

Consolidated Income Statement

For the year ended December 31, 2006
(in RMB thousand)

	Notes V	2006	2005
Underwriting income			
Premium income	44	85,954,952	71,609,012
Reinsurance premium income	45	28,447	16,112
Less: Premium ceded to reinsurers	46	(4,271,271)	(4,241,477)
Total underwriting income		81,712,128	67,383,647
Underwriting expenses			
Claim expenses	47	(10,721,175)	(8,221,809)
Less: Claims recoverable from reinsurers	46	2,446,436	2,475,359
Subrogation income		45,617	48,974
Claims for reinsurance accepted	45	(8,645)	(3,851)
Payments on death and medical claims	48	(1,086,421)	(982,244)
Payments on maturities	49	(3,034,671)	(3,263,281)
Payments on annuities	50	(2,770,432)	(2,446,820)
Payments on surrenders	51	(8,493,282)	(6,956,103)
Expenses for reinsurance accepted	45	(3,983)	(2,093)
Handling charges	52	(1,831,898)	(963,581)
Commission expenses	53	(6,242,087)	(4,962,019)
Business tax and surcharges	54	(1,644,692)	(909,742)
Operating expenses	55	(9,759,034)	(7,033,277)
Less: Expenses recoverable from reinsurers	46	1,548,494	1,370,793
Provision for insurance guarantee fund	31	(270,560)	(209,280)
Total underwriting expenses		(41,826,333)	(32,058,974)

The accompanying notes on pages 162 to 242 form an integral part of these financial statements.

Consolidated Income Statement

For the year ended December 31, 2006
(in RMB thousand)

	Notes V	2006	2005
Changes in reserves			
Provision for claim reserves	56	(6,155,458)	(4,928,257)
Less: Write-back of claim reserves	56	4,928,257	3,874,137
Provision for unearned premium reserves	57	(8,702,315)	(6,240,733)
Less: Write-back of unearned premium reserves	57	6,240,733	4,868,859
Provision for long-term unearned premium reserves	58	(2,408,042)	(2,413,790)
Less: Write-back of long-term unearned premium reserves	58	2,413,790	1,894,930
Provision for policyholders' reserves for life insurance		(243,534,111)	(198,372,329)
Less: Write-back of policyholders' reserves for life insurance		198,372,329	167,142,916
Provision for long-term reserves for health insurance		(30,126,399)	(24,568,558)
Less: Write-back of long-term reserves for health insurance		24,568,558	18,625,804
Total change in reserves		(54,402,658)	(40,117,021)
Underwriting losses		(14,516,863)	(4,792,348)
Add: Other profit	59	16,080	115,500
Investment income	60	18,513,069	5,885,130
Interest income	61	3,847,041	3,882,770
Income from assets purchased under agreements to resell		27,974	338
Commission income	62	475,085	175,327
Securities underwriting income	63	139,665	79,355
Foreign exchange losses		(480,027)	(407,790)
Less: Interest expenses	64	(129,750)	(15,816)
Policyholder dividends		(1,486,737)	(1,064,118)
Expenses of assets sold under agreements to repurchase		(172,065)	(91,071)
Other handling charges		(50,133)	(18,344)
Loan loss provisions		(947)	72,997
Operating profit		6,182,392	3,821,930
Add: Non-operating income		86,885	56,618
Less: Non-operating expenses		(11,272)	(122,758)
Profit before tax		6,258,005	3,755,790
Less: Income tax	65	(135,257)	(387,637)
Profit after tax		6,122,748	3,368,153
Less: Minority interests		(136,786)	(29,725)
Net profit		5,985,962	3,338,428

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