

**中国平安 PINGAN**

保险·银行·投资

# 2011 Interim Results

August, 2011



# 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	Alex Ren	Group President
Financial Analysis and Embedded Value	Jason Yao	Executive Director & Group CFO
Insurance Business Review	Yuansiong Lee	Group Chief Insurance Business Officer
Banking Business Review	Jianyi Sun	Group Vice Chairman & Deputy CEO
Investment Business Review	Timothy Chan	Group Deputy Chief Investment Officer

# Overview



# Overview

**In the first half of 2011, China's economy was sound in general. Notwithstanding this overall pattern, the economic development at home and abroad remained extremely complicated, given numerous instabilities and uncertainties. The Company closely monitored changes in the external environment and seized opportunities to promote rapid and healthy growth in all businesses by taking full advantage of its integrated financial platform. As a result, our three pillar businesses, namely insurance, banking and investment, all achieved satisfactory growth. Meanwhile, our strategic investment in Shenzhen Development Bank made remarkable progress, laying a solid foundation for further implementation of our integrated financial strategy.**

**Currently, the economic and financial conditions both at home and abroad remain challenging and complicated. Especially the world economy is deteriorating, and the global stock markets are experiencing severe turbulence in recent days. Although China's economy maintains stable and rapid growth, it faces mounting inflationary pressure. Changes in state macroeconomic policy and the challenges of the external investment environment will exert pressure on the Company's operation. In the second half of the year, we will actively explore ways to further drive the growth of our businesses, expedite the development of our banking, investment and other businesses while maintaining healthy growth of our insurance business on the back of our integrated financial platforms and competitive advantages, we will continue to enhance the professional level of our operation, aiming to achieve above-market growth.**

# Operating Highlights



# Operating Highlights of Our Three Core Businesses

## Insurance Business

- n Written premiums of Ping An Life surpassed RMB100 billion, representing an increase of 20.8% compared to the same period of last year
- n Ping An Property & Casualty's premium income increased by 35.9%, market share reached 16.7%, and combined ratio improved to 92.9%
- n Ping An Annuity maintained its leading position in the industry

## Banking Business

- n Net profit from the banking business increased by 117.1% compared with the same period of last year, among which Ping An Bank grew by 34.9%, with profitability steadily improving
- n Total deposits of Ping An Bank surpassed RMB200 billion, with the assets and liabilities structure further optimized
- n The Company's major asset restructuring plan with Shenzhen Development Bank received formal regulatory approval and was successfully implemented in July 2011

## Investment Business

- n Ping An Securities ranked first in terms of underwriting revenues for IPO transactions and second in the league table by number of deals
- n Ping An Trust's private wealth management business recorded a surge in monthly average fund raised and management fees of trust products, with the number of high net worth customers surpassing ten thousand
- n On July 14, 2011, Ping An-UOB Fund received approval from the CSRC to launch its first fund product

# Financial Highlights

<i>(In RMB million)</i>	1H2010	1H2011	Growth
<b>Total Income (IFRS basis)</b>	96,980	133,810	↑ 38.0%
<b>Net Profit</b>	9,866	12,998	↑ 31.7%
<b>Net Profit attributable to Shareholders of the Parent Company</b>	9,611	12,757	↑ 32.7%
<b>EPS</b> <i>(in RMB)</i>	1.30	1.67	↑ 28.5%
	31/12/2010	30/06/2011	Growth
<b>Total Assets</b>	1,171,627	1,310,064	↑ 11.8%
<b>Total Equity</b>	116,883	139,425	↑ 19.3%
<b>Equity attributable to Shareholders of the Parent Company</b>	112,030	134,334	↑ 19.9%

# Remarkable Results Achieved through Cross-selling

(In RMB million)

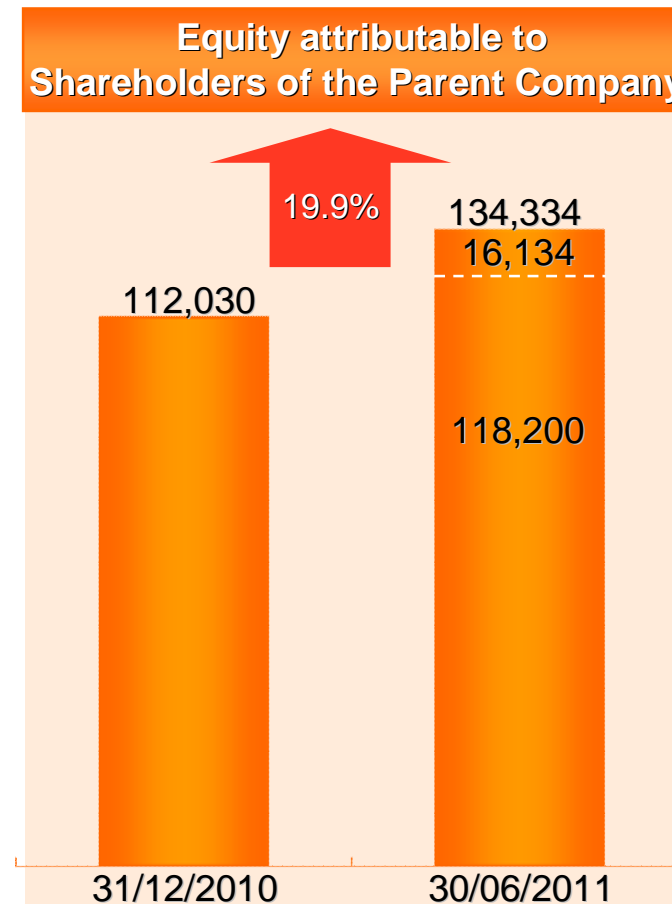
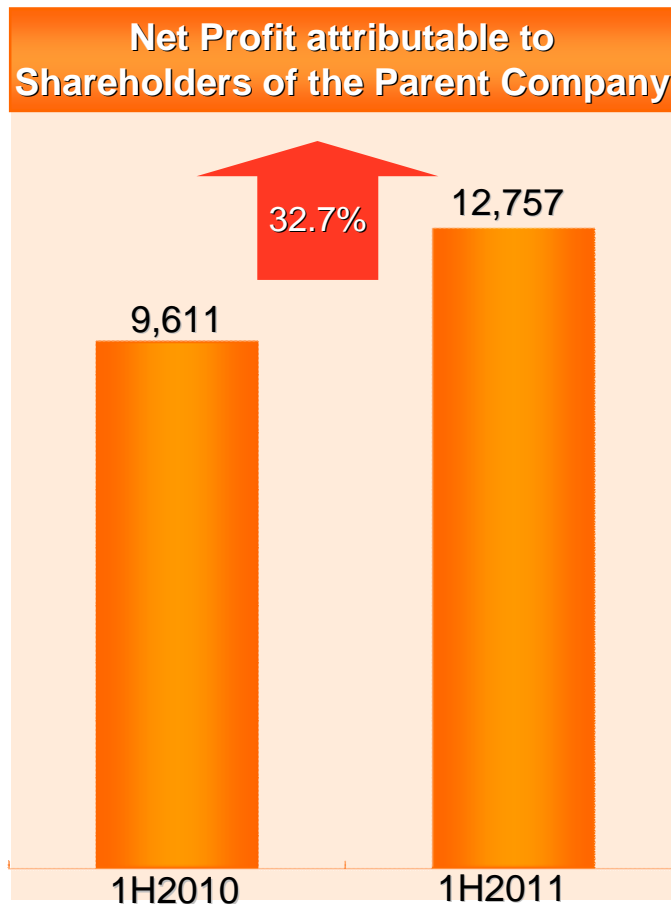
<u>New business acquired through cross-selling</u>	Amount	Business Contribution
<b>Property and casualty insurance</b>		
Premium income	5,757	14.1%
<b>Annuity business</b>		
Entrusted assets	187	10.7%
Assets under investment management	244	4.9%
<b>Trust business</b>		
Trust schemes	8,469	9.8%
<b>Banking business</b>		
Corporate deposits (increase of daily average size)	2,770	12.6%
Retail deposits (increase of daily average size)	3,624	36.2%
Credit cards (in ten thousands)	13	32.0%

