

中国平安 PINGAN

保险 · 银行 · 投资

Navigating the China market

- Sustaining high growth through innovations

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Group President

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Summary

I THE CHINA GROWTH STORY...

Despite recent volatility, the Chinese market remains very attractive

- *Fundamentals driving the extraordinary growth of the Chinese economy during the past two decades remain strong – these fundamentals and appropriate government policy adjustments enabled swift recovery from crisis and will support sustained growth going forward*

II THE PING AN GROWTH STORY...

Ping An, born of Chinese economic reform, has built leading market positions

- *Ping An has achieved much faster growth than the economy during the past two decades, and is leading the recovery from the crisis as evident from the rapid market share gains and growth in our insurance, banking, and investment businesses*

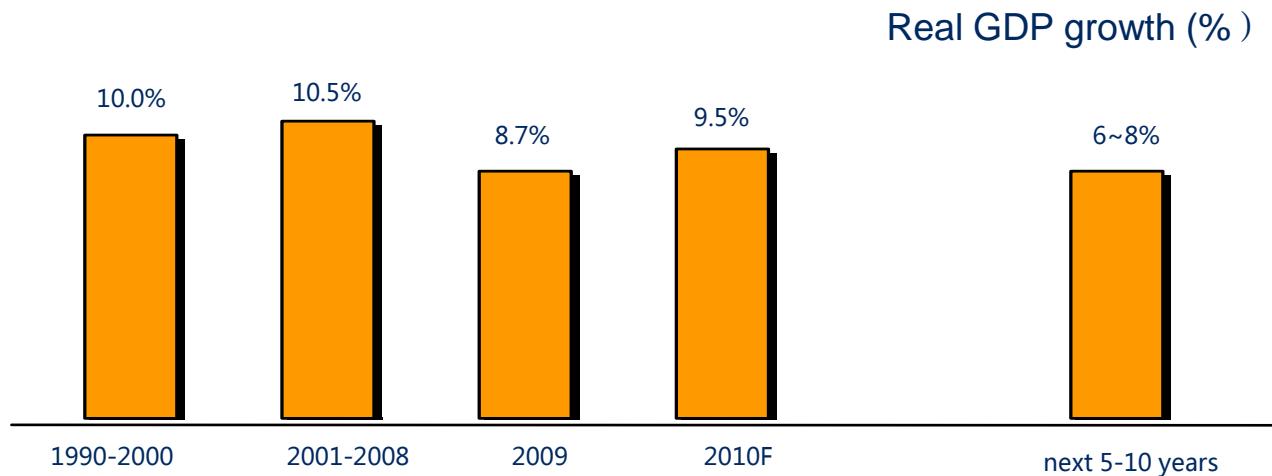
III SUSTAINING HIGH GROWTH THROUGH INNOVATIONS...

Through continuous innovations, Ping An has built distinct advantages to fully exploit future growth of the Chinese financial market

- *Our integrated financial services model, our innovative capabilities in product and distribution, and centralized operating platform, put us in a very strong position to capture future growth opportunities in China, particularly in the retail and SME segments*

