

Consolidated Balance Sheet

As at December 31, 2006
(in RMB thousand)

	December 31, 2006	December 31, 2005
ASSETS		
CURRENT ASSETS:		
Cash on hand	347,282	14,150
Cash at bank	89,788,851	80,290,899
Balances with clearing companies	1,134,759	176,987
Precious metal	111,001	-
Balances with central bank	7,713,643	20,271
Due from banks and other financial institutions	2,840,207	426,491
Short-term investments	24,148,945	16,532,789
Placements with banks and other financial institutions	1,727,381	131,394
Short-term loans	10,709,388	400,882
Policy loans	1,380,990	864,483
Assets purchased under agreements to resell	6,950,915	-
Discounted bills	12,633,786	-
Bills negotiation of export and import L/C	317,596	-
Interest receivables	609,230	438,098
Premium receivables	3,072,759	748,808
Receivables from reinsurers	787,042	720,124
Prepaid claims	135,229	226,016
Reinsurance deposits	43	44
Deposits with stock and futures exchanges	74,047	42,120
Other receivables	2,674,855	467,481
Materials	2,501	4,132
Low-value consumables	113,813	88,835
Deferred expenses	121,674	94,348
Financial guarantees	94,040	-
Dividends receivable	42,735	-
Long-term bond investments due within one year	2,506,243	779,804
Total current assets	170,038,955	102,468,156
LONG-TERM INVESTMENTS:		
Long-term equity investments	13,387,680	3,006,663
Consolidation surplus	599,497	330,433
Long-term bond investments	192,024,584	151,965,803
Long-term fund investments	5,193,156	6,977,965
Total long-term investments	211,204,917	162,280,864
Medium to long-term loans	24,240,288	129,667
Overdue loans	895,441	-
Non-accrual loans	2,785,888	93,550
Less: Loan loss provisions	(2,430,726)	(93,550)
Fixed assets:		
Fixed assets, at cost	9,153,167	7,070,964
Less: accumulated depreciation	(2,932,216)	(2,234,777)
Fixed assets, net	6,220,951	4,836,187
Less: impairment losses	(191,972)	(323,275)
Fixed assets, net	6,028,979	4,512,912
Construction in progress	1,233,773	1,318,974
Fixed assets disposal	(819)	(73)
Total fixed assets	7,261,933	5,831,813
INTANGIBLE ASSETS AND OTHER ASSETS:		
Intangible assets	158,506	151,583
Long-term deferred expenses	60,818	36,915
Statutory deposits	1,520,000	1,240,000
Repossessed assets	463,871	7,834
Other long-term assets	29,384	38,839
Separate account assets	24,931,681	15,897,584
Total intangible assets and other assets	27,164,260	17,372,755
DEFERRED TAX:		
Deferred tax assets	630,100	20,487
Total assets	441,791,056	288,103,742

	December 31, 2006	December 31, 2005
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	526,710	—
Short-term deposits	50,626,577	18,077
Short-term saving deposits	10,725,197	—
Due to banks and other financial institutions	3,464,731	36,376
Placements from banks and other financial institutions	991,705	—
Assets sold under agreements to repurchase	13,436,183	7,095,400
Handling charges payable	117,714	76,166
Commission payable	776,008	556,731
Due to reinsurers	746,051	532,903
Premium received in advance	1,351,586	1,879,808
Deposits from reinsurers	614	58,121
Guarantee deposits	5,484,740	76,664
Inward and outward remittances	248,673	—
Interest payable	309,139	5,134
Salary payable	1,723,438	475,497
Welfare payable	295,380	142,411
Warrants payable	88,319	—
Policyholder dividends payable	4,106,627	2,864,005
Dividends payable	81,018	75,909
Taxes payable	1,119,832	672,725
Other payables	2,191,157	1,355,709
Accrued expenses	75,146	16,462
Claim reserves	6,155,458	4,928,257
Unearned premium reserves	8,702,315	6,240,733
Insurance guarantee fund	81,857	60,110
Customer deposits	3,750,122	1,729,716
Other current liabilities	190,772	—
Long-term liabilities due within one year	1,577,482	—
Total current liabilities	118,944,551	28,896,914
LONG-TERM LIABILITIES:		
Long-term deposits	3,043,310	—
Long-term saving deposits	454,522	—
Long-term guarantee deposits	49,386	—
Long-term borrowings	155,000	—
Long-term unearned premium reserves	2,408,042	2,413,790
Policyholders' reserves for life insurance	223,721,661	183,096,087
Long-term reserves for health insurance	30,126,399	24,568,558
Deposits from policyholders	36,745	40,101
Other long-term liabilities	1,016	1,862
Separate account liabilities	24,931,681	15,897,584
Including: Separate account reserves	19,812,450	15,276,242
Total long-term liabilities	284,927,762	226,017,982
Total liabilities	403,872,313	254,914,896