# Financial Analysis and Embedded Value



# Net Profit and Equity attributable to Shareholders of the Parent Company increased Steadily

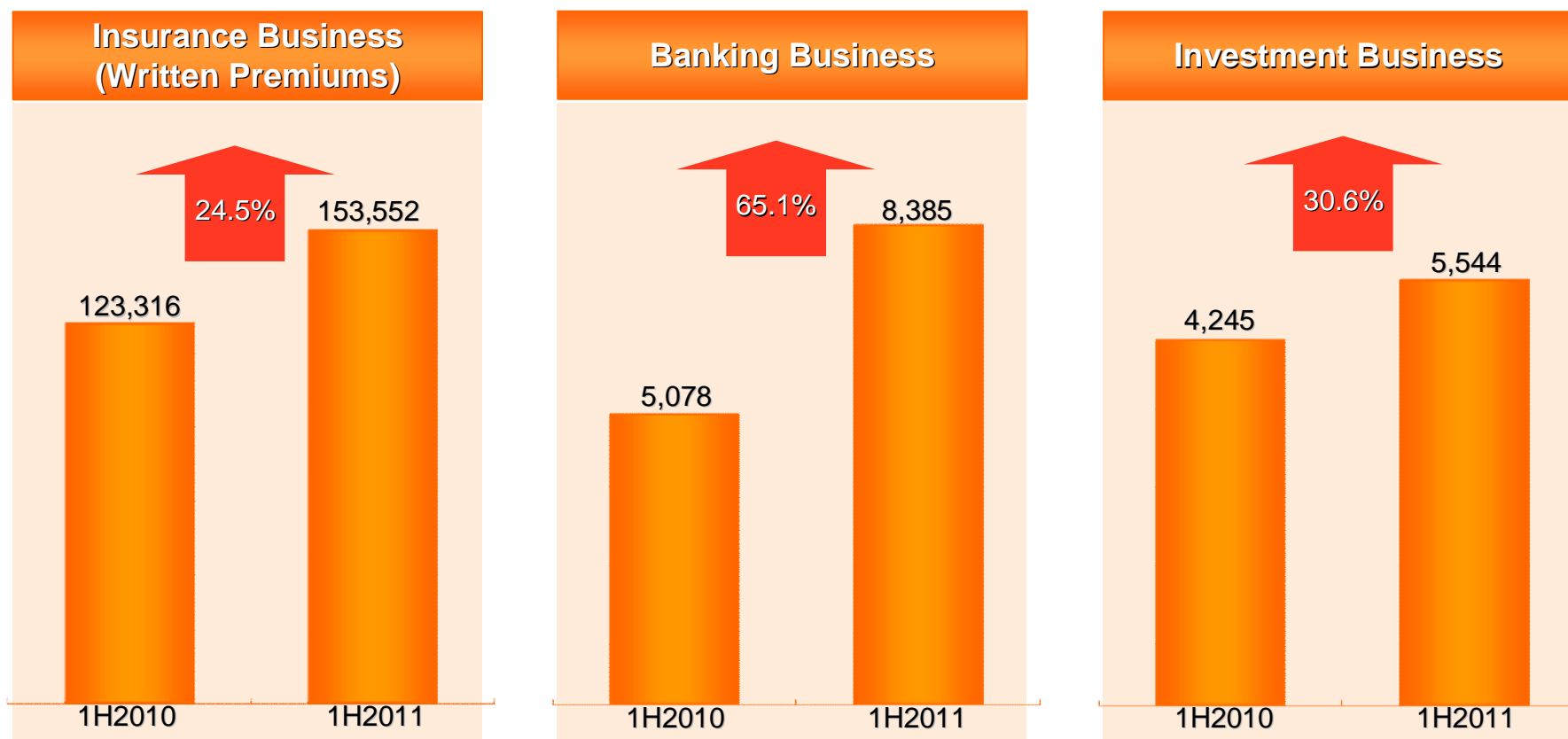
(In RMB million)



Note: Removed the effect of the direct issuance of 272 million H shares, RMB16,134 million, equity attributable to shareholders of the parent company increased by 5.5% compared to the end of 2010

# Income Growth by Business Segments

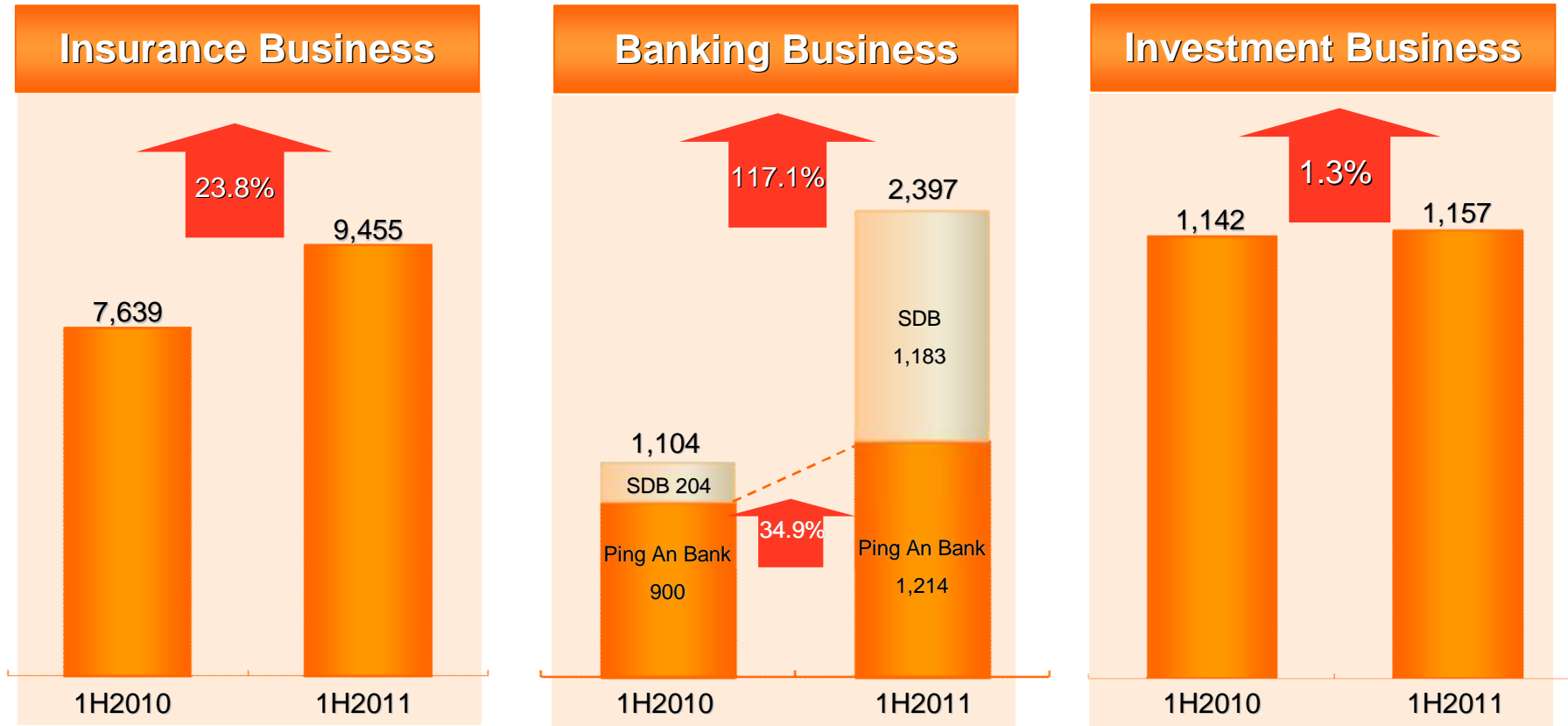
(In RMB million)



