

**中国平安 PINGAN**

保險 · 銀行 · 投資

# 2009 Interim Results

August, 2009

中国平安 PINGAN

# Cautionary Statements Regarding Forward-Looking Statements

To the extent any statements made in this presentation containing information that is not historical are essentially forward-looking. These forward-looking statements include but not limited to projections, targets, estimates and business plans that the Company expects or anticipates will or may occur in the future. These forward-looking statements are subject to known and unknown risks and uncertainties that may be general or specific. Certain statements, such as those include the words or phrases "potential", "estimates", "expects", "anticipates", "objective", "intends", "plans", "believes", "will", "may", "should", and similar expressions or variations on such expressions may be considered forward-looking statements. Reader should be cautioned that a variety of factors, many of which may be beyond the Company's control, affect the performance, operations and results of the Company, and could cause actual results to differ materially from the expectations expressed in any of the Company's forward-looking statements. These factors include, but are not limited to, exchange rate fluctuations, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions and other risks and factors beyond our control. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. In addition, the Company undertakes no obligation to publicly update or revise any forward-looking statement that is contained in this presentation as a result of new information, future events or otherwise. None of the Company, or any of its employees or affiliates is responsible for, or is making, any representations concerning the future performance of the Company.

# Agenda

Topic	Speaker	Position
Overview	Peter Ma	Group Chairman & CEO
Operating Highlights	Louis Cheung	Executive Director & Group President
Financial Analysis and Embedded Value	Jason Yao	Executive Director, Group Vice President & Chief Actuary
Insurance Business Review	Dominic Leung	Group Chief Insurance Business Officer
Investment Business Review	Timothy Chan	Group Deputy Chief Investment Officer
Banking Business Review	Richard Jackson	President, Ping An Bank

# Overview

## Overview

**During the first half of 2009, China's economy maintained its steady and rapid growth momentum. Similarly, Ping An was able to sustain its strong growth momentum across core businesses, while improving its asset quality and the quality of its overall business. Insurance business growth rate in premium far exceeded market average, market share largely expanded, the new business value of life business and the net asset of the company both increased significantly. The scale and quality of bank's asset improved. Investment assets under management continued to grow. The Cross-selling model is more visible and enhanced. The integrated strength and the sustainable development capabilities of the company were further improved.**

**Looking forward, the long term trend of economic growth of China will continue, and the growth potential in the financial sector of China is huge. We firmly believe that integrated financial service is an irreversible development trend. We will continue to execute our strategy and create more value to our shareholders, customers and the society through two strategic initiatives: increasing the number of customers and generating more profit from each customer.**

# Operating Highlights

# Positive Recovery Trend in China's Economy

## Capital Market

- n A-shares recovered significantly, CSI 300 index increased by 74.2%
- n Hong Kong stock market and major overseas stock market all bounced back
- n Dividend payout of equities and yield of bonds still remained low

## Real Economy

- n GDP increased by 7.1%, showing an upward trend and momentum
- n CPI decreased by 1.1% and PPI decreased by 5.9%
- n Total international trade volume decreased by 23.5%
- n Economy recovery of US and European Countries is still unclear

## Macro Policies

- n Interest rates was still low and liquidity was improving
- n “Moderately easing” monetary policy, cumulative loan growth reached RMB 7.36 trillion in the first half of 2009

# Operating Highlights of Our Three Major Businesses

## Insurance Business

- n Increased market share of both P&C business and life insurance business, which reached 11.8% and 16.8% respectively
- n While total premium income grew by 35.5%, one-year new business value of life business increased by 19.8% compared to the end of 2008
- n In terms of annuity payments, assets under trust and investment assets under management, Ping An Annuity ranked top in the industry

## Investment Business

- n Total investment yield increased to 4.8%, net investment yield remained steady
- n Ping An Securities underwrote 6 corporate bonds, the best record in the history
- n Assets under management of Ping An Trust reached RMB 81.3 billion, increased significantly by 67.5%

## Banking Business

- n Total assets increased by 35.3% and approached RMB 200 billion
- n In-force credit cards broke through 2 million, 67% of new cards issued in the first half of 2009 were attributed to cross-selling
- n Significant progress was made on our investment in Shenzhen Development Bank

# Financial Highlights

(in RMB million)	PRC Basis	IFRS Basis
<b>Total Income</b>	110,868 ↑ 55.1%	79,439 ↑ 24.8%
Insurance Business Income <sup>(1)</sup>	92,685 ↑ 33.9%	64,774 ↑ 19.5%
<b>Net Profit</b>	4,558 ↓ 37.6%	5,441 ↓ 44.0%
<b>Total Assets</b>	830,220 ↑ 17.3%	885,419 ↑ 17.3%
<b>Total Equity</b>	96,683 ↑ 18.7%	101,793 ↑ 18.8%
<b>EPS (in RMB)</b>	0.59 ↓ 39.2%	0.71 ↓ 45.0%

Notes: (1)The income of insurance business under IFRS basis includes gross written premiums and policy fees

(2)The changes in total income, net profit and EPS are compared with the end of Jun.30, 2008 and the changes in total assets and total equity are compared with Dec. 31, 2008

# The Scale and Depth of Our Cross-Selling further Enhanced along with Visible Synergies

(in RMB million)

	Amount	Business Contribution Percentage
<b><u>New business from cross-selling</u></b>		
<b>P&amp;C insurance</b>		
Premium income	2,672	14.2%
<b>Corporate annuity business</b>		
Fiduciary business	360	8.4%
Investment management business	384	7.0%
<b>Trust business</b>		
Trust plans	3,523	6.7%
<b>Banking business</b>		
Corporate deposit (daily average increments)	1,986	12.0%
New cards issued (in thousand)	470	66.6%

# Steady Execution of Our Integrated Financial Strategy

## Enhance our foundation and leverage our competitive advantages

- n Maintain sustainable, healthy and balanced growth in our three business pillars
- n With our full range of financial services licenses, young customer base and strong back-office platform, we will further leverage our competitive advantage in integrated financial services

## Increase number of customers and generate more profit per customer

- n Explore the potential of our existing 47 million customer base
- n Being customer centric, acquire new customers through development of our integrated financial service platform
- n Provide better and more products to our customers through our proven cross-selling mechanism
- n Proceed with the strategic investment in SDB and speed up our execution of integrated financial strategy

## Steady Steps towards

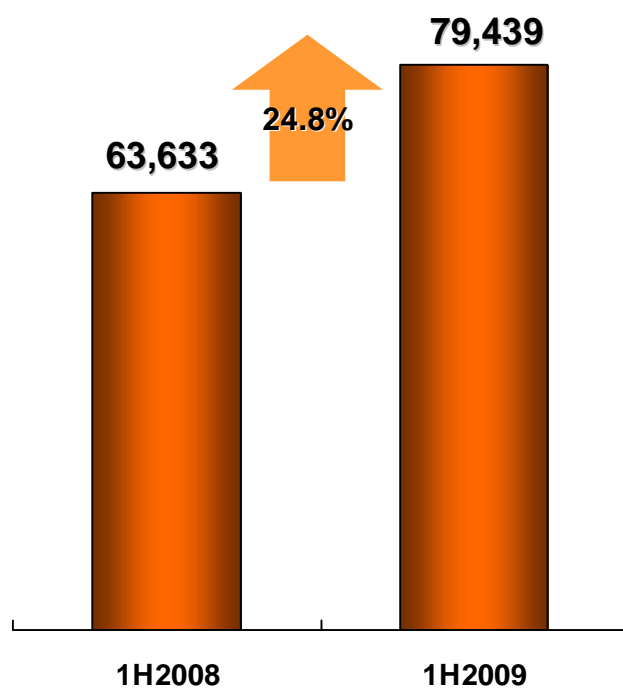
“One customer,  
One account,  
Multiple products  
and One-stop  
services”