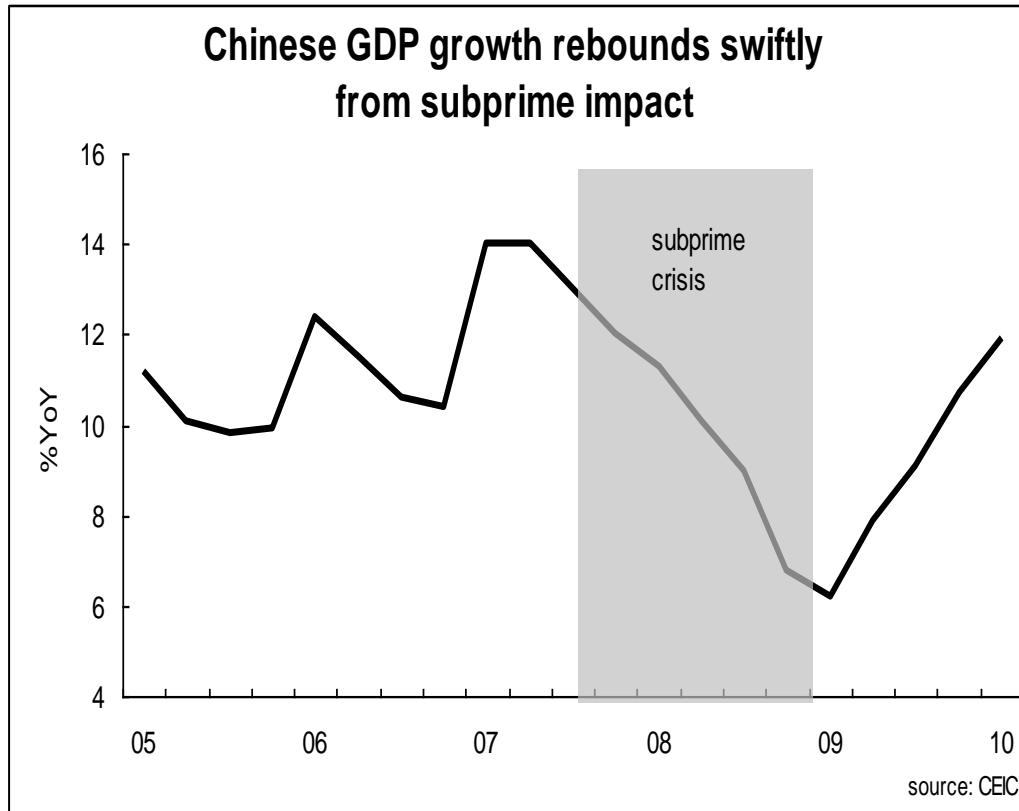
I THE CHINA GROWTH STORY...

Over the last 2 decades, China has sustained consistent economic growth and continued urbanization



- Growth well sustained through different economic & interest rate cycles
- Development and reform momentum continued despite local inflationary shocks and multiple regional/global crises
- Major overhaul and recapitalization of the financial sector completed

Though affected by the financial crisis in 2008, China was subsequently leading the global recovery



- Due to prompt government response and a functioning banking system, China managed to become the first major economy to recover from the subprime impact and grow strongly post-crisis
- By 1Q10, Chinese GDP growth was up 11.9% YoY

GDP	1Q	2Q	3Q	4Q
2008	11.3%	10.1%	9.0%	6.8%
2009	6.2%	7.9%	9.1%	10.7%

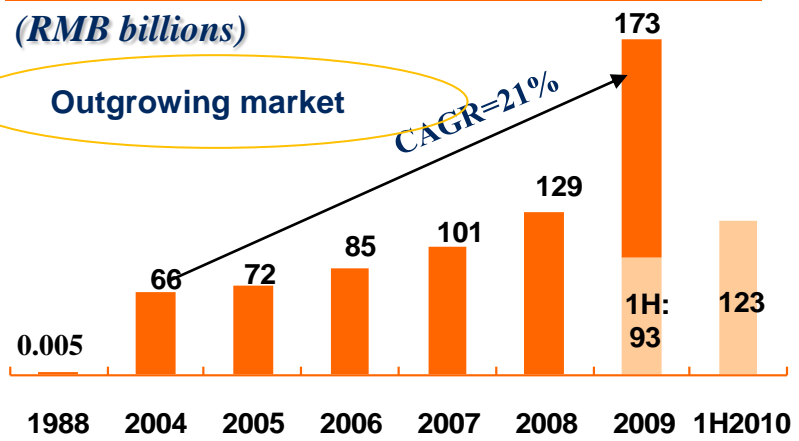
Short-term challenges remain but hard landing unlikely, medium term outlook positive with strong fundamentals

- **Concerns about China's asset bubble and hindering its structural rebalancing are overblown:**
 - *The sharp run-up in China's asset prices has been underpinned by strong fundamentals and funded by savings (not credit, as in the US)*
 - *China's economic structure shows that its rebalancing has started*
- **Policy misstep causing economic hard-landing unlikely:**
 - *Moderating economy reduces risks of economic over-heating and inflation*
 - *Policy adjustments remain ahead of the curve and reduce the risk of draconian policy measures later*
- **Financial liberalization has further room to run:**
 - *The introduction of ChiNext in Oct 09 provides a venture exchange financing platform for SMEs*
 - *Stock index futures and short-selling launched in 2010 provide hedging tools*
- **Unleashing consumption power:**
 - *Spending on health care and education has been increasing since 2006*
 - *Improvement of the social safety net will enhance consumer confidence and spending power; release pent-up demand in countryside*
- **Investment theme strengthened with cheaper Chinese valuation:**
 - *Stock market valuation coming down after recent correction*
 - *PE comparable to Asia's major markets, but economic fundamentals stronger*