- Notes: (1) Written premiums of insurance business mean all premiums received from the policies underwritten by the Company, which is prior to the significant insurance risk testing and unbundling of hybrid risk contracts  
(2) The investment business income includes incomes from securities, trust, headquarter and other business lines (excluding set-offs). The income of 2010 excludes that of Xuji Group, which was no longer our subsidiary since the end of May 2010  
(3) The banking business income and investment business income are based on IFRS

# Net Profit by Business Segments

(In RMB million)



- Notes: (1) Net profit from insurance pillar covers life insurance business and property and casualty insurance business  
 (2) Net profit from banking pillar refers to that from Ping An Bank and investment income from SDB based on the equity method  
 (3) Net profit from investment pillar includes that from securities, trust, headquarter and other business lines (excluding set-offs)

# Healthy Solvency Margin and Capital Adequacy Ratio

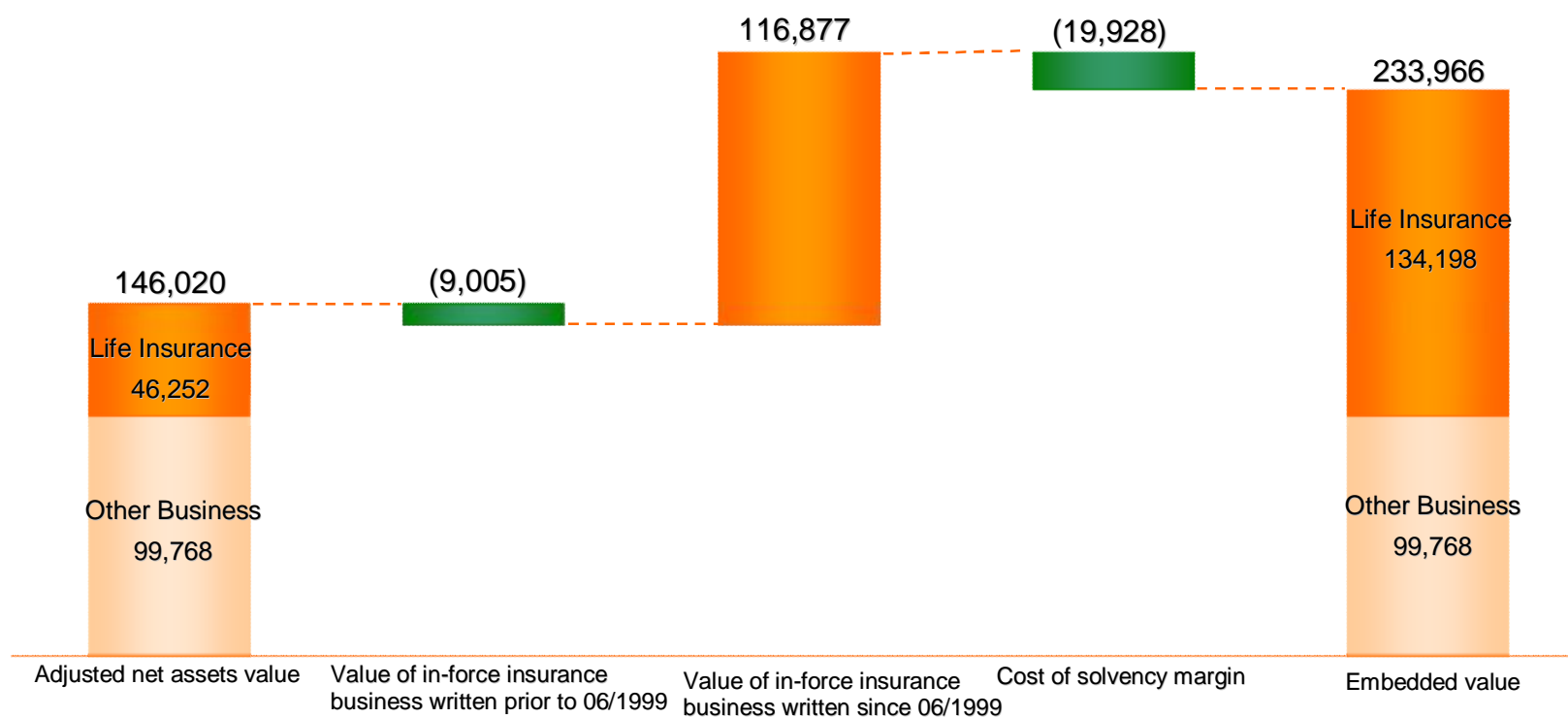
	31/12/2010	30/06/2011
Group (Total)	197.9%	200.0%
Ping An Life	180.2%	158.1%
Ping An Property & Casualty	179.6%	195.5%
Ping An Bank	10.96%	10.78%
Shenzhen Development Bank	10.19%	10.58%

Note: SDB, a 29.99% associate of the Company, was included in proportion in the calculation of the Group's solvency margin

# Composition of Embedded Value

## Embedded Value Component—30/06/2011

(In RMB million)