	December 31, 2006	December 31, 2005
LIABILITIES AND SHAREHOLDERS' EQUITY <i>(Continued)</i>		
Total liabilities	403,872,313	254,914,896
MINORITY INTERESTS	1,250,878	524,840
SHAREHOLDERS' EQUITY:		
Share capital	6,195,053	6,195,053
Capital reserve	15,162,889	15,162,575
Surplus reserve fund	6,126,092	5,526,410
General reserve	394,510	394,510
General risk provision	16,752	–
General provision	76,633	35,679
Loss provision for trust business	28,774	–
Retained profits	8,667,162	5,349,779
Including: Proposed dividends	1,615,912	–
Total shareholders' equity	36,667,865	32,664,006
Total liabilities and shareholders' equity	441,791,056	288,103,742

Consolidated Income Statement

For the year ended December 31, 2006
(in RMB thousand)

	2006	2005
Underwriting income		
Premium income	85,954,952	71,609,012
Reinsurance premium income	28,447	16,112
Less: Premium ceded to reinsurers	(4,271,271)	(4,241,477)
Total underwriting income	81,712,128	67,383,647
Underwriting expenses		
Claim expenses	(10,721,175)	(8,221,809)
Less: Claims recoverable from reinsurers	2,446,436	2,475,359
Subrogation income	45,617	48,974
Claims for reinsurance accepted	(8,645)	(3,851)
Payments on death and medical claims	(1,086,421)	(982,244)
Payments on maturities	(3,034,671)	(3,263,281)
Payments on annuities	(2,770,432)	(2,446,820)
Payments on surrenders	(8,493,282)	(6,956,103)
Expenses for reinsurance accepted	(3,983)	(2,093)
Handling charges	(1,831,898)	(963,581)
Commission expenses	(6,242,087)	(4,962,019)
Business tax and surcharges	(1,644,692)	(909,742)
Operating expenses	(9,759,034)	(7,033,277)
Less: Expenses recoverable from reinsurers	1,548,494	1,370,793
Provision for insurance guarantee fund	(270,560)	(209,280)
Total underwriting expenses	(41,826,333)	(32,058,974)

	2006	2005
Changes in reserves		
Provision for claim reserves	(6,155,458)	(4,928,257)
Less: Write-back of claim reserves	4,928,257	3,874,137
Provision for unearned premium reserves	(8,702,315)	(6,240,733)
Less: Write-back of unearned premium reserves	6,240,733	4,868,859
Provision for long-term unearned premium reserves	(2,408,042)	(2,413,790)
Less: Write-back of long-term unearned premium reserves	2,413,790	1,894,930
Provision for policyholders' reserves for life insurance	(243,534,111)	(198,372,329)
Less: Write-back of policyholders' reserves for life insurance	198,372,329	167,142,916
Provision for long-term reserves for health insurance	(30,126,399)	(24,568,558)
Less: Write-back of long-term reserves for health insurance	24,568,558	18,625,804
Total change in reserves	(54,402,658)	(40,117,021)
Underwriting losses	(14,516,863)	(4,792,348)
Add: Other profit	16,080	115,500
Investment income	18,513,069	5,885,130
Interest income	3,847,041	3,882,770
Income from assets purchased under agreements to resell	27,974	338
Commission income	475,085	175,327
Securities underwriting income	139,665	79,355
Foreign exchange losses	(480,027)	(407,790)
Less: Interest expenses	(129,750)	(15,816)
Policyholder dividends	(1,486,737)	(1,064,118)
Expenses of assets sold under agreements to repurchase	(172,065)	(91,071)
Other handling charges	(50,133)	(18,344)
Loan loss provisions	(947)	72,997
Operating profit	6,182,392	3,821,930
Add: Non-operating income	86,885	56,618
Less: Non-operating expenses	(11,272)	(122,758)
Profit before tax	6,258,005	3,755,790
Less: Income tax	(135,257)	(387,637)
Profit after tax	6,122,748	3,368,153
Less: Minority interests	(136,786)	(29,725)
Net profit	5,985,962	3,338,428

Components of Economic Value

As at December 31, (in RMB million)	2006	2005
Adjusted net asset value	46,282	33,072
Value of in-force insurance business written prior to June 1999	(20,932)	(18,089)
Value of in-force insurance business written since June 1999	48,011	38,537
Cost of holding the required solvency margin	(7,788)	(5,157)
Embedded Value	65,573	48,363
Value of one year's new business	6,007	5,148
Cost of holding the required solvency margin	(875)	(609)
Value of one year's new business after cost of solvency	5,132	4,539

The adjusted net asset value is based on the audited shareholders net assets of the Group as measured on the PRC statutory basis. The values placed on certain assets have been adjusted to the market values. It should be noted that the adjusted net asset is for the whole Group, including Ping An Life and other business units, whilst the value of in-force insurance business and the value of one year's new business presented are only in respect of Ping An Life and not other business units.