



2005 Results

March 30, 2006

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Agenda



Topic	Speaker	Position
Overview	Dr. Peter Ma	Chairman & CEO
Financial Highlights	Dr. Louis Cheung	COO & CFO
Insurance Business Review	Dominic Leung	Chief Insurance Business Officer
Investment Highlights	Philip Young	Chief Investment Officer
Embedded Value	Stephen Meldrum	Chief Actuarial Officer

2005 – Proactive Reform Paid off



Business Performance Excelled

- Reached new historical highs in terms of net profit, premium income embedded value and market capitalization
- Regained premium growth momentum from core insurance businesses

Business Portfolio Optimized

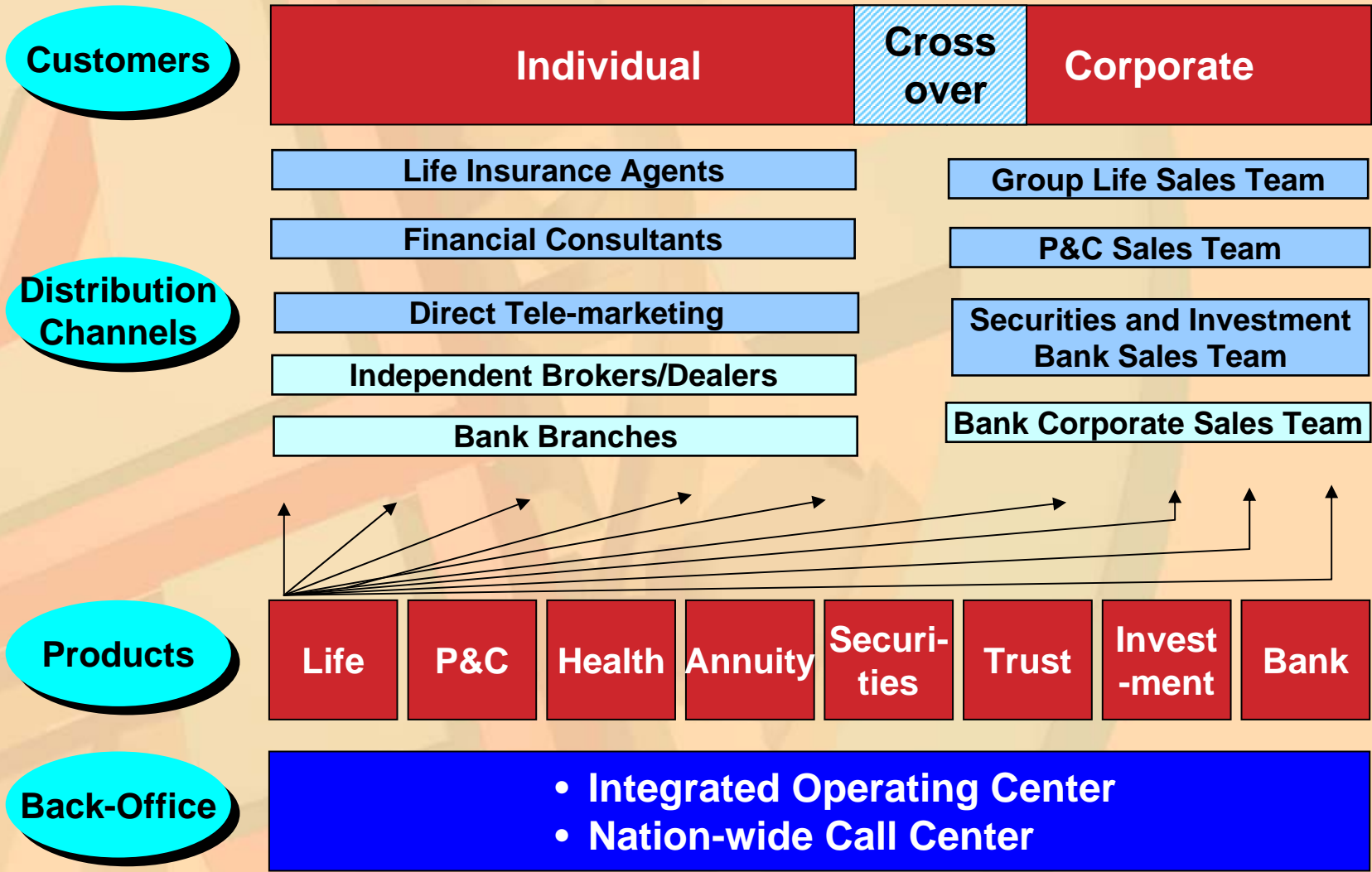
- Laid a solid profit-generating foundation from core businesses
- Achieved set objectives for businesses under transformation
- Accomplished the infrastructure set up for newly launched business

Business Platform Refined

- Accelerated the pace of back-office centralization
- Continued to build multi financial services platform
- Improved corporate governance and risk management

Our Vision

-- Multi-Financial Services Provider



2006 – A Confident Outlook



Our Advantages

- Solid profit streams facilitating accelerated growth
- Well established business platform to deliver multi financial products and services
- An experienced and high quality management team to enhance performance

Our Challenges

- Sustain profitable growth in a more competitive market
- Enhance investment return when facing low bond yield
- Generate profit contribution from transformed and new businesses

Our Plans

- Continue to strengthen growth and profitability from exiting businesses
- Broaden investment channels to enhance return and competitiveness
- Continue back-office centralization and business platform building



Financial Highlights

2005 – Another Year of Excellence



2004

Net profit: RMB 3,146 million

+35.2%

Equity: RMB 28,627 million

+115.4%

Asset: RMB 264,439 million

+28.3%

2005

Net Profit: RMB 4,265 million

+35.6%

Equity: RMB 33,522 million

+17.1%

Asset: RMB 319,706 million

+20.9%

Core Business

- Total life premium growth, in particular strong FYP growth and strong renewals from individual life business
- P&C business achieved above market growth rate, together with improved combined ratio
- Core businesses generated solid profit streams

Business Under Transformation

- Group life business transformed into an integrated group sales platform
- Bancassurance business maintained current scale and distribution network
- Securities business managed to achieve profits under a tough capital market environment
- Trust business made significant progress in strengthening management team building and launching new trust products

Newly Developed Business

- Ping An Bank moved its headquarters to Shanghai and opened Fuzhou branch
- Ping An Asset Management and Ping An Health Insurance were established in mid 2005
- Ping An Annuity was granted trustee and investment management licenses

Back-office Centralization

- The Integrated Operating Center established in Shanghai
- Made significant progress in centralization of underwriting, claims processing and document processing
- A nationwide call center serving our insurance customers

