Platform, with the Existing AUM Exceeding RMB **300bn**
- There has been a Significant Increase in the Number of Registered Users and Active Investment Users, with the Active Investment Users Accounting for **25.1%**

Chart1 Number of Active Investment Users and Registered Users



Note: Active Investment Users Refer to the Number of Users Who Have Made at Least One Investment over the Past 12 Months or Whose AUM is Bigger than Zero(>0)

Chart2 Period-ending AUM

(RMB 100m)

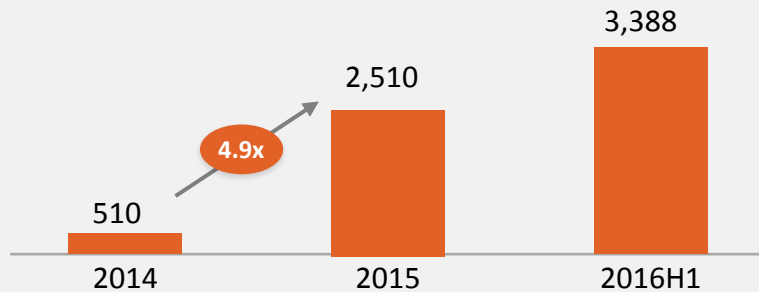
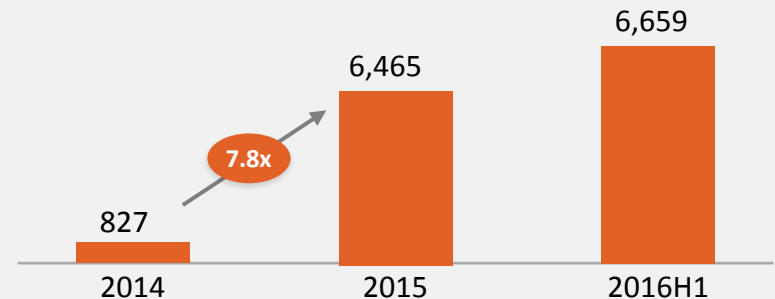


Chart3 C-end Trading Volume

(RMB 100m)



Health Care Services: Good Doctor Ranks No.1 in the Mobile Health Care Industry, Which has more than 1 Million Daily Active Users

- By Focusing on the Development of Health Management and Mobile Health Care, this App Ranks **No.1** in the Aspect of Coverage among Mobile Health Apps in China.
- Pa Good Doctor has A Self-built Medical Team of Nearly **1000** Members and over 50,000 Contracted Doctors.
- Pa Good Doctor has Raised USD **500mn** Funds in the A Round with A Valuation of USD **3bn**.

Chart1 Number of Registered Users

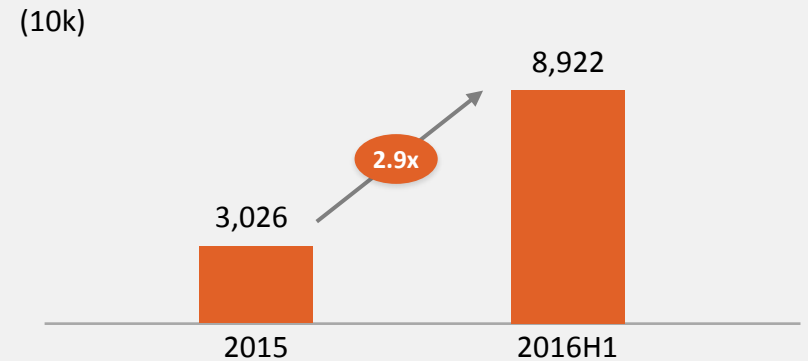


Chart2 Peak Number of Daily Active Users

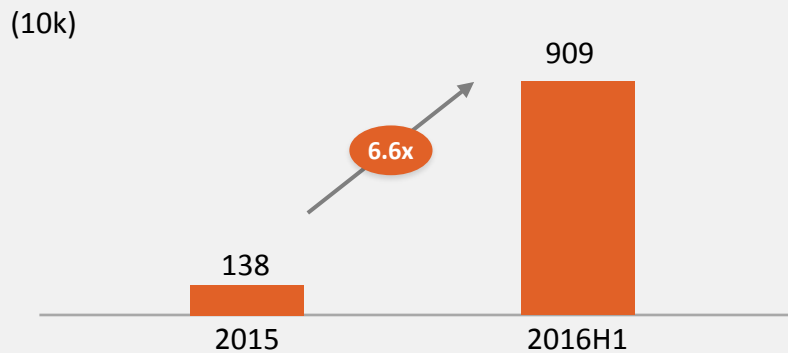
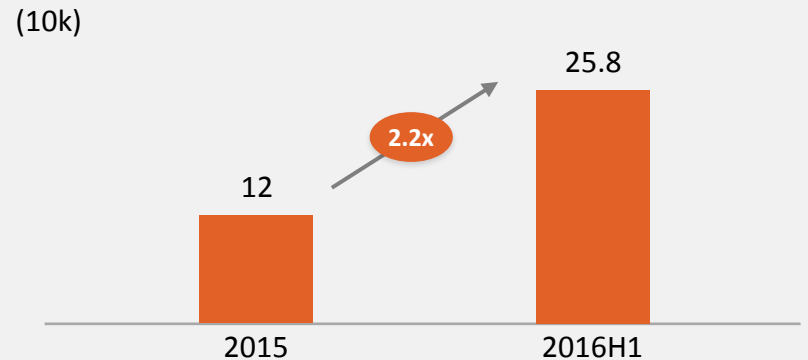


