

# 2021 Results Announcement

PICC Group (601319.SH 1339.HK)

PICC P&C (2328.HK)

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**Note: The Group's A-share report is prepared in accordance with Chinese Accounting Standards ("CAS"), and the H-share results announcement is prepared in accordance with International Financial Reporting Standards ("IFRS"). The GAAP differences are stated in the attached schedule. The figures presented in this report are data under IFRS.**




**Disclaimer**

01

**Chairman's  
Statement**

*LUO Xi*

Chairman, PICC Group  
Chairman, PICC P&C



# **“To be Prominent” Strategy Achieved Initial Success**

- The ability to integrate into the national strategy was strengthened**
- The direction of high quality development was clearly defined**
- More warmth was delivered out of our customer service**

**“To be Prominent”  
Strategy  
to Deliver More Fruitful  
Achievements**

**1**  
**6 Strategic  
Services**

**2**  
**Strategic  
Projects**

**3**  
**Technology  
Empowerment**

**4**  
**Social  
Responsibility**

02

# Results Overview

*WANG Tingke*

Vice Chairman and President, PICC Group

# Results Overview

Gross Written  
Premiums (GWPs)  
**RMB585.42bn**

**+ 3.9%**

Net Profit Attributable to  
Equity Holders of the  
Company  
**RMB21.48bn**

**+ 7.2%**

Net Assets Attributable to  
Equity Holders of the Company  
**RMB219.26bn**

**+ 8.3%**

Fortune 500 Ranking  
**No. 90**

**Up 22 places from last year**

Motor Insurance Combined  
Ratio  
**97.3%**

Non-motor Insurance  
Premiums Growth Rate  
**16.1%**

Life & Health  
Embedded Value  
**RMB127.61bn**

**+ 8.8%**

Total Investment Yield  
**RMB63.07bn**

**+ 11.2%**

Cash Dividends  
**RMB0.164 per share**

**+ 5.1%**

# Adhere to profitable development

## Reducing Risk

**Disposing High-risk Business and Reducing Low-value Business**

## Optimizing Structure

**Further Optimizing Business Structure**

- The contribution of household vehicle insurance to motor insurance premiums increased by 1.0ppt
- The contribution of Individual non-motor insurance to non- motor insurance premiums increased by 3.9ppts





# Adhere to profitable development

Insurance liability reserves increased by RMB**98.8bn**

Enhancing  
Capital  
Strength

Net cash flow from operating activities  
reached RMB**72.7bn**,  
**+128.2%**

Improving  
Profitability

Solvency ratio **significantly higher than**  
regulatory requirement

**RMB35.6bn**

Profit before tax +12.6%

# Exploring New Development Drivers via “6 strategic services”

## 1 Rural Revitalization

- “Xiangcunbao”, a product mix facing the rural areas, achieved a premium income of RMB26.46bn, up by 12%, providing an insured amount of RMB47tn to over 200mn customers
- Planting insurance upgraded towards “price and income protection”, with full cost insurance and income insurance premiums surged nearly 3 times
- High-standard farmland IDI insurance premiums spiked 143%, with accumulated sum insured of over RMB175.2bn

## 2 Smart Transportation

- Serving 88.77mn motor insurance customers
- Guiding customers to improve driving behaviors on their own initiatives through differentiated pricing
- Early warning of dangerous driving behaviors on commercial vehicles leveraging IoT technology, with 2.49mn times of warning services provided
- “Sync with Traffic Police” (a motor customer service initiative provided through the cooperation with traffic police department) covered 332 prefecture-level cities in 31 provinces (municipalities) and autonomous regions, with services provided over 5mn times

## 3 Health and Elderly Care

- Underwriting over 1,500 social security programs, serving over 800mn people
- In-depth participation in the elderly commercial pension trials
- Innovatively building collaborative medical rooms in the workplace of corporate customers to improve customer loyalty
- Integrating healthcare, medicine and medical insurance resources, forging partnership with 7,000 hospitals nationwide

# Exploring New Development Drivers via “6 strategic services”

## 4 Environmental Protection

- Early Strategic layout in NEV insurance, with insured NEVs exceeding 29.26bn and premiums income over RMB11.91bn, up by 88.2% and 83.9% respectively
- Expanding photovoltaic clean energy insurance business and providing product quality liability insurance to photovoltaic equipments, with sum insured of RMB55bn
- Bringing forth the new green financial model of “forestry carbon sink + forestry insurance”
- First in the industry to launch “Carbon Peaking and Neutrality” themed asset management products, with a size of RMB21.4bn