Income Statement Highlights



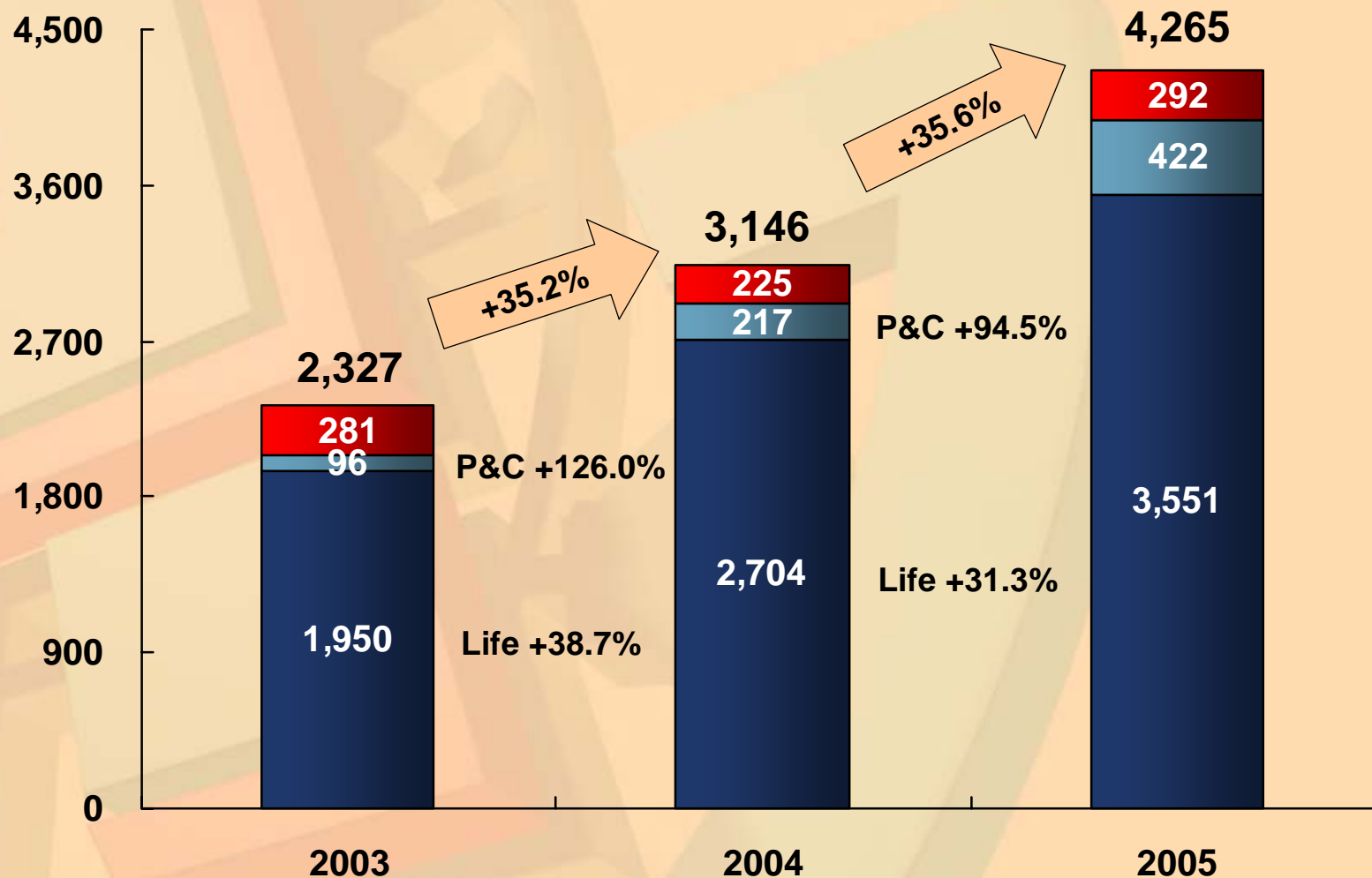
(RMB million)	2005	2004	Growth
Gross written premiums, policy fees and premium deposits	70,767	64,879	+9.1%
Gross written premiums and policy fees	59,021	60,033	-1.7%
Total Investment income	9,655	6,446	+49.8%
<u>Total revenue</u>	<u>64,590</u>	<u>63,193</u>	<u>+2.2%</u>
Insurance related payment (1)	(46,545)	(48,083)	-3.2%
General ,administrative and other expense(2)	(7,299)	(6,028)	+21.1%
<u>Net profit</u>	<u>4,265</u>	<u>3,146</u>	<u>+35.6%</u>

(1) Includes claims and policyholders' benefits, change in deferred policy acquisition costs and increase in policyholders' reserves.

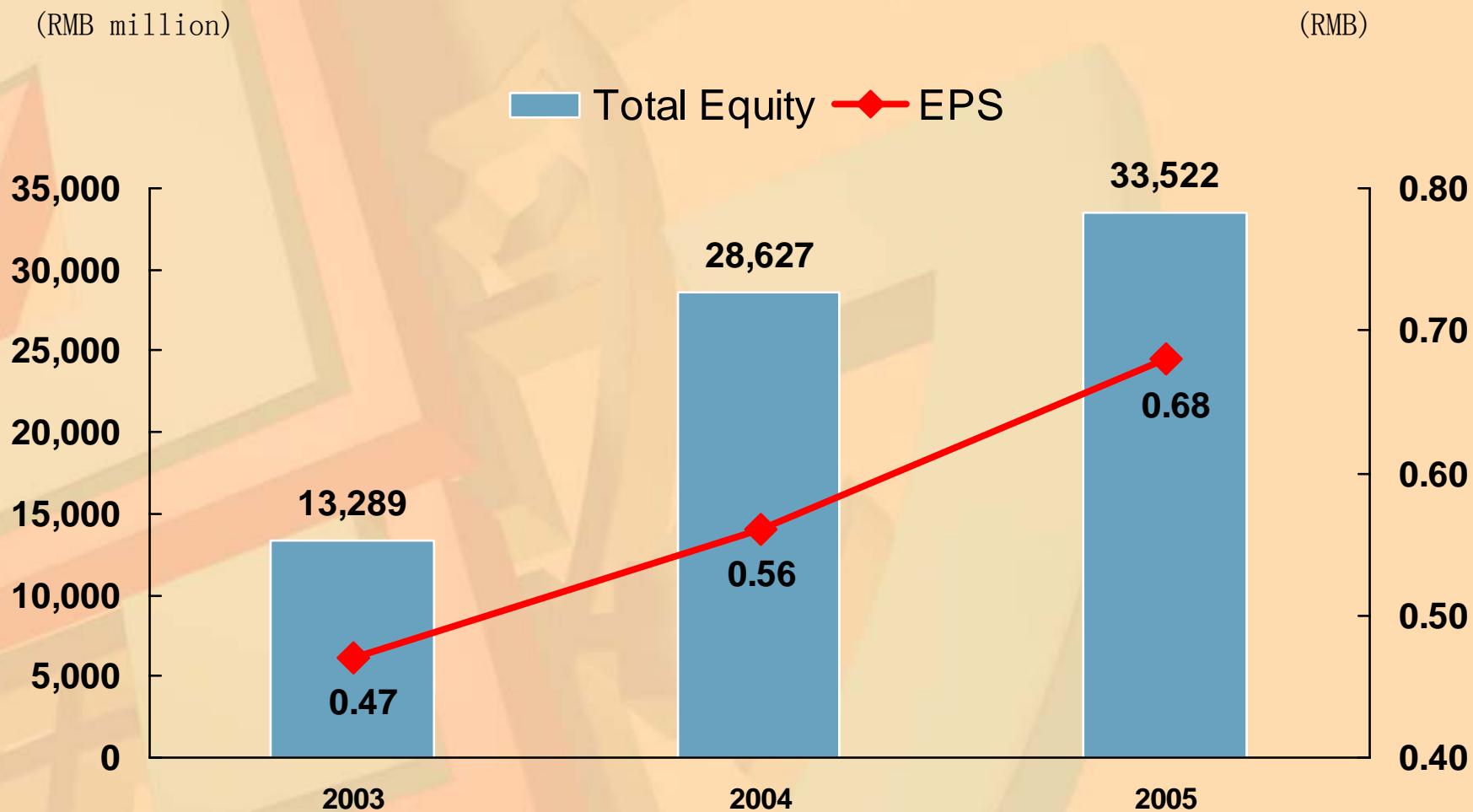
(2) Includes general and administrative expenses and provision for insurance guarantee fund.