# Financial Analysis and Embedded Value

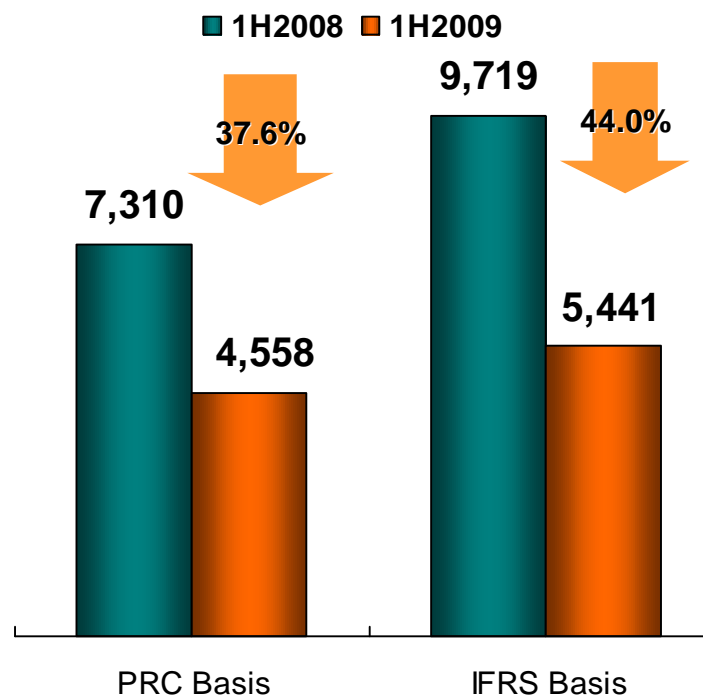
# Total Income Increased, while Net Profit Decreased

(in RMB million)

## Income (IFRS Basis)



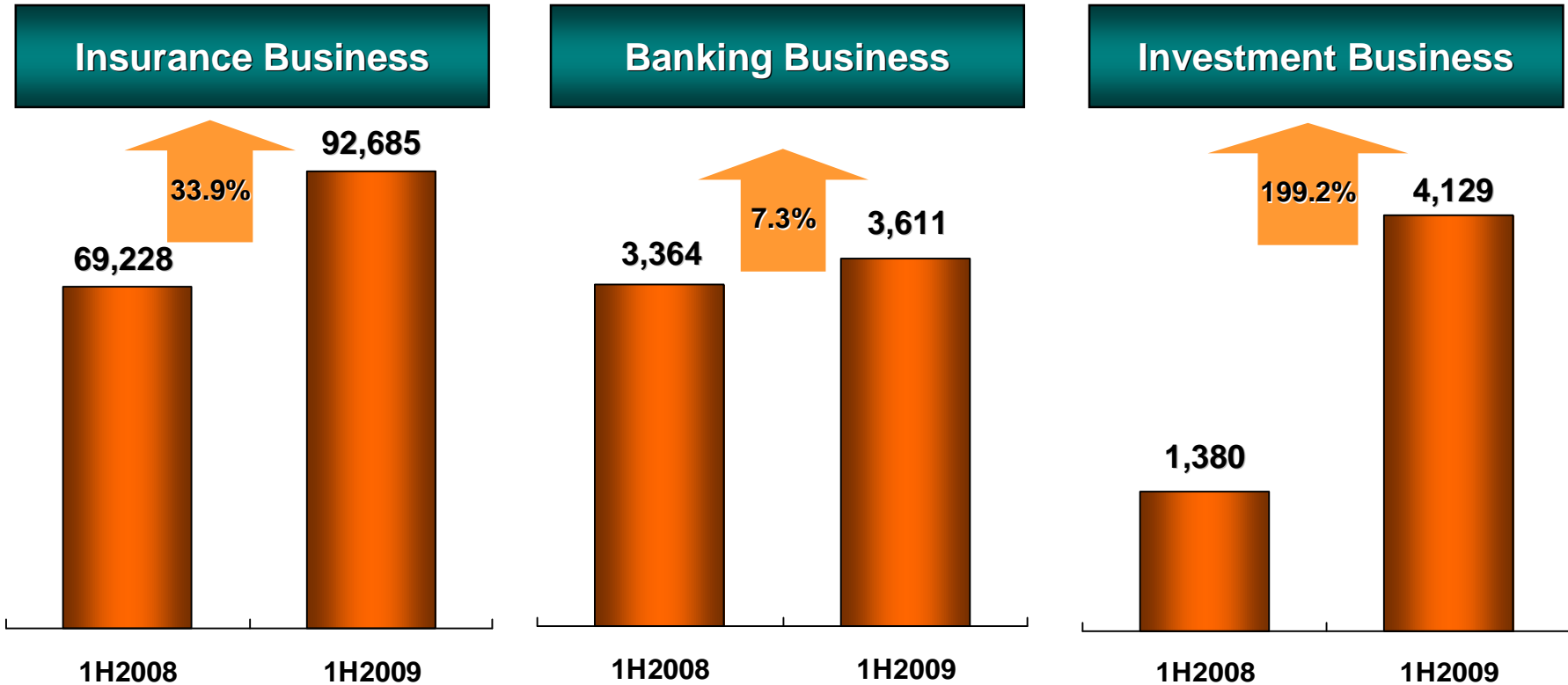
## Net Profit



Note: Incomes include interest expenses, fees and commissions from banking business

# Income Growth by Business Segments

(in RMB million)



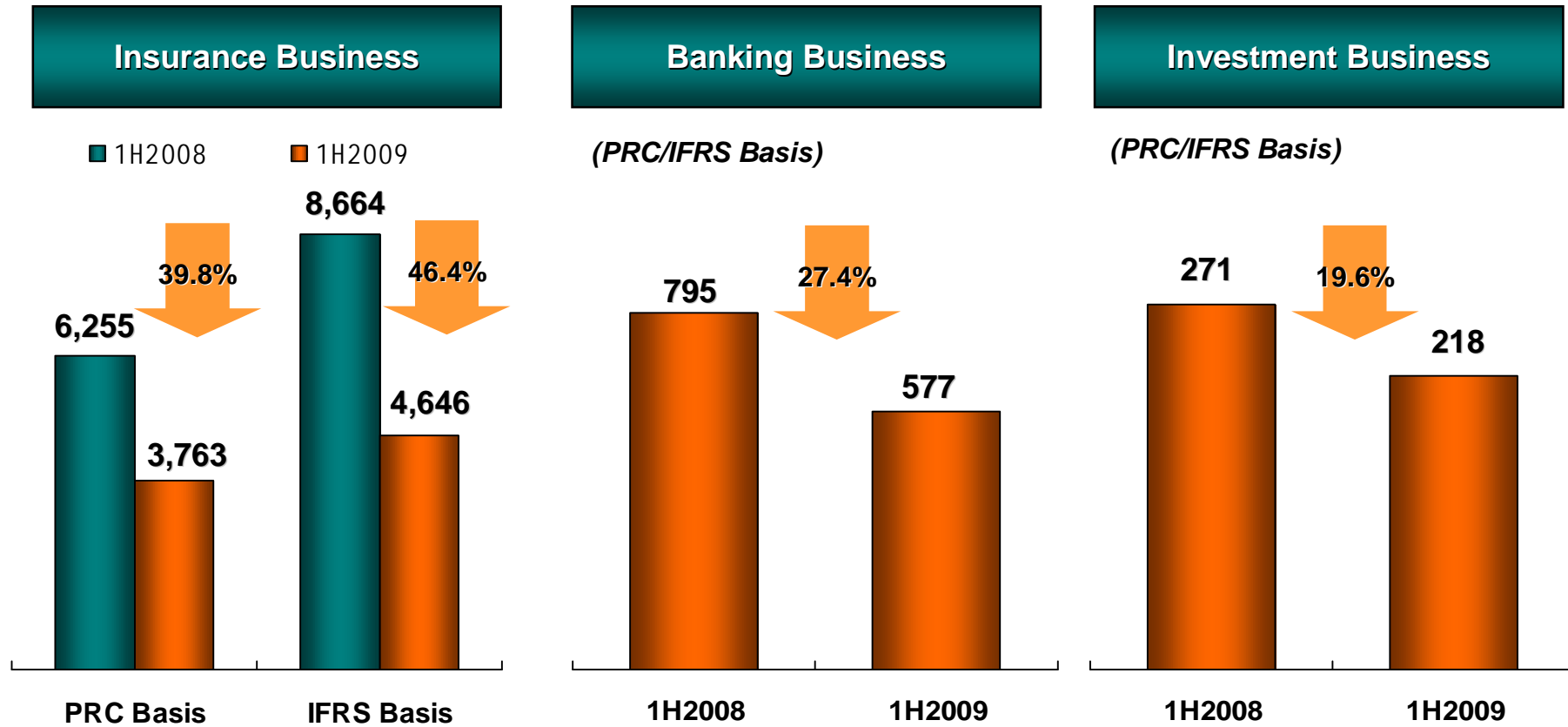
Notes: (1) Insurance incomes are numbers calculated on PRC GAAP basis

(2) Banking incomes are numbers calculated on IFRS basis without deducting interest expenses, fees and commissions

(3) Investment incomes are numbers calculated on IFRS basis, including incomes from Headquarters, Securities, Trust, Asset Management and other business lines (excluding set-offs)

# Net Profit by Business Segments

(in RMB million)



Notes: (1) Net profits from insurance pillar cover Life insurance and P&C insurance

