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2008 Interim Results

August 18, 2008

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Agenda



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



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Overview

In the first half of 2008, China faced and overcame a number of hardships caused by an unfavorable domestic and global economic environment, and several catastrophic natural disasters. Under such complex operating environment, Ping An has endeavored to execute its development strategy set by the board of directors. Our core businesses all sustained healthy growth.

Due to the significant decrease in total investment income, our net profit decreased slightly as compared to the same period of 2007. Looking ahead, our business fundamentals are still solid and growth momentum has been sustained, we are confident to deliver long-term sustainable value to our shareholders.

Fundamentals Are Further Strengthened **中国平安** 专业 价值 PING AN OF CHINA

Healthy growth from insurance businesses and leading position in annuity business market

Steady progress in the nationwide expansion of banking business and more than 700,000 of in-force credit cards

Broadening of investment channels and improvement of asset allocation

Encouraging progress achieved in third-party asset management business

Synergy achieved from Integrated Financial Services Strategy and delivered promising cross-selling results



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Operating Highlights

2008 – A Difficult and Challenging Year



Conditions

Impacts on Company

Macro Economy

- PRC economy witnesses a stable growth, whilst the momentum appears to slow down
- Inflation rate remains at a relatively high level

- Sound economic foundation to guarantee long-term sustainable growth
- Increasing cost pressure due to high inflation

Financial Market Conditions

- PBoC continues to adopt an appropriate level of contraction monetary policy and increased the deposit reserve rate for five times in the first half, which now stood at a historical high of 17.5%
- Both global and domestic capital market experienced deep correction and high volatility
- RMB appreciation continues at a steady pace

- Our bank's loan business growth has been affected
- Negative impact to net profit due to the significant decrease in total investment income
- Foreign exchange loss incurred

Natural Disasters

- China was hit by a heavy snow storm and a catastrophic earthquake in the first half

- Disasters related claim payments increased substantially and caused a big underwriting loss to P&C business

Competitor Dynamics

- Wealth management type of products sold through bancassurance increased substantially and resulting a high premium growth rate for the whole insurance industry

- Given the relative slower bancassurance growth rate compared to the industry level, the market share of Ping An Life decreased

Integrated Back Office Operation

- After over 2 years of centralization, the integrated back office operating platform has gradually fulfilled its role in improving service efficiency, enhancing risk control and reducing operation costs, which strongly supports our Integrated Financial Services Strategy.

Integrated Branding, Products and Customer Services

- Based on the integrated financial service platform, VIP Club and “Wanglitong” Plan have been launched to strengthen our competitive edge in branding, products and customer services.

**“One Customer,
One Account,
Integrated Products,
Integrated Services”**

Encouraging Cross-selling Activities



(in RMB million)

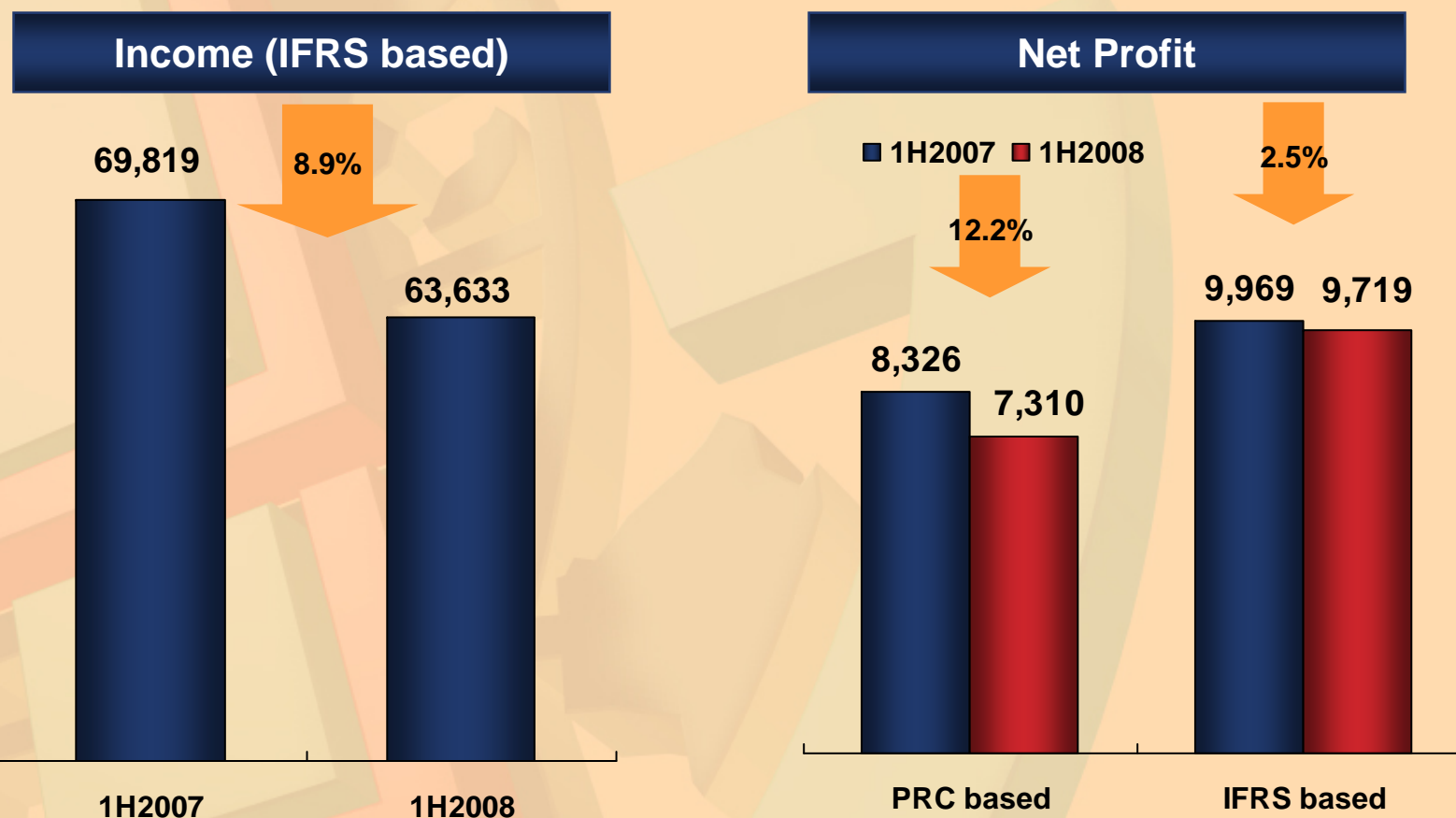
New Business Acquired through Cross-selling

	Amount	Contribution Percentage
P&C insurance business premium income	2,047	14.0%
Corporate annuity business		
Entrusted assets	658	12.5%
Assets under investment management	746	12.7%
Trust plans	401	1.3%
Banking		
Corporate deposits	486	9.1%
Credit cards (in thousand)	270	55.8%

Income and Net Profit Declined Slightly



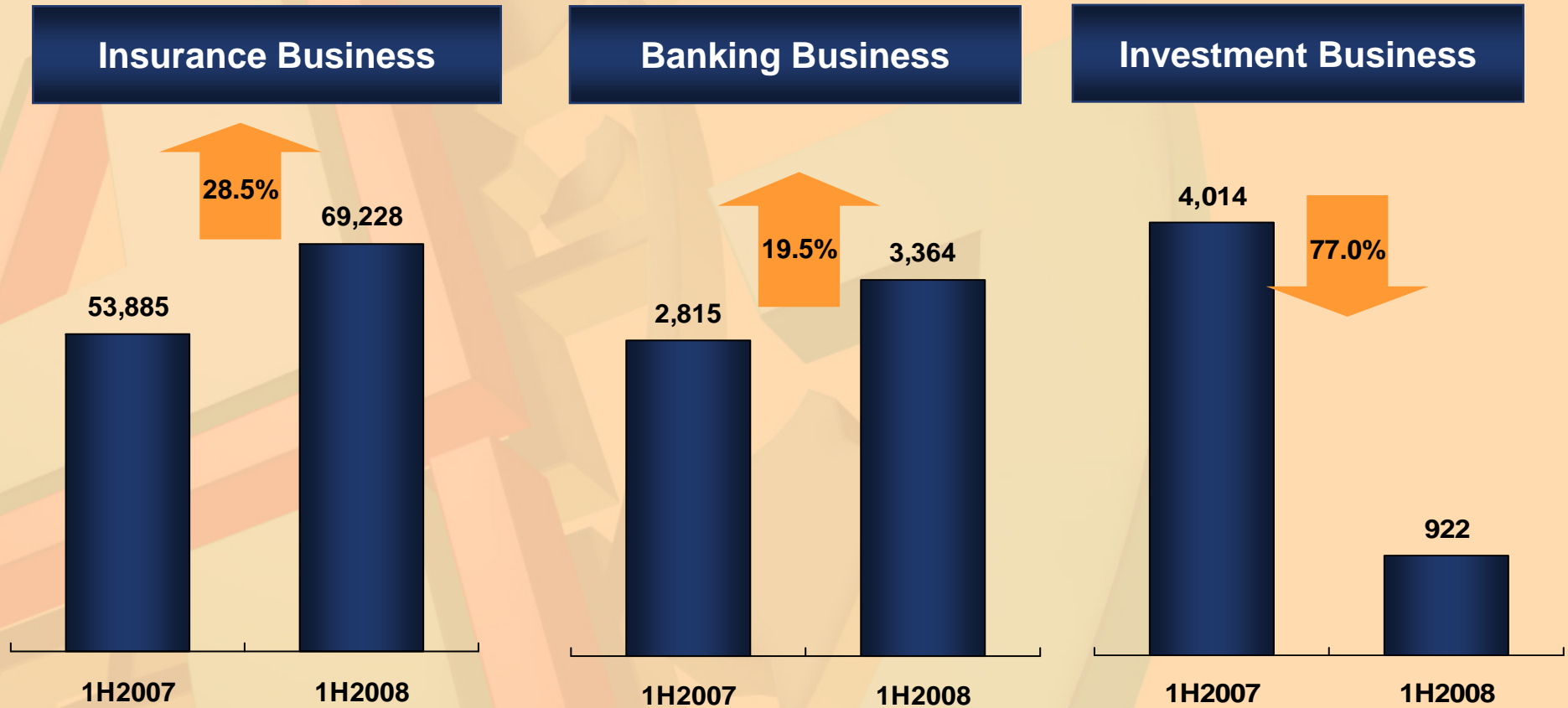
(in RMB million)



Note: Income figures shown above represent income before the deduction of interest expenses and fees & commission expenses of our banking business.

