

Consolidated income statement

For the year ended 31 December 2009

(in RMB million)

	2009	2008 (Restated)
Gross written premiums and policy fees	112,213	89,103
Less: Premiums ceded to reinsurers	(6,347)	(5,813)
Net written premiums and policy fees	105,866	83,290
Change in unearned premium reserves	(5,483)	(1,019)
Net earned premiums	100,383	82,271
Reinsurance commission income	1,939	1,642
Interest income of banking operations	6,674	7,020
Fees and commission income of non-insurance operations	3,179	1,980
Investment income	32,023	(7,416)
Share of profits and losses of associates and joint ventures	182	25
Other income	8,458	2,136
Total income	152,838	87,658
Claims and policyholders' benefits	(84,089)	(56,517)
Commission expenses of insurance operations	(11,444)	(8,672)
Interest expenses of banking operations	(2,464)	(2,677)
Fees and commission expenses of non-insurance operations	(398)	(204)
Loan loss provisions, net of reversals	(228)	(220)
Foreign exchange losses	(17)	(465)
General and administrative expenses	(26,025)	(16,898)
Finance costs	(880)	(550)
Other expenses	(7,374)	(2,941)
Total expenses	(132,919)	(89,144)
Profit/(loss) before tax	19,919	(1,486)
Income tax	(5,437)	3,121
Profit for the year	14,482	1,635
Attributable to:		
– Owners of the parent	13,883	1,418
– Non-controlling interests	599	217
	14,482	1,635
	RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:		
– Basic	1.89	0.19
– Diluted	1.89	0.19

Consolidated statement of financial position

As at 31 December 2009

(in RMB million)	31 December 2009	31 December 2008 (Restated)
Assets		
Balances with central bank and statutory deposits	31,006	25,963
Cash and amounts due from banks and other financial institutions	158,219	105,279
Fixed maturity investments	428,417	344,449
Equity investments	82,116	54,599
Derivative financial assets	9	17
Loans and advances to customers	109,060	74,160
Investments in associates and joint ventures	12,063	5,468
Premium receivables	4,576	4,412
Accounts receivable	3,284	–
Inventories	1,562	–
Reinsurers' share of insurance liabilities	4,983	5,059
Policyholder account assets in respect of insurance contracts	42,506	30,749
Policyholder account assets in respect of investment contracts	4,416	3,979
Investment properties	6,430	6,389
Property and equipment	10,666	8,287
Intangible assets	12,874	10,279
Deferred tax assets	7,001	11,679
Other assets	16,524	13,796
Total assets	935,712	704,564

Consolidated statement of financial position (continue)

As at 31 December 2009

Equity and liabilities		
Equity		
Share capital	7,345	7,345
Reserves	62,406	54,676
Retained profits	15,219	2,521
Equity attributable to owners of the parent	84,970	64,542
Non-controlling interests	6,773	2,617
Total equity	91,743	67,159
Liabilities		
Due to banks and other financial institutions	48,122	24,192
Assets sold under agreements to repurchase	60,364	41,124
Derivative financial liabilities	10	265
Customer deposits and payables to brokerage customers	140,544	94,991
Insurance payables	14,777	12,750
Insurance contract liabilities	516,330	413,648
Investment contract liabilities for policyholders	26,898	24,605
Policyholder dividend payable	15,196	12,012
Income tax payable	381	2,274
Subordinated debts	4,990	–
Deferred tax liabilities	1,007	472
Other liabilities	15,350	11,072
Total liabilities	843,969	637,405
Total equity and liabilities	935,712	704,564

Components of Economic Value

(in RMB million)	December 31, 2009	December 31, 2008
	Earned Rate/	Earned Rate/
Risk discount rate	11.0%	11.5%
Adjusted net asset value	94,606	79,016
Adjusted net asset value of life insurance business	40,052	25,800
Value of in-force insurance business written prior to June 1999	(11,614)	(11,340)
Value of in-force insurance business written since June 1999	86,579	66,859
Cost of holding the required solvency margin	(14,314)	(11,676)
Embedded value	155,258	122,859
Embedded value of life insurance business	100,704	69,643

(in RMB million)	December 31, 2009	December 31, 2008
Risk discount rate	11.0%	11.5%
Value of one year's new business	13,945	10,039
Cost of holding the required solvency margin	(2,141)	(1,498)
Value of one year's new business after cost of solvency	11,805	8,541

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.