(2) Net profits from banking pillar refer to that from PAB

(3) Net profits from investment pillar include that from Headquarters, Securities, Trust, Asset Management and other business (excluding set-offs)

## Enhanced Capital Adequacy and Solvency Margin

<u>Solvency Margin/CAR</u>	2009/06/30	2008/12/31	Change
Group	325.8%	308.0%	↑ 17.8%
Life	220.6%	183.7%	↑ 36.9%
P&C	161.0%	153.3%	↑ 7.7%
Bank	11.2%	10.7%	↑ 0.5%

# Tax Inspection

## Regular Tax Inspection Completed

- n State Administration of Taxation completed its regular inspection over the tax affairs of Ping An for fiscal year 2004, 2005 and 2006
- n We have made relevant tax provisions based on the result of the inspection as well as our understanding of the tax laws

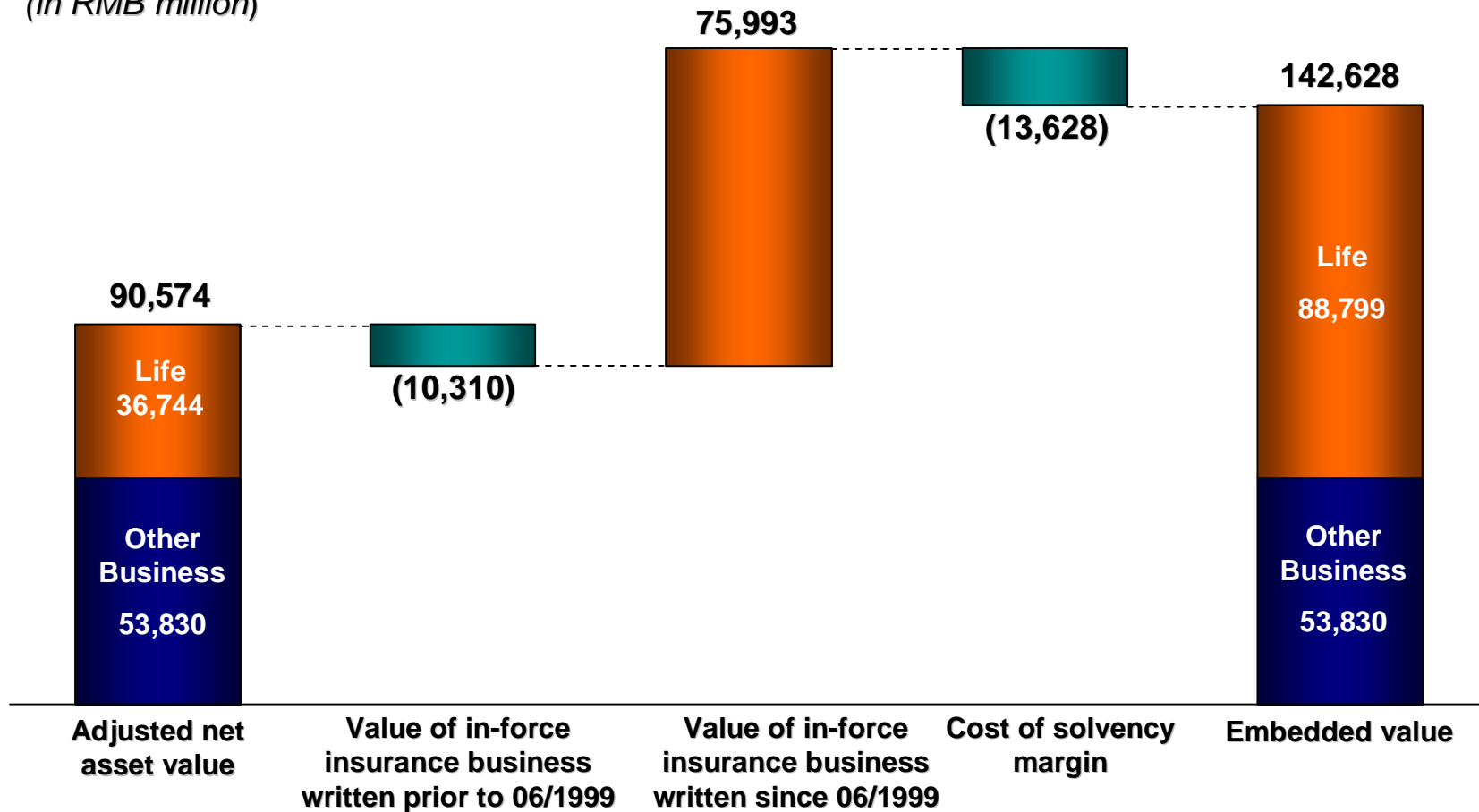
## Financial Impact already Reflected

- n The financial impact of the tax inspection has been basically reflected in the first half of 2009
- n As at June 30, 2009, the total tax provisions made was RMB 1,018 million, in which the tax provisions made in 2008 and in the first half of 2009 were RMB 147 million and RMB 871 million respectively

# Composition of Embedded Value

## Embedded Value Component –1H2009

(in RMB million)



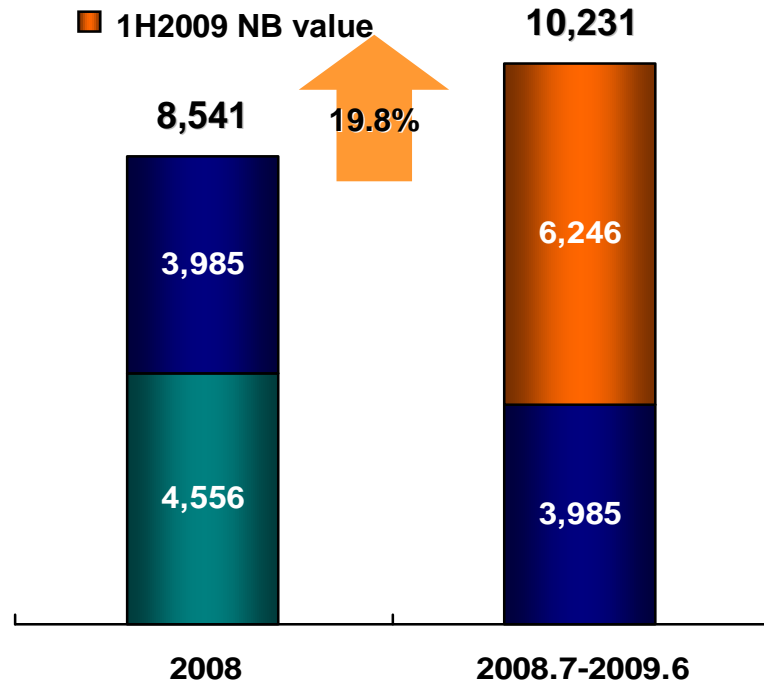
Note: The relative life insurance business includes business conducted through Ping An Life, Ping An Annuity and Ping An Health

# One Year's New Business Value

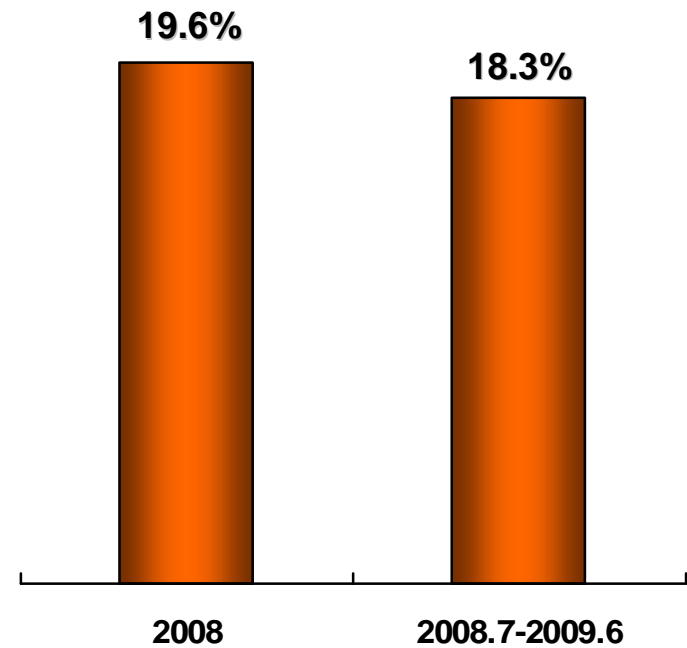
## One Year's New Business Value

(in RMB million)

- 1H2008 NB value
- 2H2008 NB value
- 1H2009 NB value



## The Overall New Business Margin



Note: In the table above, the assumptions used to calculate the value of first half year's new business in 2008 are the same with current assumptions used to calculate the new business value. If the 2008 mid-year valuation's assumptions were used, the value of first half year's new business in 2008 would be RMB4,911 million