Net Profit Growth Trend

(RMB million) ■ Life Insurance ■ P&C Insurance ■ Other Business



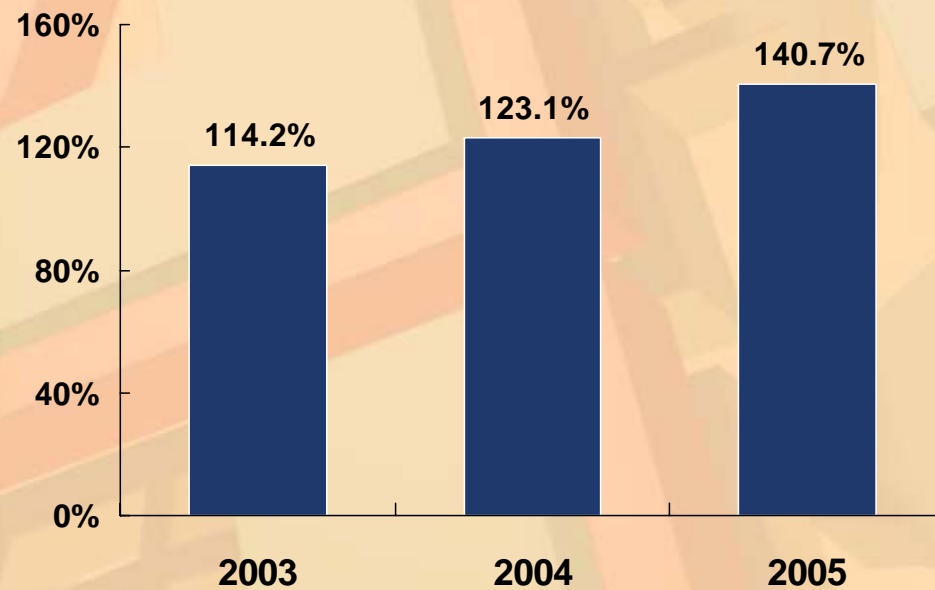
Net Equity and EPS



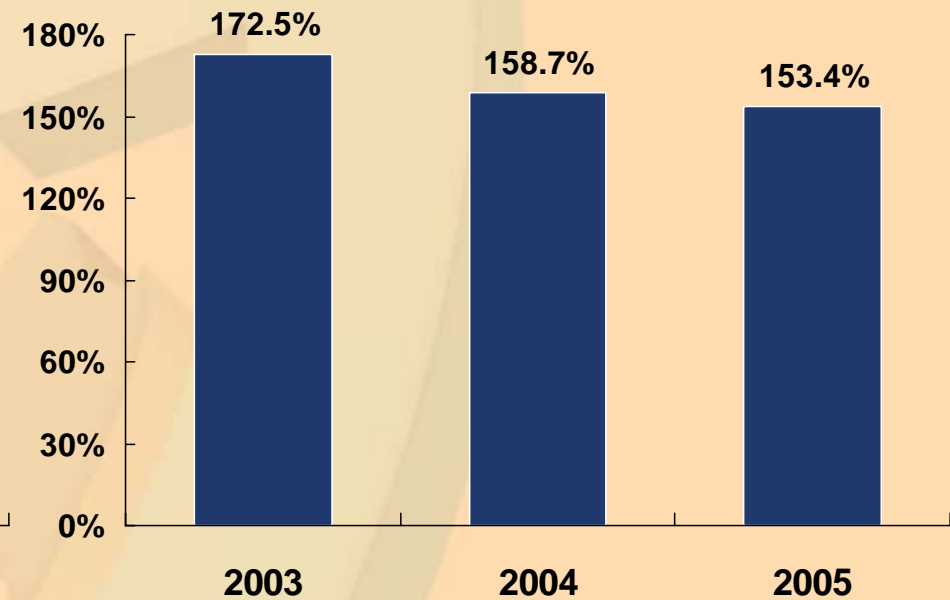
The comparative figures for 2003 are not retrospectively adjusted for the changes in accounting policies made in 2005

Solvency Margin Ratio

Life Insurance



P&C Insurance



Foreign Currency Exchange Exposure



Foreign currency risk exposure is estimated by assuming a simultaneous and uniform **5%** depreciation, against the Renminbi, of all foreign currency denominated monetary assets and monetary liabilities.

(in RMB million)

As of
December 31, 2005

Net foreign currency exposure

771

In 2005, we incurred a net foreign currency exchange loss of RMB 405 million due to RMB appreciation against US dollar and other major currencies.



Insurance Business Review

Life Insurance Gross Written Premiums, Policy Fees and Premium Deposits



(RMB million)	2005		2004		Growth
Individual	46,169	78.7%	40,164	73.4%	+15.0%
Bancassurance	5,224	8.9%	5,917	10.8%	-11.7%
Group	7,298	12.4%	8,648	15.8%	-15.6%
Life total	58,691	100%	54,729	100%	+7.2%

Individual life business gross written premiums, policy fees and premium deposits grew 15.0%, and the proportion of individual life business grew to 78.7% from 73.4%

Individual Life Premium Income and Premium Deposits



(RMB million)

	2005	2004	Growth
<u>Individual Life</u>			
First year premiums and policy fees	8,125	7,628	+6.5%
First year premium deposits	3,447	1,333	+158.6%
Total first year premiums, policy fees and premium deposits	11,572	8,961	+29.1%
Renewal premiums and policy fees	30,633	28,321	+8.2%
Renewal premium deposits	3,964	2,882	+37.5%
Total renewal premiums, policy fees and premium deposits	34,597	31,203	+10.9%
Total premiums, policy fees and premium deposits	46,169	40,164	+15.0%

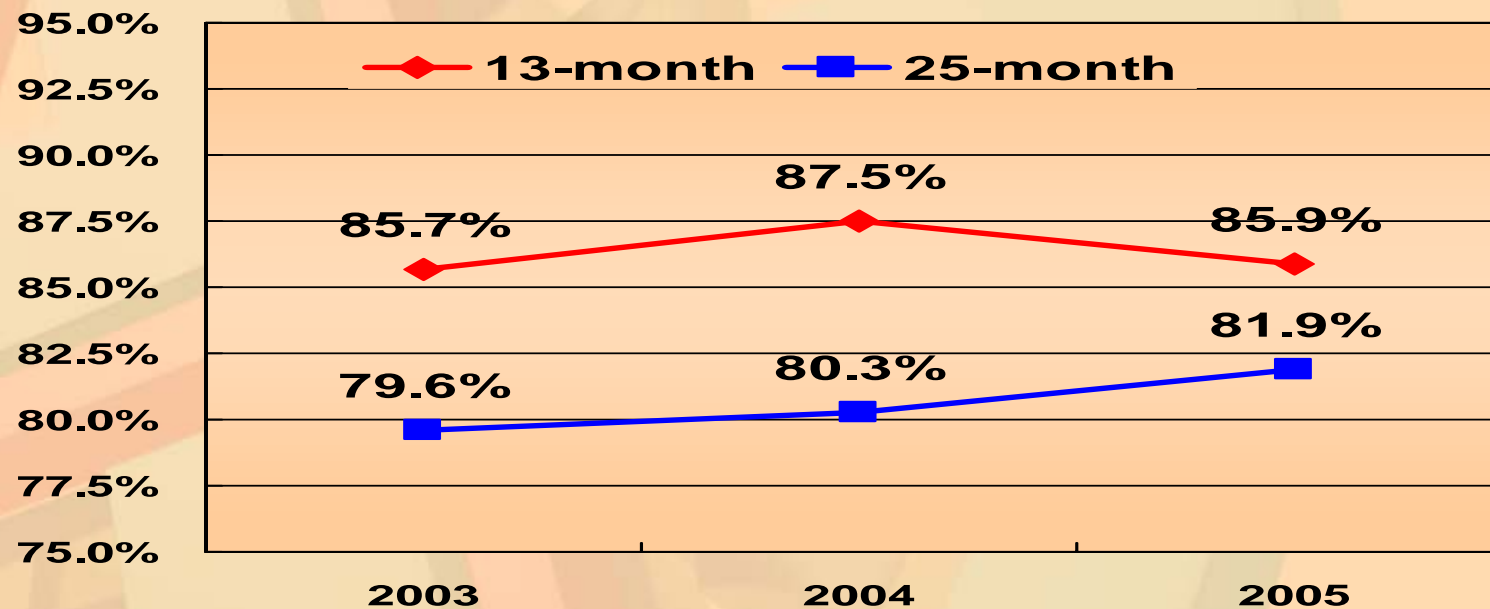
Strong FYP and renewal premium growth from individual life business