Income by Segments

(in RMB million, IFRS based)



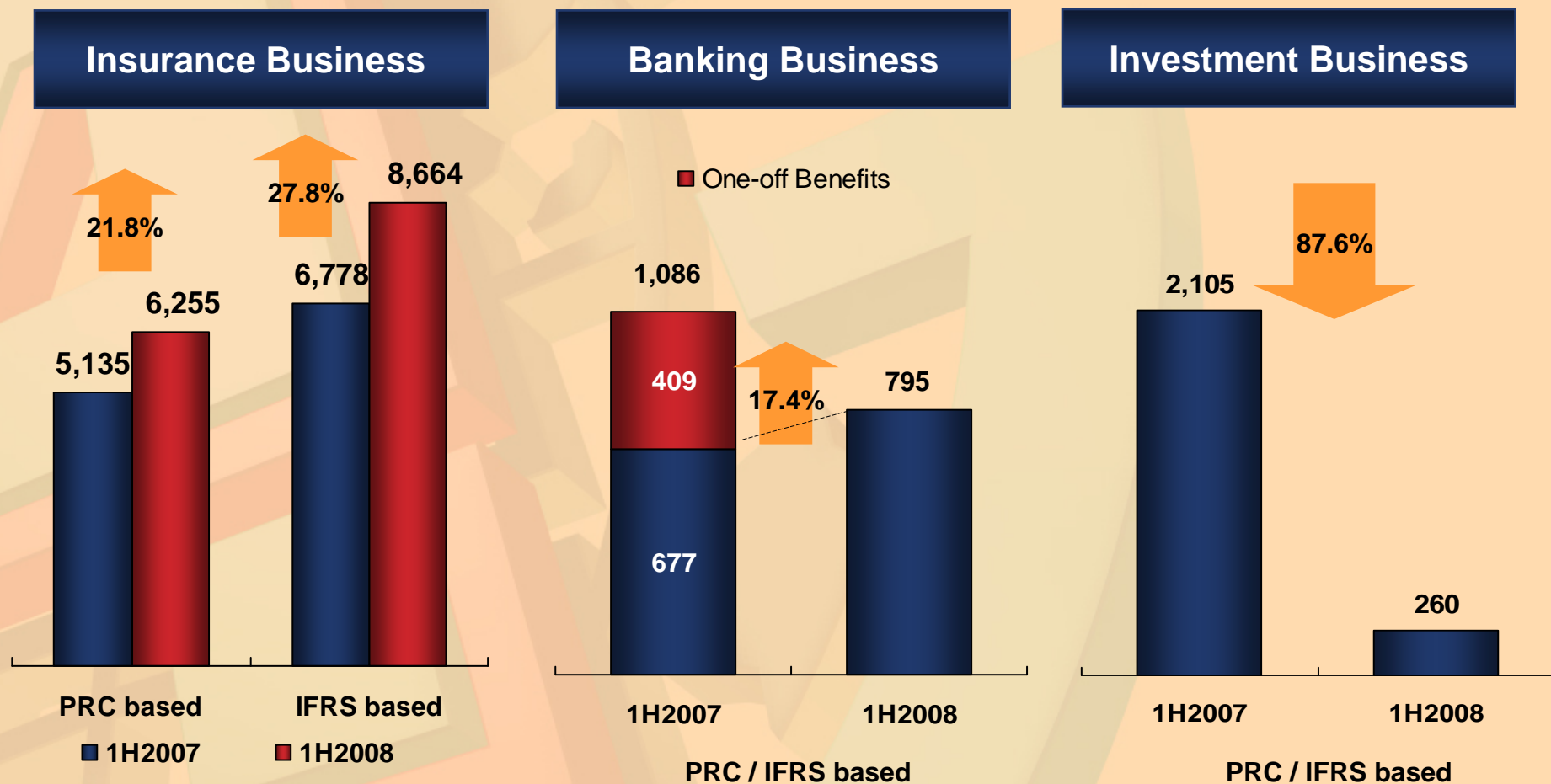
Notes: 1. Income for insurance includes gross written premiums and policy fees of Life insurance and P&C insurance.

2. Income for banking represents income before the deduction of interest expenses and fees & commission expenses of our banking business.

3. Investment business includes corporate, securities, elimination and others.

Net Profit by Segments

(in RMB million)



Note: 1. Investment business includes corporate, securities, elimination and others.

2. One-off benefits include nonperforming assets disposal and reversals of litigation provisions from 1H2007 (RMB409 million in total).



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Financial Analysis and Embedded Value

Financial Analysis and Embedded Value Highlights



Financial Analysis

- Reconciliation of net profit between PRC GAAP and IFRS basis
- Reconciliation of insurance premium between PRC GAAP and IFRS basis
- Reconciliation of investment income between PRC GAAP and IFRS basis
- Increase in policyholders' reserve analysis under PRC GAAP and IFRS basis

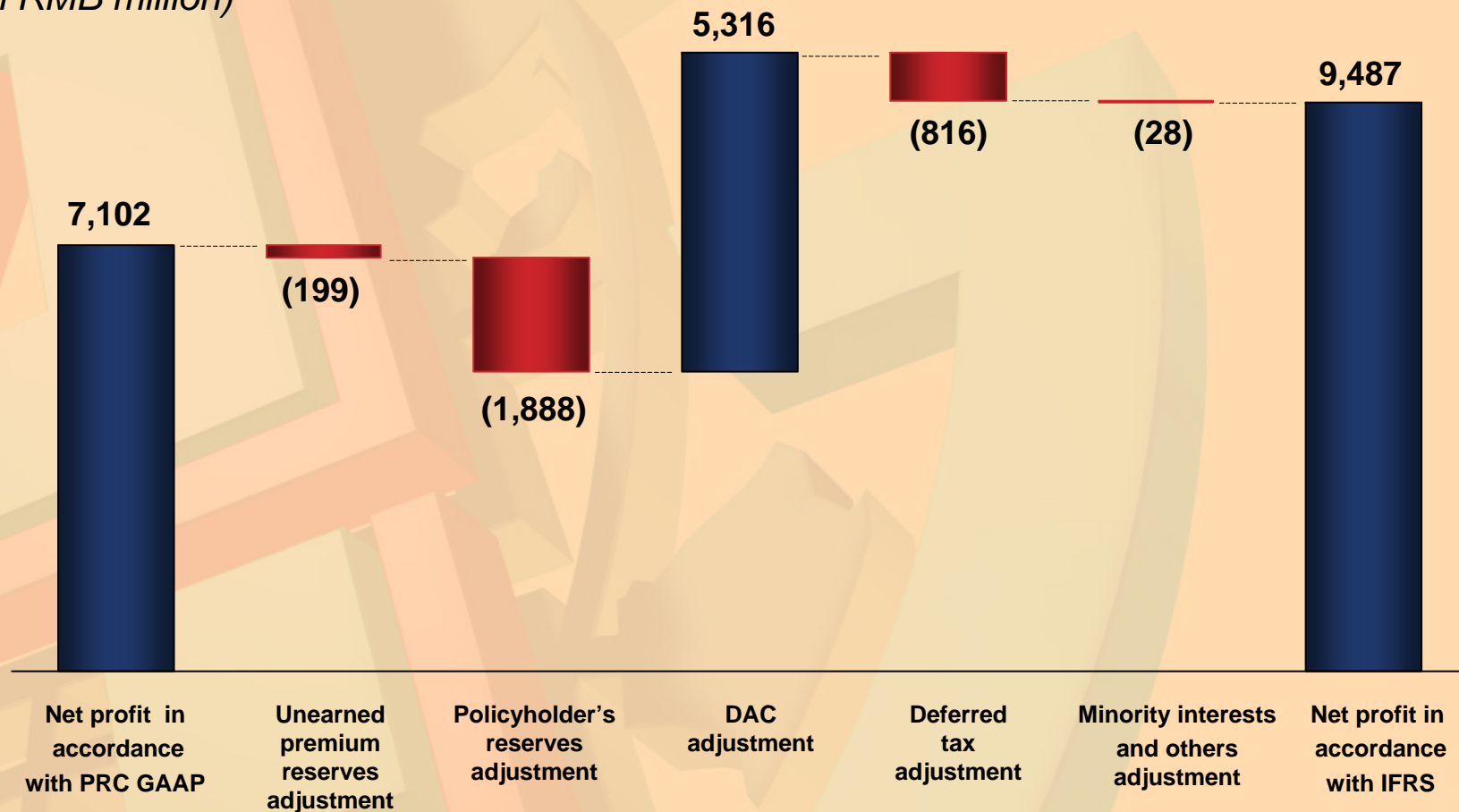
Embedded Value

- High guaranteed return policy reserves analysis
- Composition of embedded value
- One year's new business

Reconciliation of Net Profit between PRC GAAP and IFRS Basis



(in RMB million)



