

Consolidated Income Statement

For the year ended December 31, 2007

(in RMB million)	2007	2006
Gross written premiums and policy fees	80,406	69,696
Less: Premiums ceded to reinsurers	(4,298)	(4,271)
Net written premiums and policy fees	76,108	65,425
Increase in unearned premium reserves, net	(2,502)	(2,299)
Net earned premiums	73,606	63,126
Reinsurance commission income	1,167	1,549
Interest income of banking operations	5,314	192
Other fees and commission income	2,616	657
Investment income	51,744	21,971
Share of profit or loss of associates	4	–
Other income	2,600	703
Total income	137,051	88,198
Change in deferred policy acquisition costs	9,372	5,480
Claims and policyholders' benefits	(92,392)	(66,181)
Commission expenses of insurance operations	(10,854)	(8,078)
Interest expenses of banking operations	(1,565)	(80)
Other fees and commission expenses	(570)	(92)
Loan loss provisions, net of reversals	118	(3)
Foreign currency losses	(501)	(466)
General and administrative expenses	(18,655)	(10,230)
Total expenses	(115,047)	(79,650)
Operating profit before tax	22,004	8,548
Income taxes	(2,785)	(548)
Net profit	19,219	8,000
Attributable to:		
– Equity holders of the parent	18,688	7,838
– Minority interests	531	162
	19,219	8,000
	RMB	RMB
Earnings per share for net profit attributable to equity holders of the parent – basic	2.61	1.27

Consolidated Balance Sheet

As at December 31, 2007

(in RMB million)	2007	2006
ASSETS		
Balances with central bank and statutory deposits	20,794	9,234
Cash and amounts due from banks and other financial institutions	87,859	95,912
Fixed maturity investments	274,241	213,041
Equity investments	128,931	46,729
Derivative financial assets	177	21
Loans and advances to customers	63,125	49,152
Investment in associates	1,472	176
Premium receivables	4,434	2,939
Reinsurance assets	4,880	4,130
Policyholder account assets in respect of insurance contracts	34,871	20,961
Policyholder account assets in respect of investment contracts	4,622	3,971
Deferred policy acquisition costs	41,305	31,866
Investment properties	3,882	1,528
Property and equipment	8,165	4,766
Intangible assets	4,400	1,484
Deferred income tax assets	87	417
Other assets and receivables	8,053	8,108
Total assets	691,298	494,435
EQUITY AND LIABILITIES		
Equity		
Share capital	7,345	6,195
Reserves	81,322	29,703
Retained profits	23,155	10,477
Equity attributable to equity holders of the parent	111,822	46,375
Minority interests	2,029	1,375
Total equity	113,851	47,750
Liabilities		
Due to banks and other financial institutions	14,644	5,138
Assets sold under agreements to repurchase	13,556	13,436
Derivative financial liabilities	189	178
Customer deposits	91,925	75,960
Insurance contract liabilities	416,474	329,541
Investment contract liabilities for policyholders	5,421	4,233
Policyholder dividend payable and provisions	7,006	4,107
Income tax payable	807	691
Deferred income tax liabilities	6,369	1,657
Other liabilities	21,056	11,744
Total liabilities	577,447	446,685
Total equity and liabilities	691,298	494,435

COMPONENTS OF ECONOMIC VALUE

(in RMB million)	31 December, 2007	31 December, 2006
Risk discount rate	Earned Rate/11.5%	Earned Rate/12%
Adjusted net asset value	107,032	46,282
Adjusted net asset value of life insurance business	30,128	19,056
Value of in-force insurance business written prior to June 1999	(9,058)	(20,932)
Value of in-force insurance business written since June 1999	61,921	48,011
Cost of holding the required solvency margin	(9,585)	(7,788)
Embedded value	150,311	65,573
Embedded value of life insurance business	73,407	38,347

(in RMB million)	31 December, 2007	31 December, 2006
Risk discount rate	11.5%	12%
Value of one year's new business	8,254	6,007
Cost of holding the required solvency margin	(1,067)	(875)
Value of one year's new business after cost of solvency	7,187	5,132

Note: Figures may not be additive 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.