

Capturing Opportunities in a High Growth Financial Sector

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May 2007

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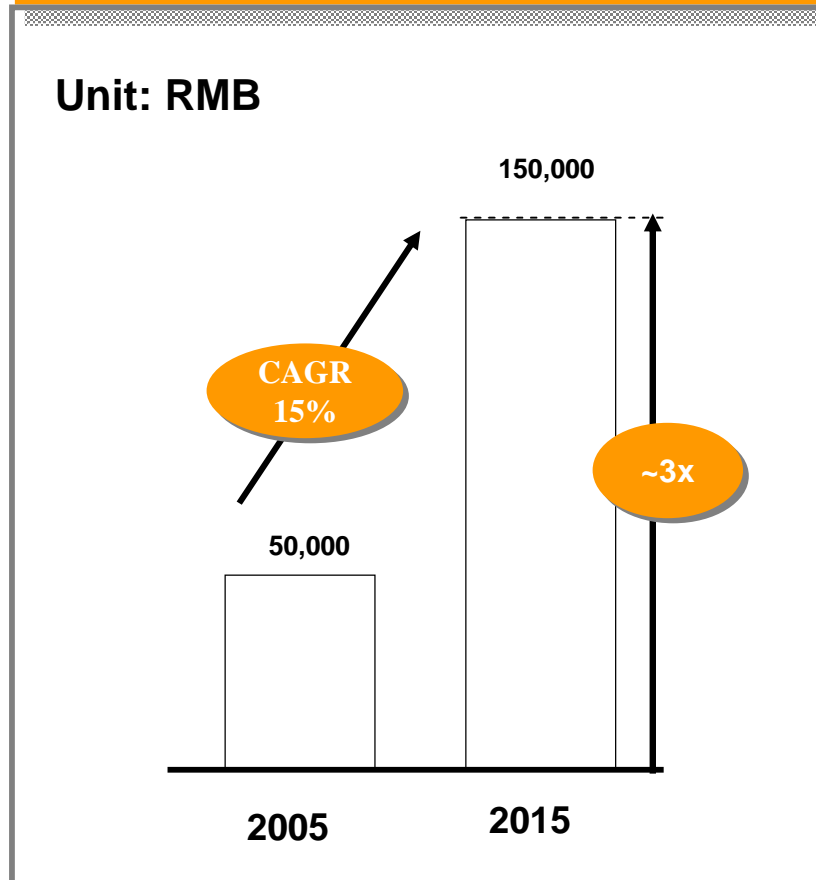
- n** Beginning of another high growth phase in the Chinese Financial Sector
- n** Ping An well positioned as an integrated financial services provider
- n** Key challenges going forward

