

# Consolidated income statement

For the year ended 31 December 2010

| (in RMB million)  | 2010             | 2009             |
|---|------------------|------------------|
| Gross written premiums and policy fees                                    | 159,384          | 112,213          |
| Less: Premiums ceded to reinsurers  | (8,181)          | (6,347)          |
| Net written premiums and policy fees                                      | 151,203          | 105,866          |
| Change in unearned premium reserves                                       | (10,079)         | (5,483)          |
| Net earned premiums   | 141,124          | 100,383          |
| Reinsurance commission income   | 2,616            | 1,939            |
| Interest income of banking operations                                     | 9,331            | 6,674            |
| Fees and commission income of non-insurance operations                    | 5,543            | 3,179            |
| Investment income   | 31,083           | 32,023           |
| Share of profits and losses of associates and jointly controlled entities | 1,465            | 182              |
| Other income  | 4,652            | 8,458            |
| <b>Total income</b>   | <b>195,814</b>   | <b>152,838</b>   |
| Claims and policyholders' benefits  | (115,077)        | (83,946)         |
| Commission expenses of insurance operations                               | (14,545)         | (11,444)         |
| Interest expenses of banking operations                                   | (3,397)          | (2,464)          |
| Fees and commission expenses of non-insurance operations                  | (609)            | (398)            |
| Loan loss provisions, net of reversals                                    | (626)            | (228)            |
| Foreign exchange losses   | (104)            | (17)             |
| General and administrative expenses                                       | (34,385)         | (26,025)         |
| Finance costs   | (913)            | (880)            |
| Other expenses  | (3,811)          | (7,517)          |
| <b>Total expenses</b>   | <b>(173,467)</b> | <b>(132,919)</b> |
| Profit before tax   | 22,347           | 19,919           |
| Income tax  | (4,409)          | (5,437)          |
| <b>Profit for the year</b>  | <b>17,938</b>    | <b>14,482</b>    |
| <b>Attributable to:</b>   |                  |                  |
| – Owners of the parent  | 17,311           | 13,883           |
| – Non-controlling interests   | 627              | 599              |
|   | <b>17,938</b>    | <b>14,482</b>    |
|   | RMB              | RMB              |
| <b>Earnings per share attributable to ordinary equity holders</b>         |                  |                  |
| <b>of the parent:</b>   |                  |                  |
| – Basic   | 2.30             | 1.89             |
| – Diluted   | 2.30             | 1.89             |

# Consolidated statement of comprehensive income

For the year ended 31 December 2010

| (in RMB million)  | 2010           | 2009    |
|---|----------------|---------|
| <b>Profit for the year</b>                                      | <b>17,938</b>  | 14,482  |
| <b>Other comprehensive income</b>                               |                |         |
| Available-for-sale financial assets                             | (6,218)        | 7,249   |
| Shadow accounting adjustments                                   | 2,358          | 2,448   |
| Exchange differences on translation of foreign operations       | 8              | 66      |
| Share of other comprehensive income of associates               | (3)            | 21      |
| Income tax relating to components of other comprehensive income | 850            | (2,127) |
| <b>Other comprehensive income for the year, net of tax</b>      | <b>(3,005)</b> | 7,657   |
| <b>Total comprehensive income for the year</b>                  | <b>14,933</b>  | 22,139  |
| <b>Attributable to:</b>   |                |         |
| – Owners of the parent  | 14,354         | 21,530  |
| – Non-controlling interests                                     | 579            | 609     |
|   | <b>14,933</b>  | 22,139  |

# Consolidated statement of financial position

As at 31 December 2010

(in RMB million)