Bancassurance and Group Insurance Premium Income and Premium Deposits



(RMB million)	2005	2004	Growth
<u>Bancassurance</u>			
Gross written premium and policy fees	1,133	5,836	-80.6%
Premium deposits	4,091	81	+4950.6%
Total premiums, policy fees and premium deposits	5,224	5,917	-11.7%
<u>Group Insurance</u>			
Long term life gross written premiums and policy fees	5,064	6,648	-23.8%
Short term life gross written premiums	1,990	1,450	+37.2%
Premium deposits	244	550	-55.6%
Total premiums, policy fees and premium deposits	7,298	8,648	-15.6%

Policy Persistency Ratio



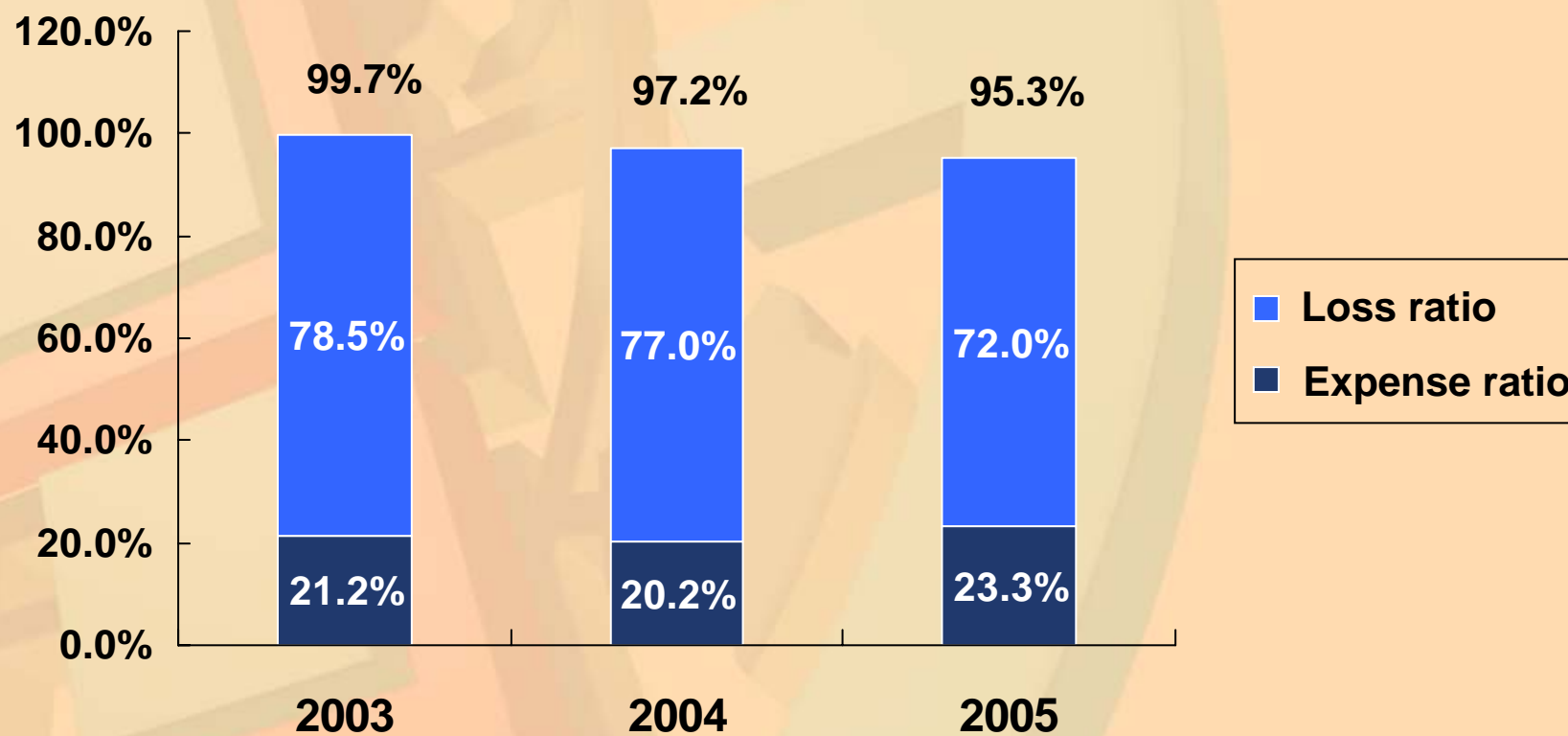
P&C Business Gross Premium Income



P&C Business

	2005		2004		Growth
(RMB million)					
Auto	7,497	62.1%	6,232	61.4%	+20.3%
Non-Auto	4,044	33.5%	3,545	34.9%	+14.1%
Accident&Health	535	4.4%	373	3.7%	+43.4%
P&C total	12,076	100%	10,150	100%	+19.0%

P&C's Combined Ratio Improved





Investment Highlights

Investment Income and Yield

(RMB million)	2005	2004	Growth
Total Investment Income	9,655	6,446	+49.8%
Total Investment yield	4.3%	3.6%	+70BP
Net Investment Income	9,338	7,219	+29.4%
Net Investment Income Yield	4.2%	4.1%	+10BP

Investment Portfolio



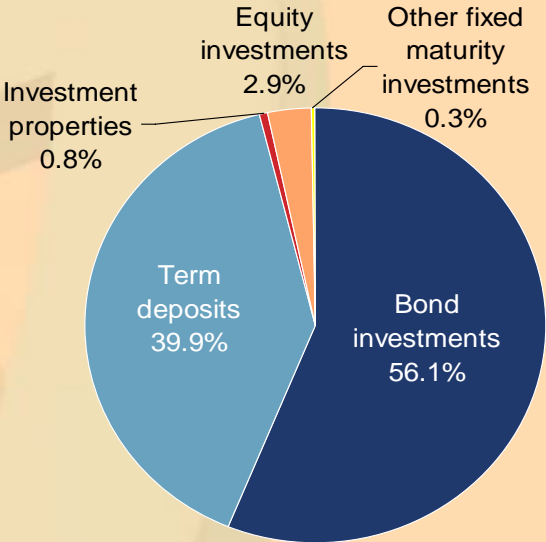
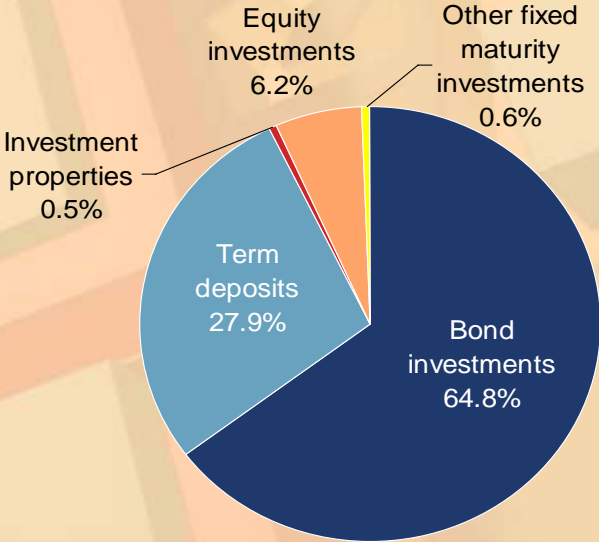
2005