Many factors favor financial sector growth over the next decade

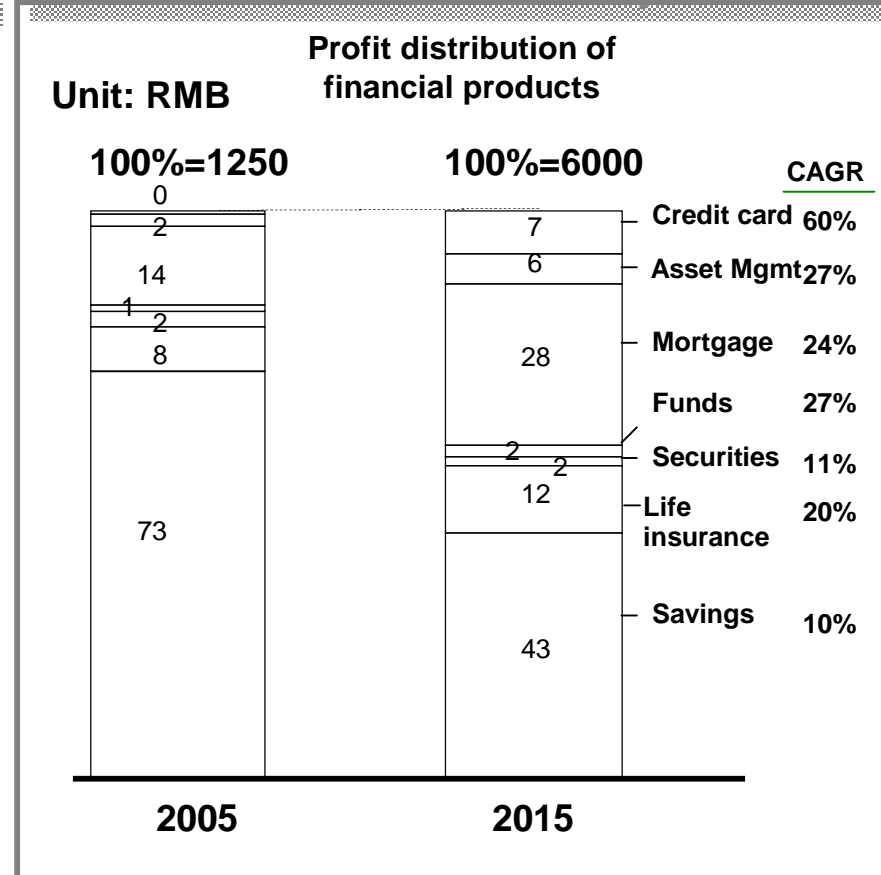
Underlying strength of the Chinese economy	Regulatory Reform	Globalization
<ul style="list-style-type: none"> § Economy largely expected to sustain high, steady growth rates § Rising income and fast wealth accumulation, especially at the high end and in coastal cities § Preparation for rapid aging of population after 10-15 years drives demand for more financial products and services 	<ul style="list-style-type: none"> § The State Council issued “Ten Guidelines on the Reform and Development of the Insurance Industry” § Welfare, pension, and health care reforms favor commercial insurance participation § Securities reform encourages a more healthy capital market § Banking reform and ongoing restructuring/privatization open up more commercial opportunities 	<ul style="list-style-type: none"> § Increasing foreign participation post WTO brings innovation and professional discipline to financial market § Increasing scope for both overseas investment in China, and Chinese investment (including insurance funds) overseas § Skill and system upgrade made easy

Rapid growth of household wealth/wallet offers great opportunities

Household wealth to triple in 10 year...

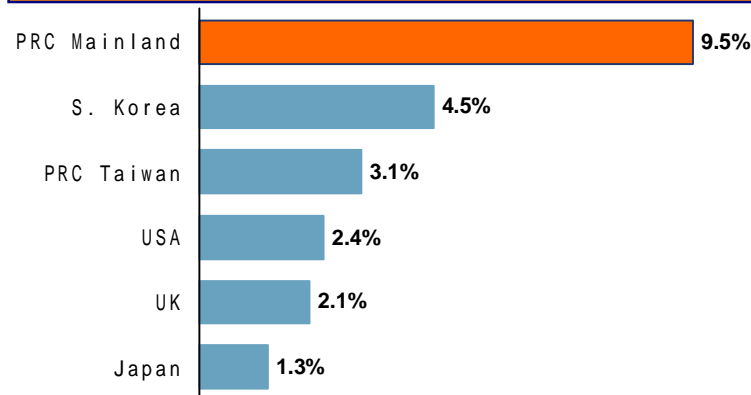


Unprecedented opportunities for the financial industry ...