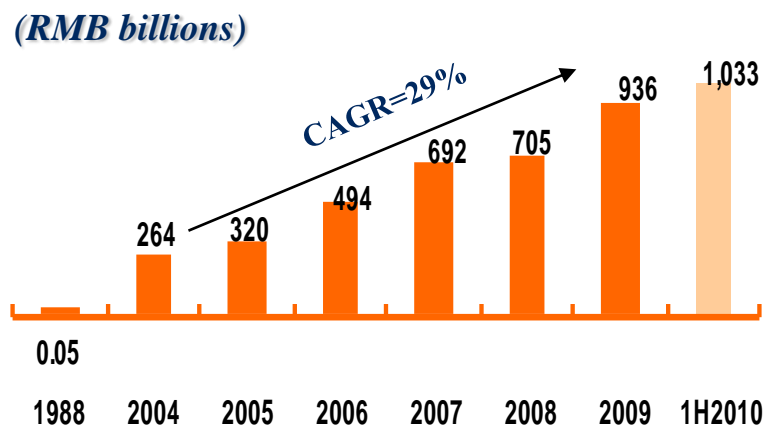
II THE PING AN GROWTH STORY...

Over the last 2 decades, Ping An has very much been an integral part of the China growth story....

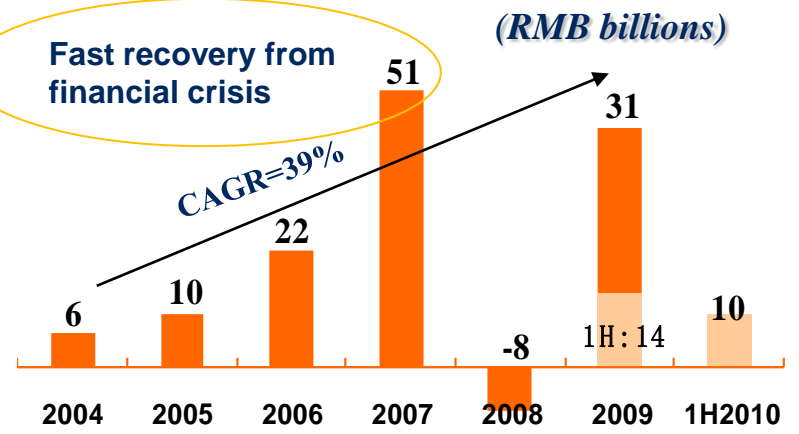
Insurance Business (Written Premiums)