2004

100% =RMB 246,748million

100% =RMB 201,125 million

Investment Portfolio Breakdown



Government Bond as % of Total Bond Portfolio

58.2%

62.4%

Bond investments include the carrying value of derivatives embedded with the host contracts

Equity investments include equity investment funds, equity securities and investment in an associate

Investment Highlights



Investment Results

- Net investment income increased 29.4% while net investment yield increased 10BP to 4.2%
- Total investment income increased 49.8% with 70BP improvement in total investment yield
- Increased bond and equity investment allocation

Outlook

- Positive outlook regarding alternative investment channels, such as infrastructure projects and overseas investments
- Enhanced opportunities existing in domestic and overseas equity market
- Current low government bond yield still a challenge, but cost of liability also decreasing with new business growth



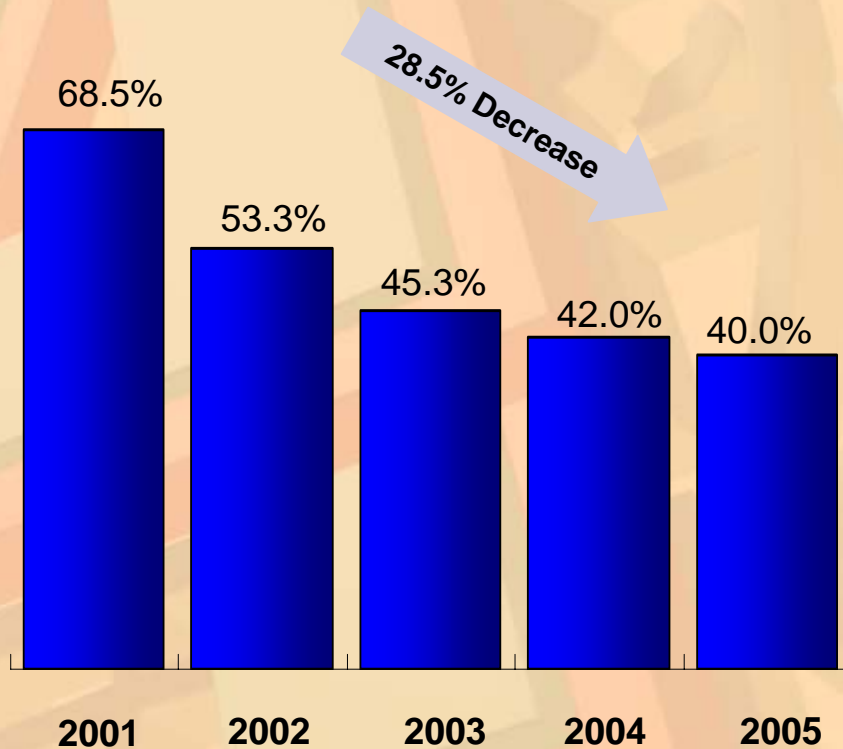
Embedded Value

Negative Spread

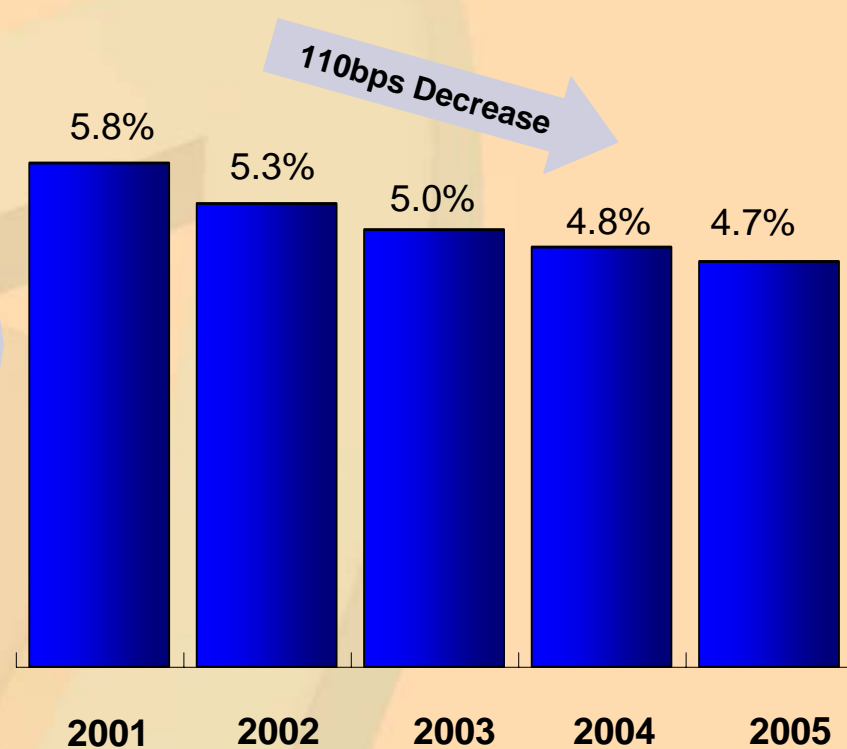
... Further Reduced by New Business Growth...



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



Weighted Average Crediting Rate
(Cost of Liability)