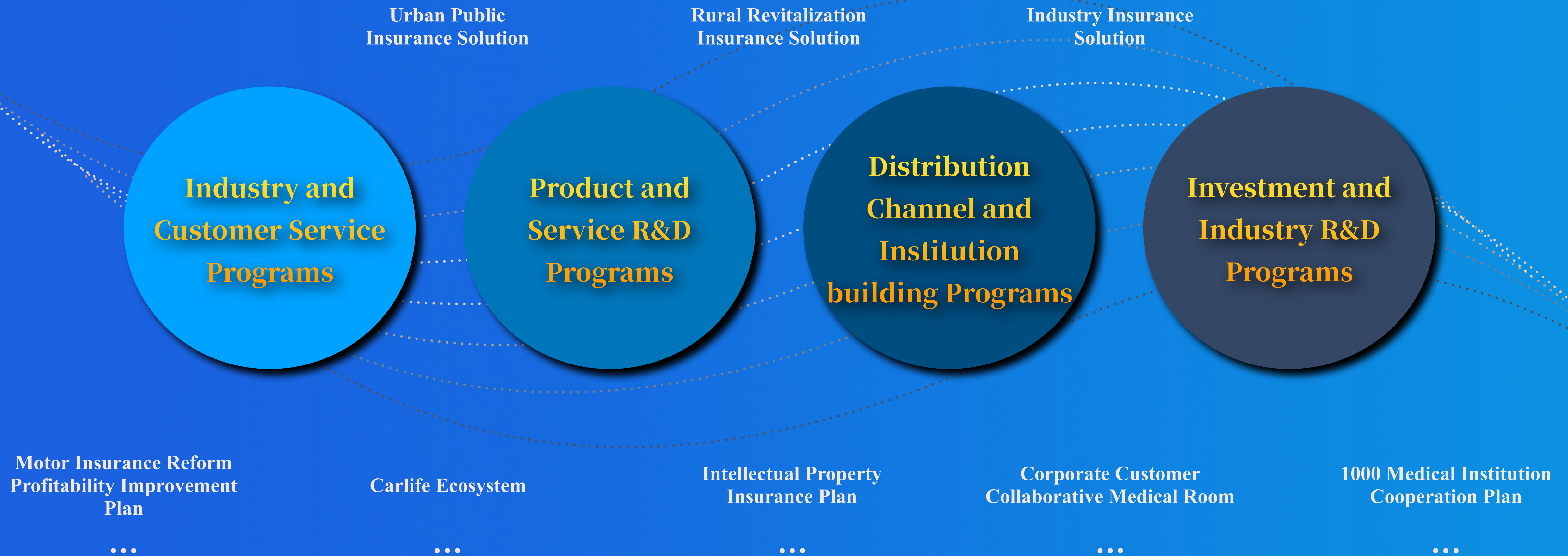
## 5 Tech Innovation

- Providing liability insurance to the first sets of major technological devices, new materials and the first edition of software applications. Leading the foundation of Integrated Circuit Insurance Pool
- Providing tech liability insurance to high-end technologies, with sum insured of RMB406.2bn
- The exclusive insurer of Zhurong Mars Rover
- Launching PE funds in key regions, offering capital support for high-tech enterprises

## 6 Social Governance

- “Chengshibao”, a product mix facing the urban areas, provided a basket of risk solutions to local governments of all levels, and achieved a premium income of RMB10.87bn, up by 43.3%
- Built “Urban Wanxiang Cloud” platform with various sub platforms facing different scenarios, i.e. “Safe Factory”, “Smart Construction Site” and “Elevator Guardian”
- Introduction of catastrophe insurance series products, such as natural disaster public liability insurance products “Shouhubao”, “Zongzhibao” and “Fengyubao”

# Improving Supply-side Quality and Capability via “4 strategic programs”



Focus on three aspects, i.e. **transformation and reform, development capability and operating efficiency**

# Effective Management to Reduce Cost and Improve Efficiency

1

Centralized procurement, audit and data Integration

2

Optimization of operating management process at subsidiaries

3

Enhancing interaction across channels

## Cost Reduction

- Group' s business and administrative expenses dropped -16.7%
- Group' s large procurement cost cut down by -14.0%
- PICC P&C' s operating expense ratio down by -5.2%

## Efficiency Improvement

- PICC P&C' s operating management capability improved, with a premium per capita of RMB2.82mn, up by +8.4%
- PICC Life' s agent quality improved, with monthly first-year regular premium per capita up by +20.8%
- Cross-selling premiums reached RMB20bn, up by +20.8%

# Accelerating Digitalization to Empower Front-line Business

## Underwriting

- Sales via the integrated sales support platform “e-PICC” increased by 27.4%
- PICC APP** has served almost 23mn customers, with premium income nearly doubled
- Integrating new media marketing platforms in group level**, with followers of PICC official accounts on Short video live streaming platforms exceeding 3.2 mn, and media exposure over 70 mn times

## Loss Reduction

- “**Jia An Pei**” and “**Bang Xiu Pei**”, online spare parts platforms, empowered motor insurance in claims and loss reduction
- Integration of health insurance claims data** laid a solid foundation for intelligent underwriting and risk control

## Claim Settlement

- Online claims ratio of motor insurance reached 87.2%, while **household vehicle customer online ratio increased** to 93.5%
- Developing intelligent loss assessment system** with accuracy over 80%, improving service efficiency through standardized and transparent functions
- Developing “**Yun Zhi Bao**” APP, enhancing the connection and management of agriculture insurance distribution and service networks

## Service

- Developing **multi-scenario intelligent voice service**, with outbound calls over 66 mn
- Developing **PICC Carlife Service Platform**, providing full life circle services to our auto insurance customers through further integrated auto service resources
- Online road rescue service** was available on PICC app and PICC Wechat Official Account, further improving customer experience

# Enhancing Customer Loyalty via “Warmth Project”

95518 customer service center has been awarded “**The Best Call Center**” for 14 consecutive years