31 December 2010 31 December 2009

## Assets

|  |                  |                |
|--|------------------|----------------|
| Balances with central bank and statutory deposits                | 42,110           | 31,006         |
| Cash and amounts due from banks and other financial institutions | 203,315          | 158,219        |
| Fixed maturity investments                                       | 553,652          | 428,417        |
| Equity investments   | 86,369           | 82,116         |
| Derivative financial assets                                      | 6                | 9              |
| Loans and advances to customers                                  | 131,960          | 109,060        |
| Investments in associates and jointly controlled entities        | 39,601           | 12,063         |
| Premium receivables  | 6,298            | 4,576          |
| Accounts receivable  | 116              | 3,284          |
| Inventories  | 97               | 1,562          |
| Reinsurers' share of insurance liabilities                       | 6,178            | 4,983          |
| Policyholder account assets in respect of insurance contracts    | 40,284           | 42,506         |
| Policyholder account assets in respect of investment contracts   | 3,994            | 4,416          |
| Investment properties  | 8,866            | 6,430          |
| Property and equipment   | 8,170            | 10,666         |
| Intangible assets  | 9,902            | 12,874         |
| Deferred tax assets  | 6,496            | 7,001          |
| Other assets   | 24,213           | 16,524         |
| <b>Total assets</b>  | <b>1,171,627</b> | <b>935,712</b> |

## Equity and liabilities

### Equity

|   |                |               |
|---|----------------|---------------|
| Share capital                               | 7,644          | 7,345         |
| Reserves                                    | 75,777         | 62,406        |
| Retained profits                            | 28,609         | 15,219        |
| Equity attributable to owners of the parent | 112,030        | 84,970        |
| Non-controlling interests                   | 4,853          | 6,773         |
| <b>Total equity</b>                         | <b>116,883</b> | <b>91,743</b> |

### Liabilities

|   |                  |                |
|---|------------------|----------------|
| Due to banks and other financial institutions         | 38,822           | 48,122         |
| Assets sold under agreements to repurchase            | 107,850          | 60,364         |
| Derivative financial liabilities                      | 15               | 10             |
| Customer deposits and payables to brokerage customers | 175,963          | 140,544        |
| Insurance payables                                    | 20,007           | 14,777         |
| Insurance contract liabilities                        | 639,947          | 518,654        |
| Investment contract liabilities for policyholders     | 29,991           | 28,951         |
| Policyholder dividend payable                         | 14,182           | 10,819         |
| Income tax payable                                    | 1,359            | 381            |
| Bonds payable   | 7,540            | 4,990          |
| Deferred tax liabilities                              | 869              | 1,007          |
| Other liabilities                                     | 18,199           | 15,350         |
| <b>Total liabilities</b>                              | <b>1,054,744</b> | <b>843,969</b> |
| <b>Total equity and liabilities</b>                   | <b>1,171,627</b> | <b>935,712</b> |

# Consolidated statement of cash flows

For the year ended 31 December 2010

| (in RMB million)  | 2010             | 2009     |
|---|------------------|----------|
| <b>Net cash from operating activities</b>   | <b>139,255</b>   | 93,301   |
| <b>Cash flows from investing activities</b>   |                  |          |
| Purchases of investment properties, items of property and equipment, and intangible assets              | (3,631)          | (3,639)  |
| Proceeds from disposal of investment properties, items of property and equipment, and intangible assets | 206              | 1,114    |
| Purchases of investments, net   | (146,083)        | (95,196) |
| Term deposits placed, net   | (57,519)         | (1,515)  |
| Acquisition of subsidiaries   | (165)            | 2,492    |
| Disposal of subsidiaries  | (828)            | –        |
| Interests received  | 18,760           | 14,358   |
| Dividends received  | 2,339            | 1,869    |
| Rentals received  | 443              | 441      |
| Others  | (2,997)          | (1,667)  |
| <b>Net cash used in investing activities</b>  | <b>(189,475)</b> | (81,743) |
| <b>Cash flows from financing activities</b>   |                  |          |
| Capital injected into subsidiaries by non-controlling interests   | 297              | 484      |
| Proceeds from bonds issued  | 3,200            | 4,990    |
| Proceeds from sales in assets sold under agreements to repurchase                                       | 41,767           | 5,872    |
| Proceeds from borrowed funds  | 6,379            | 18,403   |
| Acquisition of non-controlling interests in subsidiaries  | (187)            | –        |
| Repayment of borrowed funds   | (4,433)          | (11,912) |
| Interest paid   | (1,250)          | (1,030)  |
| Dividends paid  | (3,520)          | (1,123)  |
| <b>Net cash from financing activities</b>   | <b>42,253</b>    | 15,684   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>(7,967)</b>   | 27,242   |
| Net foreign exchange differences  | (60)             | 48       |
| Cash and cash equivalents at beginning of the year  | 88,965           | 61,675   |
| <b>Cash and cash equivalents at end of the year</b>   | <b>80,938</b>    | 88,965   |