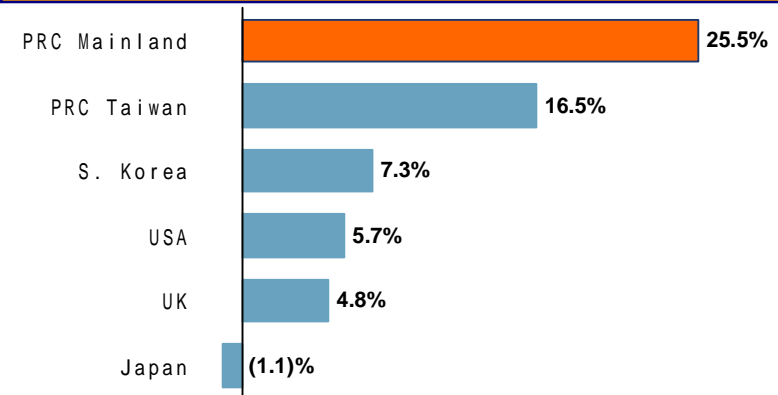


A fast growing but still under-penetrated insurance sector

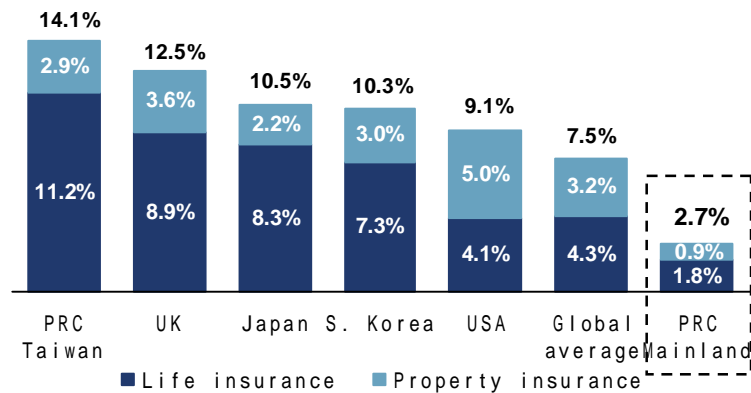
Strongest economic growth (2000-2005 Real GDP CAGR)



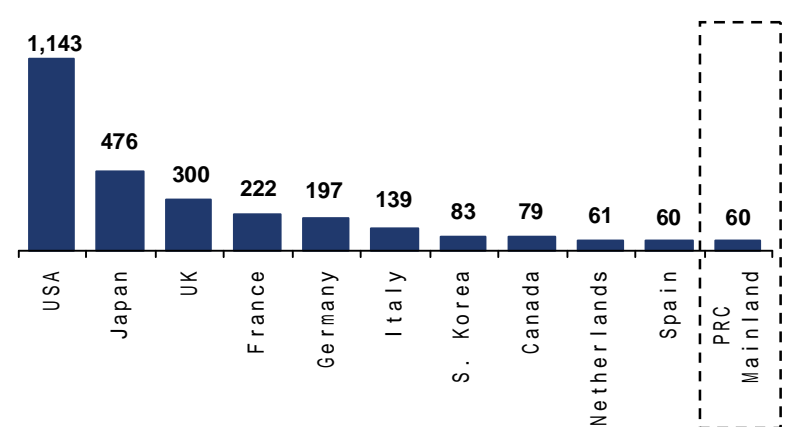
Fastest growing insurance market (2000-2005 Total Premium CAGR)



Insurance Penetration Comparison (Premiums/GDP) – 2005



Premium Volume Ranking (2005) (USD bn)



Source: Swiss Re Sigma; Datastream

Major trends emerging

- n Towards more integrated financial services offering
- n Many new products/services to meet new customer demands
- n More innovative distribution formats
- n More centralized operations to improve control and efficiency
- n Rural markets becoming more attractive
- n More sector consolidation with increasing competition and deregulation
- n More international expansion opportunities for strong Chinese players

Strong factors shaping the trend towards more integrated financial services offering

Global trend:

Increasing success in more integrated distribution of financial products and packages

Customer demand:

With rising household wealth, increasing customer demand, and growing complexity of products, one-stop shop is preferred

Trend towards integrated financial services



Financial regulation:

New regulations further facilitate integrated product/service offerings to meet market demand, and alliance between financial institutions

Competition:

Competition leads to margin erosion of single products. Financial institutions must expand their business scope for new sources of profit

Integrated financial services offering will become increasingly popular in the Chinese financial market