Household vehicle customer online ratio **93.5%**, +4.5ppts

Individual non-motor customer online ratio **76.0%**, +11.1ppts

**85mn** customers served through online platforms such as PICC APP, WeChat official account and official website



Individual customers

**275.11**<sub>mn</sub>

+ 7.8%

Corporate clients

**5.81**<sub>mn</sub>

+ 5.6%

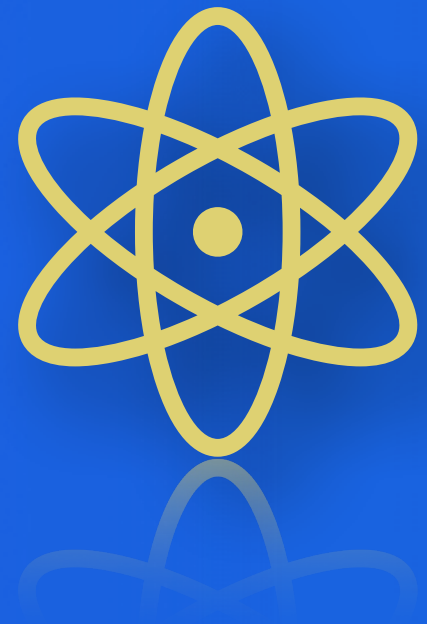
# Comprehensively Enhancing Risk Prevention and Control Capability

**Commencing inspection of existing risks**

**Improving liquidity risk prediction and solution**

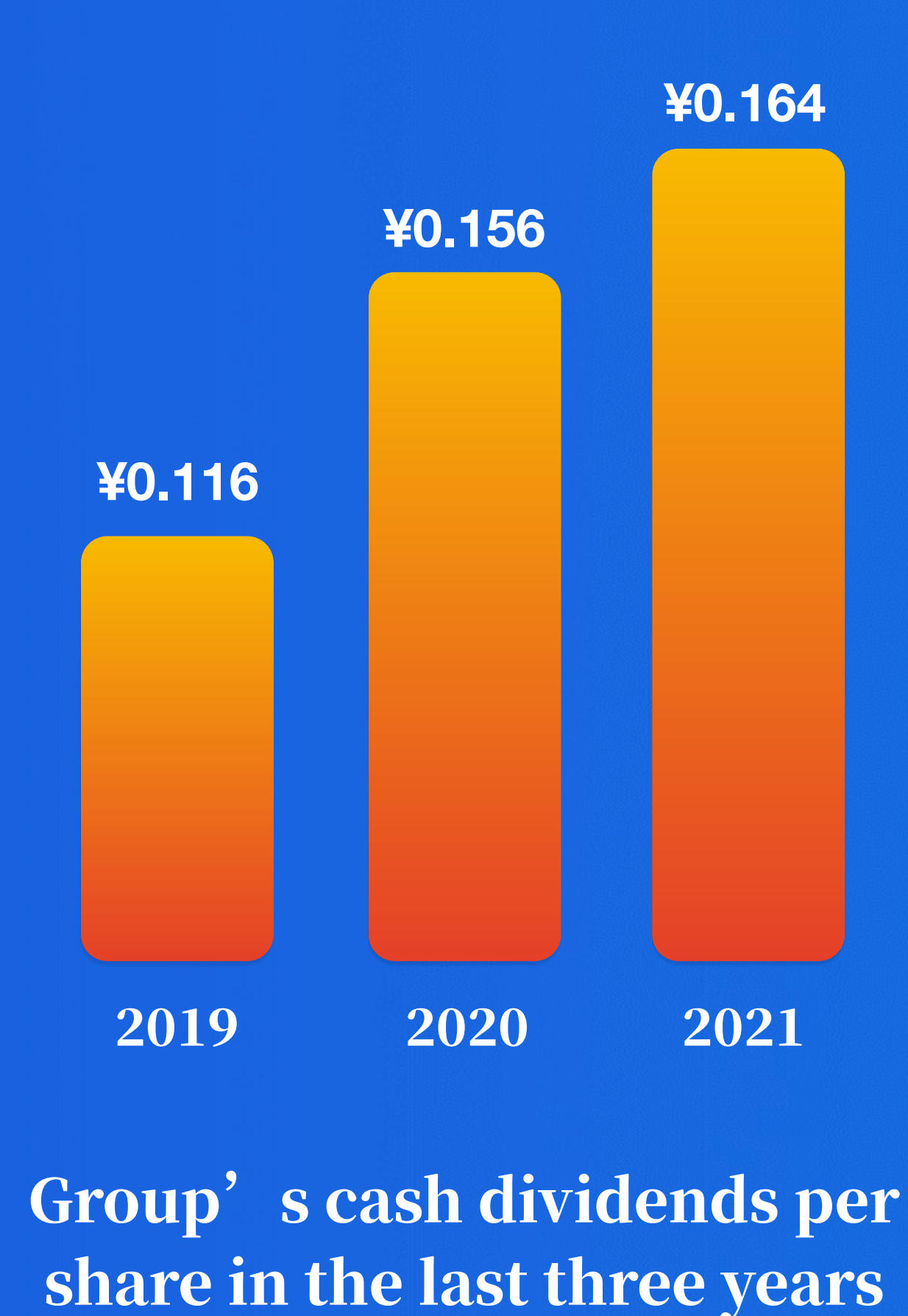
**Enhancing operating and investment risk control**