# Statement of financial position

As at 31 December 2010

(in RMB million)

31 December 2010 31 December 2009

## Assets

|  |               |               |
|--|---------------|---------------|
| Cash and amounts due from banks and other financial institutions | 856           | 7,748         |
| Fixed maturity investments                                       | 12,437        | 11,512        |
| Equity investments   | 3,691         | 5,354         |
| Investments in subsidiaries and associates                       | 75,142        | 52,514        |
| Property and equipment   | 71            | 101           |
| Other assets   | 864           | 395           |
| <b>Total assets</b>  | <b>93,061</b> | <b>77,624</b> |

## Equity and liabilities

### Equity attributable to owners of the Company

|                     |               |               |
|---------------------|---------------|---------------|
| Share capital       | 7,644         | 7,345         |
| Reserves            | 74,749        | 58,558        |
| Retained profits    | 4,928         | 4,668         |
| <b>Total equity</b> | <b>87,321</b> | <b>70,571</b> |

### Liabilities

|   |               |               |
|---|---------------|---------------|
| Due to banks and other financial institutions | 5,230         | 4,430         |
| Assets sold under agreements to repurchase    | –             | 2,000         |
| Other liabilities                             | 510           | 623           |
| <b>Total liabilities</b>                      | <b>5,740</b>  | <b>7,053</b>  |
| <b>Total equity and liabilities</b>           | <b>93,061</b> | <b>77,624</b> |

# Components of Economic Value

(in RMB million)

December 31, 2010 December 31, 2009

|   | Earned<br>Rate/11.0% | Earned<br>Rate/11.0% |
|---|----------------------|----------------------|
| Risk discount rate  |                      |                      |
| Adjusted net asset value  | <b>123,573</b>       | 94,606               |
| Adjusted net asset value of life insurance business             | <b>43,673</b>        | 40,052               |
| Value of in-force insurance business written prior to June 1999 | <b>(9,858)</b>       | (11,614)             |
| Value of in-force insurance business written since June 1999    | <b>104,816</b>       | 86,579               |
| Cost of holding the required solvency margin                    | <b>(17,545)</b>      | (14,314)             |
| <b>Embedded value</b>   | <b>200,986</b>       | 155,258              |
| Embedded value of life insurance business                       | <b>121,086</b>       | 100,704              |

(in RMB million)

December 31, 2010 December 31, 2009

|  |                |         |
|--|----------------|---------|
| Risk discount rate   | <b>11.0%</b>   | 11.0%   |
| Value of one year's new business                               | <b>18,192</b>  | 13,945  |
| Cost of holding the required solvency margin                   | <b>(2,686)</b> | (2,141) |
| <b>Value of one year's new business after cost of solvency</b> | <b>15,507</b>  | 11,805  |

Note: Figures may not match totals due to rounding.

The adjusted net asset value of life insurance business was based on the unaudited shareholders net asset value of the relevant life insurance business of the Company as measured on the PRC statutory basis. This unaudited shareholders net asset value was calculated based on the audited shareholders net asset value in accordance with CAS by adjusting the relevant differences, such as reserves. The adjusted net asset value of other business was based on the audited shareholders net asset value of the relevant business of the Company in accordance with CAS. The relevant 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.