Chart3 Peak Number of Daily Inquiries



Account Management Services: The Number Of Registered Users of Finance One Account Approached Nearly 136m, and Cooperation has been Made with Almost 800 Financial Institutions

- Providing Users with **One-stop Services**, Including Account Management, Wealth Management, Credit Management And Life Management
- Using Self-service, Intelligent And Advisory Approaches To Help Users With Their Wealth Management
- The Number of Financial Partners Has Increased Rapidly, with Big Data-backed Credit Reference Bringing about Concerted Development

Chart1 Accumulative Number of Users

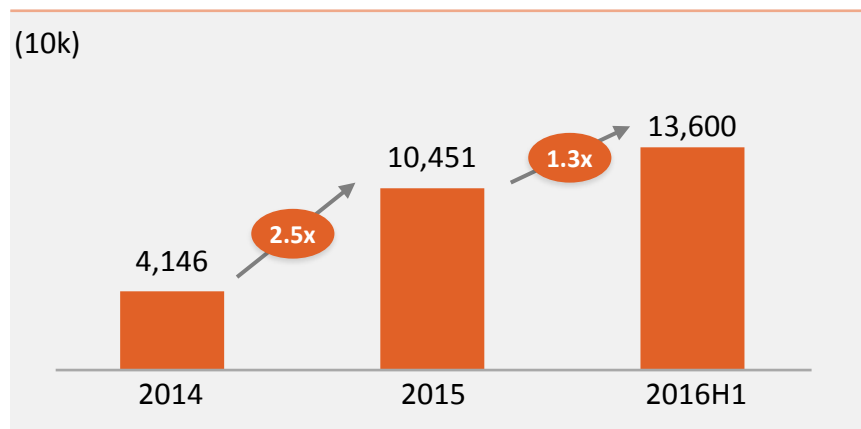


Chart2 Number of Financial Partners

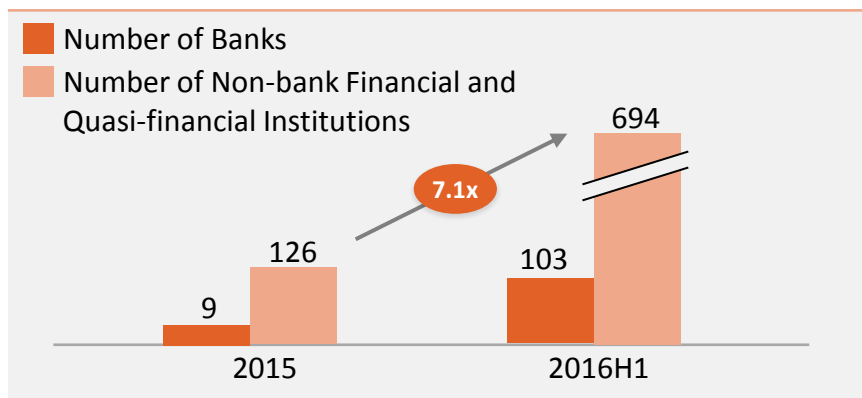
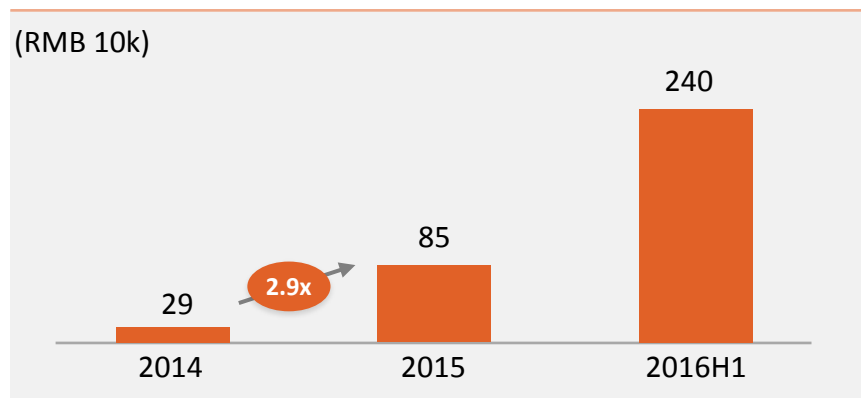


