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PING AN

Insurance • Banking • Investment

中国平安保险(集团)股份有限公司

Ping An Insurance (Group) Company of China, Ltd.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2318)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

The Board of Directors of Ping An Insurance (Group) Company of China, Ltd. ("Ping An" or "the Company") announces the unaudited results (the "Third Quarterly Results") of the Company and its subsidiaries (the "Group") for the nine months ended September 30, 2009 (the "Reporting Period"). The Board of Directors of the Company and its Audit Committee have reviewed the Third Quarterly Results.

1. KEY FINANCIAL INFORMATION

During the Reporting Period, the key financial data prepared under International Financial Reporting Standards ("IFRS") are as follows:

(in RMB million)	September 30, 2009	December 31, 2008
Total assets	932,343	754,718
Total liabilities	829,117	669,022
Total equity	<u>103,226</u>	<u>85,696</u>

(in RMB million)	For the three months ended September 30,		For the nine months ended September 30,	
	2009	2008	2009	2008
Total income	39,677	11,171	119,116	74,804
Net profit	3,365	(7,915)	8,806	1,804
Basic earnings per share (in RMB)	<u>0.43</u>	<u>(1.07)</u>	<u>1.14</u>	<u>0.22</u>

2. TOTAL NUMBER OF SHAREHOLDERS AND TOP TEN HOLDERS OF LISTED SHARES NOT SUBJECT TO TRADING MORATORIUM AS AT THE END OF THE REPORTING PERIOD

Total number of shareholders as at the end of the Reporting Period (shareholders)	Total number of shareholders was 286,792, of which 280,728 were holders of A shares and 6,064 were holders of H shares	
Particulars of top ten holders of listed shares not subject to trading moratorium		
Name of shareholders	Number of listed shares not subject to trading moratorium held as at the end of the Reporting Period (share)	Class of shares
HSBC Insurance Holdings Limited	618,886,334	H share
The Hongkong and Shanghai Banking Corporation Limited	613,929,279	H share
Shenzhen Investment Holdings Co., Ltd.	546,672,967	A share
Yuan Trust Investment Co., Ltd.	380,000,000	A share
Shum Yip Group Limited	243,742,233	A share
Shenzhen Wuxin Yufu Industrial Co., Ltd.	178,802,104	A share
Shenzhen Liye Group Limited	123,687,001	A share
Shanghai Huiye Industrial Co., Ltd.	68,824,648	A share
Bank of Communications – E Fund SSE50 Index Enhanced Fund	38,750,000	A share
Industrial and Commercial Bank of China – China 50 ETF	26,642,486	A share

3. BUSINESS REVIEW FOR THE REPORTING PERIOD

In the third quarter of 2009, the economic stimulus programs adopted by the Chinese government to fight against the global financial crisis have shown obvious effectiveness, as evidenced by the continuously improved economic and financial situation. In accordance with the established business plan, the Company made positive responses to the changes in macroeconomic situation and market environment, and drove the business forward into profitable, sustainable and above-the-market growth. Our three pillars of business – insurance, banking and investment – are particularly well-positioned to capitalize on future growth momentum. Meanwhile, Ping An One Account Management Services, serving as our important platform to offer multiple products and one-stop services to a single client, providing strong account-integration function and account management service to our customers, has been extended nationwide. This marked a milestone in building our integrated financial strategy and also a big progress in the financial industry of China.

In the third quarter, the domestic stock market saw a rather big fluctuation. We have kept pace with the market and seized the investment opportunities well, which bring the Company positive profit contribution. For the nine months ended September 30, 2009, the Company realized a net profit of RMB8,806 million.

Our insurance business maintained a rapid yet healthy growth and the market share of property & casualty insurance and life insurance businesses both increased. For our life insurance business, the premium income and the number of sales agents exhibited obvious increase. Gross written premiums, policy fees and premium deposits for the past three quarters reached RMB104,724 million, representing an increase of 33.5% as compared with the corresponding period of last year. The market share of our life insurance business achieved at 16.8%. The number of our individual life insurance sales agents increased by 13.3% to 403,000 as compared to the year end of 2008. For our property & casualty insurance business, the “Surpassing Targets Healthily” strategy has brought apparent effectiveness. Premium income for the three quarters amounted to RMB29,020 million, representing an increase of 38.5% over the same period of last year, and the market share reached 12.3%. Our annuity business maintained its leading position in the industry and two indicators, assets entrusted and assets under investment management, both exceeded the threshold of RMB20 billion.

For our banking business, we managed to keep our asset quality among the best in the industry while maintaining fast growth. As at September 30, 2009, total assets of Ping An Bank amounted to RMB207,819 million, an increase of 42.3% as compared to the end of 2008. Total amount of deposits and loans increased by 35.3% and 48.0% respectively as compared to the end of 2008. All of these represent growth rates above the industry average. Credit risk was effectively prevented, as evidenced by the fact that the non-performing loan ratio was controlled at 0.44%, a decrease of 0.1 percentage points as compared to the end of 2008. Accumulated number of credit cards in circulation exceeded 2.8 million, and 56.8% of new cards issuance was contributed by cross-selling.

