

Consolidated Income Statement

For the year ended December 31, 2006

(in RMB million)	Notes	2006	2005
Gross written premiums and policy fees	7	69,696	59,021
Less: Premiums ceded to reinsurers		(4,271)	(4,241)
Net written premiums and policy fees		65,425	54,780
Increase in unearned premium reserves, net		(2,412)	(1,581)
Net earned premiums		63,013	53,199
Reinsurance commission income		1,549	1,371
Interest income of banking operations	8	192	25
Other fees and commission income	9	615	254
Investment income	10	21,871	9,655
Other income	11	703	491
Total income		87,943	64,995
Change in deferred policy acquisition costs	26	5,480	3,830
Claims and policyholders' benefits	12	(66,068)	(50,375)
Changes in fair value of derivative financial liabilities		100	(6)
Commission expenses of insurance operations		(8,078)	(5,928)
Interest expenses of banking operations	8	(80)	(7)
Other fees and commission expenses	9	(50)	(18)
Loan loss provisions, net of reversals	22	(3)	73
Foreign currency losses		(466)	(405)
General and administrative expenses		(10,230)	(7,347)
Total expenses		(79,395)	(60,183)
Operating profit before tax	13	8,548	4,812
Income taxes	14	(548)	(547)
Net profit		8,000	4,265
Attributable to:			
– Equity holders of the parent		7,838	4,226
– Minority interests		162	39
		8,000	4,265
		RMB	RMB
Earnings per share for net profit attributable to equity holders of the parent – basic	16	1.27	0.68

The accompanying notes form an integral part of these financial statements.