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Evolution of Ping An

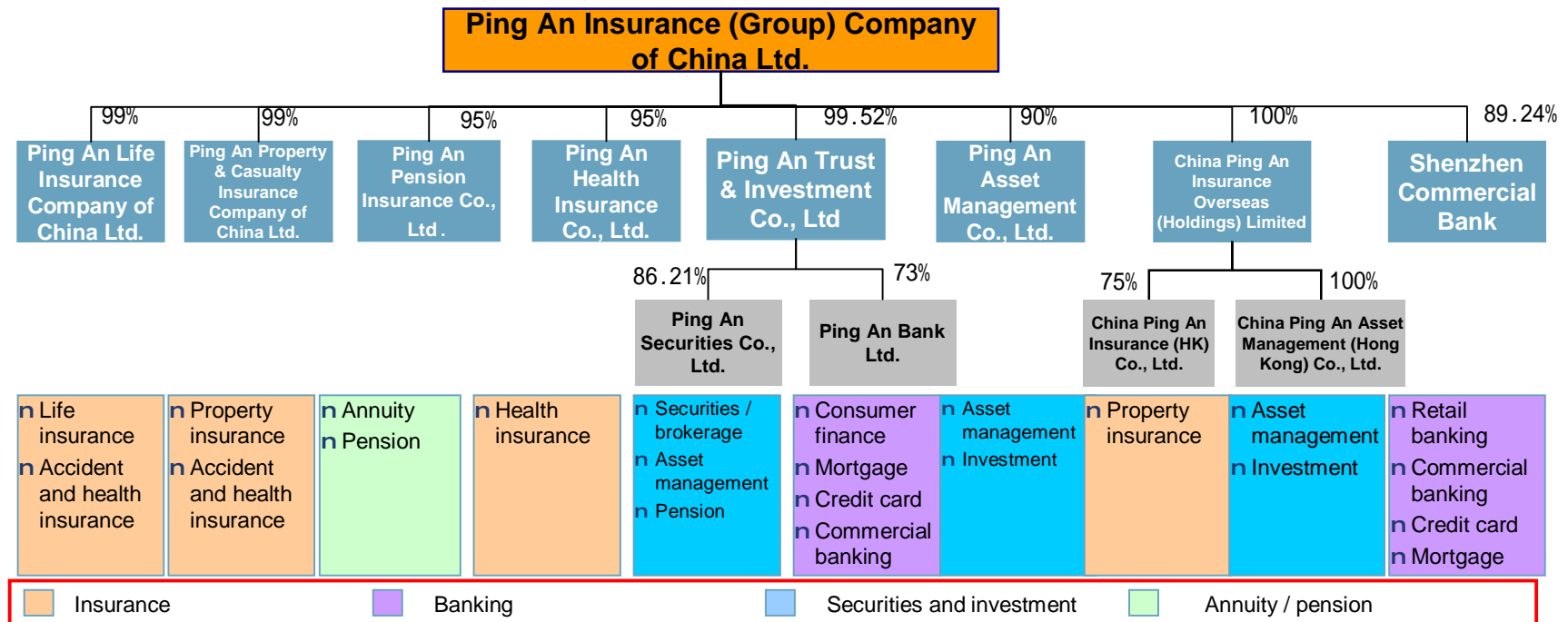
Total Assets of
RMB 494.3 bn
(US\$ 64.0 bn) on
Dec. 31, 2006

Total Assets of
more than
RMB100 bn
(US\$ 12.1 bn)

Total Assets of
RMB 53 mm
(US\$ 6.4 mm)

- 2007 Ping An listed in Shanghai Stock Exchange (Code: 601318)
- 2006 Established Ping An Asset Management Company (HK), Ltd.
Acquired ShenZhen Commercial Bank
- 2005 Established Ping An Asset Management Company, Ltd.
Established Ping An Health Insurance Company of China, Ltd.
- 2004 Ping An listed in Hong Kong Stock Exchange (Code: 2318)
Acquired Fujian Asia Bank Ltd. and renamed to Ping An Bank Limited
Established Ping An Annuity Insurance Company of China, Ltd.
- 2003 Incorporated Ping An Group Company as holdings platform
- 2002 HSBC became our strategic investor
- 1996 Established Ping An Securities Co., Ltd., and China Ping An Insurance Overseas (Holdings) Ltd.
- 1995 Established Ping An Trust and Investment Co., Ltd.
- 1994 Goldman Sachs and Morgan Stanley become our strategic investors
Ping An expanded into life insurance business
- 1988 Established as a regional P&C insurance company in Shenzhen