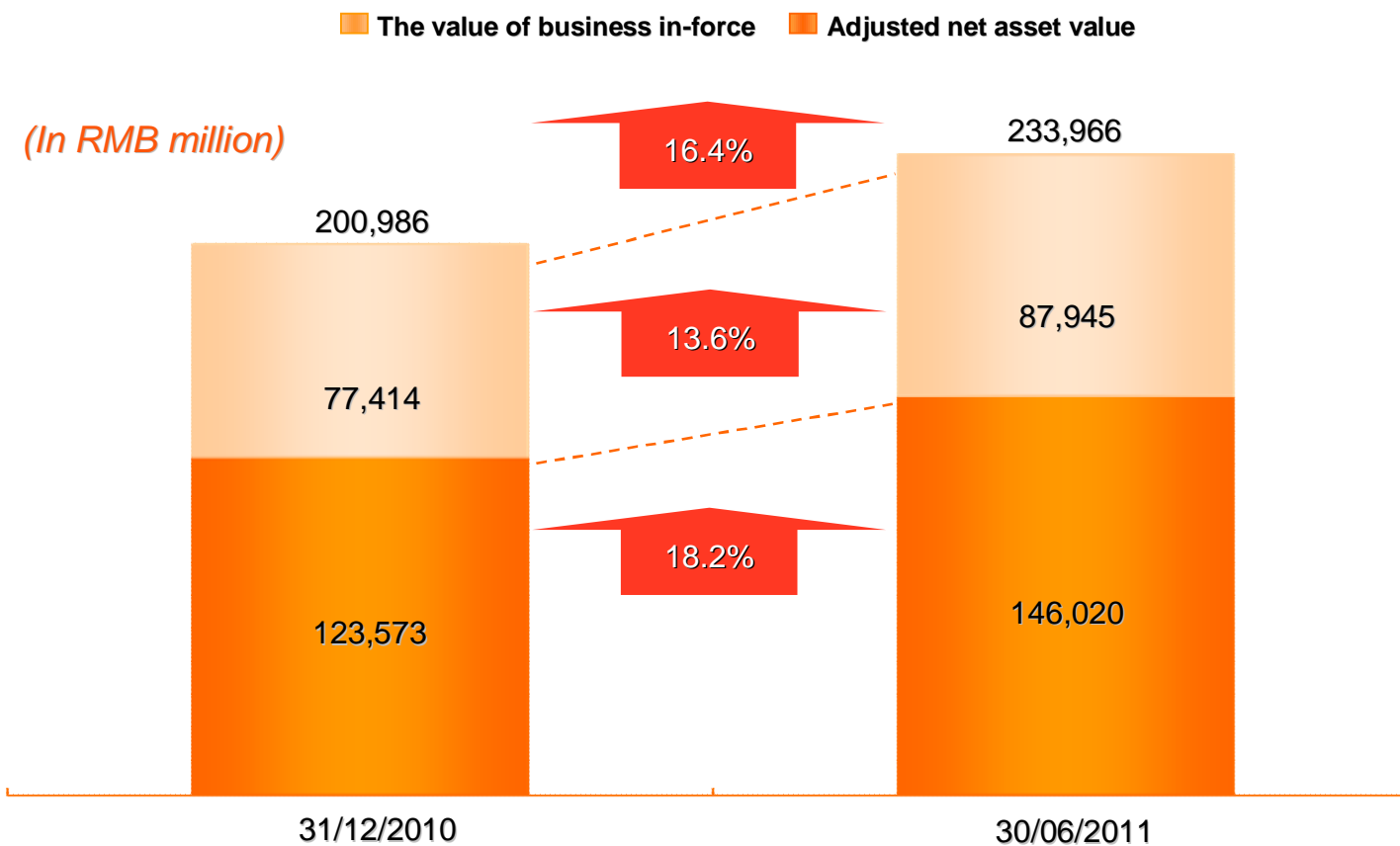


Notes: (1) Figures may not match totals due to rounding

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

(3) Above risk discount rates were earned rate/11.0% for in-force business

# Growth of Embedded Value



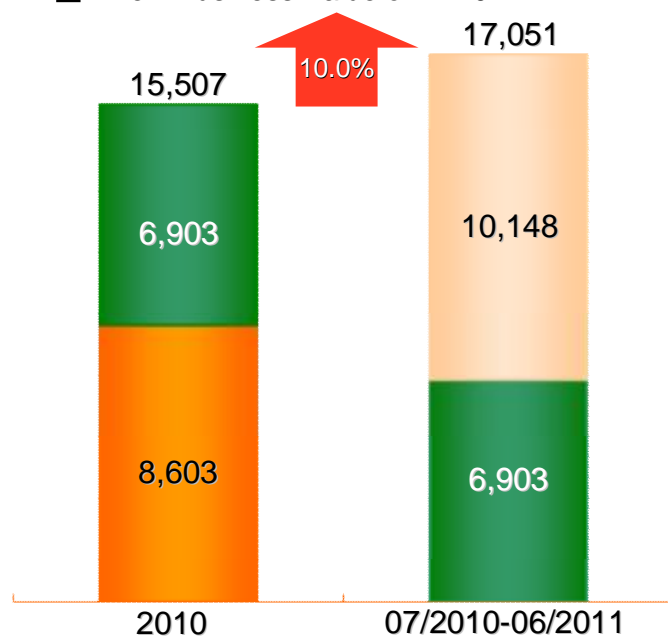
Note : (1) Figures may not match totals due to rounding  
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# One Year's New Business Value

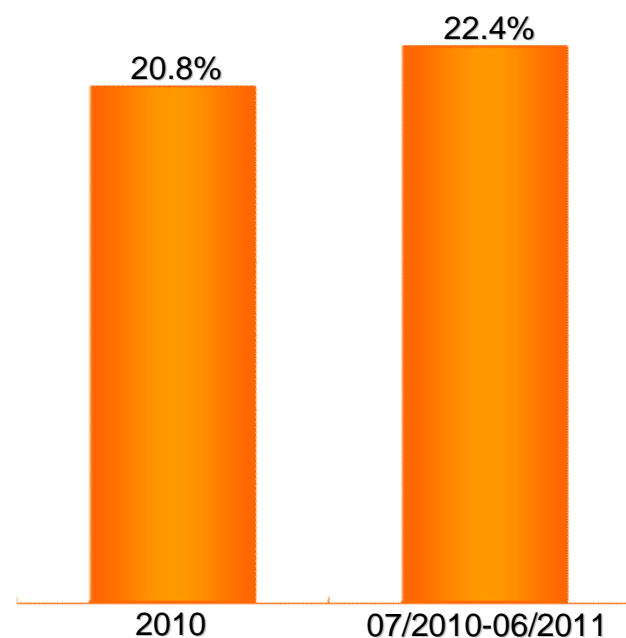
## One Year's New Business Value

(In RMB million)

- New Business Value of 2H2010
- New Business Value of 1H2010
- New Business Value of 1H2011



## The Overall New Business Margin

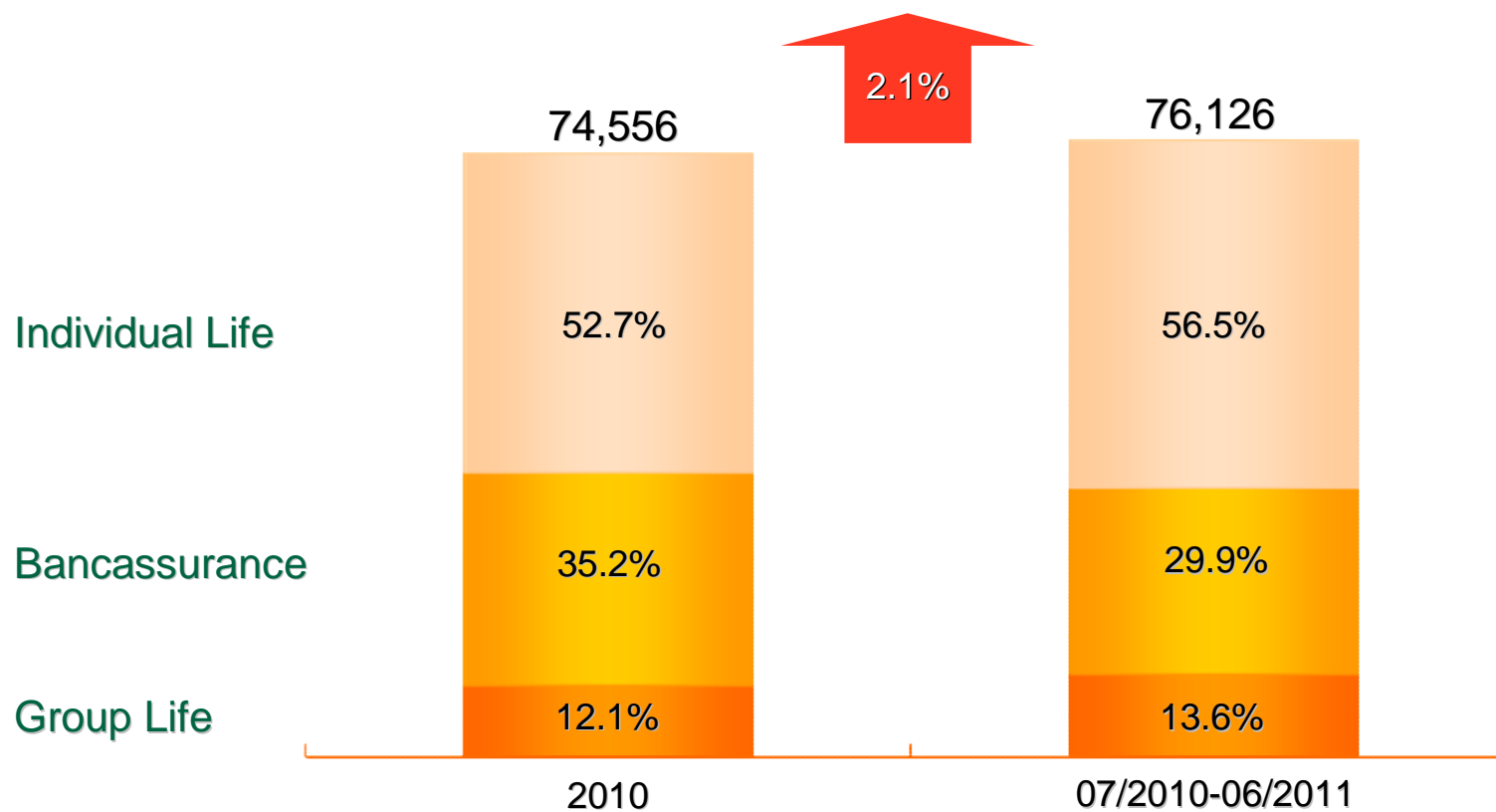


Note : (1) Figures may not match totals due to rounding

(2) In the table above, the assumptions used to calculate the value of first half year's new business in 2010 are the same with current assumptions used to calculate the new business value. If the 2010 mid-year valuation's assumptions were used, the value of first half year's new business in 2010 would be RMB9,122 million