**Strengthening governance of frontline institutions**





# Increasing Dividends and Return to Shareholders



Recent H-share dividend yield

8.0%

Recent A-share dividend yield

3.7%

Cash dividends CAGR in the last 3 years

18.9%

# Proactively Fulfilling Social Responsibility

**RMB1,694tn**

Total sum insured

**RMB336.7bn**

Total claims paid

Provided risk protection to

**80.64mn** peasant households with sum insured of

**RMB2.7tn**

Underwrote **440mn** mu of three major staple food grains

**250mn** swines

**1.16bn** mu of forests

Poverty alleviation fund of

**RMB44mn**

**RMB56.33mn**

spent on consuming products from poverty-stricken areas

Undertook over **1,500** social security programs

Served over **800mn** cases

Environmental pollution liability insurance sum insured of

**RMB17.4bn**

Vaccine insurance provided risk protection to **140mn** people

and **61,000** institutions  
With sum insured of

**RMB1.5tn**

**Higher ESG rating** from MSCI

# Insurance Partner of Beijing Winter Olympics and Paralympics

Upholding the “Green, Shared, Open and Clean” Initiative

Providing 49,000 individuals, 4,200 motor vehicles, and 41 venues

with exclusive insurance solutions covering comprehensive liability insurance, P&C insurance, motor insurance and accident & health insurance, etc.



03

# Segment Overview

# P&C: Results Highlights

Gross Written Premiums

**RMB449.53bn**

**+ 3.8%**

Net Profit

**RMB22.37bn**

**+ 7.2%**

Net Assets

**RMB205.65bn**

**+ 8.2%**

Combined Ratio

**99.6%**

Outperformed the  
Industry

Total Investment Yield

**5.0%**

**+ 0.2ppt**

Annual Cash Dividends

**RMB0.407 per share**

Dividend Payout Ratio

**40.5%**

Note: "P&C" refers to PICC P&C, not including PICC HK, unless otherwise stated.

# Motor Insurance Business Consolidated Advantages and Achieved Healthy Development

Number of Vehicles Insured

**88.77mn**

**+ 9.6%**

**+ 11.6%**

Number of  
Household Vehicles  
Insured (mn)

65.39

72.96

2020

2021

**+88.2%**

Number of NEVs  
Insured (mn)