Chart3 Number of Migration Person-times of Financial Products



Payment And Loyalty Services: Both the Yiwallet Payment and Loyalty Point Businesses have been Carried Out, with Rapid Growth in the Business Trading Volume

- The Payment Trading Size Reached RMB **1,423.9bn** in 1H 2016, the Same as That in the Whole Year of 2015.
- The Loyalty Point Trading Size Reached RMB **12.5bn** in 1H 2016

Chart 1 Number of Trading Users and Registered Users

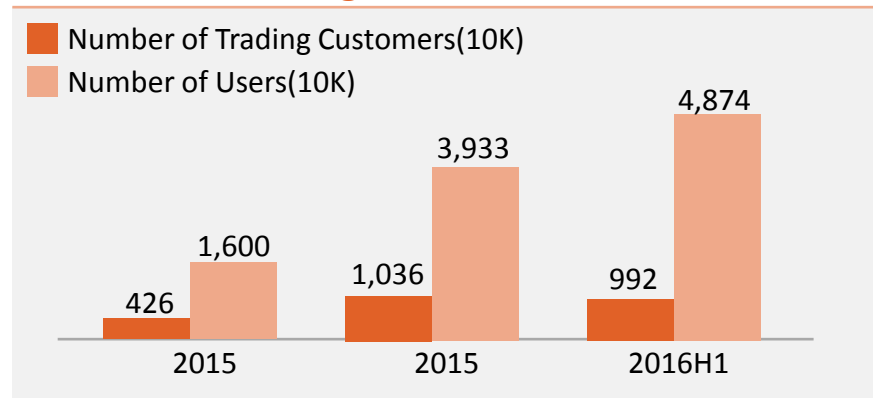


Chart 2 Processing and Trading Volume of the Payment Business

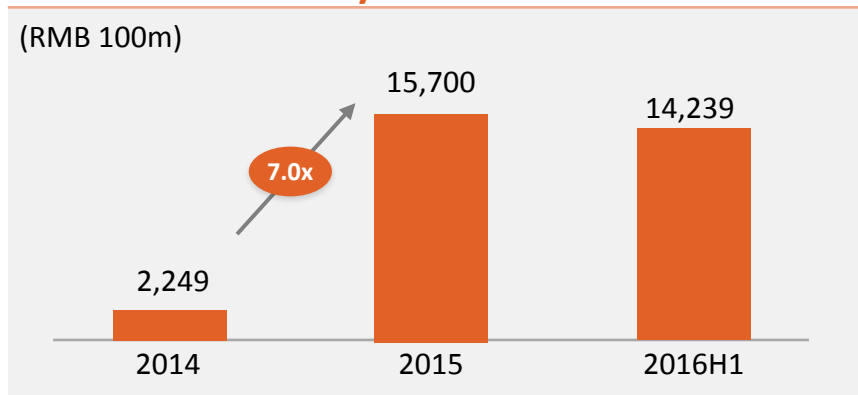
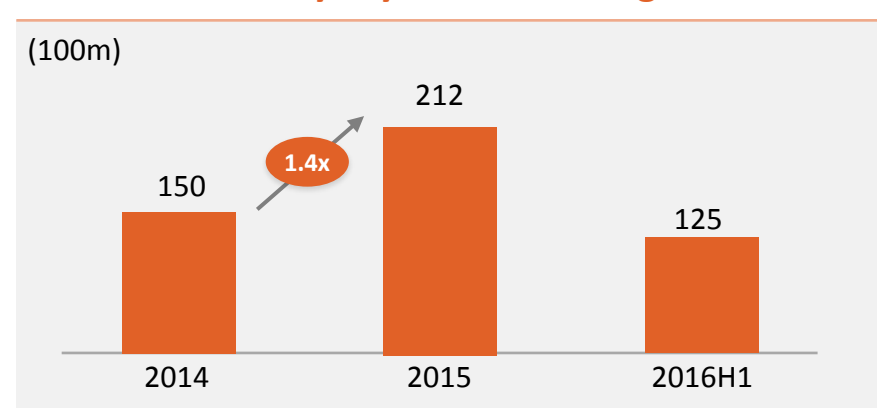