# One Year's New Business Mix

<i>NB Mix</i> <i>(past 12 months)</i>	2009/06/30	2008/12/31	Change
<b><u>Individual Life</u></b>	43.7%	46.2%	↓ 2.5%
Long-term Individual Life	43.2%	45.6%	↓ 2.4%
Short-term Individual Life	0.5%	0.6%	↓ 0.1%
<b><u>Group Life</u></b>	14.0%	20.7%	↓ 6.7%
<b><u>Bancassurance</u></b>	42.3%	33.1%	↑ 9.2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	
<i>(in RMB million)</i>	<b>100%=56,025</b>	<b>100%=43,530</b>	

# Insurance Business Review

# Insurance Business Highlights

## Life Insurance

- n Strong and healthy growth in life insurance business with market share increased to 16.8% , 2.8 percentage points higher than that at the year end of 2008
- n By expanding sales channels in both individual life insurance and bancassurance, first-year regular premiums and bancassurance premium increased 39.1% and 137.8% respectively
- n The number of life insurance sales agents approaching 394,000, increased 10.6% as compared to the end of 2008

## Corporate Annuity

- n In terms of annuity payments, assets under trust and assets under investment management, our annuity company ranked top in the industry

## Property & Casualty Insurance

- n Property & Casualty Insurance gross written premiums increased 27.9% to RMB 18,764 million
- n Market share rose to 11.8%, increased by 0.9 percentage points as compared to the end of 2008

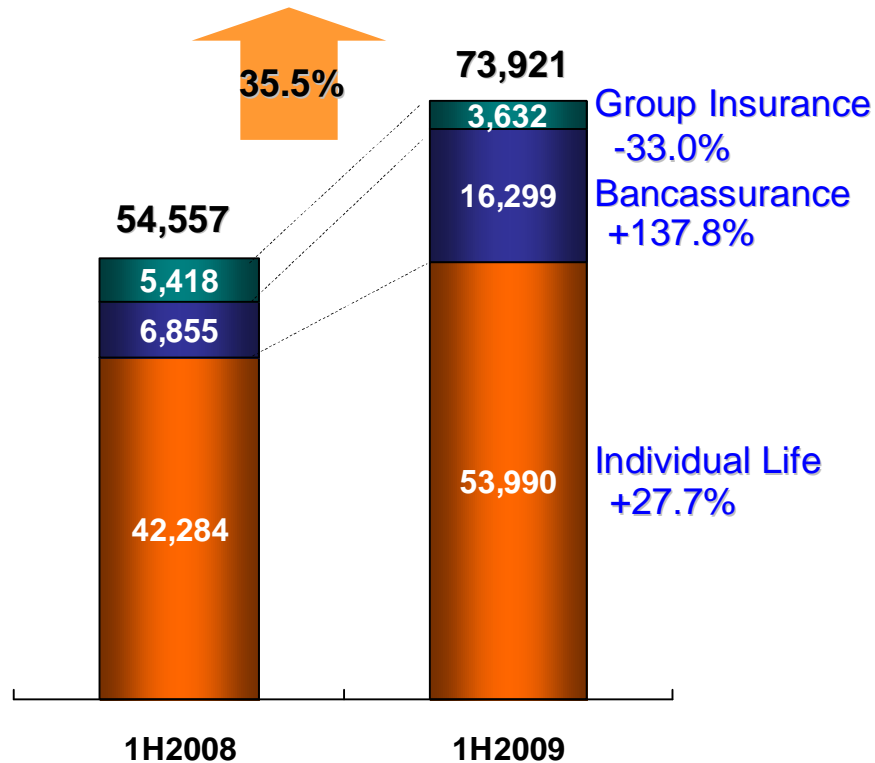
Notes: (1) Life insurance includes our life insurance business through Ping An Life, Ping An Annuity and Ping An Health

(2) P&C insurance includes our property and casualty insurance business through Ping An Property & Casualty and Ping An Hong Kong

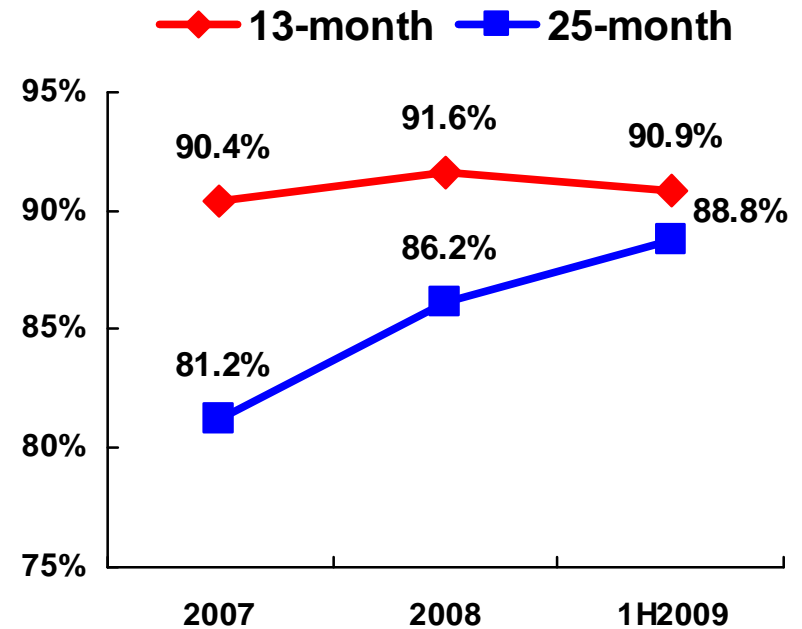
# Strong Growth of Life Insurance Premium Income and Improved Business Quality

( in RMB million, IFRS based)

Premium Income and Deposits



Policy Persistency Ratio



Note: Life insurance includes our life insurance business through Ping An Life, Ping An Annuity and Ping An Health

# Individual Life Premium Income

( in RMB million, IFRS based)

<u>Individual Life</u>	1H2009	1H2008	Change
First year regular premiums, policy fees and deposits	15,158	10,894	+39.1%
First year single premiums, policy fees and deposits	883	700	+26.1%
Short term accident and health premiums	1,014	975	+4.0%
<b>Total new business</b>	<b>17,055</b>	<b>12,569</b>	<b>+35.7%</b>
<b>Renewal business</b>	<b>36,935</b>	<b>29,715</b>	<b>+24.3%</b>
<b>Total individual life</b>	<b>53,990</b>	<b>42,284</b>	<b>+27.7%</b>

Notes: (1)Premium income IFRS based includes gross written premiums, policy fees and premium deposits

(2)Life insurance includes our life insurance business through Ping An Life, Ping An Annuity and Ping An Health

# Bancassurance and Group Insurance Premium Income

( in RMB million, IFRS based)

	1H2009	1H2008	Change
<b><u>Bancassurance</u></b>			
First year regular premiums, policy fees and deposits	102	34	+200.0%
First year single premiums, policy fees and deposits	15,875	6,669	+138.0%
Short term accident and health premiums	1	1	-
<b>Total new business</b>	<b>15,978</b>	<b>6,704</b>	<b>+138.3%</b>
<b>Renewal business</b>	<b>321</b>	<b>151</b>	<b>+112.6%</b>
<b>Total bancassurance</b>	<b>16,299</b>	<b>6,855</b>	<b>+137.8%</b>