# One Year's New Business Mix

(In RMB million)



Note: Above FYP data only correspond to the calculation of one year's new business value

# Insurance Business Review



# Insurance Business Highlights

## Life Insurance

- n Ping An Life continued to record healthy and rapid business growth, and its written premiums surpassed RMB100 billion, representing an increase of 20.8%, among which the more profitable individual life insurance business soared 29.3%
- n The total number of sales agents amounted to 474,600, representing an increase of 15.3% over the same period last year and an increase of more than 20,000 over the end of 2010

## Property and Casualty Insurance

- n Ping An Property & Casualty recorded a premium income of RMB40,734 million, representing an increase of 35.9% compared with the same period in 2010. Its market share increased by 1.3 percentage points to 16.7% compared with the end of 2010, and the second largest market position has been further consolidated
- n Combined ratio decreased by 3.6 percentage points to 92.9% compared to the same period last year

## Corporate Annuity

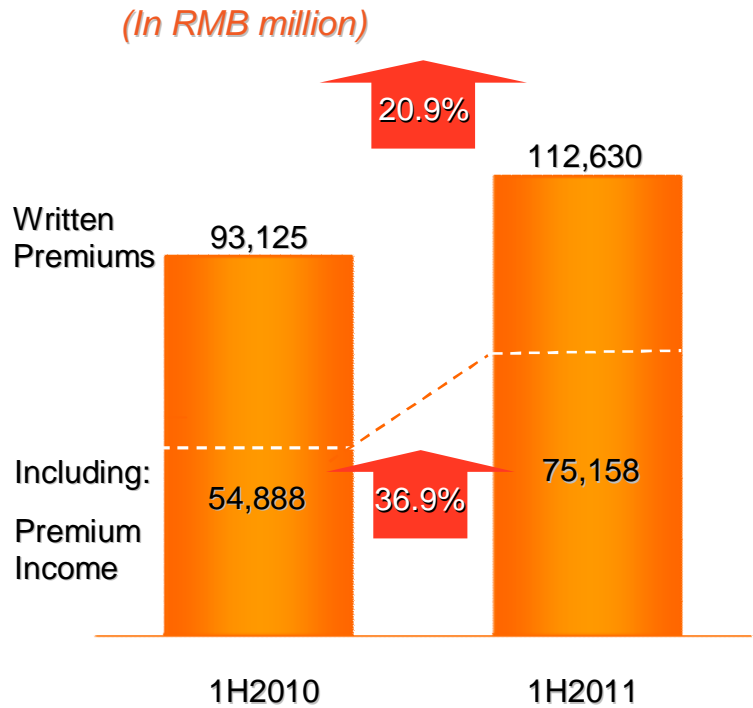
- n Ping An Annuity's three major performance indicators - annuity payments received, assets entrusted, and assets under investment management – all maintained leading positions in the annuity industry

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

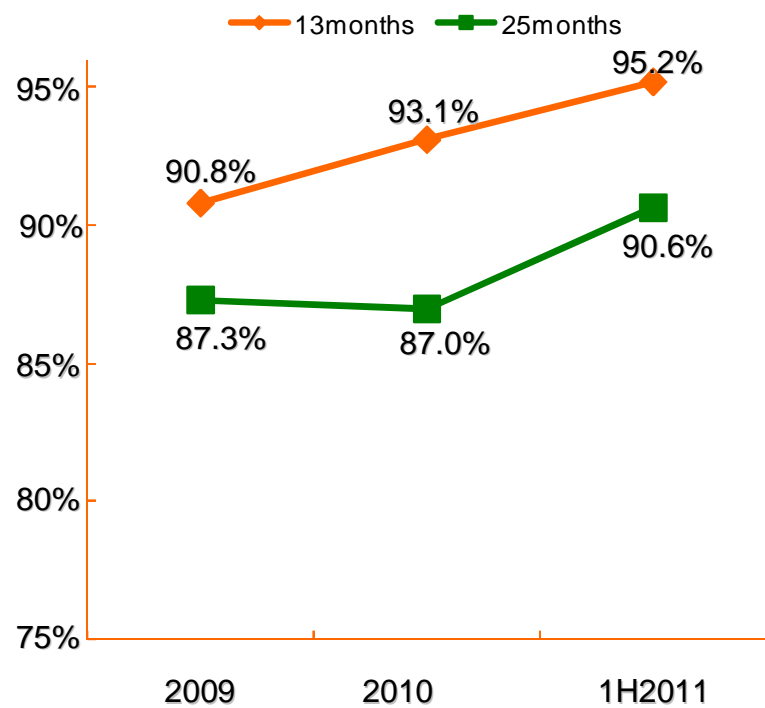
(2) Property and casualty insurance includes business conducted through Ping An Property & Casualty and Ping An Hong Kong

# Life Insurance Business: Strong Growth and Stable Business Quality

Written Premiums/Premium Income



Policy Persistency Ratio

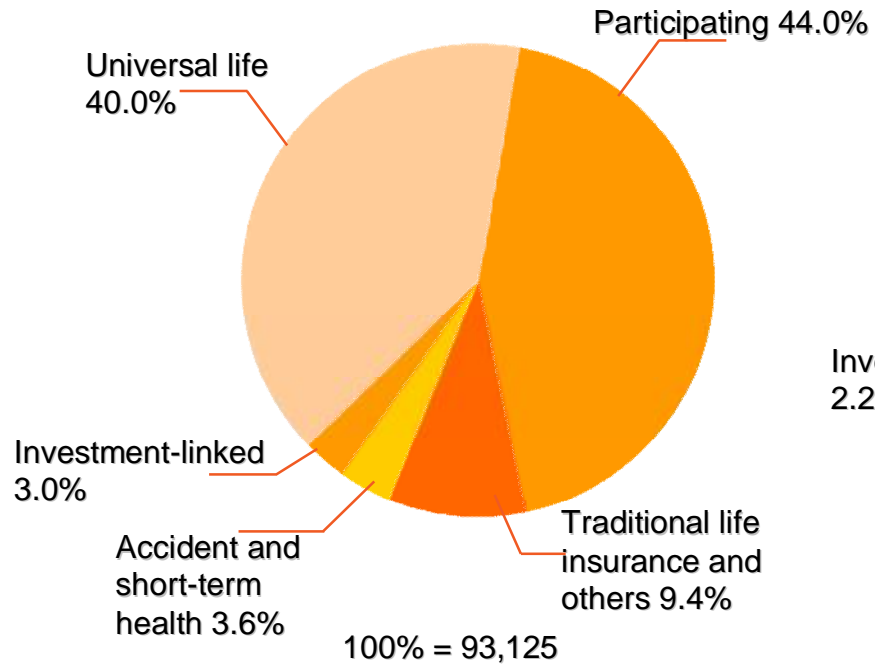


- Notes: (1) Written premiums mean all premiums received from the policies underwritten by the Company, which is prior to the significant insurance risk testing and unbundling of hybrid risk contracts  
 (2) Premium income means premiums after the significant insurance risk testing and unbundling of hybrid risk contracts  
 (3) Life insurance includes business conducted through Ping An Life, Ping An Annuity and Ping An Health