Chart 3 Loyalty Points Trading Size



Business Review of Major Products



Core Financial Products: Increasing Scale and Profit with Leading Profitability



Internet Services: Explosive Growth and Highly Active Users

CONTENTS



BUSINESS MODEL OF RETAIL BUSINESS



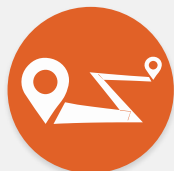
BUSINESS OVERVIEW OF 1H 2016



BUSINESS PERFORMANCE ON INDIVIDUAL CUSTOMERS



BUSINESS PERFORMANCE ON MAIN PRODUCTS



ECONOMIC MODEL AND VALUE OF RETAIL BUSINESS

The Group's Retail Business Value Increase is from the Value Growth of Core Finance and Internet

The Group's
Retail
Business
Value

=



+



- Core Finance has had a **Mature Business Model**, with the **"Internet Plus" Model Accelerating** the Value Growth
- Overall Profit has **Continued to Grow**

- Internet User Value has **Gradually Emerged**
- Trading Size and Service Scope have been **Expanded Rapidly**
- Becoming the Group's **New Momentum for Value Growth**

Economic Model and Business Value of Core Finance

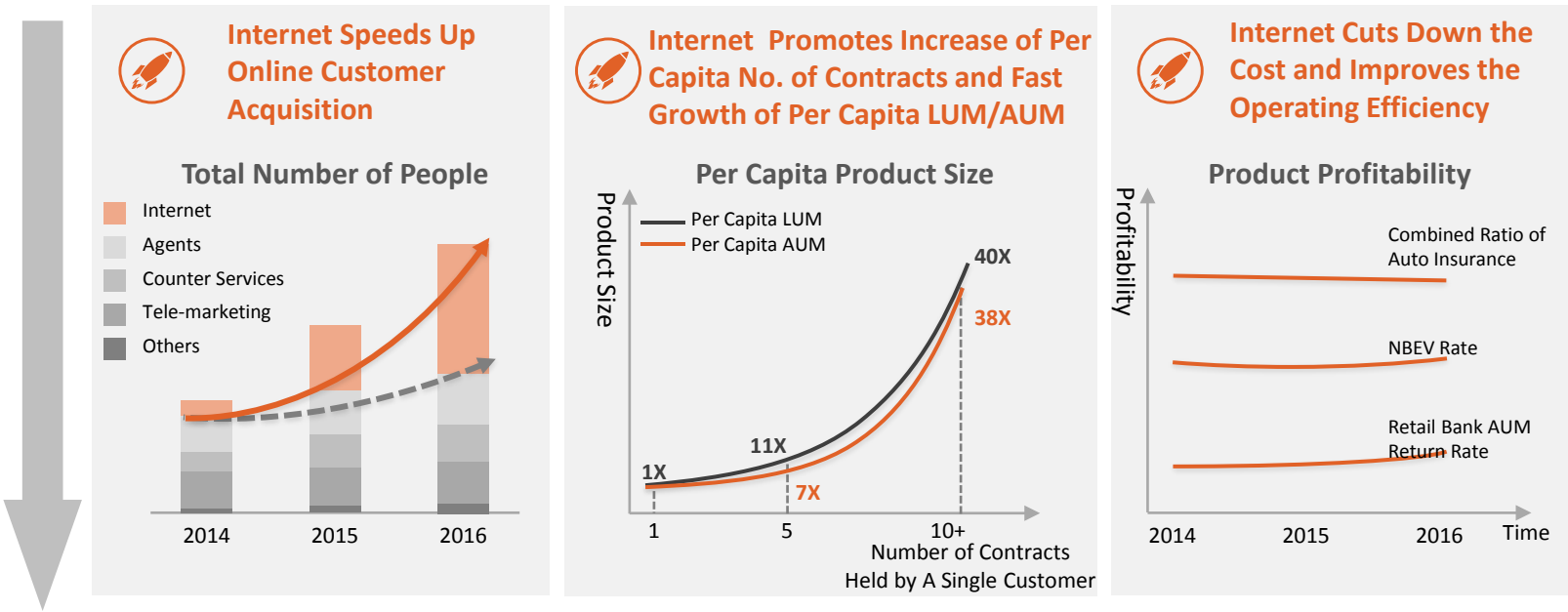
Core Finance Profit of Retail Business

=

Number of Core Finance Customers

×

Per Capita Profit of Core Finance



Core Finance Retail Business Value

=

Core Finance Number of Customers

×

Growth Coefficient

×

Core Finance Per Capita Profit

×

Value Coefficient

Value of Internet Users

22



Legend:

- Proportion of Active Users (Orange line)
- Annual Number of Active Users (Grey bars)

Year	Annual Number of Active Users (Millions)	Proportion of Active Users (%)
2014	~1.5	~15
2015	~3.5	~25
2016	~5.5	~35



Year	Number of Services/Products Per User
2014	~1.5
2015	~2.5
2016	~4.5



Income from Each Service/Product

Year	Income from Each Service/Product
2014	~1.5
2015	~2.0
2016	~2.5





Value Coefficient

THE END