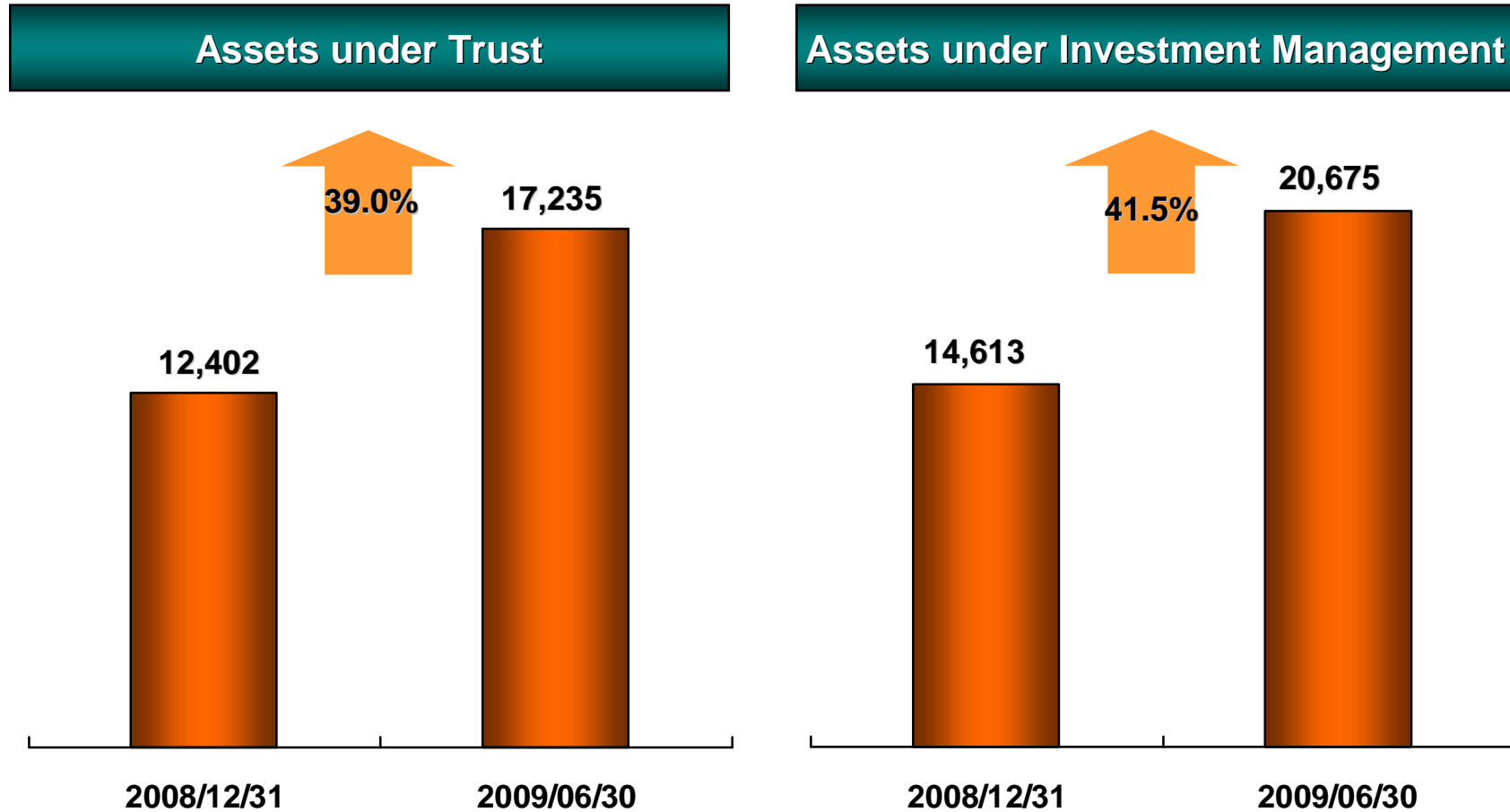
	1H2009	1H2008	Change
<b><u>Group Insurance</u></b>			
First year single premiums, policy fees and deposits	1,403	3,219	-56.4%
Short term accident and health premiums	2,216	2,004	+10.6%
<b>Total new business</b>	<b>3,619</b>	<b>5,223</b>	<b>-30.7%</b>
<b>Renewal business</b>	<b>13</b>	<b>195</b>	<b>-93.3%</b>
<b>Total group insurance</b>	<b>3,632</b>	<b>5,418</b>	<b>-33.0%</b>

Notes: (1)Premium income IFRS based includes gross written premiums, policy fees and premium deposits

(2)Life insurance includes our life insurance business through Ping An Life, Ping An Annuity and Ping An Health

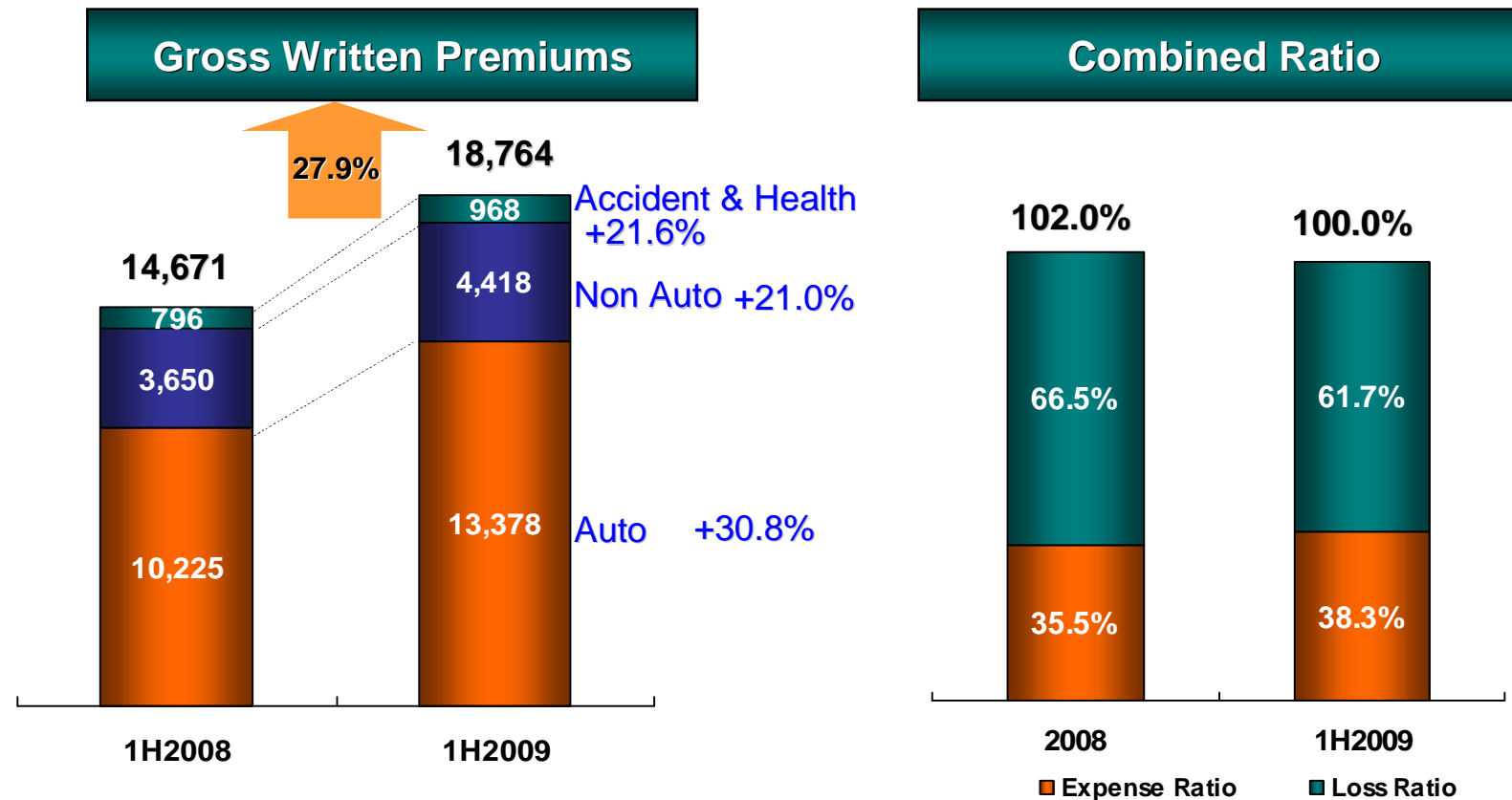
# Strong Growth from Annuity Business

(in RMB million)



# Strong Growth in P&C Premium Income and Improved Combined Ratio

( in RMB million, IFRS based)



Note: P&C insurance includes our property and casualty insurance business through Ping An Property & Casualty and Ping An Hong Kong

# Investment Business Review

# Investment Business Highlights

## Investment of Insurance Funds

- n Total investment yield increased to 4.8%, net investment yield remained steady

## Securities

- n Underwrote 6 corporate bonds, the best record in its history
- n Ping An Securities was named the “Best Underwriting Sponsor for SME in 2008” by the Shenzhen stock exchange

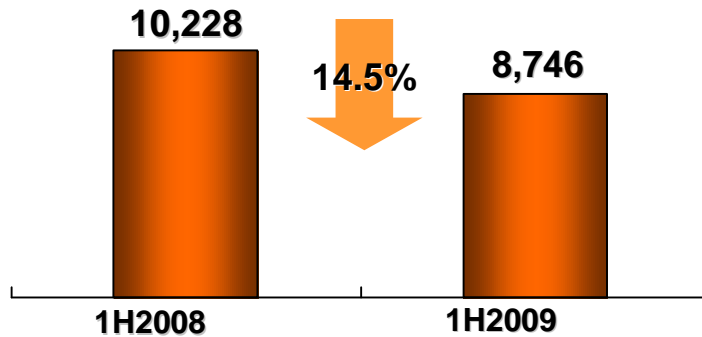
## Trust

- n Assets under management of Ping An Trust exceeded RMB 81.3 billion, representing a sharp increase of 67.5% as compared to the end of 2008
- n Ping An Trust received a range of awards by “21st Century Business Herald” including: “The Golden Shell Reward”, “The Excellent Trust Company of the Year” and “The Best Service Team of the Year”