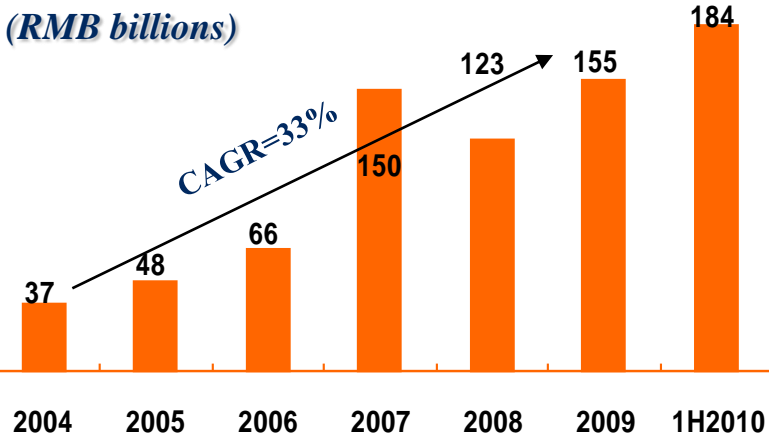
Total Assets



Investment Income



Embedded Value



In building a winning franchise in China's fast developing financial sector

Ping An Group

Life insurance

- 2nd largest, outgrowing market

P&C insurance

- 2nd largest, outgrowing market

Annuity

- #1 in pension

Health insurance

- Leader in top-end products

Bank

- National franchise, strong in cards

Consumer Finance

- Leader in scale and national reach

Asset management

- Leader in investment performance

Securities

- Leader in equity/debt new issues

Trust

- Leader in AuM and alternative investments

Creating huge shareholder value

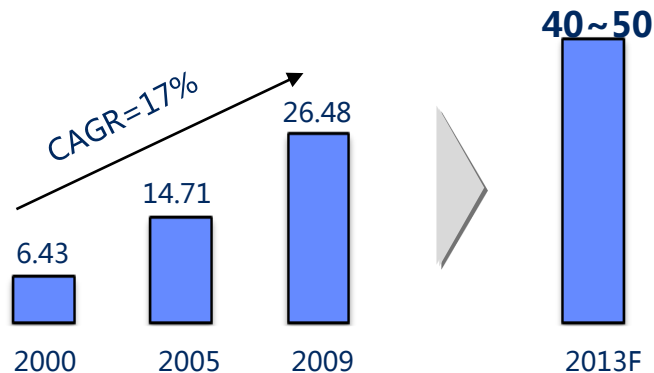
- Market capitalization now ranked top 3 among all global insurance groups
- Share price outperforming major market/sector indices since IPO
- Morgan Stanley and Goldman Sachs exited in 2005 with over 10 times return
- 19,000 Ping An employees still holding over 11% of company shares

Going forward, we are well positioned to capture the new growth opportunities, especially by focusing on the retail & SME segments...

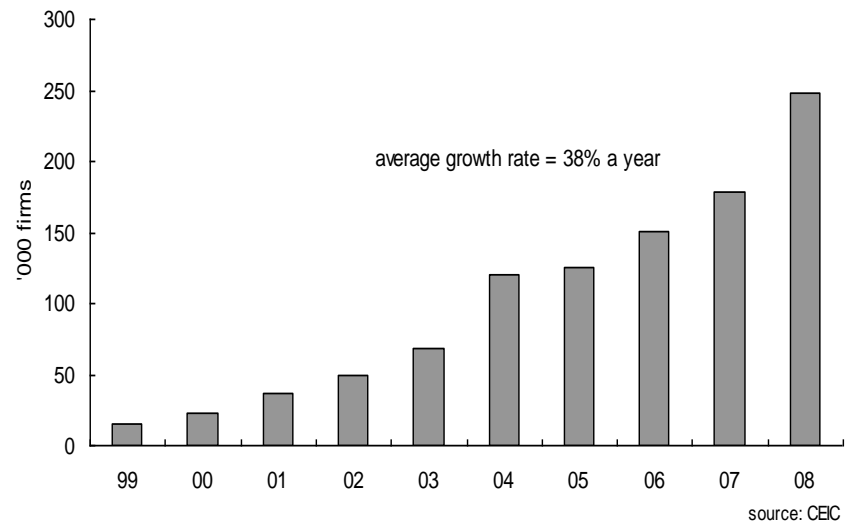
A large, urbanizing population that is growing rich and financial liberalization will help unleash huge consumption power and boost wealth creation and the growth of SMEs for years

Rapid accumulation of household wealth

Retail deposits (RMB trillions)



Exponential growth of private enterprises in China



III SUSTAINING HIGH GROWTH THROUGH INNOVATIONS...

We aim at executing an integrated financial services model

Shared
customer resources

Insurance

Banking

Investment

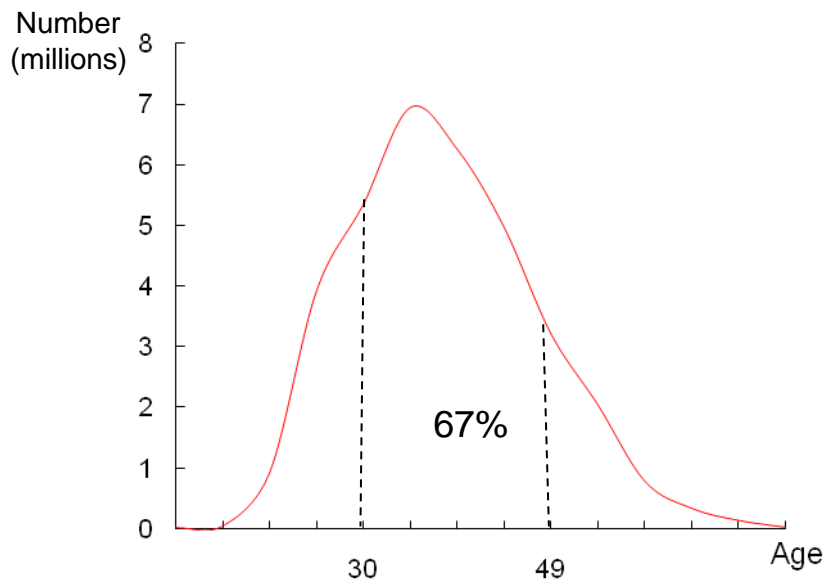
Leading edge, centralized
operations and IT platform