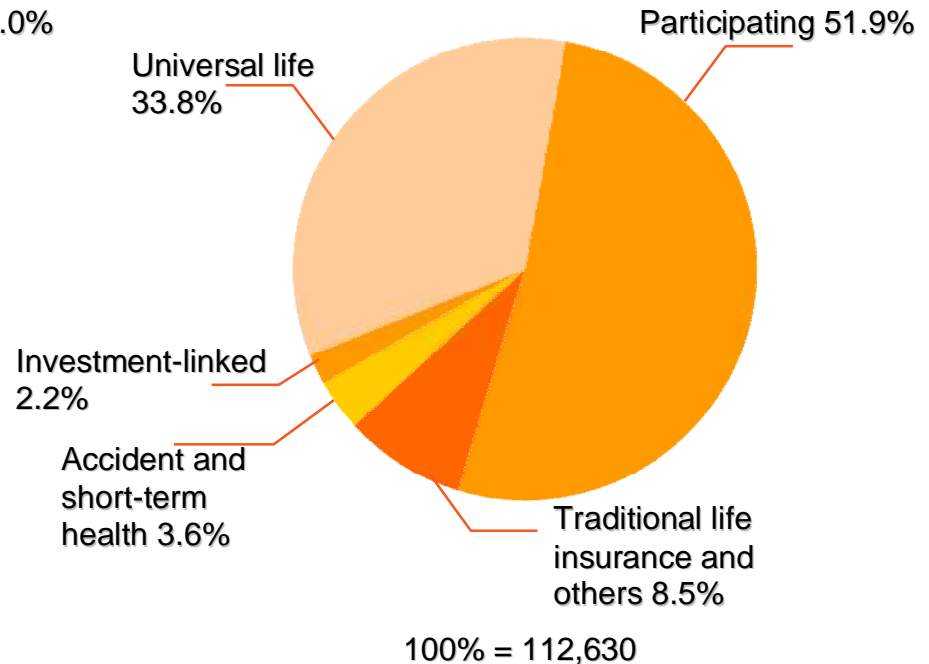
# Product Structure of Life Business

1H2010

(In RMB million)



1H2011



- Notes: (1) The above premiums mean written premiums  
 (2) Life insurance includes business conducted through Ping An Life, Ping An Annuity and Ping An Health  
 (3) Traditional life insurance and others include long term health insurance, traditional life insurance and annuity

# Individual Life Written Premiums Significantly Increased

(In RMB million)

	1H2010	1H2011	Growth
<b>Individual life</b>			
First-year regular premiums	23,840	22,963	↓ 3.7%
First-year single premiums	1,101	5,894	↑ 435.3%
Short-term accident and health premiums	1,002	998	↓ 0.4%
Total new business	25,943	29,855	↑ 15.1%
Renewal business	47,415	65,005	↑ 37.1%
Total individual life	73,358	94,860	↑ 29.3%

Notes: (1) Above premiums are written premiums

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

# Group Insurance Written Premiums Increased and Bancassurance Decreased

(In RMB million)

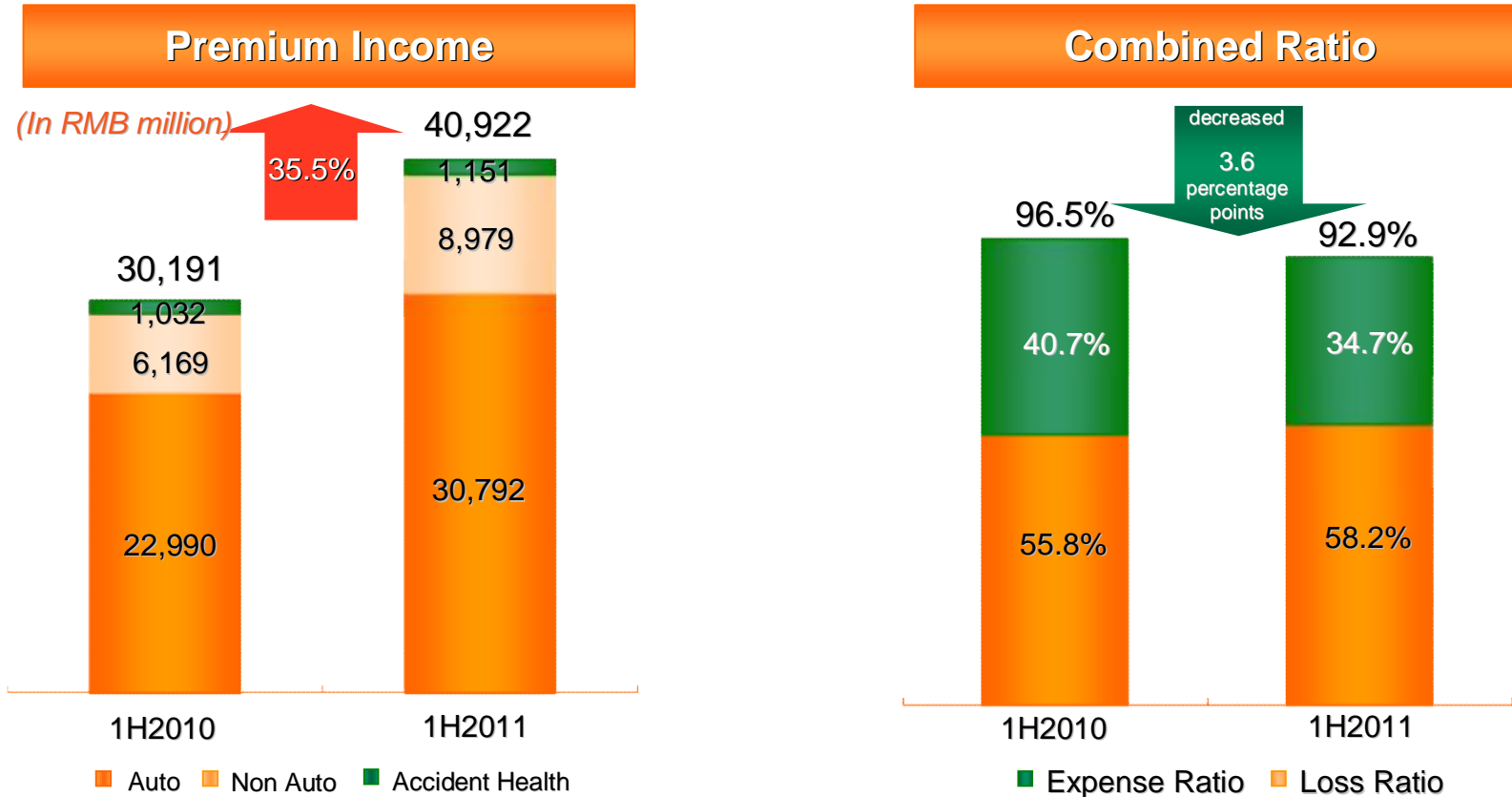
	1H2010	1H2011	Growth
<b>Bancassurance</b>			
First-year regular premiums	665	735	↑ 10.5%
First-year single premiums	15,220	11,743	↓ 22.8%
Short-term accident and health premiums	1	1	—
Total new business	15,886	12,479	↓ 21.4%
Renewal business	383	980	↑ 155.9%
Total Bancassurance	16,269	13,459	↓ 17.3%

	1H2010	1H2011	Growth
<b>Group Insurance</b>			
First-year regular premiums	31	77	↑ 148.4%
First-year single premiums	1,104	1,196	↑ 8.3%
Short-term accident and health premiums	2,333	3,003	↑ 28.7%
Total new business	3,468	4,276	↑ 23.3%
Renewal business	30	35	↑ 16.7%
Total Group Insurance	3,498	4,311	↑ 23.2%