# Improved Total Investment Yield and Steady Net Investment Yield

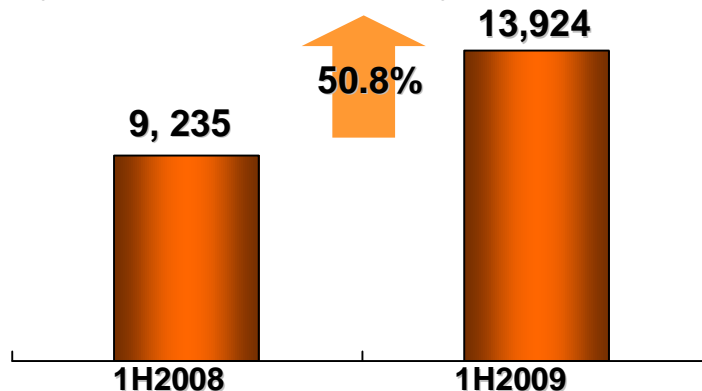
## Net Investment Income (“NII”)

(in RMB million, IFRS Based)



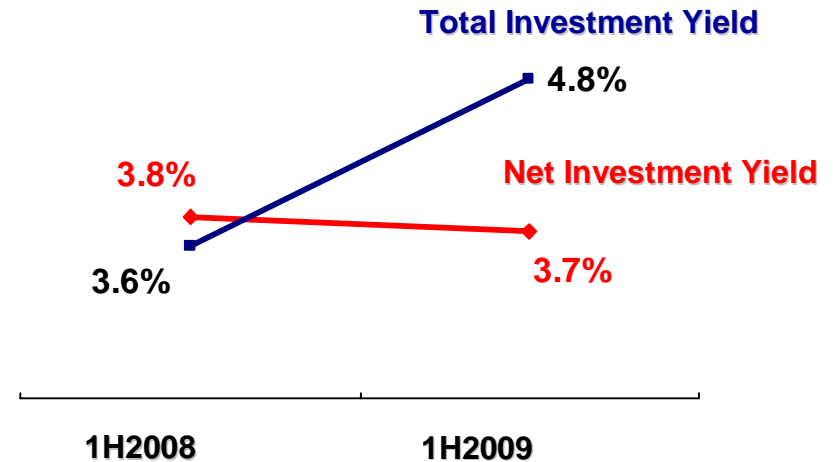
## Total Investment Income (“TII”)

(in RMB million, IFRS Based)



## Investment Yield

(IFRS Based)



n Due to the increase in stock price, TII significantly improved. However, reduced dividend payout from stocks lead to a decrease in our NII

Notes:

(1)The above investment income is from insurance fund investment, excluding the investment income of Unit-linked insurance investment

(2)Net foreign currency gains/losses on investment assets denominated in foreign currencies are excluded in the calculation of the above yields

# Investment Portfolio of Insurance Funds

(in RMB million)

<u>Portfolio<sup>(1)</sup></u>	30/06/2009	31/12/2008	Change
<b>Fixed Maturity Investment</b>	74.7%	80.7%	↓ 6.0%
--Term Deposits <sup>(2)</sup>	17.8%	18.2%	↓ 0.4%
--Bond Investment <sup>(2)</sup>	56.0%	61.7%	↓ 5.7%
--Others <sup>(2)</sup>	0.9%	0.8%	↑ 0.1%
<b>Equity Investment<sup>(2)</sup></b>	9.6%	7.8%	↑ 1.8%
<b>Infrastructure Investment</b>	1.4%	1.2%	↑ 0.2%
<b>Cash, Cash Equivalent and Others</b>	14.3%	10.3%	↑ 4.0%
	<b>100% =513,577</b>	<b>100% =464,665</b>	

Notes: (1) The above investment portfolio is an insurance fund investment one, excluding funds of the Unit-linked insurance investment account  
 (2) The data about Time deposit, bond investment, other fixed maturity investments and equity investment exclude items that are classified as cash and cash equivalents

# Banking Business Review

# Banking Business Highlights

## Strong Business Growth Momentum

- n Total assets increased by 35.3% as compared with the end of 2008, approaching RMB 200 billion
- n Total deposit and total loan increased by 30.1% and 43.7% respectively compared with the end of 2008, a growth rate faster than the industry average
- n In-force credit cards exceeded 2 million, 67% of the new cards issued in the first half of 2009 was generated from cross-selling

## Asset Quality among the Best in the Industry

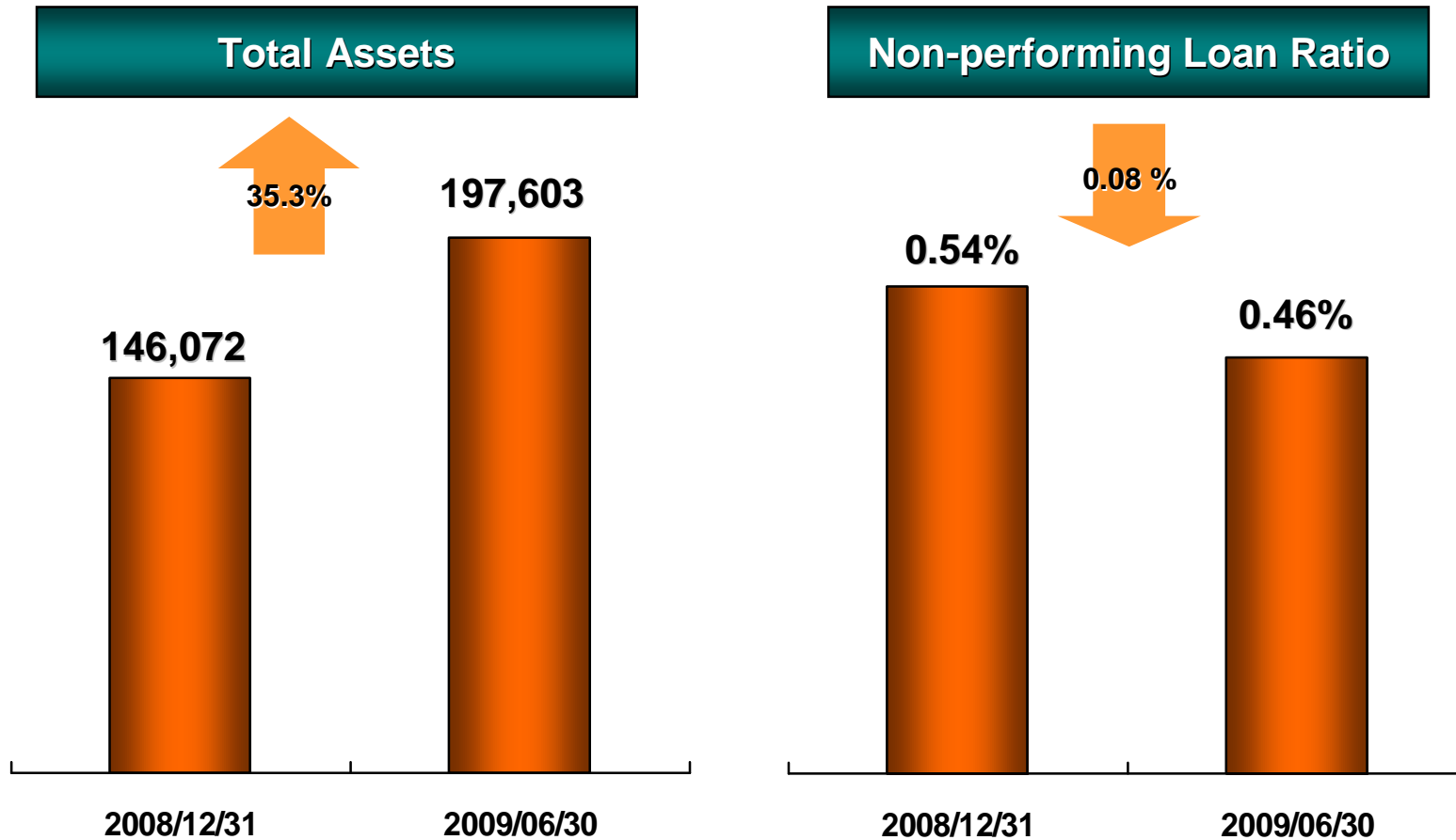
- n Non-performing loan ratio controlled at 0.46% and provision coverage was 139.2%
- n Successful issuance of subordinated debt, capital adequacy ratio improved to 11.2%

