

Ping An reports RMB 43,427 million in Net Profit Attributable to Shareholders of Parent Company for Interim 2017, Dividend per Share jumps 150% and New Business Value grows 46.2%

(Shanghai, Hong Kong, August 17, 2017) Ping An Insurance (Group) Company of China, Ltd. (hereafter “Ping An” or the “Group”, HKEx: 2318; SSE: 601318) today announced its 2017 interim results for the period ended June 30, 2017.

In the first half of 2017, the Group’s overall results continued to grow steadily. Net profit attributable to shareholders of the parent company rose 6.5% YoY to RMB43,427 million (up 38.8% YoY if the RMB9,497 million profit from Puhui’s restructuring for the first half of 2016 is excluded). Equity attributable to shareholders of the parent company amounted to RMB425,780 million, up 11% from the beginning of the year. New business value generated by the life and health insurance business grew strongly by 46.2% YoY, driven by the Group’s value creation strategy and the expanding scale and productivity of sales agents.

Backed by Ping An’s sustainable growth and adequate solvency, an interim dividend of RMB0.50 per share to the shareholders for the six months ended June 30, 2017 has been proposed, 150% higher compared with the same period last year.

Profit from the Group’s individual business for the first half of 2017 was RMB34,626 million, or 79.7% of Ping An’s net profit, up 21.1 pps YoY, driven by increasing individual customers and continued exploitation of customer value. The three KPIs in evaluating the retail business value -- customer base, number of contracts per customer, and profit per customer -- all maintained steady growth. As at June 30, 2017, the Group had an overall individual customer base of 143 million persons, up 9.3% YTD; the number of contracts per customer at the group level rose 3.2% YTD to 2.28; the Group’s profit per customer reached RMB241.66, 18.5% higher YoY.

Ping An’s major business highlights for Interim 2017 are as follow:

- Net profit attributable to shareholders of the parent company grew to RMB43,427 million (up 38.8% YoY if the RMB9,497 million profit from Puhui’s restructuring for the first half of 2016 is excluded).
- Cash dividends increased significantly -- a cash dividend of RMB0.50 per share is proposed, 150.0% higher compared with the same period last year.
- The Group’s operating ROEV (not annualized) reached 15.4%; the life and health insurance business’s operating ROEV (not annualized) reached 21.8%.
- The integrated finance model was further improved as 26.1% of the Group’s customers held multiple contracts with different subsidiaries.
- The individual customer base grew to 143 million persons, up 9.3% YTD; the number of contracts per customer at the group level hits 2.28; the profit per customer reached RMB241.66, indicating a steady increase in customer value.
- The number of new customers reached 18.54 million, of which 6.67 million were converted from the Group’s internet users.

- New business value of the life and health insurance business grew by 46.2% YoY; the number of life insurance sales agents rose 19.3% YTD to 1,325 thousand; Ping An Life's residual margin release was RMB23,987 million, up 38.7% YoY.
- Ping An Property & Casualty registered an increase of 23.5% in premium income, expanding its market share by 1.5 pps YoY; the combined ratio was 96.1%, and the ROE (not annualized) was 10.5%.
- Ping An Bank's retail business accounted for 40% of its total income, up 11 pps YoY, and 64% of its profit before tax, up 35 pps YoY; retail customers' assets under management (AUM) rose 19.2% YTD to RMB950,970 million, while personal deposits and retail loans grew by 16.0% and 21.5% respectively.
- Lufax Holding realized a profit and reported an increase of 65.0% YoY in the trading volume of wealth management in the period, while the institutional trading volume soared 45.4% YoY.

Key achievements in technological innovation in 1H2017:

- As at June 30, 2017, Ping An had filed 1,458 patent applications.
- Ping An's face recognition technology topped the world with 99.8% accuracy, and has been applied to more than 200 scenarios.
- Ping An has pioneered image-based loss verification in the industry, using image recognition and deep learning to provide superfast claims services. Launched in 2016, the technology has sped up the process of loss verification by 4,000 times compared with the traditional process.
- Ping An Technology worked with Chongqing Center for Disease Control and Prevention to develop the world's first "AI + big data" flu forecasting model.

Group: The individual customer base grew to 143 million persons, up 9.3% YTD, with profit per customer up 18.5% YoY to RMB241.66.

As at June 30, 2017, the number of individual customers of the Group reached 143 million, up 9.3% YTD. The number of new customers acquired in the first half of 2017 increased by 10.6% YoY to 18.54 million, of which 6.67 million were converted from the Group's internet users. Expansion of Ping An's customer base is driven by development of internet users.

Progress of Ping An's integrated finance strategy has been accompanied by increased cross-selling. As at June 30, 2017, the number of contracts per customer of the Group amounted to 2.28, up 3.2% YTD. 37.34 million individual customers held multiple contracts with different subsidiaries of the Group, accounting for 26.1% of the individual customer base. All major product lines maintained healthy, sustainable profitability in the first half of 2017, with profit per customer of the Group reaching RMB241.66, up 18.5% YoY.

During the period, the number of internet users of the Group grew 16.4% YTD to 403 million. 41.32 million users migrated among internet platforms, up 20.2% YoY. On average, each internet user held 2.04 services of Ping An, up 5.2% YTD. Moreover, users became increasingly active. As at the end of June 2017, the Company had 65.31 million monthly average active users, up 76.1% YoY; highly active users accounted for 21.9%. User stickiness continued to improve.