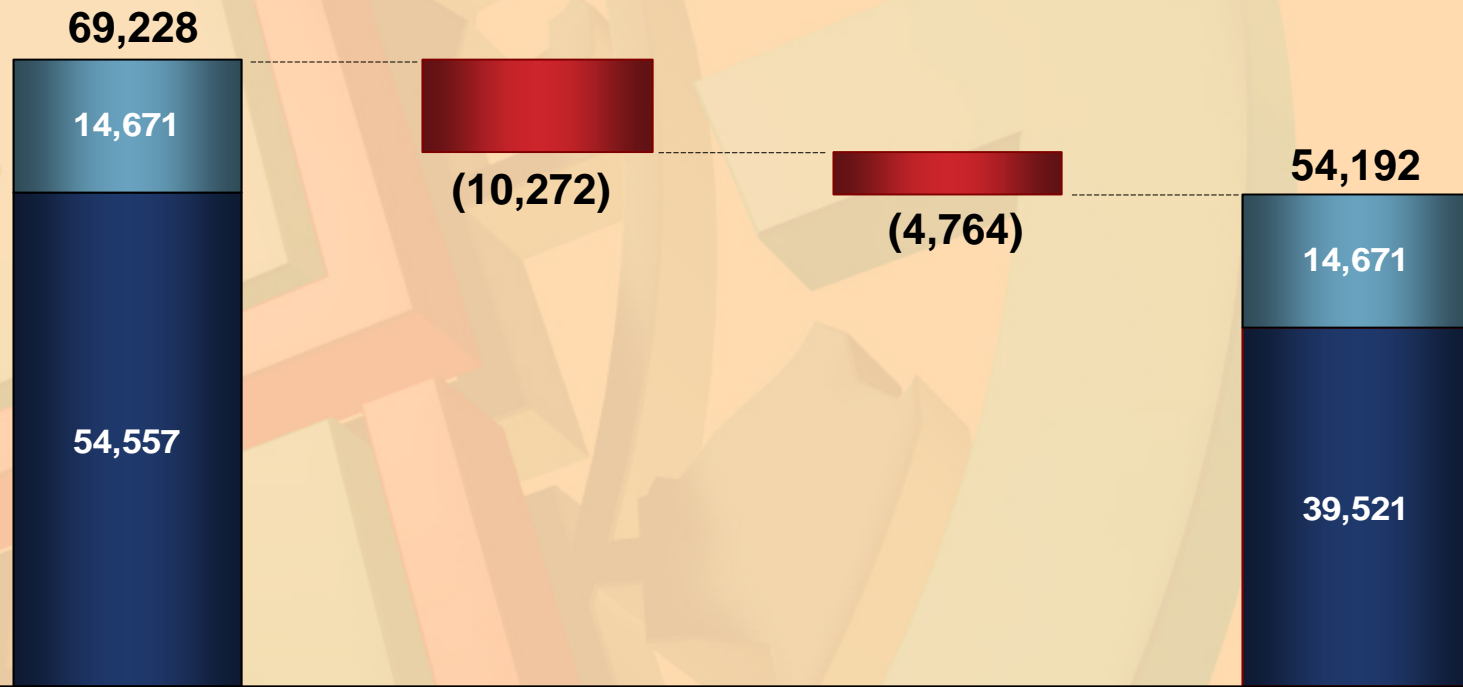
Note: Net profit in accordance with PRC GAAP and IFRS excludes minority interests.

Reconciliation of Insurance Premium Between PRC GAAP and IFRS Basis



(in RMB million)

■ Life Insurance ■ P&C Insurance



Gross written premiums, policy fees and premium deposits in accordance with PRC GAAP

Premium deposits allocated to policyholder contract deposits (Universal life)

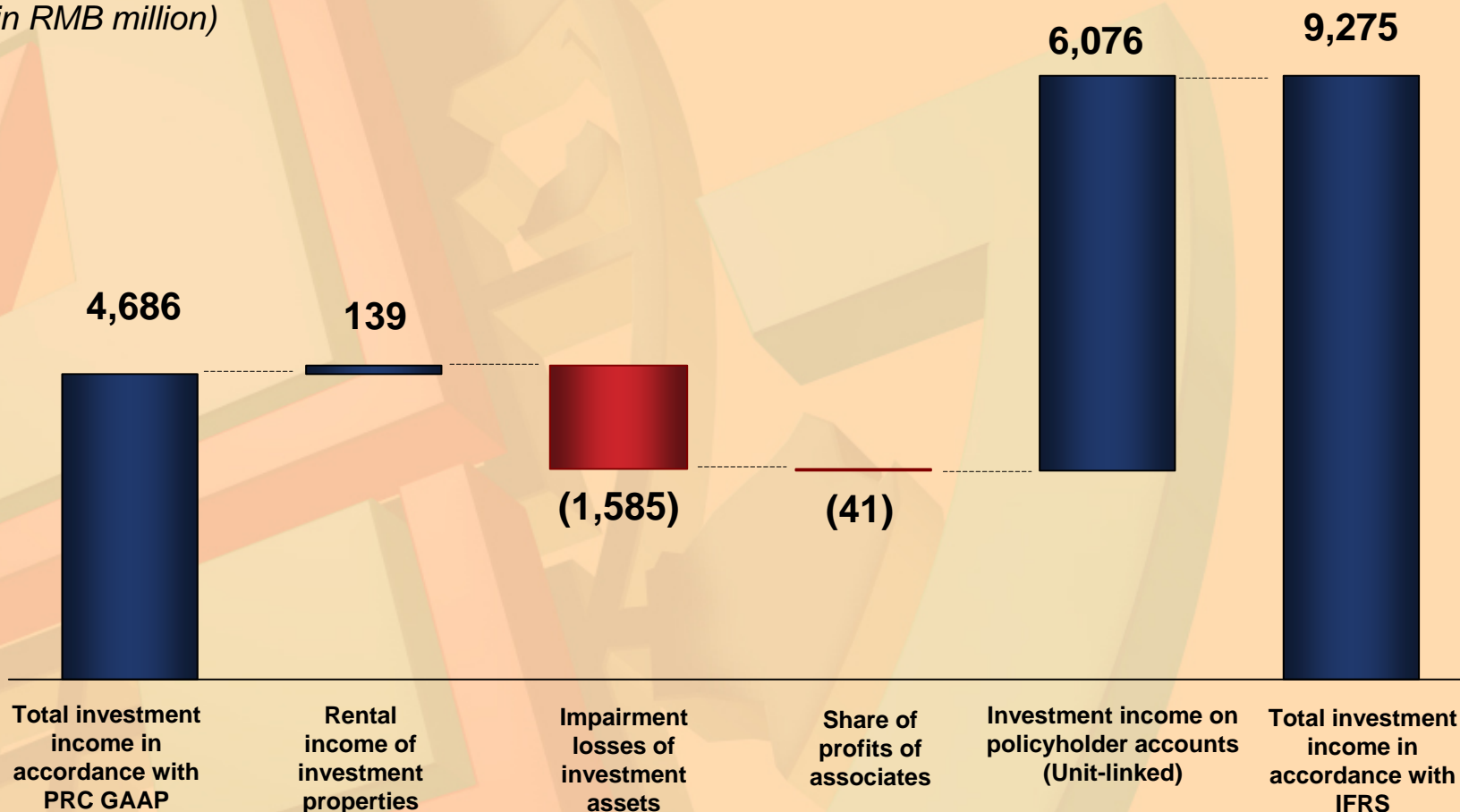
Premium deposits allocated to policyholder accounts (Unit linked)