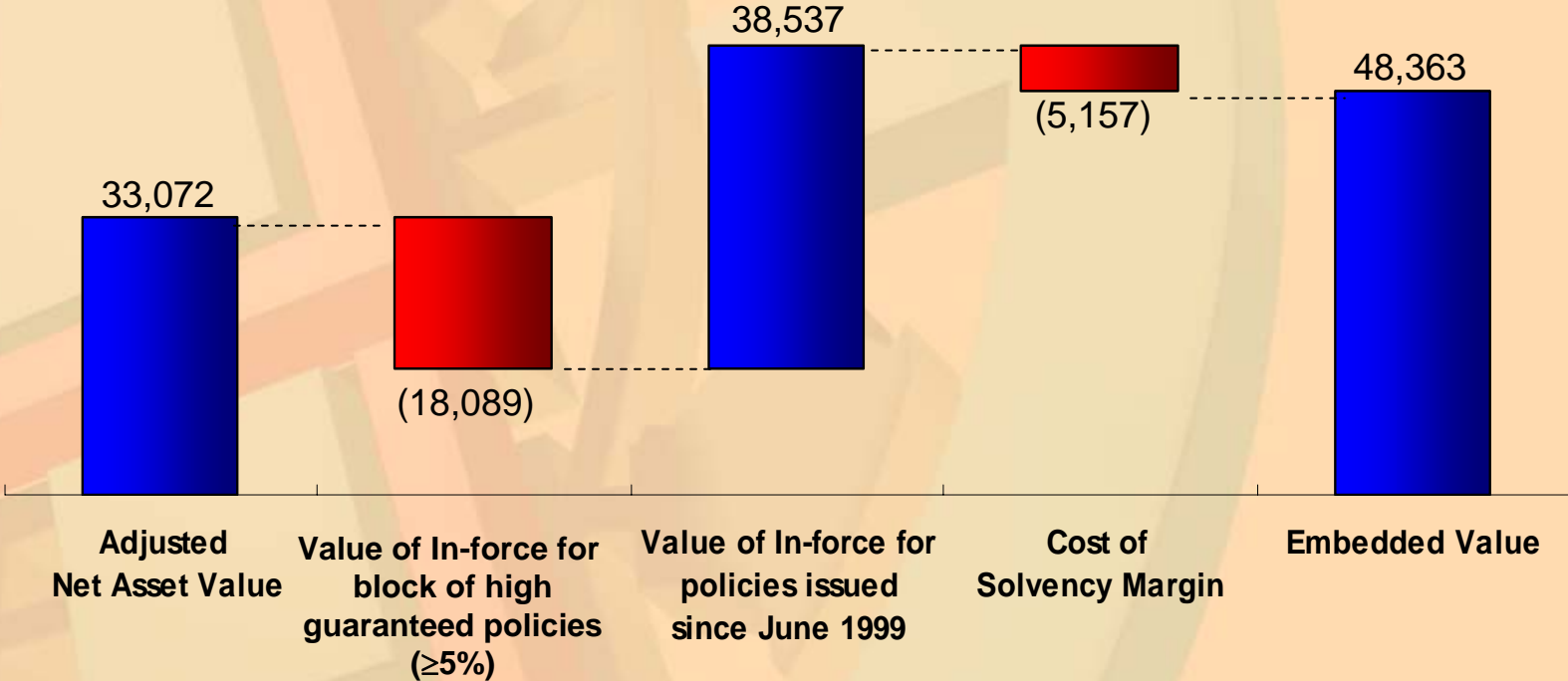


Embedded Value

Breakdown by Key Components

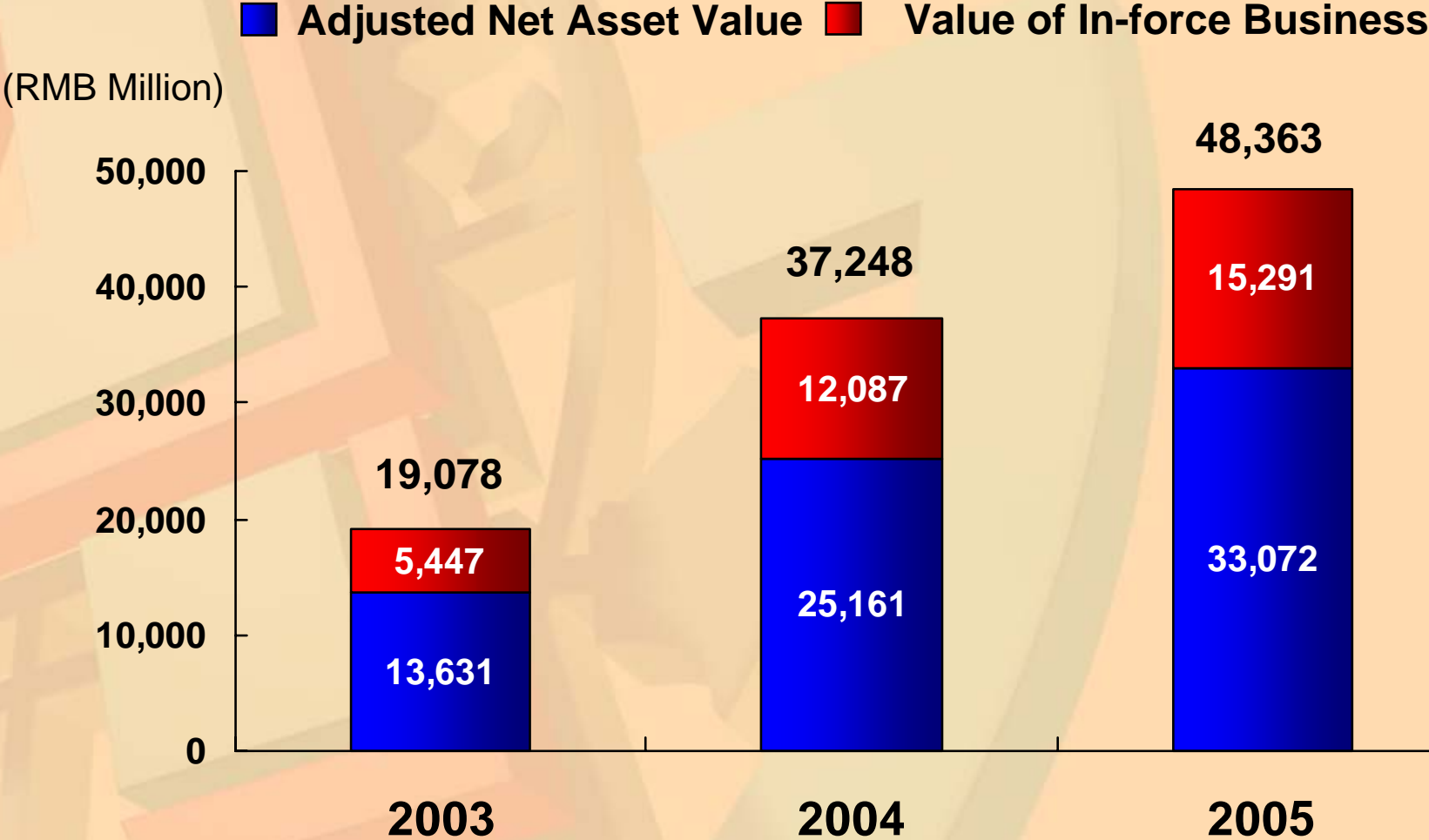


Embedded Value Component – 2005 (RMB million) – Central Case (Statutory Basis)