## Continuous Development and Innovation of Product, Channel and Service

- n Breakthrough in developing new issuance channels for credit card. Launched a pilot program in Beijing for card issuance without a physical branch network in May 2009
- n Achieved further progress in network expansion with Guangzhou Branch and Hangzhou Branch opened smoothly
- n Launched multiple innovative services and products, and customer satisfaction kept rising

# Continuous Improvement of Asset Size and Quality

(in RMB million)



# Key Ratios

	1H2009	1H2008
Net Interest Spread	1.7%	3.0%
Percentage of Fee Income to Operating Income	9.1%	4.3%
Cost / Income Ratio <sup>(1)</sup>	54.4%	42.6%
	2009/06/30	2008/12/31
Loan to Deposit Ratio	72.9%	65.4%
Non-performing Loan Ratio	0.46%	0.54%
Provision Coverage Ratio	139.2%	153.7%
Capital Adequacy Ratio	11.2%	10.7%

Note: (1) Cost/ income ratio is operation and management expenses/ operating income, while the latter does not include non-operating incomes

中国平安 PINGAN

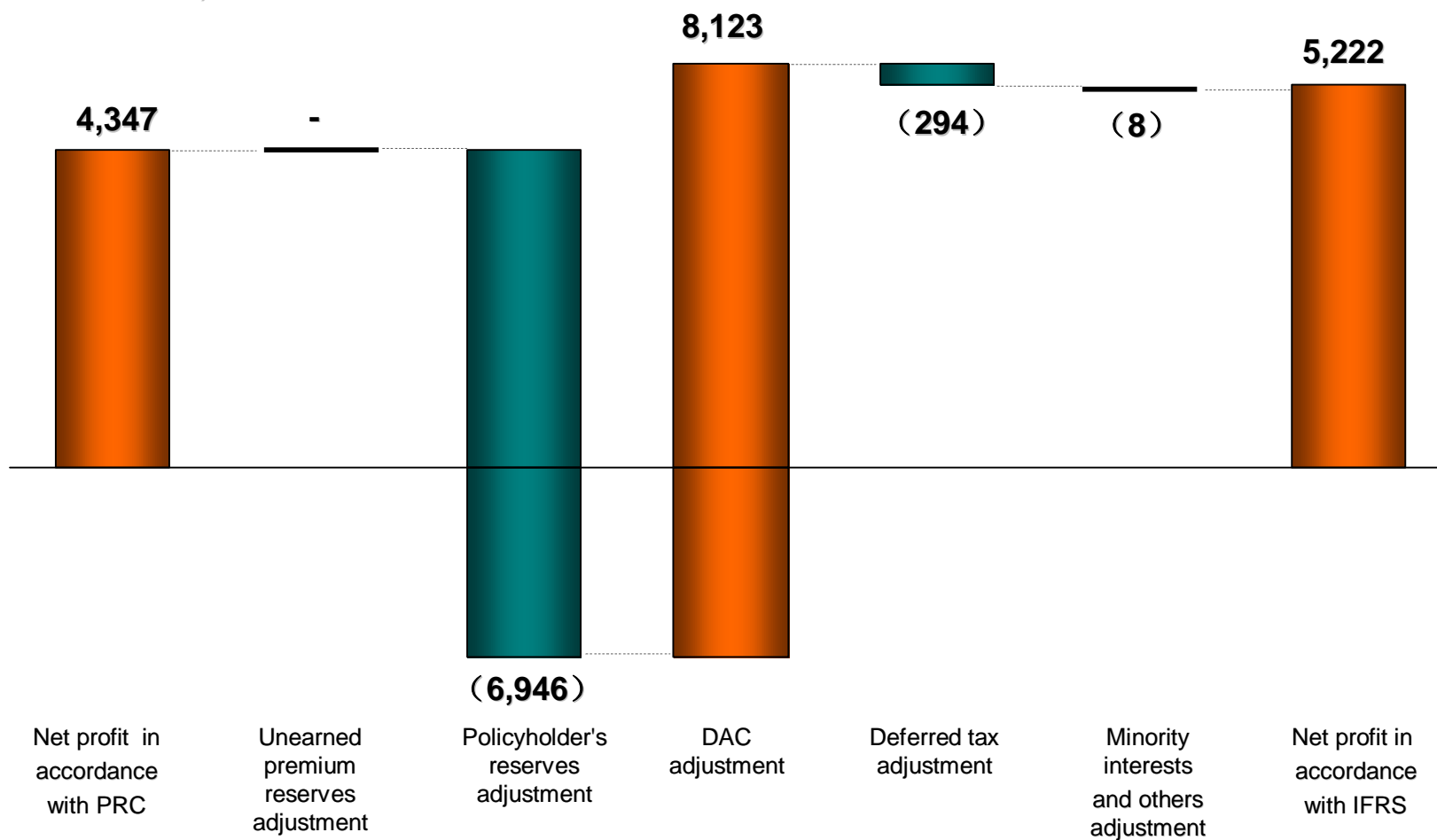
保險 · 銀行 · 投資

Q & A

中国平安 PINGAN

# Attachment 1: Reconciliation of Net Profit Between PRC and IFRS Basis

(In RMB million)