Gross written premiums and policy fees in accordance with IFRS

Reconciliation of Investment Income Between PRC GAAP and IFRS Basis

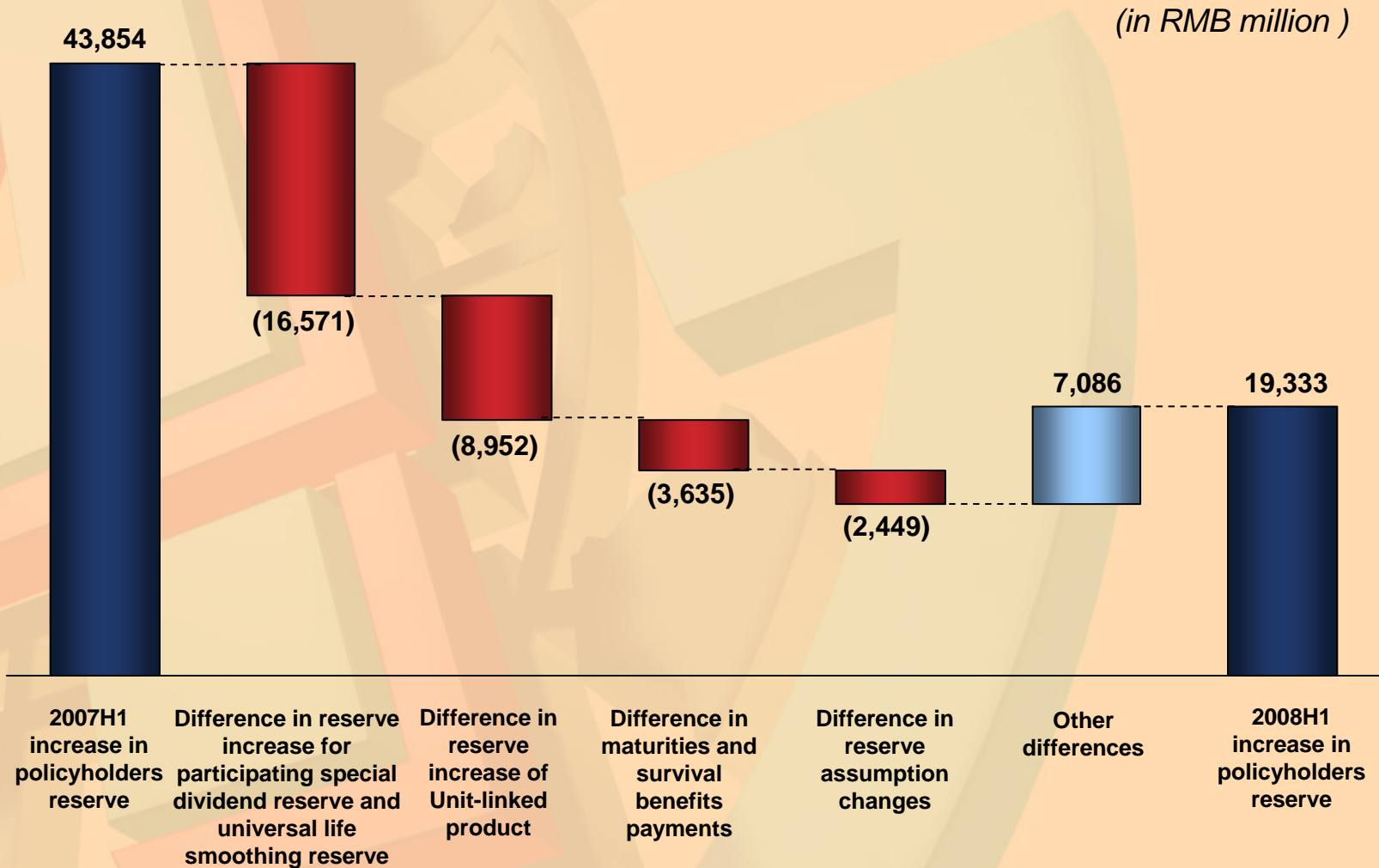


(in RMB million)



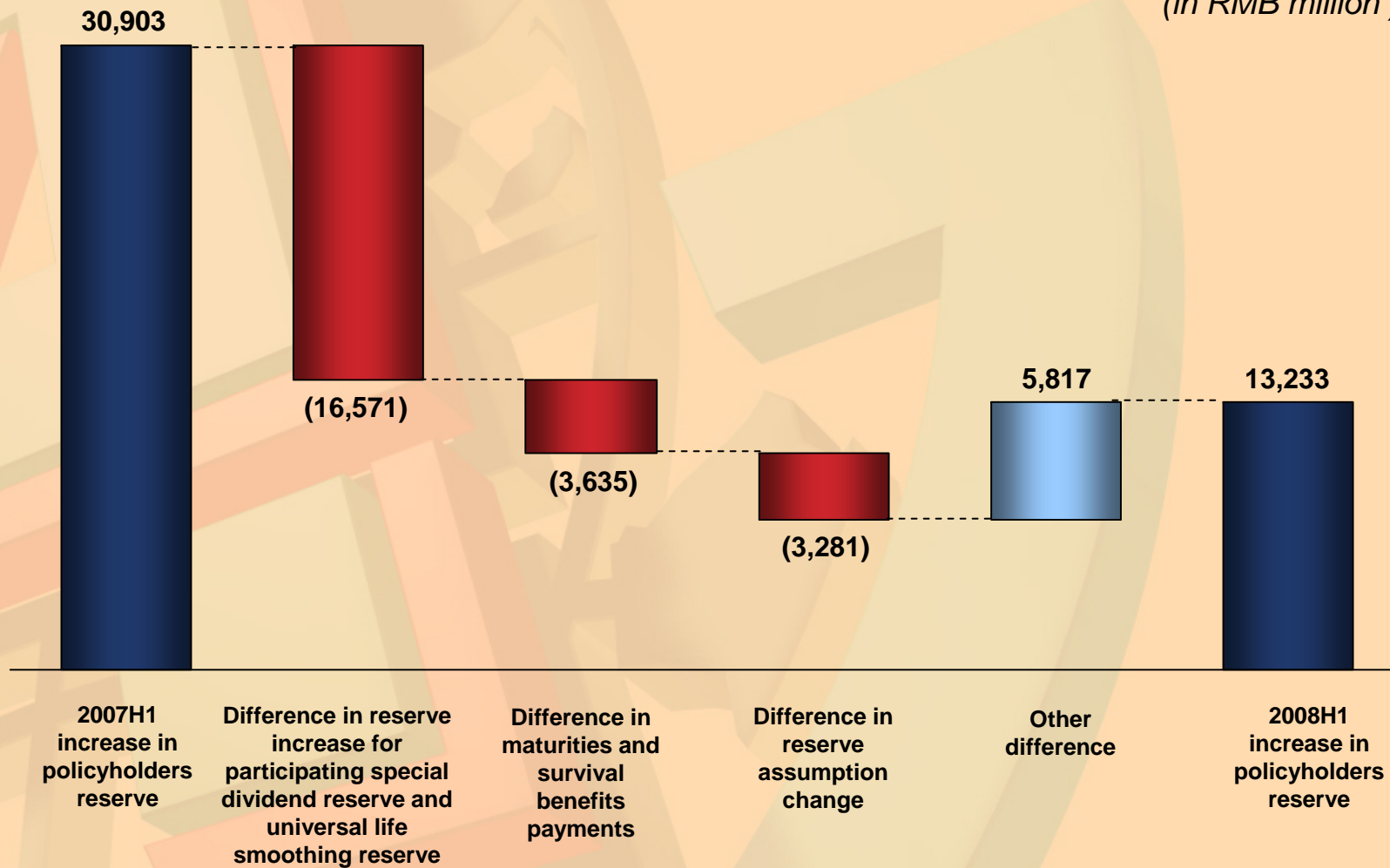
Note: Total investment income in accordance with PRC GAAP includes investment income of RMB 23,445 million and losses from changes in fair value of RMB -18,759 million.

Increase in Policyholders Reserve Analysis (PRC GAAP Basis)



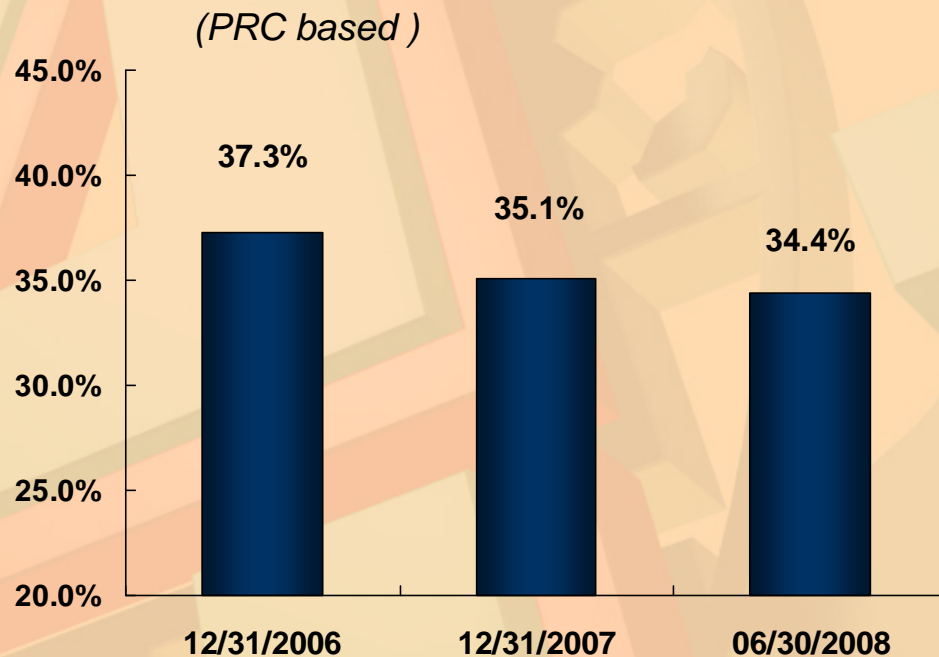
Change in Policyholders Reserve Analysis (IFRS Basis)

(in RMB million)

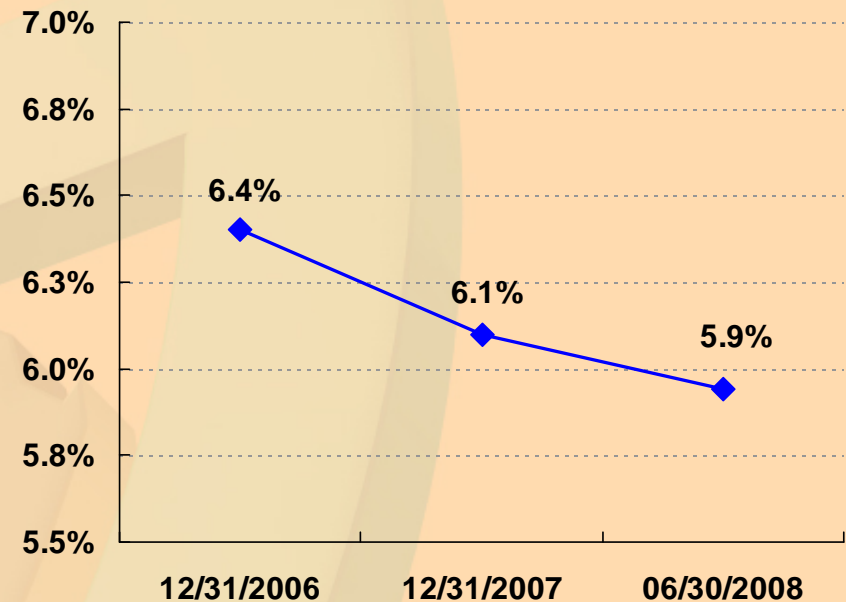


Negative Spread Issue

High Guaranteed Return Policy Reserves ($\geq 5\%$) as % of Total Statutory Reserves