A refined approach with unique advantages

- Effective acquisition of customers through large agency force of over 400,000 and high-margin, regular-premium life products
- Cross-selling of other products through strong combined incentives resulting in greater value per customer, higher productivity per agent, and better cost effectiveness
- Deploy telesales and internet sales capability to complement traditional channels
- Maintain single customer database, and enable multi-product, multi-channel operations through a shared platform

Retail customer demographics working to our great advantage

Ping An customers age distribution



Characteristics:

- Over 50 million retail customers by 2009
- 70% of customers in urban coastal areas
- 1/3 having tertiary education
- Annual income per customer 3 times the urban average

Demographic trend highly favorable

- Ping An customers' average age less than 40 yrs old, and 2/3 concentrated in the 30-49 years old; the growing middle-class segment has a strong demand for financial services
- Over 7 million new customers acquired in 2009, average age below 35
- New customer acquisition trend: rising premium per policy, better education/income level, and improving wealth accumulation potential
- Non-insurance products through cross selling to insurance customers show higher profit contribution

SME growth also taking off, presenting attractive new opportunities

Sharpening our focus on the SME sector

- Accumulated more than 2 million corporate customers by 2009, mostly SMEs
- Established for corporate customers e-marketing models to drive disciplined selling of multiple products to accelerate growth
- Dedicated cross-selling efforts: over 10% new deposits contribution for SME banking, 37% new securities accounts and 40% short-term group insurance business generated by cross-selling in 2009



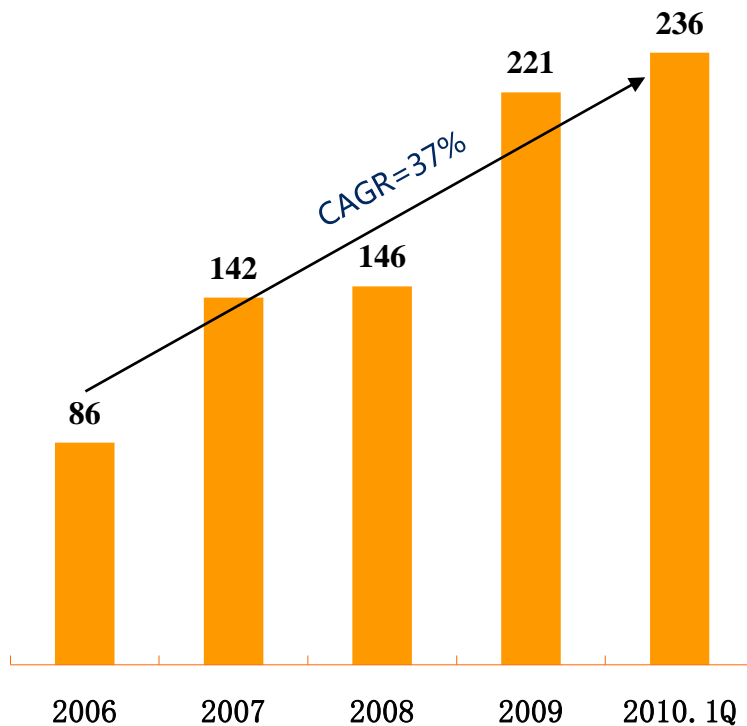
Very promising trends so far

- Ping An Securities specialized in equity/debt financing for SMEs to achieve market leadership; top underwriter in league table in 1H2010 for new equity issue
- Ping An Annuity focused on SMEs to achieve #1 market position in assets under trust and investment management
- Ping An P&C built leading position in serving SMEs to generate superior profitability – group motor insurance grew by >20% p.a. over last 5 yrs, contributing to 30% of total motor business but 50% of profits