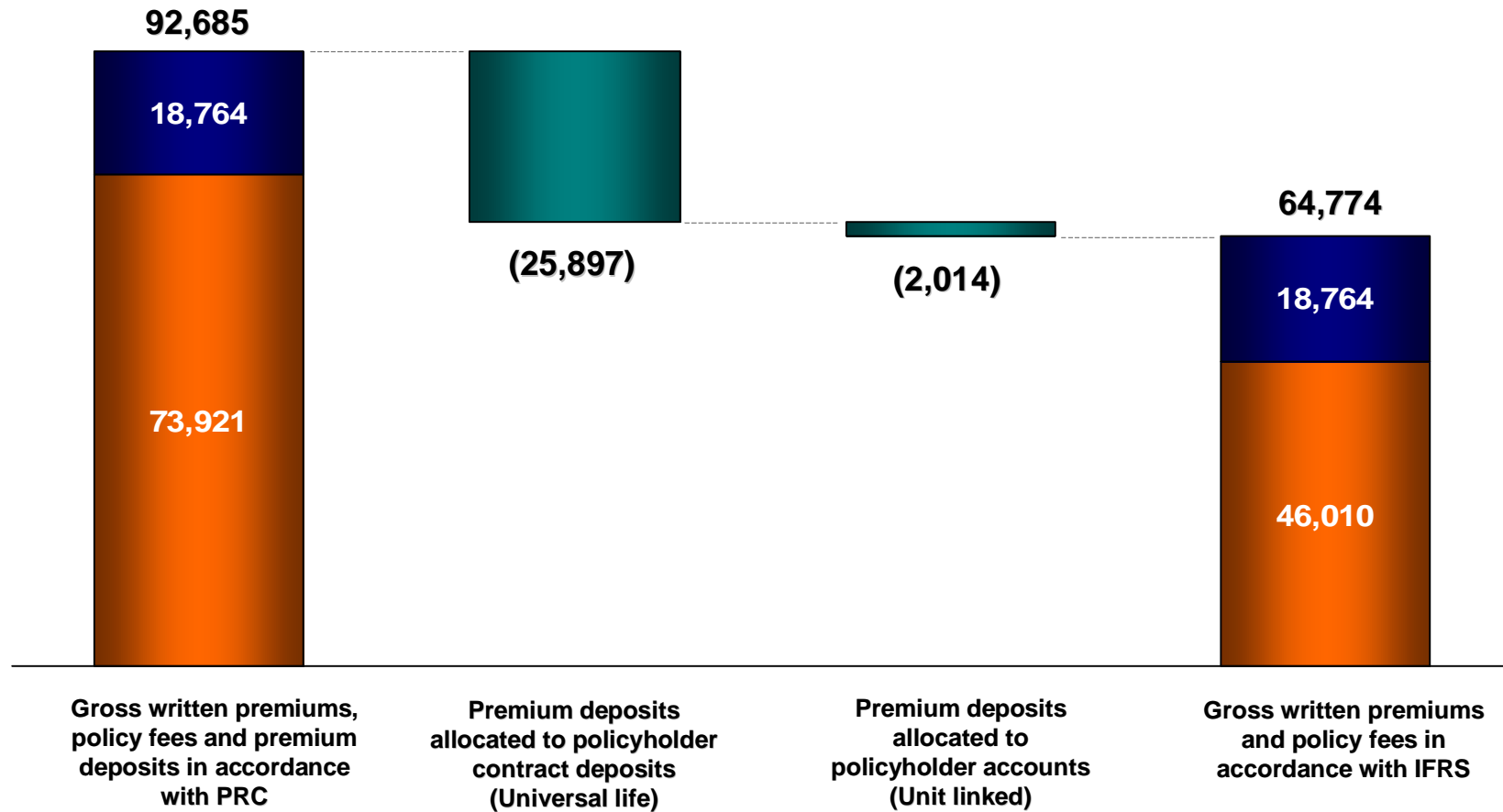


Note: Net profit in accordance with PRC and IFRS excludes minority interests

# Attachment 2: Reconciliation of Insurance Premium Between PRC and IFRS Basis

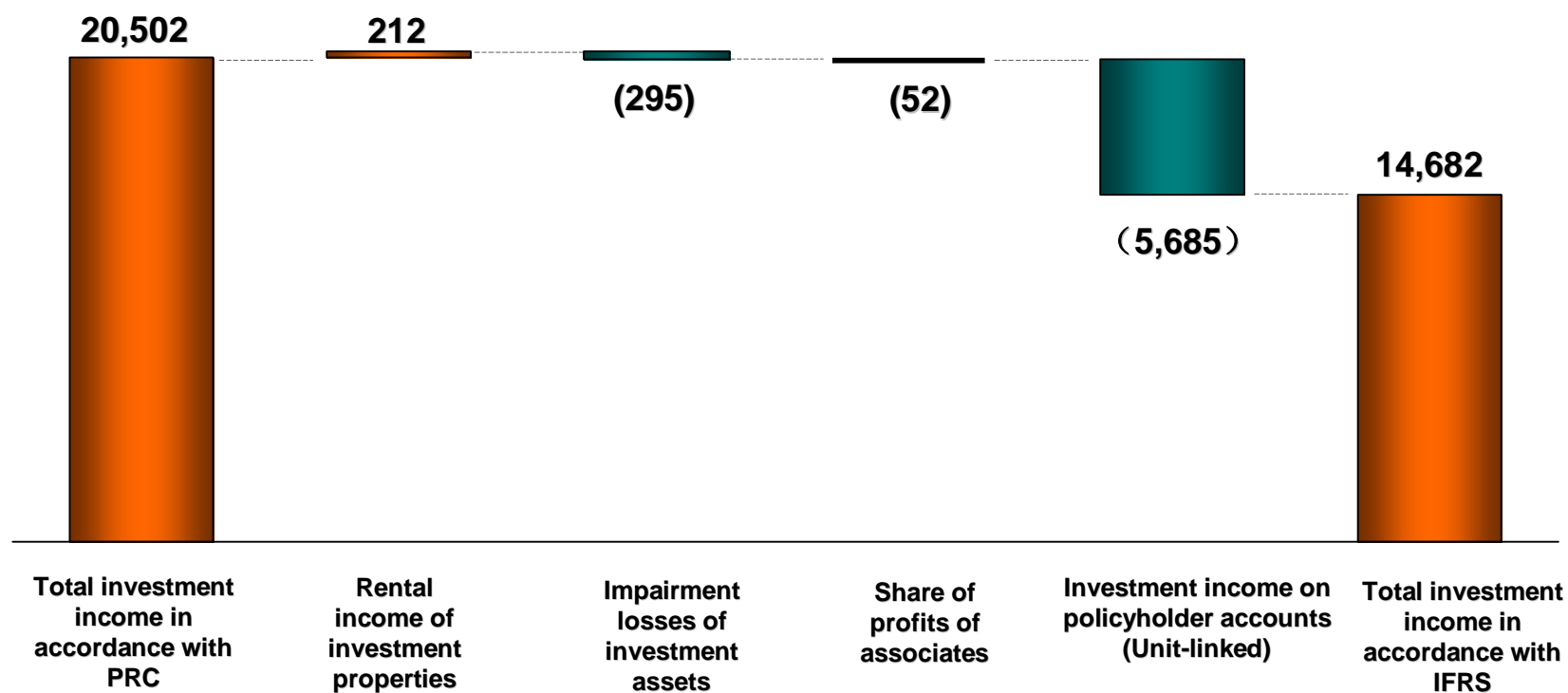
(In RMB million)

■ Life Insurance     
 ■ P&C Insurance



# Attachment 3: Reconciliation of Investment Income Between PRC and IFRS Basis

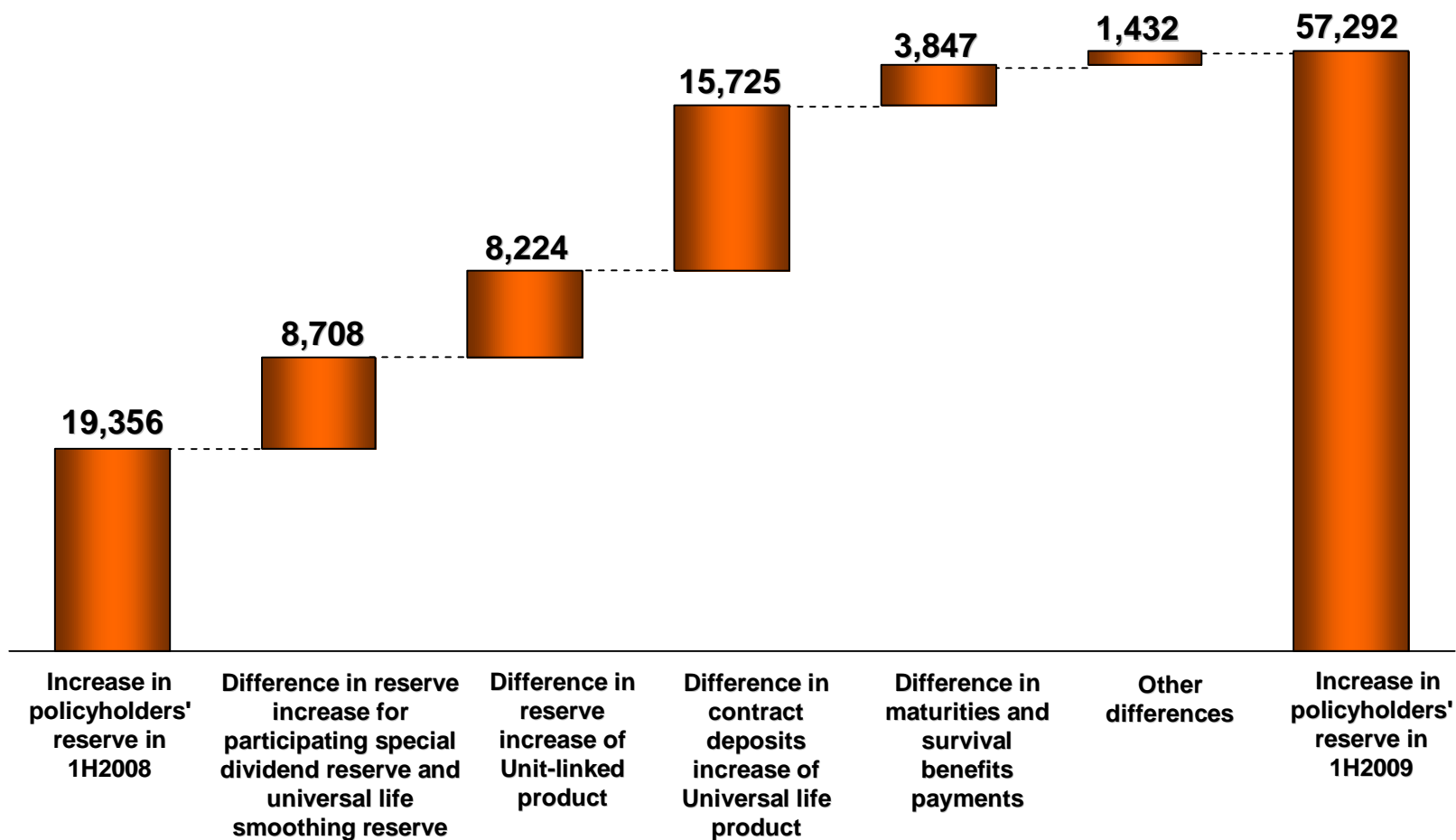
(In RMB million)



Note: Total investment income in accordance with PRC includes investment income of RMB 13,887 million and losses from changes in fair value of RMB -6,615 million

# Attachment 4: Change in Policyholders' Reserve Analysis (PRC Basis)

(In RMB million)



# Attachment 5: Change in Policyholders' Reserve Analysis (IFRS Basis)

(In RMB million)