Embedded Value

Growth Trend



Embedded Value

Key Economic Assumptions



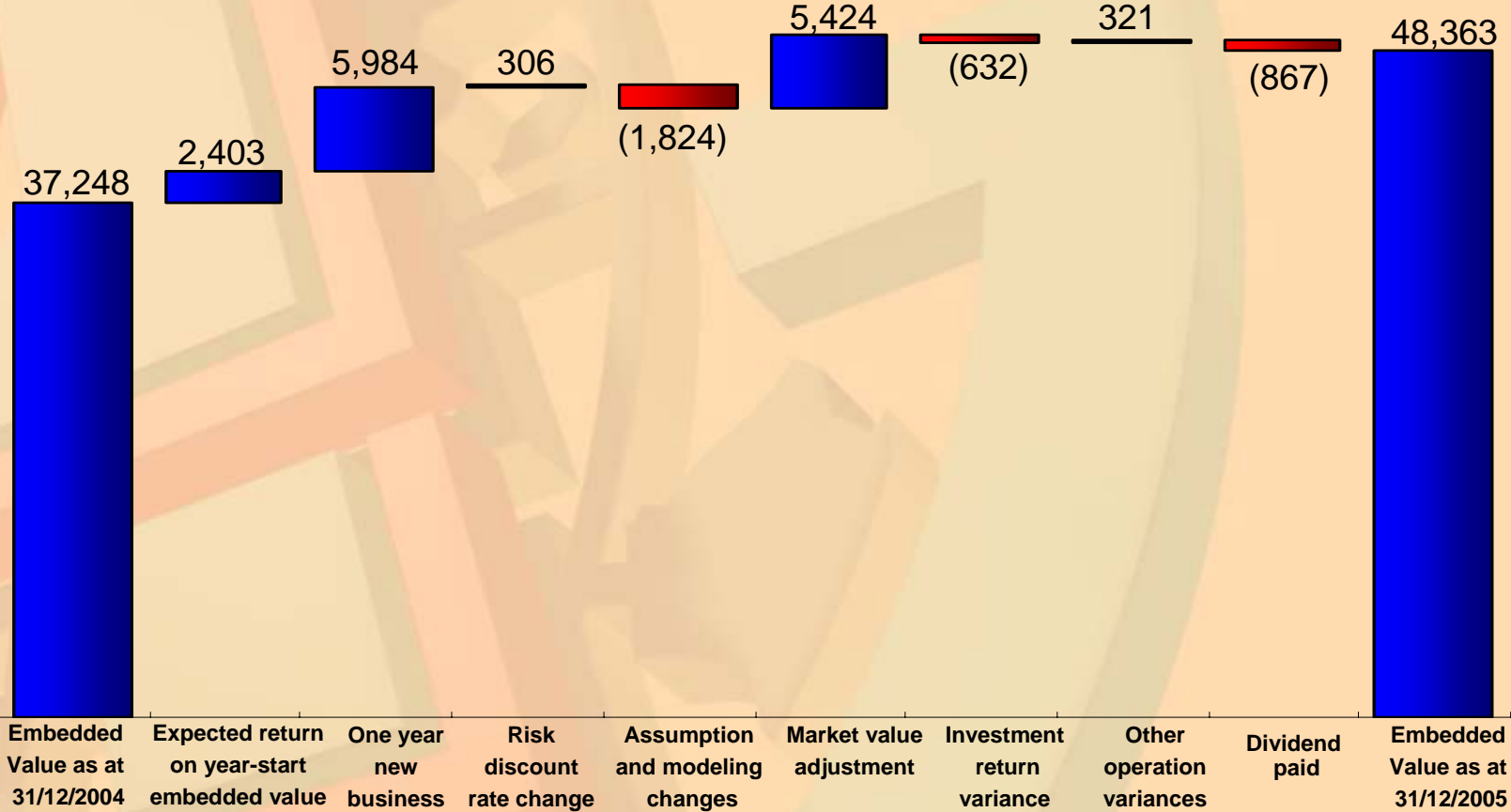
- The non investment-linked fund's earning rate, adjusted for tax or 12% has been assumed as the central risk discount rate for the in-force life business. This special discount rate approach is to avoid understating the effect of losses arising from those high interest guaranteed products we sold prior to June 1999
- A level 12% risk discount rate has been assumed for the calculation of one-year's new business value
- Future investment return, net of investment expenses, have been assumed to be 4.2% in 2006 and increased by 0.1% every year to 4.7% in 2011 and thereafter for non-investment linked business
- For investment-linked business, it is assumed 50bp higher than the corresponding investment return for non-investment linked business
- These investment return assumptions have been derived by consideration of the Group's current and expected future asset allocation and associated investment returns for a range of major asset classes
- A 18.5% average income tax rate has been assumed. In addition, a 5.5% business tax rate has been applied to the gross premium of the short-term accident business

Embedded Value

Movement Analysis



Movement in 2005 - Breakdown by Key Components

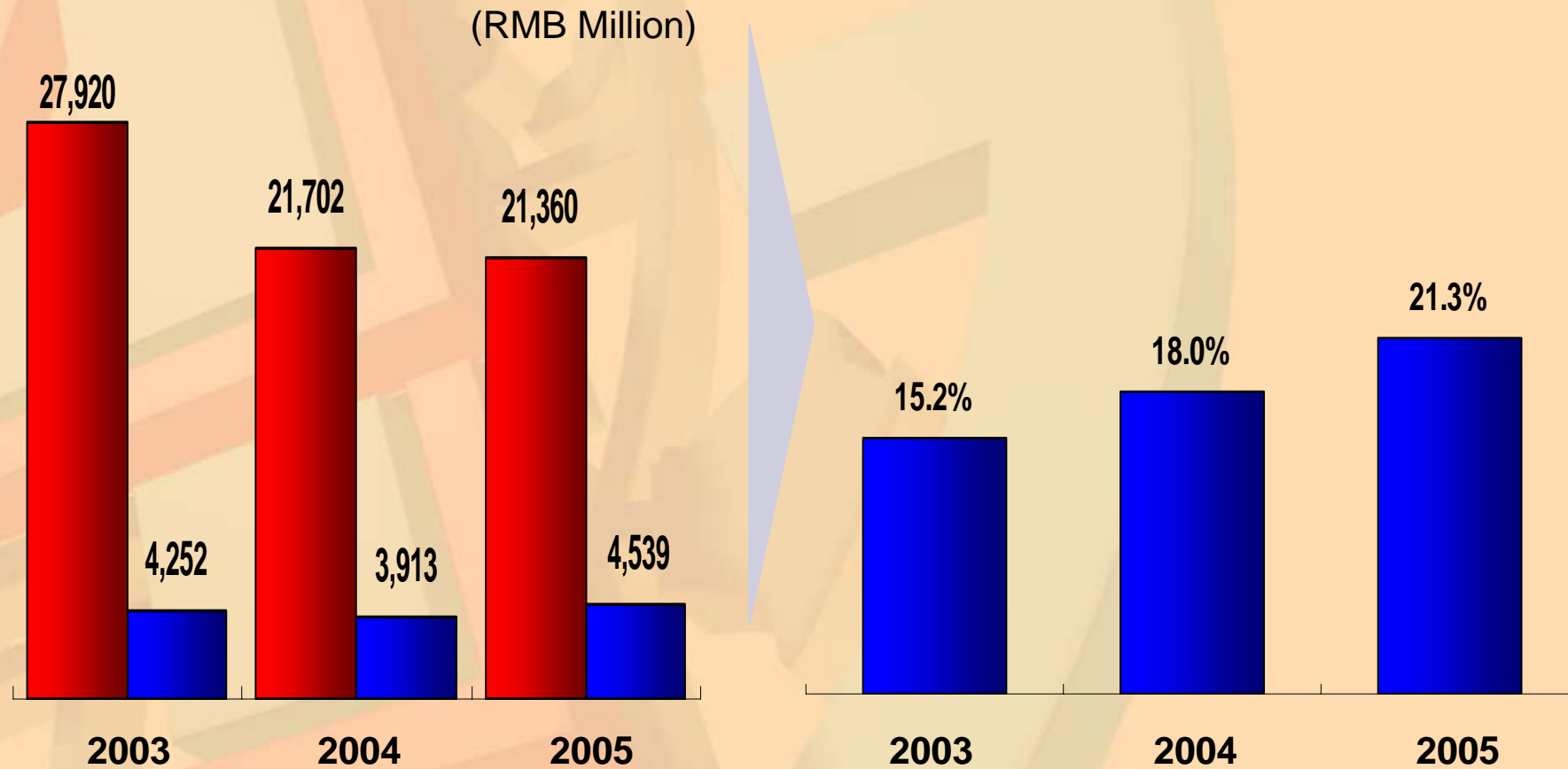


RMB million

Improvement of New Business Product Mix

Despite FYP decreased... Value increased

The overall new business margin improved



Embedded Value

Sensitivity Analysis



The Group has investigated the effect, on the value of in-force business and the value of one year's new business, of varying independently certain assumptions regarding future experience.