Following our bank merger in end 2006, cross-selling has helped accelerate growth and penetration of banking products

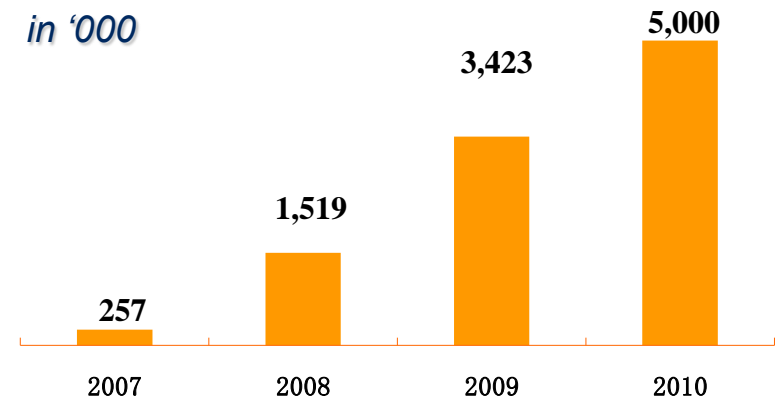
Total bank assets

(RMB billions)



Credit cards issued

in '000



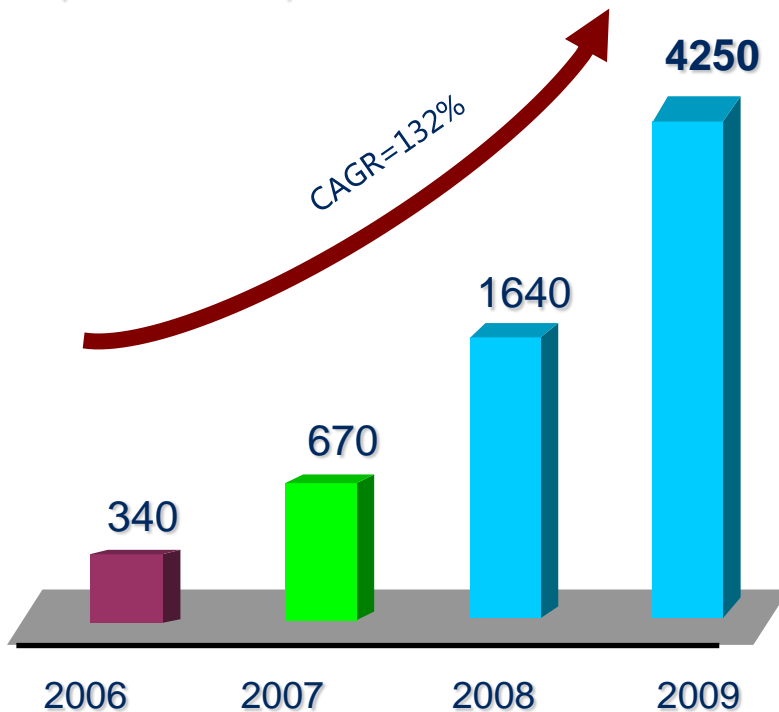
Since the beginning of credit card launch in 2007

- Over 5 million cards issued in 3 years
- Cross-selling initiative contributes to 60% of new card issuance
- Very high active card ratio, rapidly increasing per card spending

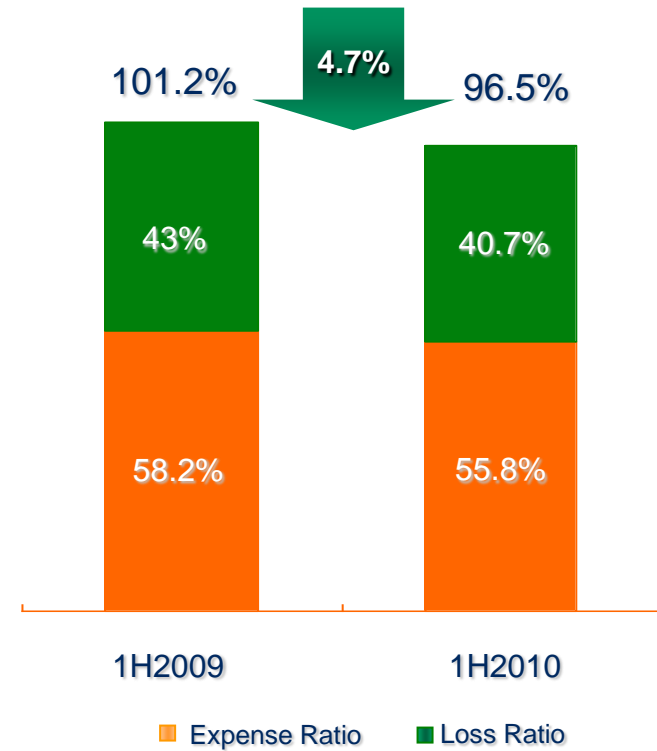
Innovation in distribution: Centralized telesales contributed to significant rise in insurance premium and improvement in underwriting quality

