

Consolidated income statement

For the year ended 31 December 2008

(in RMB million)	2008	2007
Gross written premiums and policy fees	98,010	81,675
Less: Premiums ceded to reinsurers	(5,813)	(4,298)
Net written premiums and policy fees	92,197	77,377
Change in unearned premium reserves	(1,979)	(2,502)
Net earned premiums	90,218	74,875
Reinsurance commission income	1,456	1,167
Interest income of banking operations	7,020	5,314
Fees and commission income of non-insurance operations	1,980	2,814
Investment income	(7,416)	52,842
Share of profits of associates and joint ventures	25	4
Other income	1,909	1,197
Total income	95,192	138,213
Change in deferred policy acquisition costs	9,294	9,372
Claims and policyholders' benefits	(70,188)	(92,392)
Commission expenses of insurance operations	(14,660)	(10,854)
Interest expenses of banking operations	(2,677)	(1,565)
Fees and commission expenses of non-insurance operations	(204)	(502)
Loan loss provisions, net of reversals	(220)	118
Foreign exchange losses	(465)	(501)
General and administrative expenses	(19,051)	(19,885)
Total expenses	(98,171)	(116,209)
Profit/(loss) before tax	(2,979)	22,004
Income tax	3,456	(2,785)
Net profit	477	19,219
Attributable to:		
– Equity holders of the parent	268	18,688
– Minority interests	209	531
	477	19,219
	RMB	RMB
Earnings per share attributable to equity holders of the parent:		
– Basic	0.04	2.61
– Diluted	0.04	2.61

Consolidated balance sheet

As at 31 December 2008

(in RMB million)	31 December 2008	31 December 2007
ASSETS		
Balances with central bank and statutory deposits	25,963	20,794
Cash and amounts due from banks and other financial institutions	105,279	87,859
Fixed maturity investments	344,449	274,241
Equity investments	54,599	128,931
Derivative financial assets	17	177
Loans and advances to customers	74,160	63,125
Investments in associates and joint ventures	5,468	1,472
Premium receivables	4,412	4,434
Reinsurers' share of insurance liabilities	8,872	4,880
Policyholder account assets in respect of insurance contracts	30,749	34,871
Policyholder account assets in respect of investment contracts	3,979	4,622
Deferred policy acquisition costs	50,599	41,305
Investment properties	6,389	3,882
Property and equipment	8,287	8,165
Intangible assets	10,279	4,400
Deferred tax assets	6,876	87
Other assets	14,341	8,977
Total assets	754,718	692,222
EQUITY AND LIABILITIES		
Equity		
Share capital	7,345	7,345
Reserves	54,277	81,322
Retained profits	21,329	23,155
Equity attributable to equity holders of the parent	82,951	111,822
Minority interests	2,745	2,029
Total equity	85,696	113,851
Liabilities		
Due to banks and other financial institutions	24,192	14,644
Assets sold under agreements to repurchase	41,124	13,556
Derivative financial liabilities	265	189
Customer deposits and payables to brokerage customers	94,991	91,925
Insurance contract liabilities	462,341	416,474
Investment contract liabilities for policyholders	6,636	5,421
Policyholder dividend payable	12,012	7,006
Income tax payable	2,274	807
Deferred tax liabilities	998	6,369
Other liabilities	24,189	21,980
Total liabilities	669,022	578,371
Total equity and liabilities	754,718	692,222

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.