- The following changes in assumptions have been tested:
- Risk discount rate
- Investment return assumed in 2004 valuation
- Investment return increased by 25bp every year
- Investment return decreased by 25bp every year
- A 10% reduction in policy discontinuance rates
- A 10% reduction in the mortality and morbidity for assured lives and loss ratios for the short-term business
- A 10% reduction in maintenance expense

Sensitivity Analysis

Risk Discount Rate Changes



(RMB million)

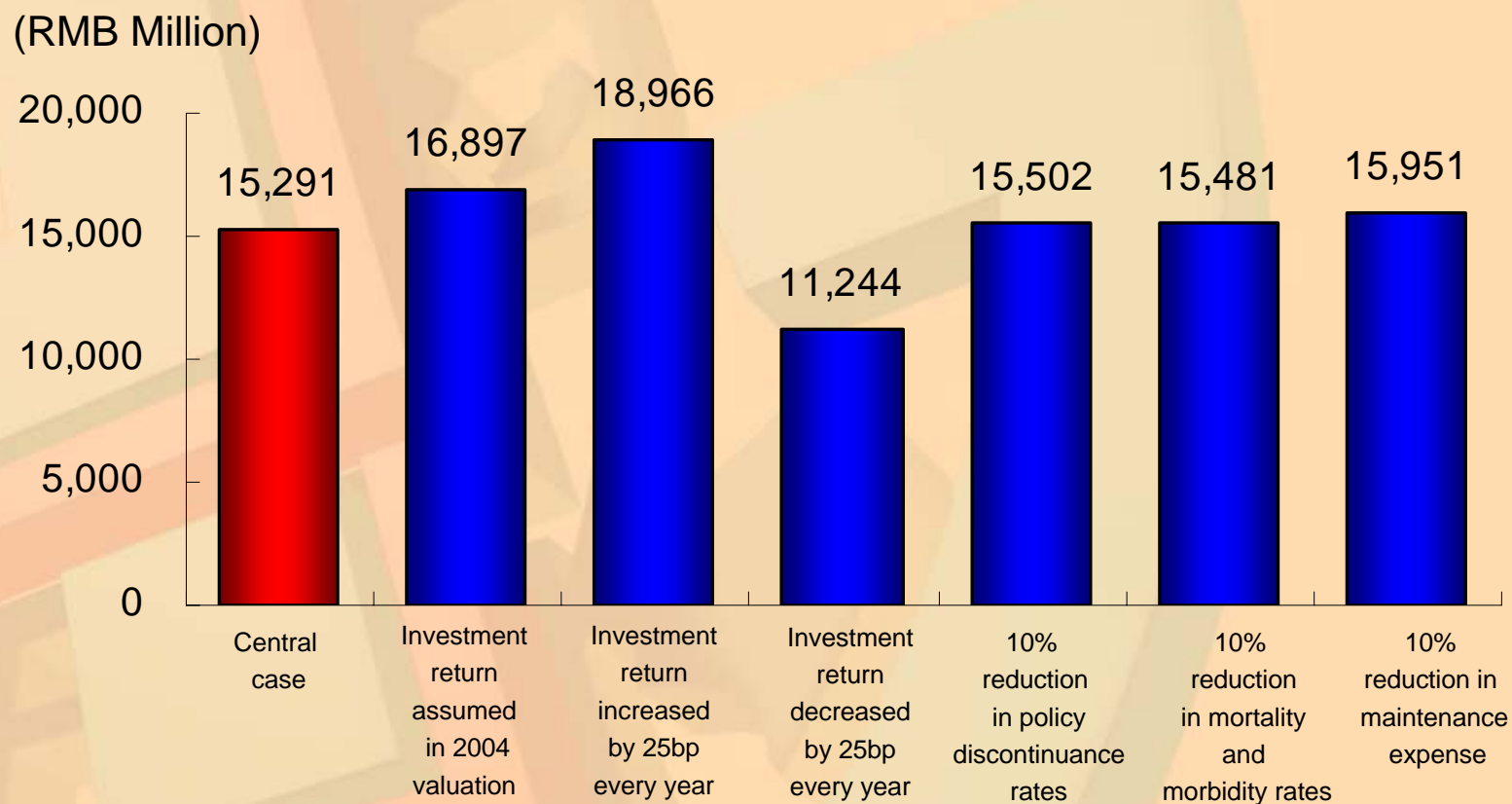
Risk Discount Rates

	Earned Rate /11.5%	Earned Rate /12.0%	Earned Rate /12.5%	12.0%
Value of In-force Business	15,891	15,291	14,714	16,560
Embedded Value	48,963	48,363	47,786	49,632
	11.5%	12.0%	12.5%	Earned Rate /12.0%
One Year's New Business Value	4,769	4,539	4,326	5,984

Sensitivity Analysis

Other Actuarial Assumption Changes

Value of in-force business



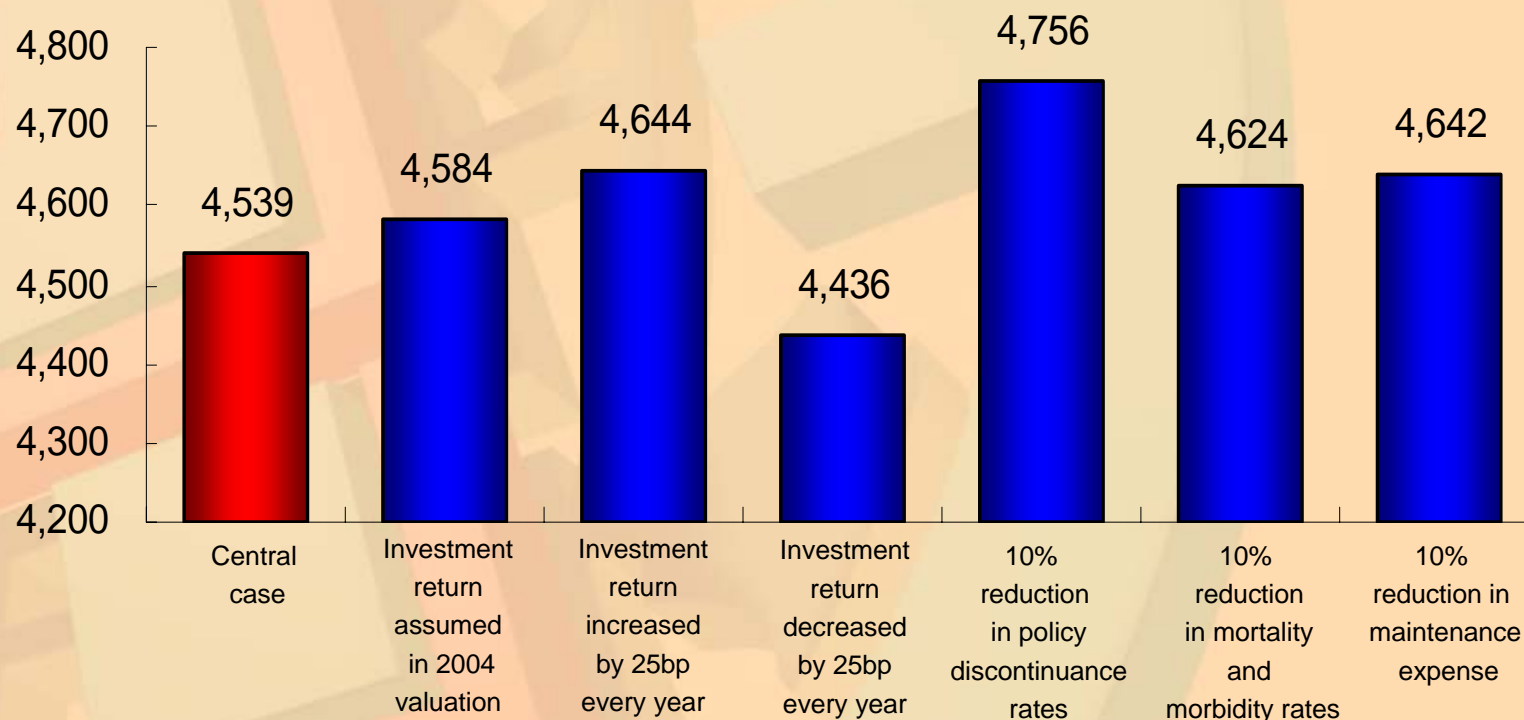
Risk discount rates were earned rate/12.0% to calculate the vale of in-force business.

Sensitivity Analysis

Other Actuarial Assumption Changes

Value of one year's new business

(RMB Million)



Risk discount rates were 12.0% to calculate the value of one year new business.



Questions and Answers