Notes: (1) Above premiums are written premiums

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

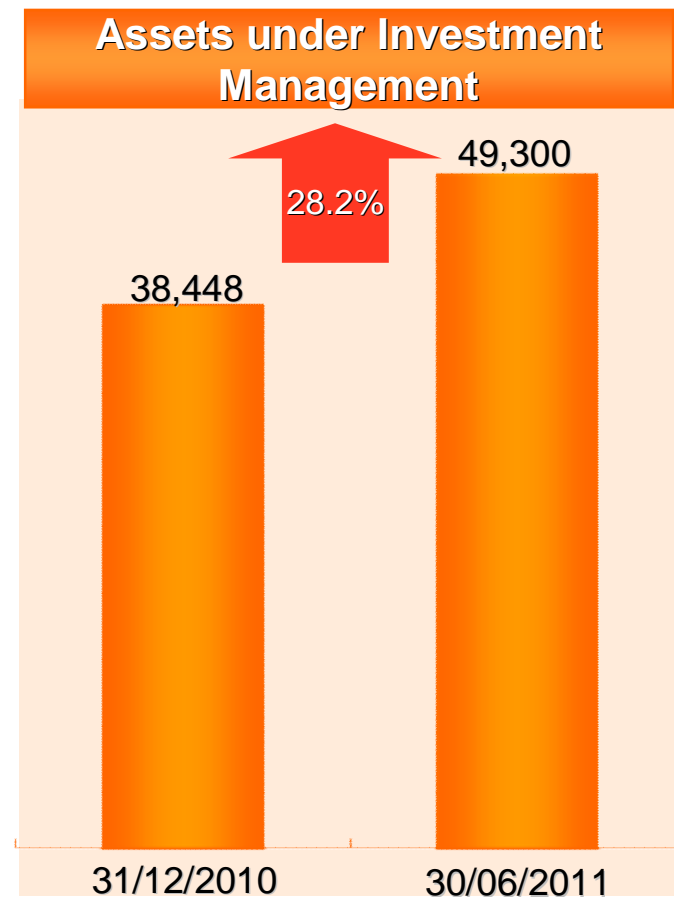
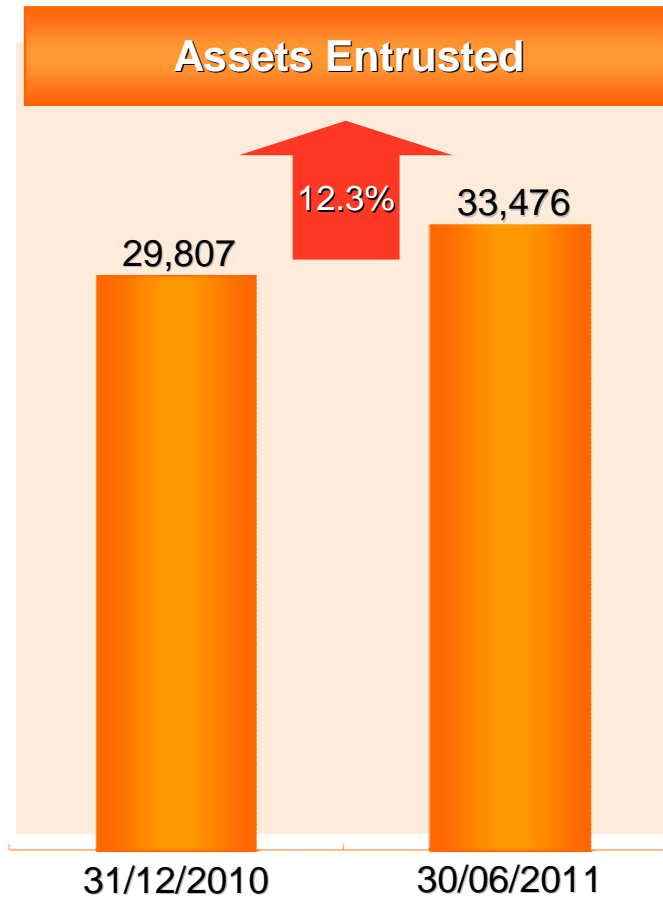
# Property and Casualty: Strong Growth in Premiums and Continuous Improvement in Combined Ratio



Note: Our property and casualty insurance business is conducted through Ping An Property & Casualty and Ping An Hong Kong

# Continuous Growth in Annuity Business

(In RMB million)



# Banking Business Review



# Banking Business Highlights

## Strategic Investment in SDB

- n The Company's major asset restructuring plan with Shenzhen Development Bank received formal regulatory approval and was successfully implemented. Currently, Ping An holds 52.38% of the shares of Shenzhen Development Bank and the latter becomes a subsidiary of the Company
- n In the first half of 2011, Shenzhen Development Bank contributed a profit of RMB1,183 million as an associate company of Ping An

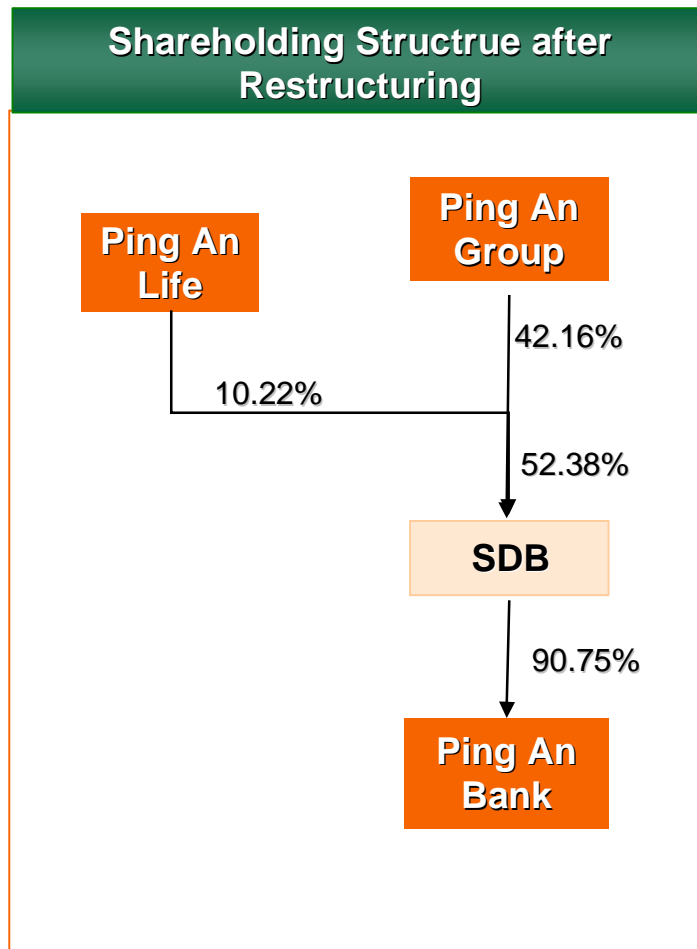
## Business Scale and Asset Quality

- n Ping An Bank achieved a net profit of RMB1,214 million, representing an increase of 34.9% as compared to the same period of in 2010, with profitability steadily improving
- n Total deposits surpassed RMB200 billion, representing an increase of 14.9% compared with the end of 2010. As part of this, retail deposits surged 34.3% from the end of 2010. The balance of loans to SMEs amounted to approximately RMB30 billion, up 41.0% from the end of 2010 and 80.5% of total amount of new corporate loans extended was from SMEs
- n Non-performing loan ratio kept at the industry leading level of 0.32% and capital adequacy ratio was 10.78%

## Distribution Channel

- n Cross-selling delivered remarkable results, and contributed 36.2% of our new retail deposits

# The Major Asset Restructuring Plan with Shenzhen Development Bank was Successfully Implemented



## Profit contribution by SDB in the first half of 2011

- n Until June 30, 2011, Ping An holds 29.99% of the shares of Shenzhen Development Bank. As an associate company of Ping An, Shenzhen Development Bank contributed a profit of RMB1,183 million

## The progress of the major asset restructuring plan with Shenzhen Development Bank

- n On June 28, 2011, the Company obtained the formal approval from the CSRC regarding the major asset restructuring with Shenzhen Development Bank
- n Until July 28, 2011, the major asset restructuring plan with Shenzhen Development Bank has been successfully implemented
- n Currently, Ping An holds 2,684 million shares or 52.38% of the shares of Shenzhen Development Bank and the latter becomes a subsidiary of the Company. In the meantime, Shenzhen Development Bank holds 90.75% shares of Ping An Bank and the latter is now a subsidiary of Shenzhen Development Bank