Average Liability Cost of High Guaranteed Return Life Insurance Policies



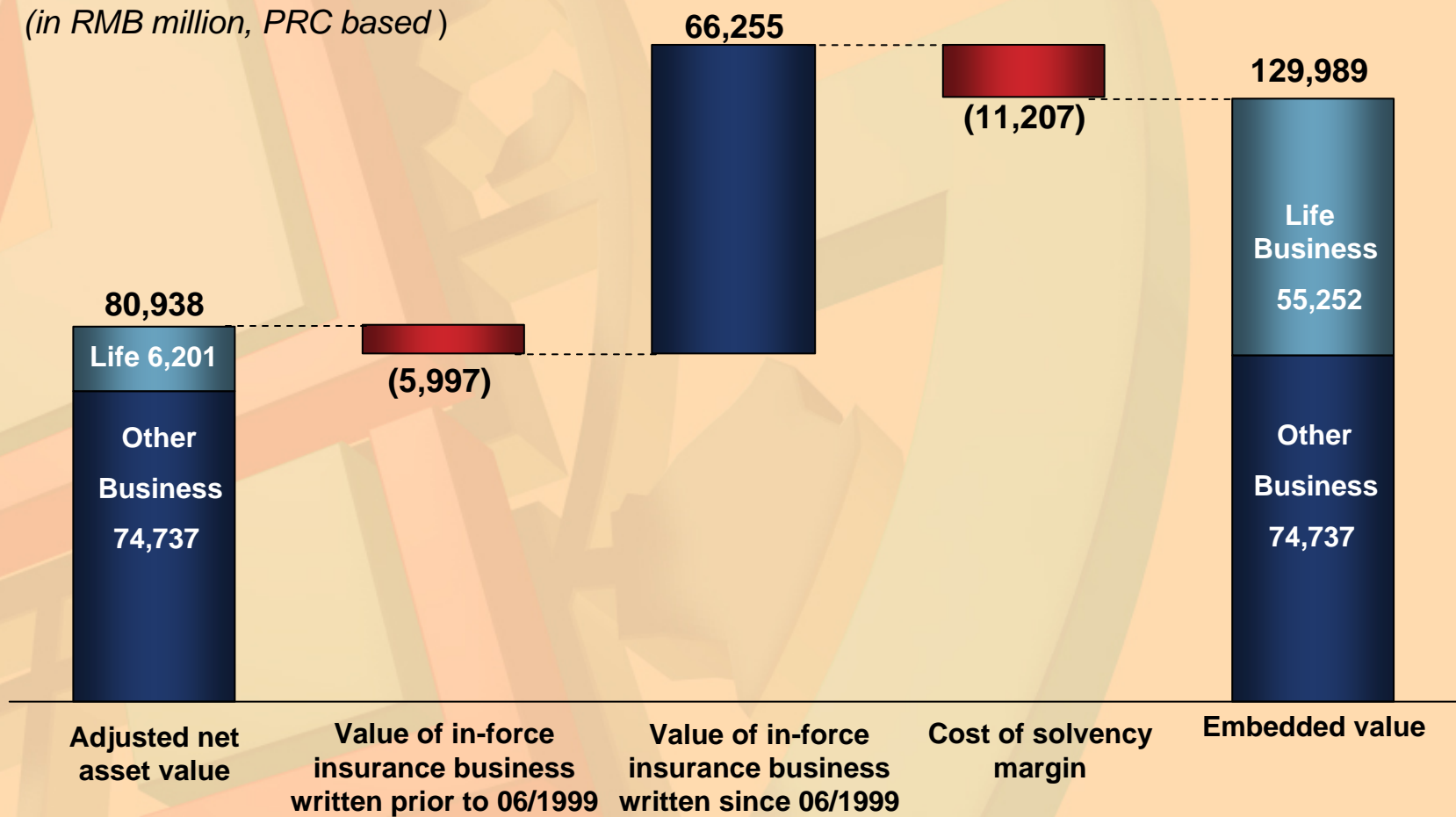
- The proportion of the policyholders' reserve and the average liability cost for high guaranteed return life insurance policies continue to decrease.
- We expect the reserve of these high guaranteed return life insurance policies as a percentage of our total in-force life insurance policies will further decline as our new policies with lower or no guaranteed rates of return continue to grow.

Composition of Embedded Value



Embedded Value Component – 1H2008

(in RMB million, PRC based)



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

One Year's New Business Mix



(in RMB million, PRC based)

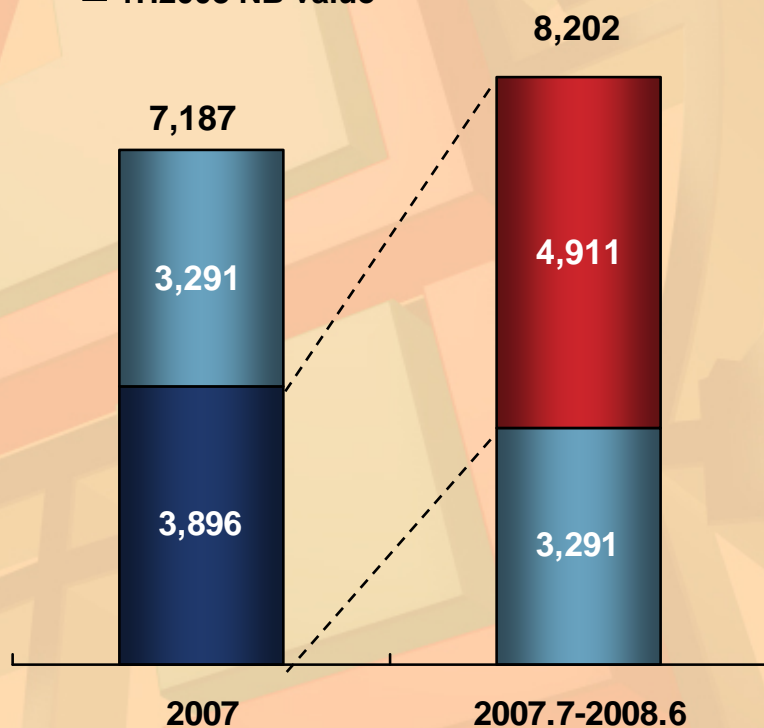
<u>NB MIX (rolling 12 months)</u>	As at Jun. 30,2008	As at Dec. 31,2007
Individual life	47.9%	50.7%
Long-term business	46.4%	49.0%
Short-term business	1.5%	1.7%
Group life	25.5%	26.0%
Long-term business	17.3%	16.9%
Short-term business	8.2%	9.1%
Bancassurance	26.6%	23.3%
Total	100%=37,206	100%=29,926

One Year's New Business Value

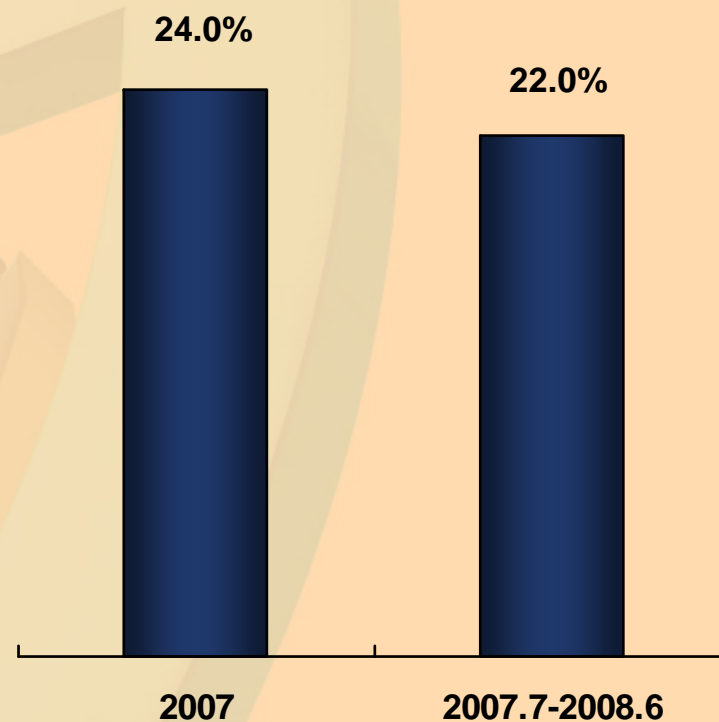
One Year's New Business Value

(in RMB million, PRC based)

- 1H2007 NB value
- 2H2007 NB value
- 1H2008 NB value



The Overall New Business Margin





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Insurance Business Review

Insurance Business Highlights



Life Insurance

- First year regular premiums, policy fees and deposits increased 29.9% for individual life business, and total premiums, policy fees and deposits increased 76.5% for bancassurance business.
- Life's sales force increased steadily to over 315,000 after the strong growth in 2007.

Corporate Annuity

- Corporate Annuity established No. 1 market position in terms of assets under trust and investment management.

Property & Casualty Insurance

- Gross written premiums increased 26.1% to RMB14,671 million.
- Market share accounted for 10.7%, increased 0.5 percent over 1H2007.
- Combined ratio increased significantly due to catastrophic natural disasters.

