

Consolidated balance sheet

As at 31 December 2008
(in RMB million)

	31 December 2008	31 December 2007
ASSETS		
Cash on hand and at bank	52,445	72,740
Balances with clearing companies	1,177	2,027
Placements with banks and other financial institutions	304	1,192
Held-for-trading financial assets	65,486	84,938
Derivative financial assets	17	177
Financial assets purchased under agreements to resell	13,084	36,457
Interest receivables	6,931	4,187
Premium receivables	4,554	4,568
Due from reinsurers	2,733	2,452
Reinsurers' share of insurance contract liabilities	11,354	4,931
Policy loans	3,725	2,411
Loans and advances to customers	74,160	63,125
Refundable deposits	108	887
Term deposits	83,003	41,731
Available-for-sale financial assets	212,236	178,539
Held-to-maturity investments	126,502	127,736
Long-term equity investments	6,025	2,207
Goodwill	617	610
Statutory deposits	5,860	1,560
Investment properties	6,551	4,051
Fixed assets	7,641	7,894
Intangible assets	9,500	3,621
Deferred tax assets	7,767	87
Other assets	5,860	3,216
Total assets	707,640	651,344

Consolidated balance sheet

As at 31 December 2008
(in RMB million)

31 December 2008

31 December 2007

LIABILITIES AND EQUITY

LIABILITIES

Short-term borrowings	3,071	3,719
Due to banks and other financial institutions	17,204	7,532
Guarantee deposits	7,413	5,398
Placements from banks and other financial institutions	33	175
Derivative financial liabilities	265	189
Financial assets sold under agreements to repurchase	41,334	13,980
Customer deposits	80,649	72,133
Payables to brokerage customers	6,929	14,394
Premiums received in advance	2,210	2,981
Commission payable	1,243	1,104
Due to reinsurers	3,571	2,656
Salaries and welfare payable	2,156	4,732
Taxes payable	3,073	1,907
Interest payable	975	574
Claims payable	6,222	5,161
Policyholder dividends payable	12,012	7,006
Investment contract liabilities for policyholders	6,420	5,287
Insurance contract liabilities	420,064	380,947
Long-term borrowings	3,884	3,218
Deferred tax liabilities	472	4,822
Other liabilities	6,971	4,211
Total liabilities	626,171	542,126

LIABILITIES AND EQUITY (CONTINUED)**EQUITY**

Share capital	7,345	7,345
Capital reserve	48,095	72,111
Surplus reserve fund	6,125	5,655
General reserve	395	395
Retained profits	16,820	21,770
Foreign currency translation differences	(23)	(42)
Equity attributable to equityholders of the parent	78,757	107,234
Minority interests	2,712	1,984
Total equity	81,469	109,218
Total liabilities and equity	707,640	651,344

Consolidated income statement

For the year ended 31 December 2008

(in RMB million)

	2008	2007
Operating income		
Premium income	129,383	100,945
Including: reinsurance premium income	119	85
Less: Premium ceded to reinsurers	(5,813)	(4,298)
Change in unearned premium reserves	(1,780)	(2,615)
Net earned premiums	121,790	94,032
Interest income of banking operations	7,020	5,314
Interest expenses of banking operations	(2,677)	(1,565)
Net interest income from banking operations	4,343	3,749
Fees and commission income of non-insurance operations	1,980	2,814
Fees and commission expense of non-insurance operations	(204)	(502)
Net fees and commission income of non-insurance operations	1,776	2,312
Investment income	28,248	58,182
Fair value gains and losses	(17,668)	6,885
Foreign exchange losses	(465)	(501)
Other income	1,779	604
Total operating income	139,803	165,263
Operating expenses		
Surrenders	(13,362)	(13,333)
Claims paid	(34,592)	(26,998)
Less: Reinsurers' share of claims paid	2,960	2,443
Change in insurance contract liabilities	(38,792)	(77,545)
Less: Reinsurers' share of insurance contract liabilities	5,808	592
Policyholder dividends	(6,276)	(3,514)
Expenses for reinsurance accepted	(23)	(16)
Commission expenses of insurance operations	(14,637)	(10,838)
Business tax and surcharges	(2,576)	(3,656)
General and administrative expenses	(14,025)	(15,524)
Less: Reinsurers' share of expenses	1,456	1,167
Other expenses	(1,931)	(585)
Impairment losses	(26,120)	(289)
Total operating expenses	(142,110)	(148,096)

	2008	2007
Operating profit	(2,307)	17,167
Add: Non-operating income	114	569
Less: Non-operating expenses	(260)	(253)
Profit/(loss) before tax	(2,453)	17,483
Less: Income taxes	3,326	(1,902)
Net profit	873	15,581
Attributable to:		
Equity holders of the parent	662	15,086
Minority interests	211	495
	873	15,581
Earnings per share	RMB	RMB
Basic earnings per share	0.09	2.11
Diluted earnings per share	0.09	2.11

COMPONENTS OF ECONOMIC VALUE

(in RMB million)	December 31, 2008	December 31, 2007
Risk discount rate	Earned Rate/ 11.5%	Earned Rate/ 11.5%
Adjusted net asset value	79,016	107,032
Adjusted net asset value of life insurance business	25,800	30,128
Value of in-force insurance business written prior to June 1999	(11,340)	(9,058)
Value of in-force insurance business written since June 1999	66,859	61,921
Cost of holding the required solvency margin	(11,676)	(9,585)
Embedded value	122,859	150,311
Embedded value of life insurance business	69,643	73,407

(in RMB million)	December 31, 2008	December 31, 2007
Risk discount rate	11.5%	11.5%
Value of one year's new business	10,039	8,254
Cost of holding the required solvency margin	(1,498)	(1,067)
Value of one year's new business after cost of solvency	8,541	7,187

Note: Figures may not match totals due to rounding.

The adjusted net asset value is based on the audited shareholders net assets of the Company and the relative life insurance business as measured on the PRC statutory basis. The relative life insurance business includes business conducted through Ping An Life, Ping An Annuity and Ping An Health. The values placed on certain assets have been adjusted to the market value.