1.56

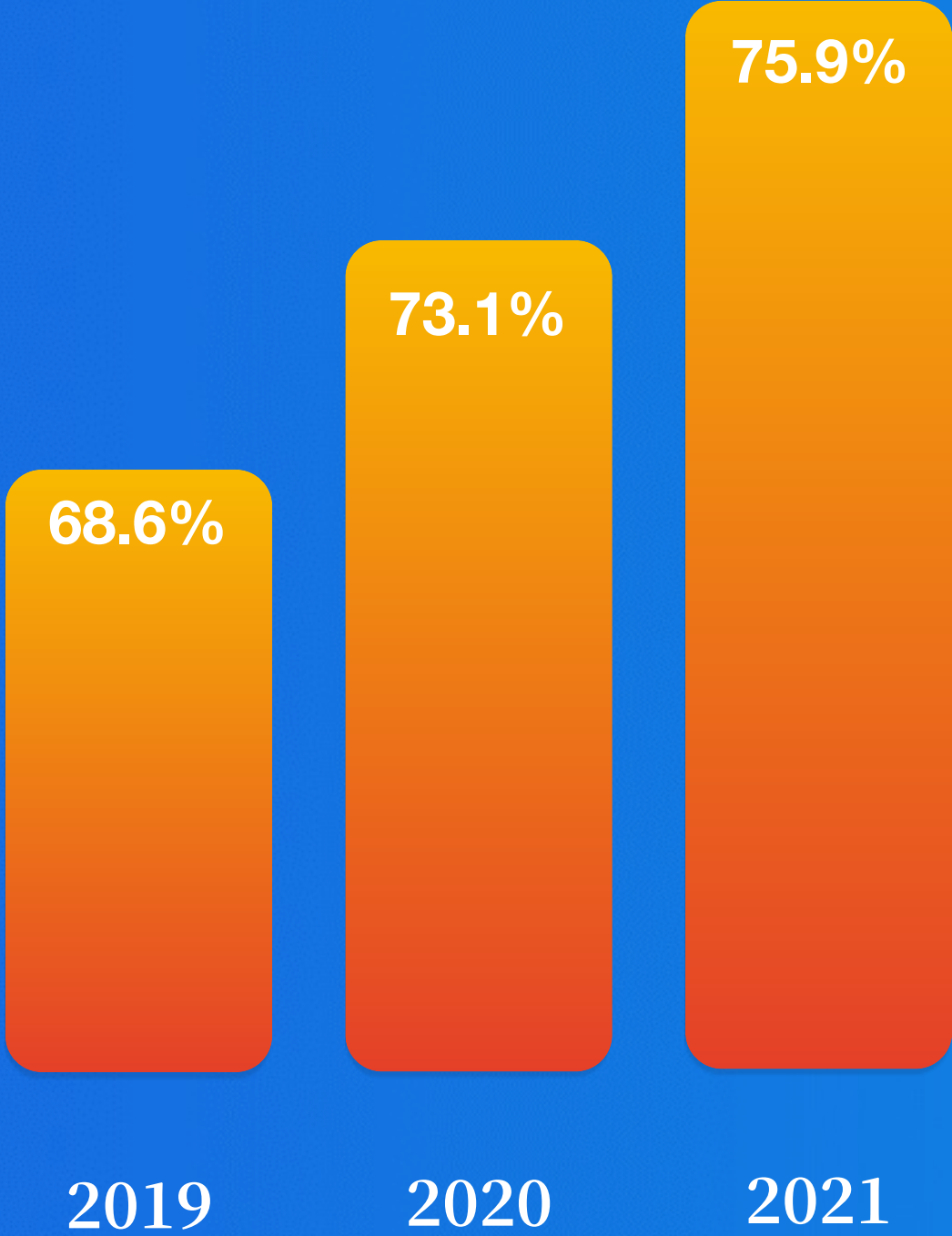
2.93

2020

2021

# Continued Structural Improvement in Motor Insurance

**+ 2.8ppts**  
Renewal rate of household Vehicle Insurance



Market share in household Vehicle insurance  
**33.8%**

The contribution of household vehicles to motor insurance premiums rose to 71.4%  
**+ 1.0ppt**

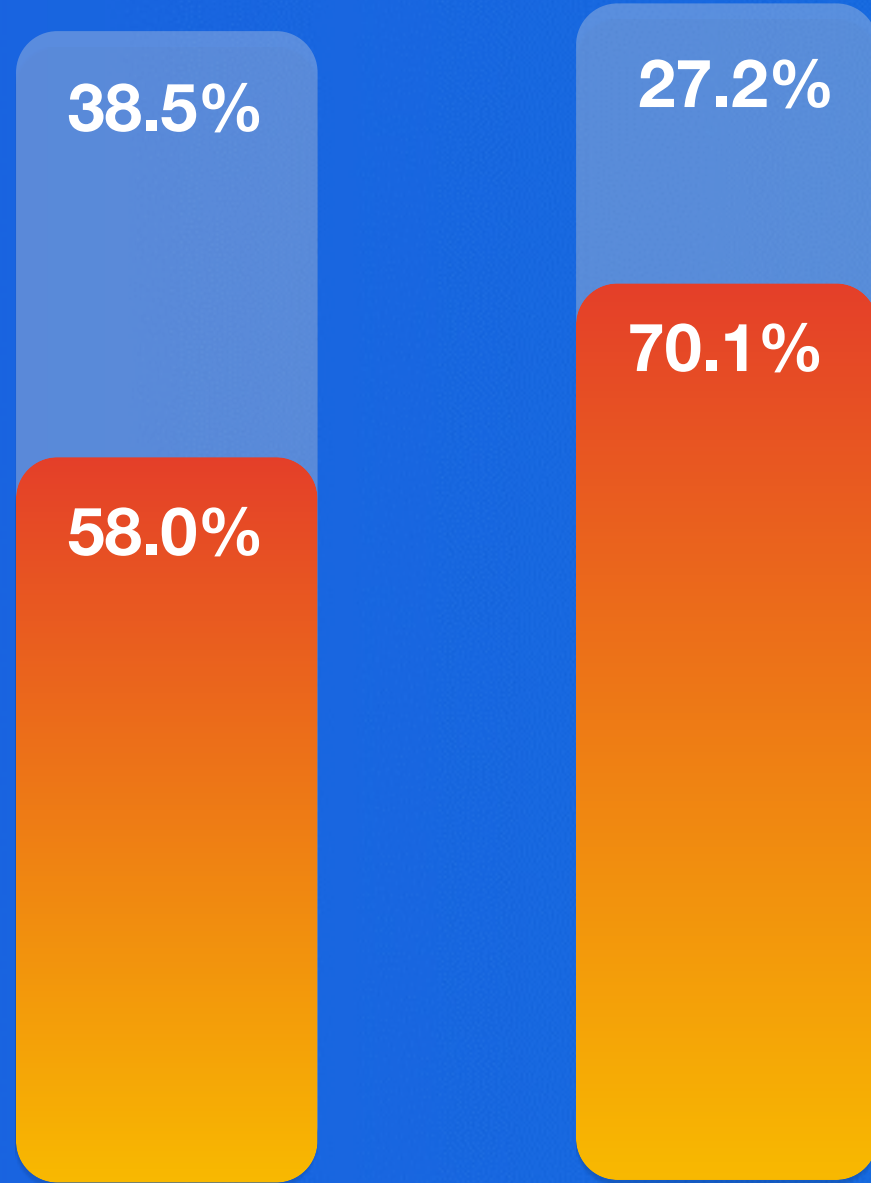
The number of household vehicles insured accounted for 82.2% of the total number  
**+ 1.5ppts**