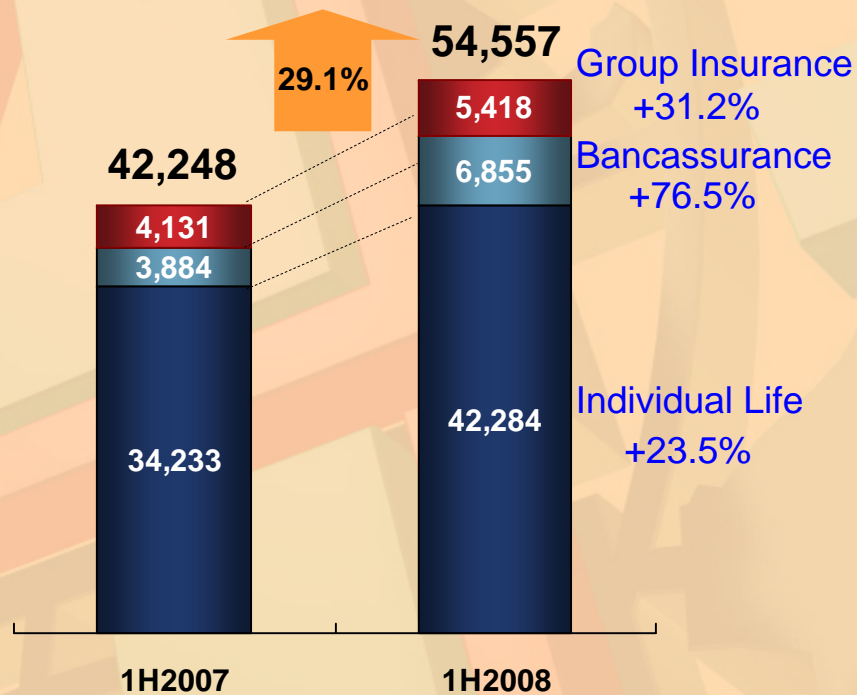
Notes: 1. Life insurance includes our life insurance business through Ping An Life, Ping An Annuity and Ping An Health.
2. P&C insurance includes our property and casualty insurance business through Ping An Property & Casualty and Ping An Hong Kong.

Life Insurance Premium Income & Policy Persistency Ratio

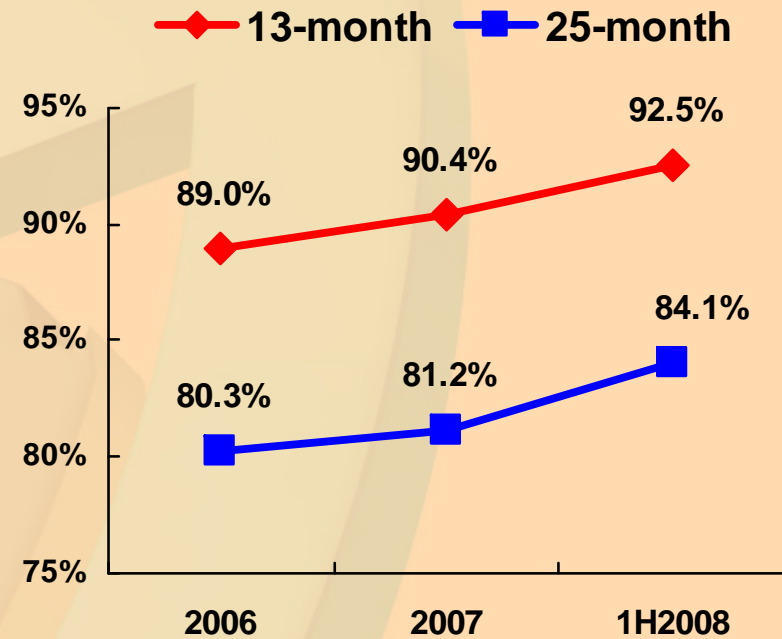


(in RMB million, IFRS based)

Premium Income and Deposits



Policy Persistency Ratio



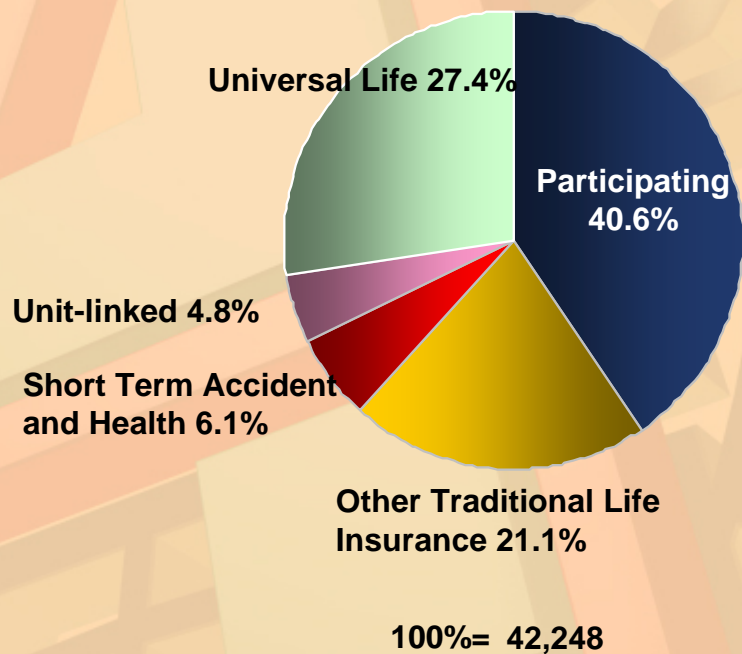
- Total life premium income increased 29.1% and market share was 12.8%.
- Policy persistency ratio continued to improve.

Balanced and Stable Product Structure for Life Business

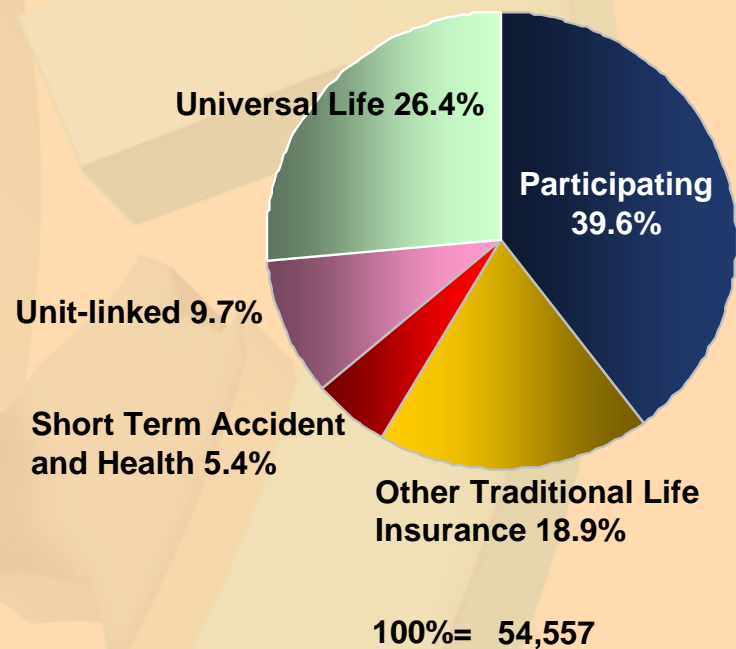


(in RMB million, IFRS based)

1H2007



1H2008



- Notes:
1. Life insurance includes our life insurance business through Ping An Life, Ping An Annuity and Ping An Health.
 2. Other traditional life insurance includes Long term health, Life and Annuity.
 3. The above premium income includes gross written premiums, policy fees and premium deposits.

Individual Life Premium Income and Premium Deposits



(in RMB million, IFRS based)

<u>Individual Life</u>	1H2008	1H2007	Growth
First year regular premiums, policy fees and deposits	11,443	8,811	+29.9%
First year single premiums, policy fees and deposits	13	13	-
Short term accident and health premiums	977	935	+4.5%
Total new business	12,433	9,759	+27.4%
Renewal business	29,851	24,474	+22.0%
Total individual life	42,284	34,233	+23.5%

➤ **Strong first year regular premium growth from individual life business**

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

Bancassurance and Group Insurance Premium Income and Premium Deposits



(in RMB million, IFRS based)

Bancassurance

	1H2008	1H2007	Growth
First year regular premiums, policy fees and deposits	94	45	+108.9%
First year single premiums, policy fees and deposits	6,609	3,712	+78.0%
Short term accident and health premiums	1	1	-
Total new business	6,704	3,758	+78.4%
Renewal business	151	126	+19.8%
Total bancassurance	6,855	3,884	+76.5%

Group Insurance

	1H2008	1H2007	Growth
First year single premiums, policy fees and deposits	3,219	2,278	+41.3%
Short term accident and health premiums	2,004	1,641	+22.1%
Total new business	5,223	3,919	+33.3%
Renewal business	195	212	-8.0%
Total group insurance	5,418	4,131	+31.2%

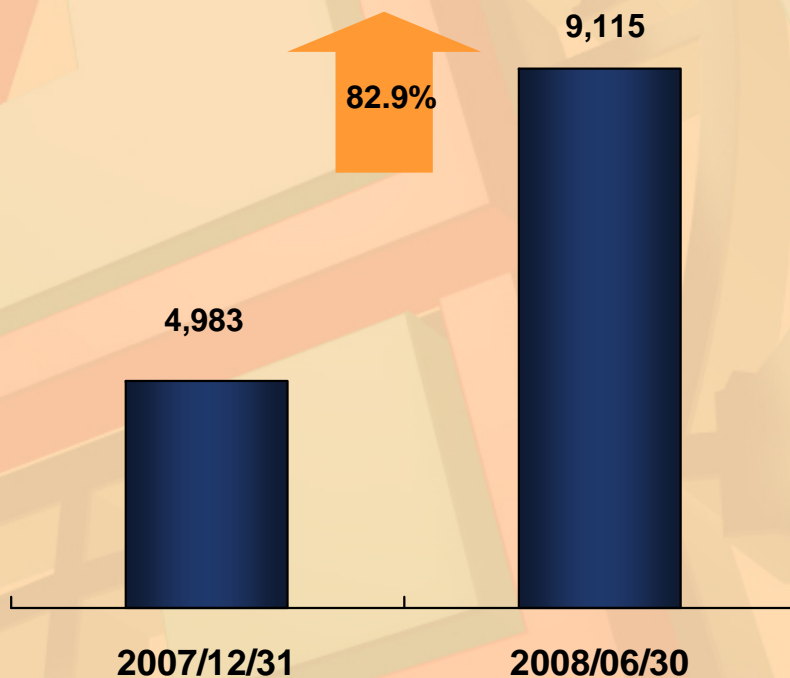
Notes: Life insurance includes our life insurance business through Ping An Life, Ping An Annuity and Ping An Health.