# The Plan to Subscribe SDB Shares

## Background

- n In April 2011, the CBRC issued Guidance for implementation of New Regulatory Standards in Chinese Banking, raising the minimum Core Capital Adequacy Ratio (Core CAR) requirement to 8.5% and Capital Adequacy Ratio (CAR) to 10.5%.
- n As at June 30, 2011, the core CAR and CAR for SDB stood at 7.01% and 10.58% respectively, implying its thirst for capital replenishment to meet regulatory requirements

## Proposal

- n Subscription Price: RMB16.81 per share
- n Subscription Shares: no less than 892,325,997 shares but not exceeding 1,189,767,995 shares
- n Subscription Amount: no more than RMB20 billion

## Effects

- n Post the transaction, Ping An's holding in SDB will at least increase to 59.44%, and no more than 61.36%.
- n Based on the upper limit subscription amount of RMB20 billion and the static testing at the date of June 30, 2011, SDB's expected CAR would be raised to 13.76%, and core CAR would be raised to 10.59%.

# Operating Performance of Ping An Bank

<i>(In RMB million)</i>	1H2010	1H2011	Growth
Operating Income	2,921	4,085	↑ 39.8%
Including: Net Interest Income	2,457	3,308	↑ 34.6%
Asset Impairment Loss	(83)	(299)	↑ 260.2%
General, Administrative and Other Expenses	(1,676)	(2,226)	↑ 32.8%
Income Tax	(262)	(346)	↑ 32.1%
Net Profit	900	1,214	↑ 34.9%

Notes: General, administrative and other expenses include operating expenses, business tax and surcharges, other expenses and non-operating expenses

# Key Ratios of Ping An Bank

	1H2010	1H2011
Net Interest Spread	1.97%	2.28%
Net Interest Margin	2.09%	2.44%
Cost/Income Ratio	50.50%	45.87%

	31/12/2010	30/06/2011
Non-performing Loan Ratio	0.41%	0.32%
Provision Coverage Ratio	211.14%	285.89%
Capital Adequacy Ratio	10.96%	10.78%

Notes: Cost/income ratio refers to the total of general and administrative expenses and other expenses /operating income(excluding non-operating income)

# Investment Business Review



# Investment Business Highlights

## Investment

- n Ping An Asset Management seized market opportunities, carried out effective risk management and optimized asset allocation with prudent steps to increase investments in fixed income assets with high interest rates. Net investment yield increased to 4.3% in the first half of 2011 from 4.1% in the same period 2010, total investment yield rose to 4.2% from 3.7%

## Trust

- n The private wealth management business of Ping An Trust achieved rapid and stable growth, with the number of high net-worth customers exceeding 10,000. The average fund raised per month reached RMB5 billion, representing an increase of more than 200%. Management fees of trust products was RMB756 million, representing an increase of 175% compared with the same period of last year

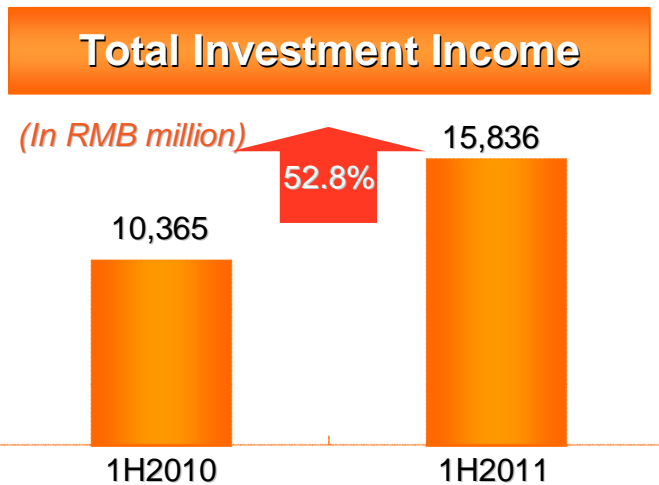
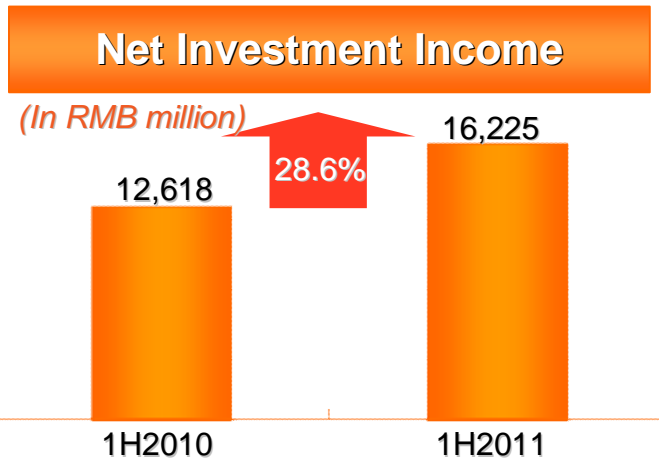
## Securities

- n Ping An Securities successfully sponsored 18 IPOs and 3 refinancing projects as the lead underwriter, ranked first in terms of underwriting revenues for IPO transactions and second in the league table by number of deals

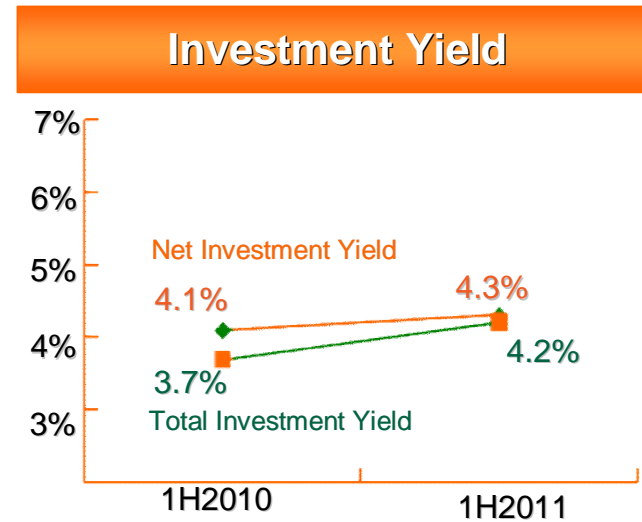
## Fund

- n On July 14, 2011, Ping An-UOB Fund received approval from the CSRC to launch its first fund product named Ping An-UOB Industries Pioneer Equity Fund

# Net Investment Yield and Total Investment Yield Improved



Note: The data above is based on insurance fund investment portfolio



Primarily due to the increase of interest income from fixed maturity investments as a result of the increase in scale of investment assets, as well as the increase in dividend income from equity investments as compared with the same period last year, both net investment yield and total investment yield improved

# Optimize Portfolio Allocation and Increase Investment in Fixed Income Assets Steadily

(In RMB million)	31/12/2010	30/06/2011	Change
<b>Portfolio<sup>(1)</sup></b>			
Fixed Maturity Investments	77.8%	78.2%	↑ 0.4%
Term Deposits <sup>(2)</sup>	17.5%	19.2%	↑ 1.7%
Bond Investments <sup>(2)</sup>	59.2%	57.6%	↓ 1.6%
Other Fixed Maturity Investments <sup>(2)</sup>	1.1%	1.4%	↑ 0.3%
Equity Investments <sup>(2)</sup>	9.8%	11.5%	↑ 1.7%
Infrastructure Investments	1.2%	1.1%	↓ 0.1%
Cash, Cash Equivalent and Others	11.2%	9.2%	↓ 2.0%
	100% =762,953	100% =838,071	

Notes: (1) The above investment portfolio is our insurance fund investment portfolio

(2) The data above exclude items that are classified as cash and cash equivalent

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Thank You