Household vehicle customers online ratio 93.5%  
**+4.5ppts**

# Motor Insurance Profitability Outperformed the Industry

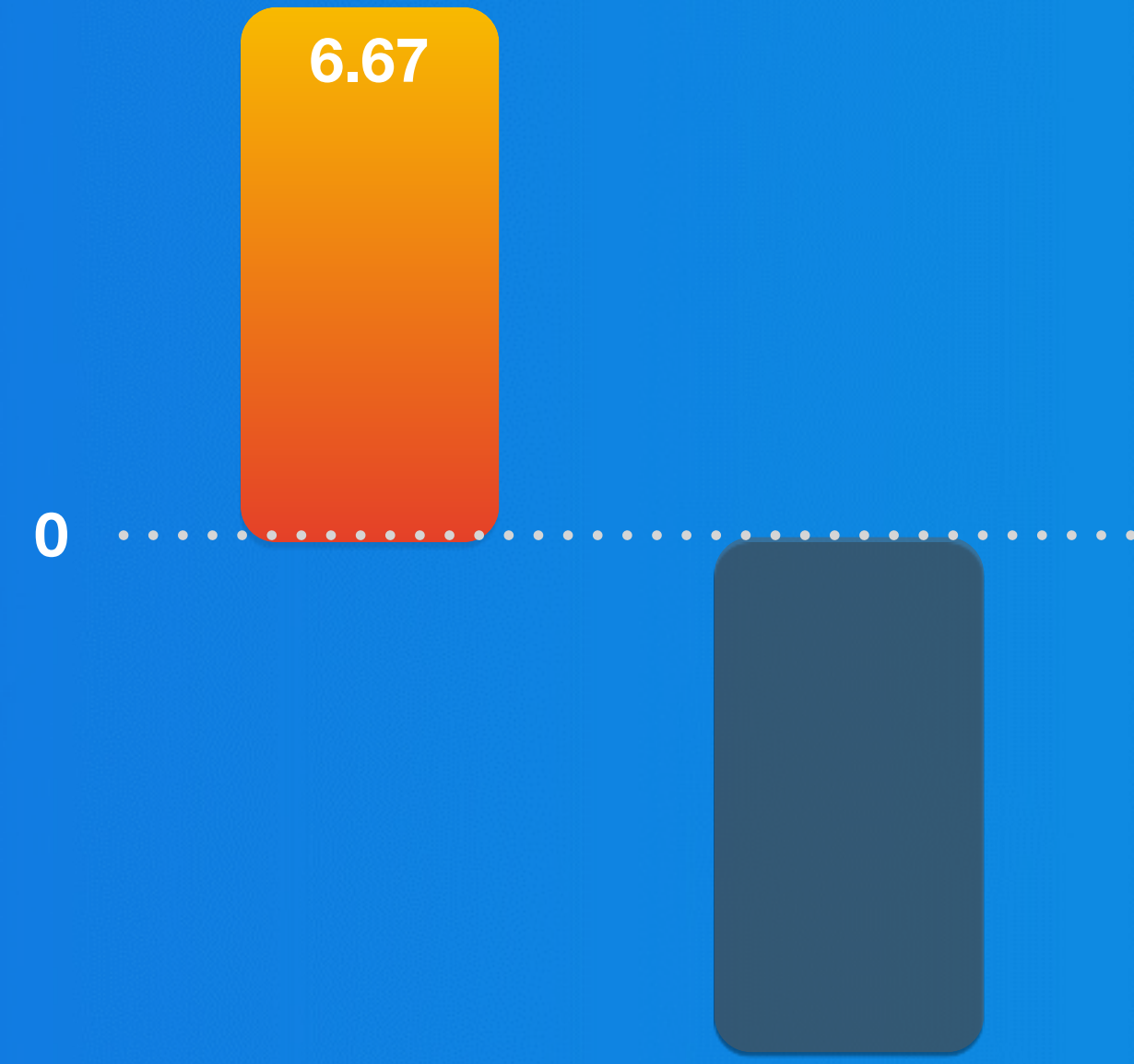
(RMB bn)