Strong Growth in Corporate Annuity Business and No. 1 Market Position



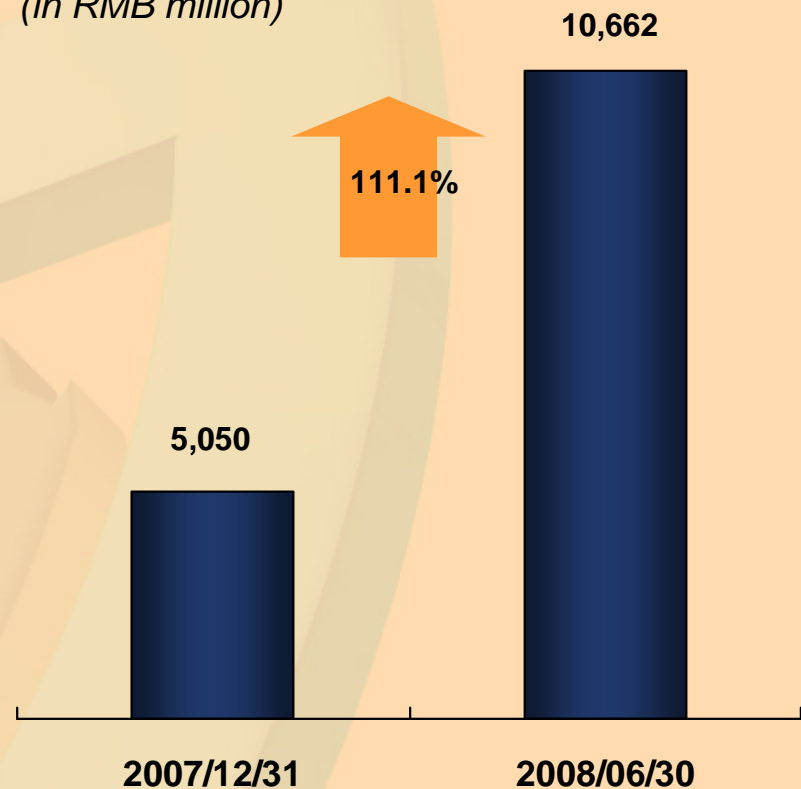
Assets under Trust

(in RMB million)



Assets under Investment Management

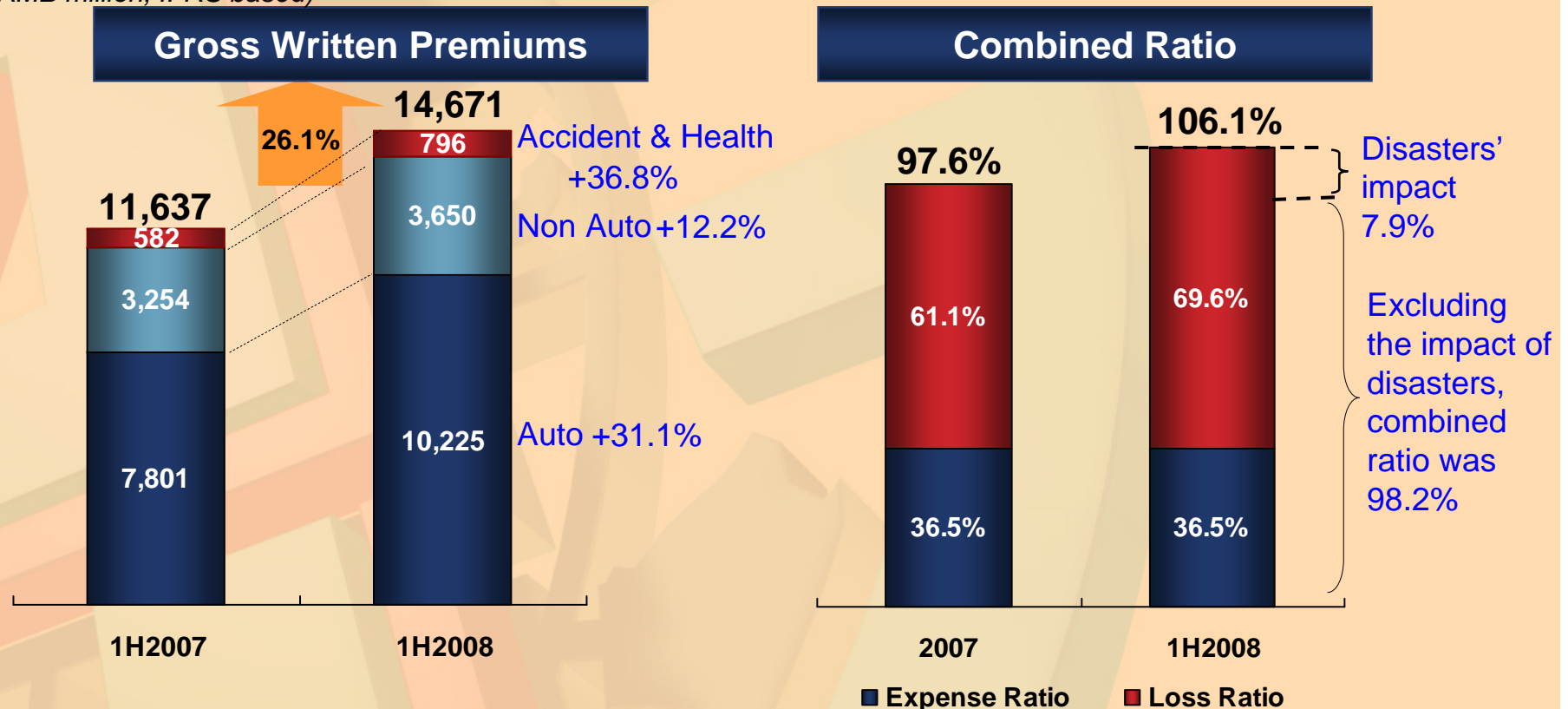
(in RMB million)



Strong Growth in P&C Business Gross Premium Income



(in RMB million, IFRS based)



- Total P&C gross premium income increased 26.1%, which was 5.6 percent higher than the market growth, and market share increased to 10.7%.
- P&C combined ratio was significantly higher than last year due to the negative impact from heavy snow storm, earthquakes and heavy rainstorms. If excluding the net loss from these disaster-related claims, combined ratio was 98.2% in 1H2008.

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



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Investment Business Review

Investment Business Highlights



Adjusted Asset Allocation Proactively Due to Capital Market Fluctuations

- Increased fixed income asset allocation and reduced equity related exposure

Third-party Asset Management Business's Growth

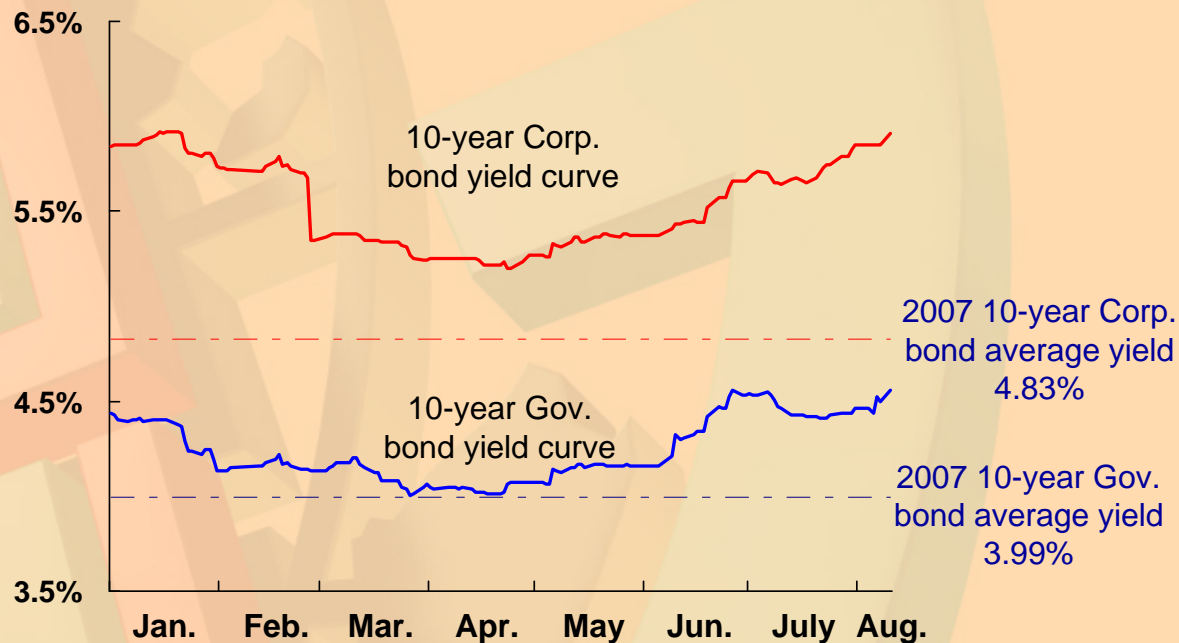
- The first domestic QDII account entrusted to Ping An Asset Management has entered into operating stage in substance
- First collective asset management plan of Ping An Securities successfully launched
- Ping An Trust has continually increased its product amount and customer base

Broadening of Investment Channels

- The corporate bonds market has been further broadened for yield enhancement
- Infrastructure investment progressed steadily: CIRC has officially approved Ping An's investment in Beijing-Shanghai Express Railway

Yield of Fixed Income Asset

2008 10-Year Gov. Bond Yield Curve vs. 10-Year Corp. Bond Yield Curve



- The yield of 10-year Corp. bond and 10-year Gov. bond in 1H2008 was higher than its average yield in 2007.
- It shows an upward trend in the second quarter, good for increasing weighting to bonds asset. It is expected to continue with this upward trend in the second half.