Into an integrated financial services group today



Well positioned as an integrated financial services provider to capture new opportunities

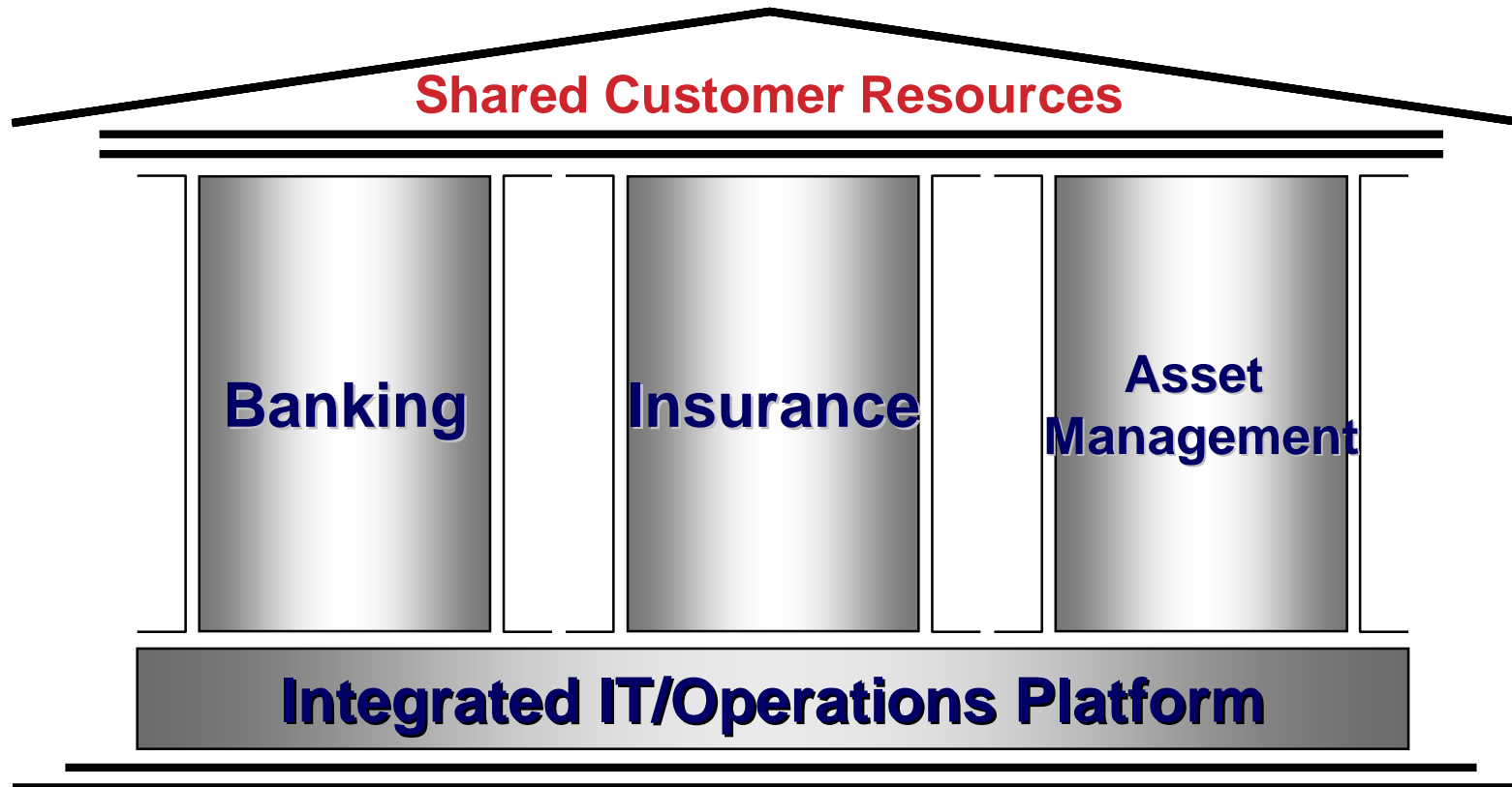
Market Opportunities

- n An under-penetrated retail financial market will likely allow sustained high growth going forward, with retail banking, consumer finance and wealth management growing the fastest
- n Customers develop high brand loyalty with a trusted financial institution early on
- n Emerging multi-product customers allowing strong multi-product players to “grow with their wallet” and to cross-sell