Combined ratio **97.3%**



Loss ratio Expense ratio

Underwriting profit **Outperformed the industry**



PICC Industry

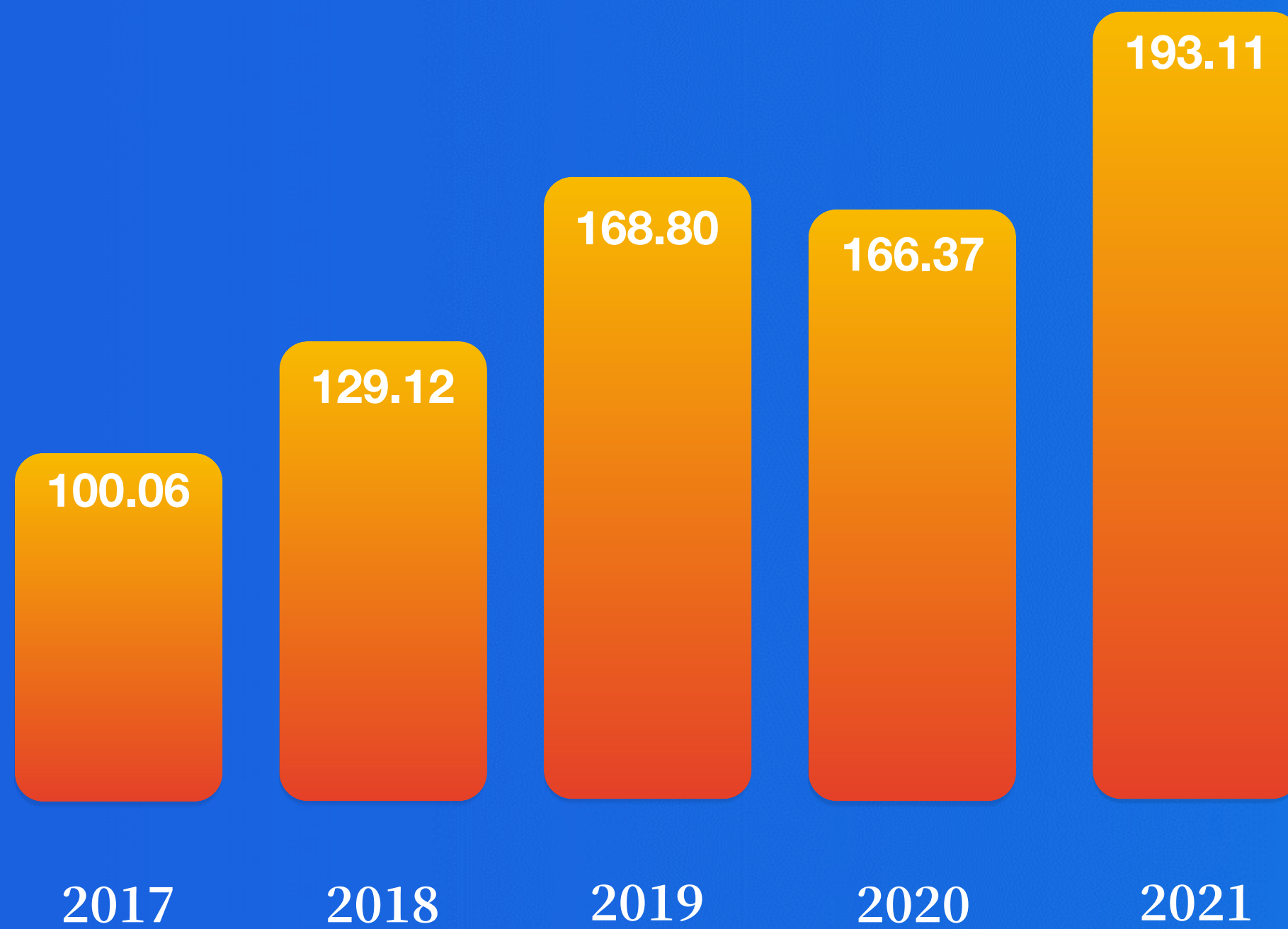


# Continued Rapid Growth of Non-motor Insurance

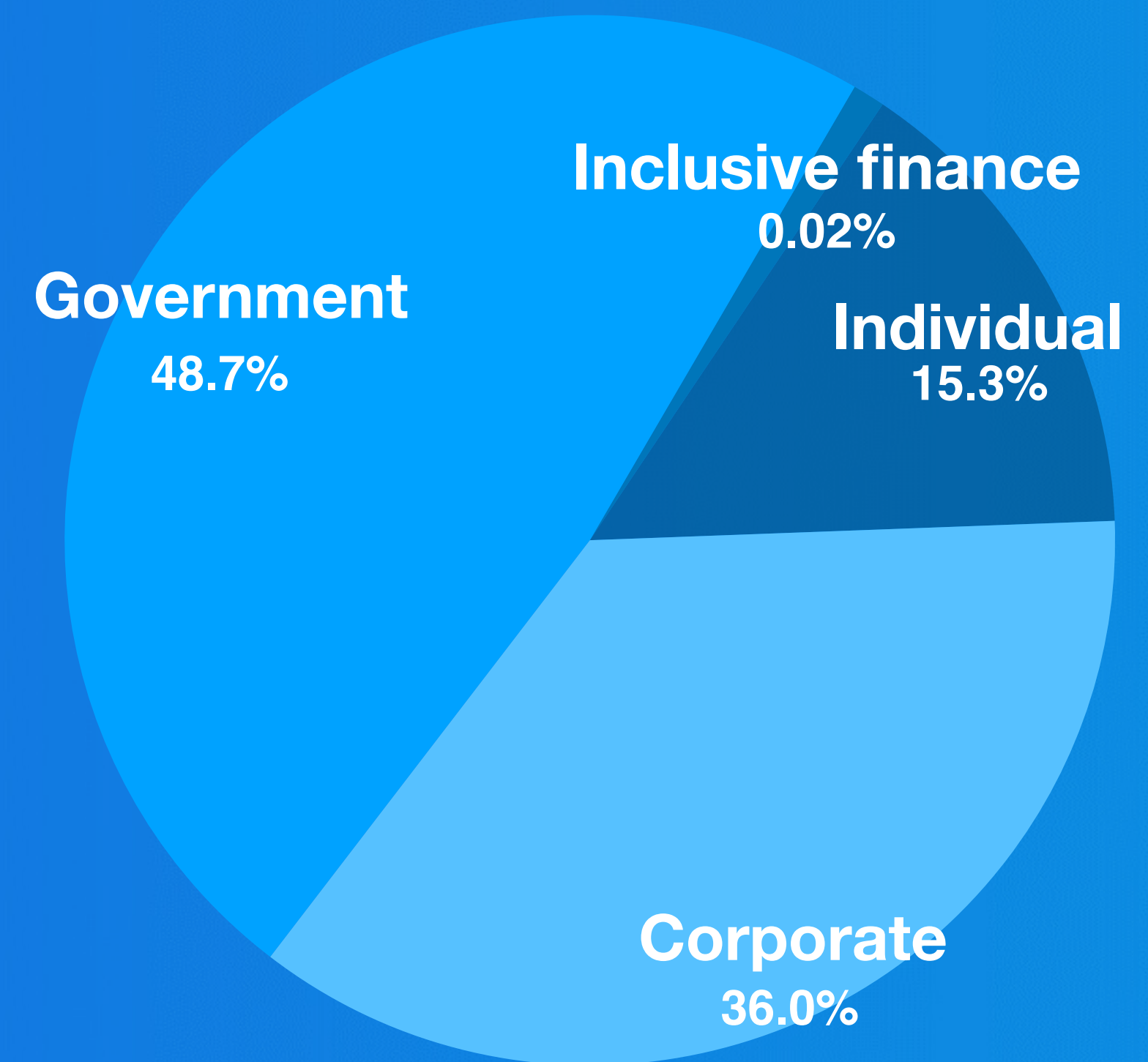
(RMB bn)