P&C : Strong Premium Growth contributed from telesales

(RMB millions)

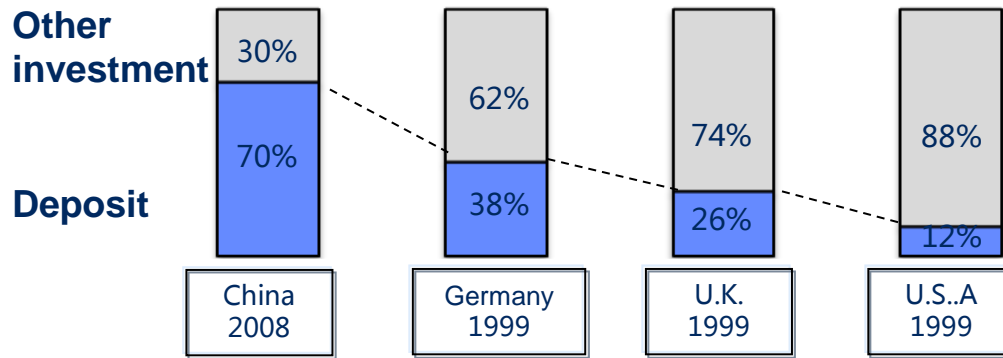


Combined Ratio



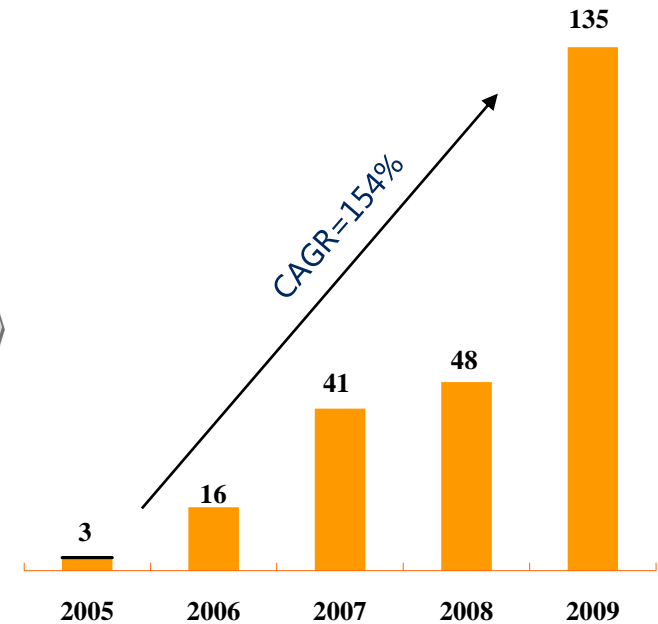
Product innovation: Ping An Trust focuses on affluent private customers, strong in product origination with alternative investment classes

Distribution of household wealth



Trust : Third-party AuM

(RMB billions)



- With further development of Chinese capital markets, high net worth individuals will gradually allocate more savings towards financial investment products; in particular, they will likely favor "inflation-proof, stable-yield" investment products
- Ping An Trust captures the opportunity to develop a rich product line, covering the real estate, private equity, infrastructure, fixed income, money market, stock market and other product segments to meet diverse needs of affluent customers

Leverage innovative expertise of Discovery to build leading position in untapped health insurance market

Structure of JV

- Ping An : Discovery 80:20
- Discovery provide senior managers, product, risks and system expertise
- Leverage Chinese health care reform opportunities, especially in middle upper income segment
- Jointly develop leading health insurance business model in China