Uniquely Positioned

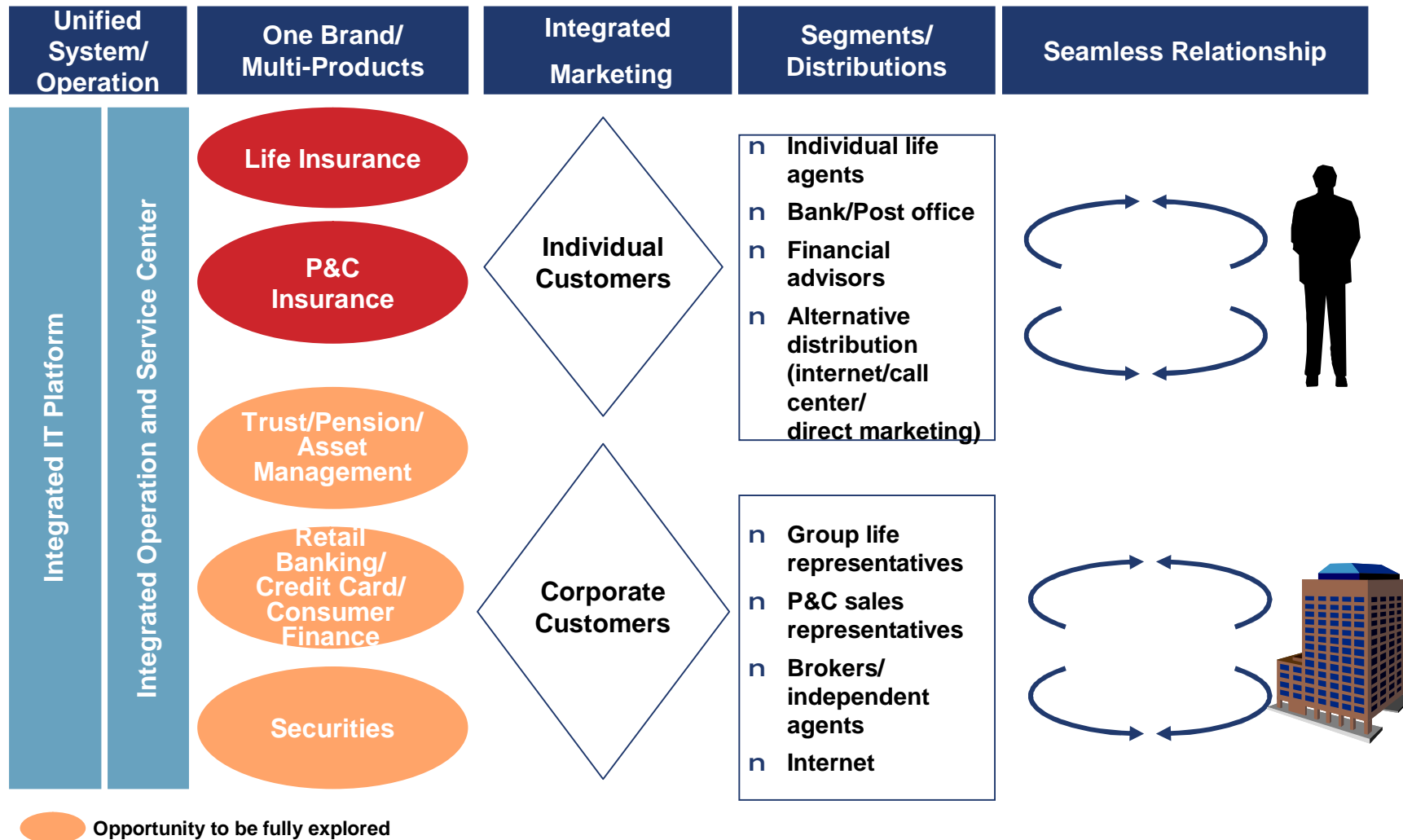
- n Large customer base, strong multi-channel distribution network, and a unified and customer centric IT/operations platform
- n Strong brand recognition and high level of customer loyalty
- n Multi-product capability and platform established with early success in cross-selling
- n Ability to partner with strong global players in offering new products