For our investment business, we vigilantly responded to the market’s volatility and optimized our asset allocation timely. Our investment banking business and asset management in trust business both achieved remarkable results. Ping An Asset Management strengthened its efforts in studying and identifying macroeconomic trend, kept pace with the market and seized the investment opportunities well. All of these contributed positively to the Company. Ping An Securities underwrote five IPOs on the Small & Medium Enterprises Board in the third quarter, maintaining its advantage among investment banks in small and medium enterprise (“SME”) financing business. Meanwhile, Ping An Securities pioneered to launch the collective assets management plan focusing on investments in SMEs. Assets held in trust under the management of Ping An Trust reached RMB107,357 million, a substantial increase of 121.3% from the end of 2008.

Looking into the fourth quarter, although the global economy shows signs of stability, a full-scale recovery will still be a long, zigzag and complicated course. The Chinese economy is to face many uncertainties and instabilities, the yield of the bond market will maintain at a lower level for a relatively long period of time, and the fluctuation in stock market is exacerbating. All of these will affect our performance in the fourth quarter. In the fourth quarter, we will continue to focus on keeping our businesses growing in a healthy and stable manner. Then by capitalizing on the nationwide launch of Ping An One Account Management Services, focusing on the twin goals of increasing the number of valuable customers and exploring the value of each customer, and deepening cross-selling contributions to our rapid business growth with enhanced synergy of integrated financial services platform, we will push our integrated financial strategy implementation ahead, so as to lay a solid foundation for the long-term sustainable growth of our enterprise value.

4. SIGNIFICANT EVENTS

The First Extraordinary General Meeting of 2009, the First A Shareholders Class Meeting of 2009 and the First H Shareholders Class Meeting of 2009 (the “Meetings”) held by the Company on August 7, 2009 considered and approved the “Resolution in Relation to the Proposed Issue of H Shares by the Company to Specific Target”, and the Meetings also agreed, pursuant to the share purchase agreement entered into with NEWBRIDGE ASIA AIV III, L.P. (“NEWBRIDGE”), the largest shareholder of Shenzhen Development Bank Co., Ltd. (“SDB”) on June 12, 2009 (the “Share Purchase Agreement”), to issue 299,088,758 H Shares (and subject to the adjustment as set out in the Share Purchase Agreement) to NEWBRIDGE if it opts the share purchase transaction of SDB to be satisfied by the Company’s newly issued H Shares.

For details, please refer to the relevant announcements of the Company published on Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily and Shanghai Stock Exchange’s website (<http://www.sse.com.cn>) on August 8, 2009, and the relevant announcements or circulars issued on the Stock Exchange of Hong Kong’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.pingan.com>) on August 7, 2009.

5. UNDERTAKINGS

Since the initial public offering of the Company’s A Shares in February 2007, each of the three shareholders of the Company, namely Shenzhen New Horse Investment Development Co., Ltd., Shenzhen Jingao Industrial Development Co., Ltd. and Shenzhen Jiangnan Industrial Development Co., Ltd., gave undertakings to the Company that they would not transfer or entrust others to manage these A Shares directly or indirectly held by them, nor would they sell these A Shares to the Company in a period of 36 months from the date of listing and trading of these A Shares on the Shanghai Stock Exchange.

As at September 30, 2009, all the above three shareholders had strictly complied with their respective undertakings.

6. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS

(1) Consolidated Income Statement

For the nine months ended September 30, 2009

(in RMB million)	For the three months ended September 30,		For the nine months ended September 30,	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Gross written premiums and policy fees	28,840	21,617	93,614	75,809
Less: Premiums ceded to reinsurers	(1,368)	(1,381)	(5,074)	(4,725)
Net written premiums and policy fees	27,472	20,236	88,540	71,084
Change in unearned premium reserves	(1,938)	315	(6,216)	(2,419)
Net earned premiums	25,534	20,551	82,324	68,665
Reinsurance commission income	406	396	1,310	1,156
Interest income of banking operations	1,723	1,816	4,788	5,185
Fees and commission income of non-insurance operations	933	358	1,962	1,640
Investment income	8,999	(12,389)	23,681	(3,114)
Share of profit of associates and joint ventures	55	14	107	55
Other income	2,027	425	4,944	1,217
Total income	39,677	11,171	119,116	74,804
Change in deferred policy acquisition costs	3,955	2,638	12,078	7,954
Claims and policyholders' benefits	(25,299)	(16,425)	(79,436)	(57,044)
Commission expenses of insurance operations	(4,813)	(3,680)	(14,656)	(10,937)
Interest expenses of banking operations	(630)	(792)	(1,771)	(2,057)
Fees and commission expenses of non-insurance operations	(130)	(71)	(253)	(189)
Loan loss provisions, net of reversals	(27)	7	(112)	(9)
Foreign exchange losses	6	(9)	(11)	(534)
General and administrative expenses	(8,075)	(3,829)	(21,384)	(12,382)
Finance costs	(225)	(147)	(645)	(399)
Total expenses	(35,238)	(22,308)	(106,190)	(75,597)
Profit before tax	4,439	(11,137)	12,926	(793)
Income taxes	(1,074)	3,222	(4,120)	2,597
Net Profit	3,365	(7,915)	8,806	1,804
Attributable to:				
– Owners of the parent	3,153	(7,877)	8,375	1,610
– Non-controlling interests	212	(38)	431	194
	3,365	(7,915)	8,806	1,804
	RMB	RMB	RMB	RMB
Earnings per share attributable to owners of the parent – basic	0.43	(1.07)	1.14	0.22

(2) **Consolidated Statement of Comprehensive Income**

For the nine months ended September 30, 2009

(in RMB million)	For the three months ended September 30,		For the nine months ended September 30,	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Net Profit	3,365	(7,915)	8,806	1,804
Other comprehensive income				
Exchange differences on translation of foreign operations	4	38	76	10
Available-for-sale financial assets	(5,877)	5,946	2,545	(41,457)
Shadow accounting adjustments	4,365	(2,311)	4,933	7,508
Income tax relating to components of other comprehensive income	211	(594)	(1,619)	7,013
Other comprehensive income/(loss), net of tax	(1,297)	3,079	5,935	(26,926)
Total comprehensive income/(loss)	2,068	(4,836)	14,741	(25,122)
Attributable to:				
– Owners of the parent	1,874	(4,887)	14,319	(25,108)
– Non-controlling interests	194	51	422	(14)
	2,068	(4,836)	14,741	(25,122)

(3) Consolidated Balance Sheet
As at September 30, 2009

(in RMB million)	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
ASSETS		
Balances with central bank and statutory deposits	28,093	25,963
Cash and amounts due from banks and other financial institutions	163,312	105,279
Fixed maturity investments	380,681	344,449
Equity investments	65,533	54,599
Derivative financial assets	5	17
Loans and advances to customers	108,620	74,160
Investments in associates and joint ventures	9,770	5,468
Premium receivables	4,482	4,412
Accounts receivables	2,620	–
Inventories	2,020	–
Reinsurers' share of insurance liabilities	9,449	8,872
Policyholder account assets in respect of insurance contracts	38,540	30,749
Policyholder account assets in respect of investment contracts	4,375	3,979
Deferred policy acquisition costs	62,677	50,599
Investment properties	6,568	6,389
Property and equipment	9,442	8,287
Intangible assets	13,939	10,279
Deferred tax assets	5,128	6,876
Other assets	17,089	14,341
Total assets	932,343	754,718
EQUITY AND LIABILITIES		
Equity		
Share capital	7,345	7,345
Reserves	60,219	54,277
Retained profits	28,602	21,329
Equity attributable to owners of the parent	96,166	82,951
Non-controlling interests	7,060	2,745
Total equity	103,226	85,696
Liabilities		
Due to banks and other financial institutions	42,200	24,192
Assets sold under agreements to repurchase	38,907	41,124
Derivative financial liabilities	20	265
Customer deposits and payables to brokerage customers	133,150	94,991
Insurance payables	14,119	13,701
Insurance contract liabilities	555,228	462,341
Investment contract liabilities for policyholders	8,000	6,636
Policyholder dividend payable	14,438	12,012
Income tax payable	1,818	2,274
Subordinated debts	4,990	–
Deferred tax liabilities	1,837	998
Other liabilities	14,410	10,488
Total liabilities	829,117	669,022
Total equity and liabilities	932,343	754,718