Investment Portfolio



		06/30/2008	12/31/2007	Change
Term Deposits	(1)	11.1%	7.0%	↑ 4.1%
Bond Investment	(1)	52.4%	40.2%	↑ 12.2%
Other Fixed Maturity Investments	(1)	0.7%	0.5%	↑ 0.2%
Equity Investments	(1) (2)	15.6%	24.7%	↓ 9.1%
Investment Properties		0.8%	0.8%	-
Cash, Cash Equivalents and Others		19.4%	26.8%	↓ 7.4%

(in RMB million)

100% =448,529⁽³⁾

100% =474,887⁽³⁾

Notes: (1) These figures exclude items that are classified as cash and cash equivalents.

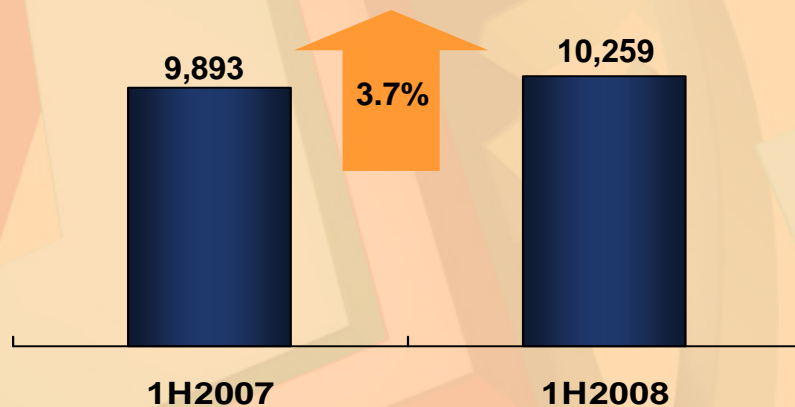
(2) Equity investments include equity investment funds, equity securities and investment in an associate.

(3) Investment assets exclude banking business.

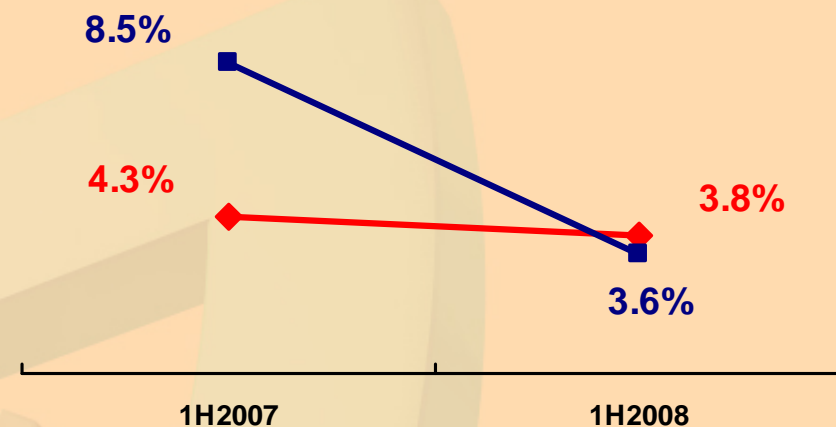
Investment Income and Investment Yield

Net Investment Income

(in RMB million, IFRS based)



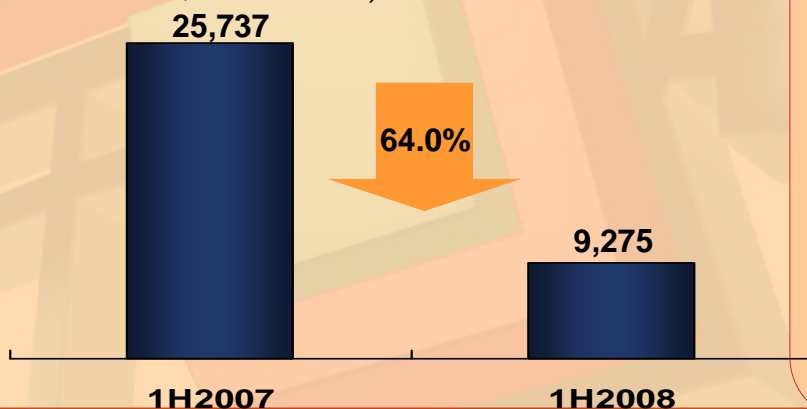
Investment Yield



◆ Net Investment Yield ■ Total Investment Yield

Total Investment Income

(in RMB million, IFRS based)



- Due to the increase in interest income from fixed maturity investments, net investment income increased.
- Due to stock market fluctuations, total investment and investment yield decreased significantly.
- In 1H2008, we incurred a net foreign currency exchange loss of RMB 525 million due to RMB appreciation against US dollar and other major currencies.



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Banking Business Review

Steady Development of Each Business Line

- Satisfactory growth in all lines of businesses, with growth of net interest income by 36% despite tight macro-economic policy and loan growth control
- Sound and steady development in both corporate and retail banking businesses, more than 700,000 of in-force credit cards already in SH and SZ

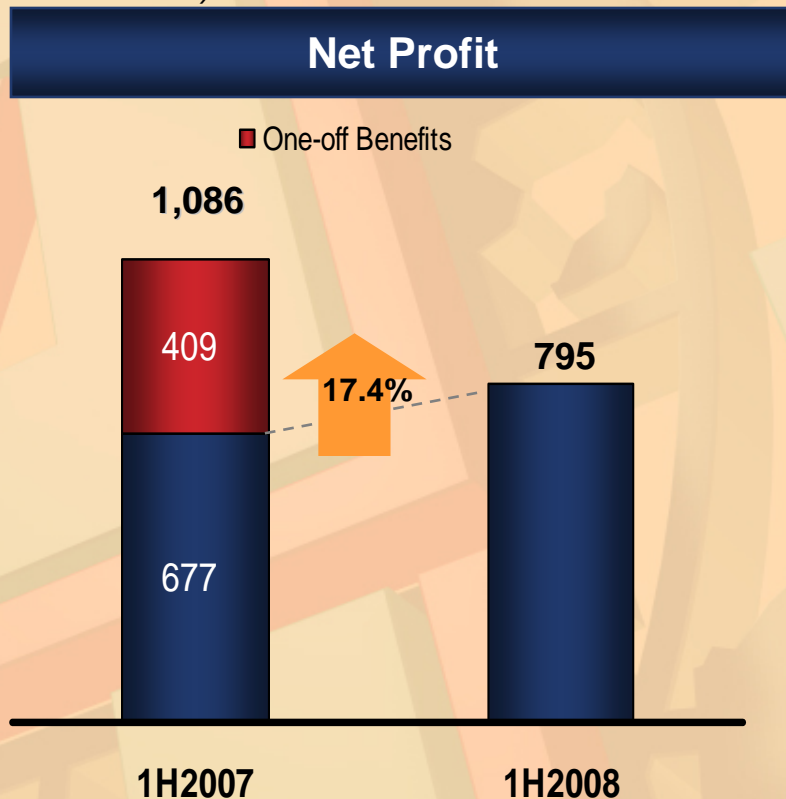
Nationwide Network and Infrastructure Expansion on Track

- Steady progress in the nationwide expansion of banking business. Quanzhou Branch was approved for opening---the first branch after Ping An Bank's merger and renaming
- The fundamental platforms of IT, risk management and headquarter functions were further strengthened, which laid down a solid foundation to develop into a nationwide bank

Steady Growth in Net Profit, Excluding One-off Benefits



(in RMB million)



Significant Investment in Infrastructure and Strategic Projects

In the first half of 2008, SZPAB maintained a good development momentum with increased investment into fundamental and strategic projects :

- Speeding up the credit card business development
- Enhancement of the construction of IT, risk control and other fundamental platforms
- Speeding up nationwide expansion
- Formed brand new retail sales teams

- If excluding the one-off benefits from 1H2007, the net profit of 1H2008 increased by 17.4%.
- Significant investments in strategic projects accelerated in 1H2008. If excluded, the growth in normalized profits should be even higher.

SZPAB Operation Results



<i>(in RMB million)</i>	1H2008	1H2007
Operating income	2,033	2,031
Net interest income	1,985	1,459
Assets impairment losses	(61)	62
General, administrative and other expenses⁽¹⁾	(1,009)	(851)
Net profit	795	1,086

- **Despite substantial investments in new business lines and up-grading infrastructure, net interest income growth of 36.1% outpaced the expenses growth of 17.5 percent.**

Notes:

(1) General and administrative expenses included operating expenses, business tax and surcharges, other expenses and net non-operating expenses.

Key Ratios Show Improvement



	06/30/2008	06/30/2007
Net interest spread	2.9%	2.4%
Cost-to-income ratio ⁽¹⁾	42.5%	36.1%
	06/30/2008	12/31/2007
Loan to deposit ratio	68.6%	54.8%
Non-performing loans ratio	0.5%	0.8%
Provisions coverage ratio	127.1%	82.2%
Capital adequacy ratio	10.1%	9.1%

- Key financial and risk indicators continue to improve.
- Credit quality continues to improve. Non-performing loan ratio decreased from 0.8% to 0.5% and with a 127.1% coverage ratio.
- Capital adequacy remains strong. Capital adequacy ratio stood at 10.1%.

Note: (1) Cost-to-income ratio is defined as general and administrative expenses / operating income.



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Questions and Answers