Organized as a three-pillar business development, with maximized synergy

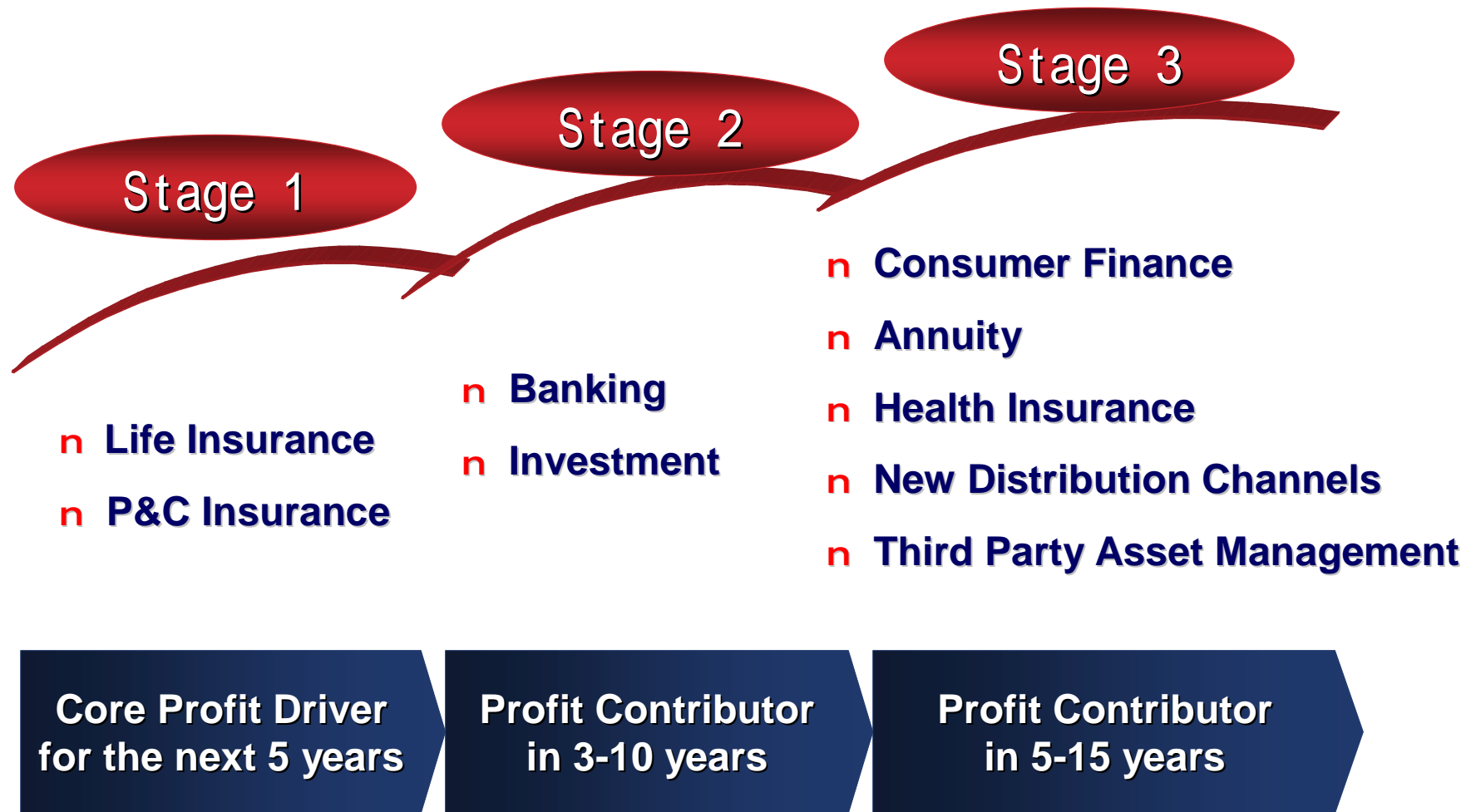


Move towards a customer-centric structure

Realignment to effectively leverage resources across the group



Three-staged strategy to sustain long term growth and steady profit streams



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Past lessons should be remembered