(4) Consolidated Cashflow Statement
For the nine months ended September 30, 2009

For the nine months ended September 30, (in RMB million)	2009 (Unaudited)	2008 (Unaudited)
Net cash from operating activities	63,889	45,447
Cash flows from investing activities		
Purchases of investment properties, items of property and equipment, and intangible assets	(1,324)	(4,179)
Proceeds from disposal of investment properties, items of property and equipment, and intangible assets	280	261
Purchases of investments, net	(45,097)	(72,719)
Term deposits withdrawal/(placed), net	3,216	(17,636)
Acquisition of subsidiaries	2,517	(529)
Acquisition of non-controlling interest in a subsidiary	–	(436)
Interests received	12,592	7,292
Dividends received	766	3,927
Rentals received	341	209
Others	(1,235)	(1,047)
Net cash outflow from investing activities for policyholders' accounts	(5,496)	(6,077)
Net cash used in investing activities	(33,440)	(90,934)
Cash flows from financing activities		
Proceeds from sales in assets sold under agreements to repurchase	(11,889)	8,455
Proceeds from borrowed funds	17,855	(253)
Interests paid	(705)	(556)
Capital injected into subsidiaries by non-controlling interests	405	–
Dividends paid	(1,114)	(4,177)
Proceeds from subordinated debts issued	4,990	–
Repayment of borrowed funds	(13,035)	–
Net cash inflow from financing activities for policyholders' accounts	1,930	2,806
Net cash from financing activities	(1,563)	6,275
Net increase/(decrease) in cash and cash equivalents	28,886	(39,212)
Net foreign exchange differences	71	(365)
Cash and cash equivalents at beginning of the period	64,489	96,296
Cash and cash equivalents at end of the period	93,446	56,719

(5) Reconciliation of GAAP Differences Between China Accounting Standards (“CAS”) and IFRS

The material GAAP differences between CAS and IFRS in preparing financial statements are as follows:

Consolidated net profit			
For the nine months ended September 30			
(in RMB million)	<i>Notes</i>	2009	2008
Prepared in accordance with CAS		6,924	(705)
Unearned premium reserves	<i>(i)</i>	–	(199)
Policyholders’ reserves	<i>(ii)</i>	(10,128)	(4,622)
Deferred policy acquisition costs	<i>(iii)</i>	12,078	7,954
Deferred tax	<i>(iv)</i>	(487)	(792)
Non-controlling interests and others		(12)	(26)
		<u>8,375</u>	<u>1,610</u>
Prepared in accordance with IFRS			
		<u>8,375</u>	<u>1,610</u>
Consolidated equity			
(in RMB million)	<i>Notes</i>	September 30, 2009	December 31, 2008
Prepared in accordance with CAS		90,522	78,757
Unearned premium reserves	<i>(i)</i>	–	–
Policyholders’ reserves	<i>(ii)</i>	(55,048)	(44,920)
Deferred policy acquisition costs	<i>(iii)</i>	62,677	50,599
Deferred tax	<i>(iv)</i>	(1,903)	(1,417)
Non-controlling interests and others		(82)	(68)
		<u>96,166</u>	<u>82,951</u>
Prepared in accordance with IFRS			
		<u>96,166</u>	<u>82,951</u>

Non-controlling interests have been deducted from the above amounts.

Notes:

- (i) Before July 1, 2008, under CAS, unearned premium reserves of the Group are provided using actuarial valuation results (1/365 method), and should be no less than 50% of the retained premium for the current period (1/2 method) as for life insurance subsidiaries of the Group. Under IFRS, unearned premium reserves are provided using actuarial valuation results (1/365 method). According to the new actuarial regulations of China Insurance Regulatory Commission (“CIRC”) effective from July 1, 2008, life insurance subsidiaries used the same actuarial valuation results (1/365 method) for provision of unearned premium reserves under both CAS and IFRS.
- (ii) Under CAS, policyholders’ reserves are provided in accordance with related actuarial regulations promulgated by CIRC. Under IFRS, policyholders’ reserves are provided in accordance with IFRS 4 Insurance Contracts and by reference to US GAAP.
- (iii) Under CAS, handling costs and commission expenses of acquiring new policies are recognized in the income statement when incurred. Under IFRS, handling costs and commission expenses of acquiring new policies are deferred and amortized over the expected life of the insurance contracts at a constant percentage of expected premiums or at a constant percentage of the present value of estimated gross profits expected to be realized over the life of the insurance contracts by product type, in accordance with IFRS 4 Insurance Contracts and by reference to US GAAP.

- (iv) The above differences between CAS and IFRS are temporary differences in accordance with IAS 12 Income Taxes. The Group recognizes deferred tax assets and liabilities on the basis of the above differences and the tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled.

7. RELEASE OF RESULTS ANNOUNCEMENT

This results announcement is simultaneously available on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.pingan.com>). This results announcement is prepared in accordance with IFRS. The announcement for the third quarterly results of 2009 prepared in accordance with CAS will also be available on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of the Company (<http://www.pingan.com>).

By order of the Board

Ma Mingzhe

Chairman and Chief Executive Officer

Shenzhen, PRC, October 27, 2009

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Cheung Chi Yan Louis, Wang Liping and Jason Bo Yao; the Non-executive Directors are Lin Lijun, Hu Aimin, Chen Hongbo, Wong Tung Shun Peter, Ng Sing Yip, Clive Bannister and Li Zhe; and the Independent Non-executive Directors are Chow Wing Kin Anthony, Zhang Hongyi, Chen Su, Xia Liping, Tang Yunwei, Lee Ka Sze Carmelo and Chung Yu-wo Danny.