Dr. Peter Ma, Chairman and Chief Executive Officer of Ping An, said, “We focus on development of individual customers. We aim to make our services more convenient and professional by cross-selling our different product and service offerings. Drawing on the excellent customer base attracted by our integrated finance model, we have steadily raised the value of our individual business and enhanced our competitive edge in China’s retail financial sector.”

Core Finance Businesses: New business value rose 46.2%, Ping An P&C expanded market share by 1.5 pps, and Ping An Bank accelerated transformation towards retail banking

In the first half of 2017, **the new business value of the life and health insurance business soared by 46.2% YoY to RMB 38,551 million.** As at June 30, 2017, the number of individual life insurance agents reached a record high of 1,325 thousand, up 19.3% YTD. Productivity of agents increased steadily as the first-year written premium per agent per month grew to RMB12,438, up 18.2% YoY. In the first half of 2017, the life and health insurance business boosted the EV by 23.9% YTD, and delivered an operating ROEV (not annualized) of 21.8%. During the period, Ping An Life realized RMB22,598 million in net profit, up 34.8% YoY. The residual margin release was RMB23,987 million, up 38.7% YoY. As at June 30, 2017, Ping An Life’s residual margin grew by 19.9% YTD to RMB545,329 million, fueled by robust new business growth.

Ping An Property & Casualty boosted its premium income by 23.5% YoY to RMB103,443 million while expanding its market share by 1.5 pps. Business quality remained excellent with a combined ratio of 96.1% and an ROE (not annualized) of 10.5%. The auto insurance business achieved RMB80,260 million in premium income, up 13.6% YoY, while the market share reached 22.3%. Ping An Property & Casualty launched the world’s first “510 City Superfast Onsite Investigation” service with a commitment for its inspectors to arrive within 5-10 minutes in more than 90% of daytime auto accident cases in cities. This service has been piloted in 334 prefecture- and higher-level cities across China.

In the first half of 2017, Ping An improved its asset allocation and reported an annualized net investment yield of 5.0% on its investment portfolio of insurance funds; the annualized total investment yield was 4.9%, up 0.5 pps YoY.

Ping An Bank advanced its transformation into a smart retail bank. Net profit grew 2.1% YoY to RMB12,554 million, while the cost-to-income ratio improved by 4.04 pps YoY to 24.76%. During the period, **Ping An Bank’s retail business accounted for 40% of its total income, up 11 pps YoY, and 64% of its profit before tax, up 35 pps YoY.** The number of retail customers and retail customers’ assets under management (AUM) increased by 11.5% and 19.2% to 58.43 million and RMB 950,970 million respectively. The number of credit cards in circulation grew by 15.7% to 29.63 million, while the retail loans rose by 21.5%.

In the first half of 2017, Ping An Trust enhanced risk management and furthered business transformation. The fee and commission income was 22.4% higher than a year earlier; the number of active wealth management customers reached 65,500, up 24.7% YTD. Ping An Securities built differential advantages and outperformed industry average as its net profit declined slightly by 2.6%

YoY to RMB1,187 million. AUM of Ping An Asset Management grew to RMB2.49 trillion, up 10.0% YTD.

Internet Finance Business: Lufax Holding turned profitable; Ping An Good Doctor saw a daily peak of 460,000 inquiries; Finance One Account attained 203 million registered users.

In recent years, the Group constantly upgraded its business models, built "open platforms + open marketplaces", and incubated a series of fintech and healthtech service platforms.

Lufax Holding has become China's leading internet finance platform of one-stop transaction information services. In the first half of 2017, Lufax Holding started to generate profits, maintained fast growth in wealth management, consumer finance and institutional trading businesses, and further strengthened its market leadership. Trading volumes of wealth management and institutional trading grew by 65.0% and 45.4% to RMB1,098,539 million and RMB3,687,231 million respectively.

Ping An Good Doctor is committed to building a healthcare ecosystem featuring one-stop, whole-process O2O services. As at June 30, 2017, Ping An Good Doctor had provided over 160 million users with health management services. The peak number of monthly active users hit 20 million, and that of daily inquiries reached 460,000. Ping An Good Doctor has built an in-house medical team of nearly 1,000 doctors, and has contracted more than 60,000 external doctors. Appointment making is available on the app with nearly 2,300 partner hospitals. Ping An Good Doctor has also partnered with over 700 health checkup institutions in 191 cities across China.

Finance One Account stepped up efforts to develop an open financial services ecosystem, and attained 203 million users by the end of the period, up 9.7% YTD. By June 30, 2017, Finance One Account had partnered with 406 banks and 1,493 non-bank financial and quasi-financial institutions; the interbank trading volume reached RMB 2.62 trillion. Moreover, Finance One Account had handled over 356 million credit inquiries as an effective supplement to the PBOC's personal credit reference system.

Prospects

Dr. Peter Ma said, "In the forthcoming era of smart technology, the future belongs to those with winning technologies. We are pursuing technology-powered business transformation. Today, Ping An has one of the largest big data platforms among Chinese financial institutions. Ping An has over 500 big data scientists, over 20,000 technological R&D staff members, and many world-leading technologies such as human face recognition, voiceprint recognition, prediction AI technologies, prescription AI technologies and blockchain, which have been applied to hundreds of scenarios. It is our goal to transform Ping An progressively from a capital-driven enterprise into a technology-driven one in the near future. This will empower the Company to develop faster and better, create value for our customers, and reward our investors with superior returns."

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