Bumpy growth path for financial sector over last 2 decades		Ping An has its own lessons to remember	
Insurance	§ Negative spread in life portfolio sold before 1999 with high guaranteed rates	Life insurance	§ A negative embedded value of RMB 18 billion by end 2005 for in-force life business written prior June 1999
	§ Deteriorating margins for fast growing single-premium group life and bancassurance products from 2003		
	§ Losses in auto insurance (following pricing deregulation) and auto loan insurance from 2002	P&C insurance	§ Combined ratio shot up to 117% in 2001
Securities	§ Losses in proprietary trading and managed accounts (with guarantees) after 2001	Securities	§ RMB 589 million losses during 2001-2002 market downturn
	§ Collapse of well known securities houses hurting confidence	Trust	§ Extra provision for non-performing assets following acquisition in 1996
Trust	§ Substantial non-performing assets from poor investments		
Banking	§ Government ordered closing of most poorly managed trust companies		
	§ Non-performing loans requiring substantial recapitalization		
	§ Multiple branch fraud cases		

Structural deficiencies in a still nascent capital market present growth bottlenecks

Stock market

- n High valuation, high volatility and high concentration
- n Uneven corporate governance standards and transparency among listed companies
- n Herd mentality of the retail investors

Bond market

- n Small and oversubscribed sovereign bond market
- n Underdeveloped corporate bond market with still untested rating system
- n Lack of long-dated and zero-coupon bonds

Infrastructure needs

- n Strong capital supply by government and development banks required by national infrastructure development
- n Still low incentive to seek Public-Private Partnerships

Hedging instruments

- n Absence of effective market hedging instruments (e.g. short positions, derivatives)
- n Expected launch of index futures would likely promote higher market efficiency

Need to attract, develop, and retain best talent to sustain growth and management complexity

- n People, people, people - the cornerstone to success
- n Cultivating a performance-based and compliant corporate culture, adopting global best practices, and building staff loyalty
- n Balanced short and long term incentives to retain talent

Ping An's Corporate Culture

- n “Global standards, local advantages”
 - u Effective adoption of international best practices
 - u Built upon strong local advantages
- n Value driven
 - u Long-term profitability as the key measurement of performance
 - u People management based on principles of competition, reward and motivation
 - u Accountability to shareholders, customers, employees and society

Need to upgrade the role of technology in sales, service and back office processing



Our Integrated Operating Center (IOC) is one of the largest financial back-office support centers in Asia and will raise the standard of Ping An's operation in terms of service quality, operating efficiency, control and risk management

Need to harness local M&A and international expansion in the long term

- n With increasing competition, there is likely to be further consolidation in the Chinese financial sector
- n M&A and alliance provide an accelerated route to expansion and diversification
- n The M&A process can be tedious and time consuming, from deal sourcing, initial contacts, proposal structuring, due diligence, internal and regulatory approvals, to closing
- n Participating in bidding requires fast turnaround time
- n Post-merger integration has to be executed carefully to realize shareholder value

Need to harness local M&A and international expansion in the long term (cont'd)

- n Through overseas M&A, Chinese financial institutions can potentially acquire
 - u Product skills
 - u Technology (improved processes and systems)
 - u Human resources and specialized talent
 - u Global scale of operation

- n Managing the integration can be challenging
 - u Cultural/ social issues
 - u Rationalization of combined resources
 - u Management distraction

- n Other key considerations in international M&A
 - u Currency risks (with expected RMB appreciation)
 - u Growth opportunities compared to China
 - u Regulatory approval risks