Ping An advantages

- Leading integrated financial services group in ChinaBrand
- Distribution and branch infrastructure
- Customer base
- Centralized operations

Discovery advantages

- Number 1 health insurer in South Africa with 43% market share
- Research and innovative development
- Actuarial risk management
- Clinical risk management
- Systems and operations

Example of Discovery innovation – The Vitality program

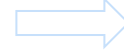
Complete a health risk assessment



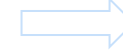
Determine *Vitality Age* and set goals



Obtain a *Personal Pathway*



Achieve a Status and earn *Vitality Bucks*



Enjoy rewards



Cycle is repeated

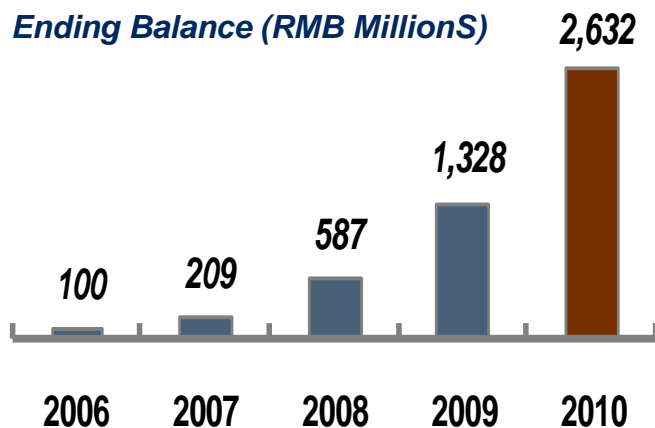
Building leading position in untapped consumer finance market through innovative and centralized business model

- **Target segment:** middle low income 2k-20k monthly
- **Key features:** no collateral, loan size 8k-100k, interest rate 20%-45%, 1 day approval and disbursement

Key elements of business model

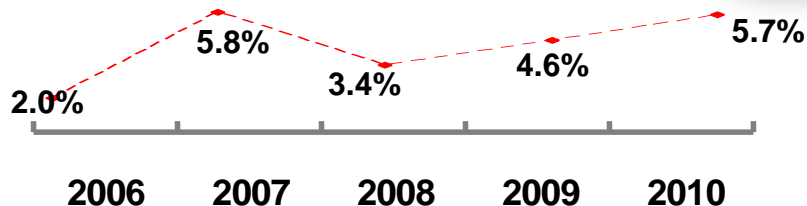
- Management team with 20-30 years of experience from Citi and HSBC in South Korea and other Asian countries
- Innovative credit guarantee insurance model, leveraging multiple financial licenses: insurance and banking
- Advanced centralized and automated credit scoring for rapid expansion with strong control
- Leverage group operating platform to centralize and automate back office processes to lower cost and improve service
- Multiple channel acquisition approach: direct sales + group based telesales and internet sales
- Currently 125 outlets in 41 cities, expected to be 1000 outlets by 2015

Ending Balance (RMB MillionS)



Breakeven in 2010, rapid growth in profit expected

(NCL+Indemnity) % ANR



Ping An's leading edge: Innovation in life insurance sales

1



Promote life insurance products using laptop computer

2



Analysis for clients, recommendations based on customer demand, generation of e-proposals

3



Insurance data upload to back-office

Underwriting information in real-time feedback



4



Receive premium real-time via e-POS, new policy takes immediate effect

5



Add e-policy to customer's combined-account immediately, paper-based policy delivered later

e-marketing allows Ping An to improve operation efficiency and capture cross-selling opportunities

Ping An's leading edge: Advanced IT capabilities & centralized back-office processing platform

- **Today, Ping An has a very advanced integrated IT platform**

- Started from 2001, IT has set out to create an integrated technology platform to support the group-wide “single-customer, multi-product, multi-channel” strategy
- This is an ambitious program to create a single customer view, a unified customer front-end and an integrated back-office while working in compliance with multiple regulators in China
- This initiative is ready to take advantage of the cross-selling opportunities across all subsidiaries

- **IT enables a cutting edge back-office**

- A fully shared, efficient, scalable and cost-effective processing platform
- Supports a 50 million+ customer database, a 15K+ telesales force, a centralized back-office with 10K+ operation staff, a 400K+ agency force; all created to support business operations across 10+ major subsidiaries

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