## Non-motor premium income

**CAGR 17.9%**

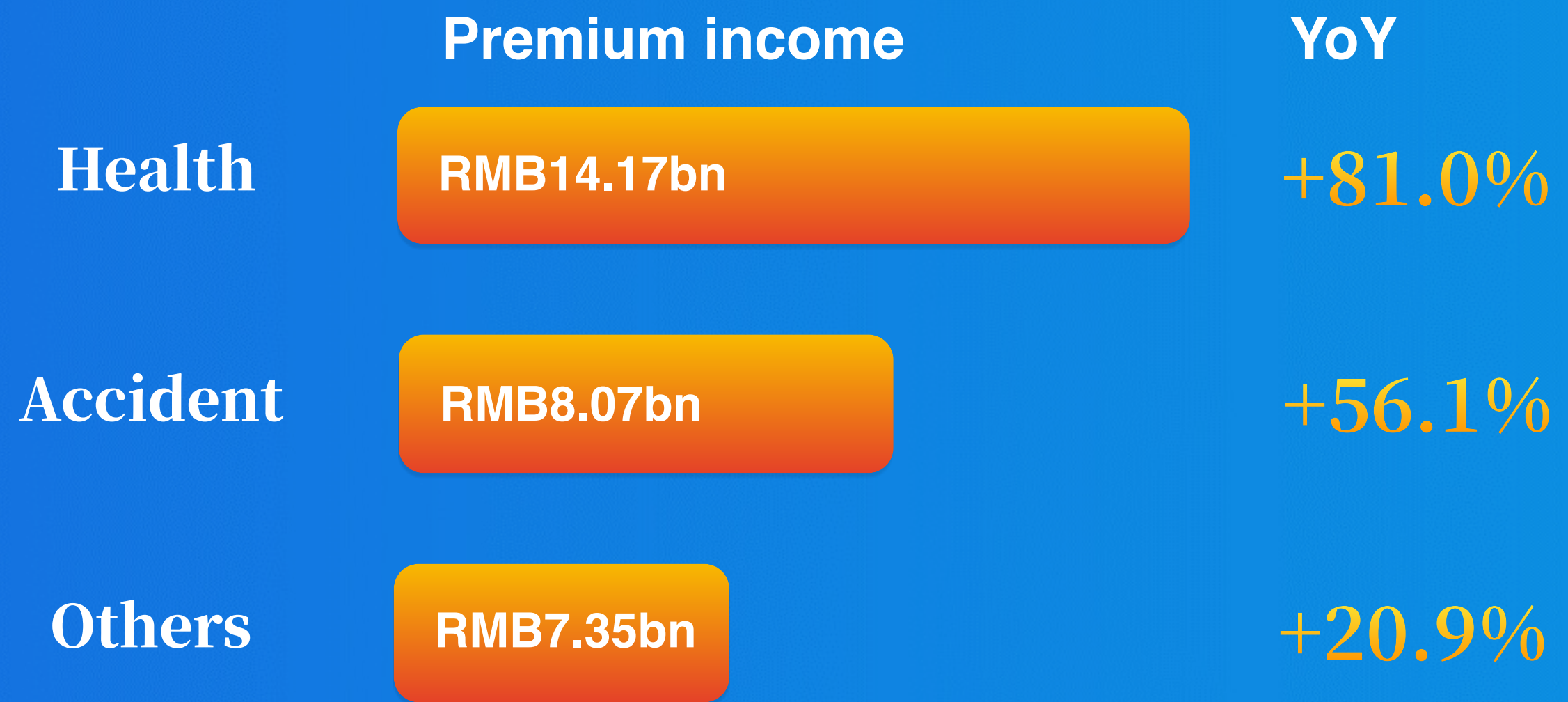


## Non-motor insurance breakdown



# Significant Potential in High Quality Individual Insurance

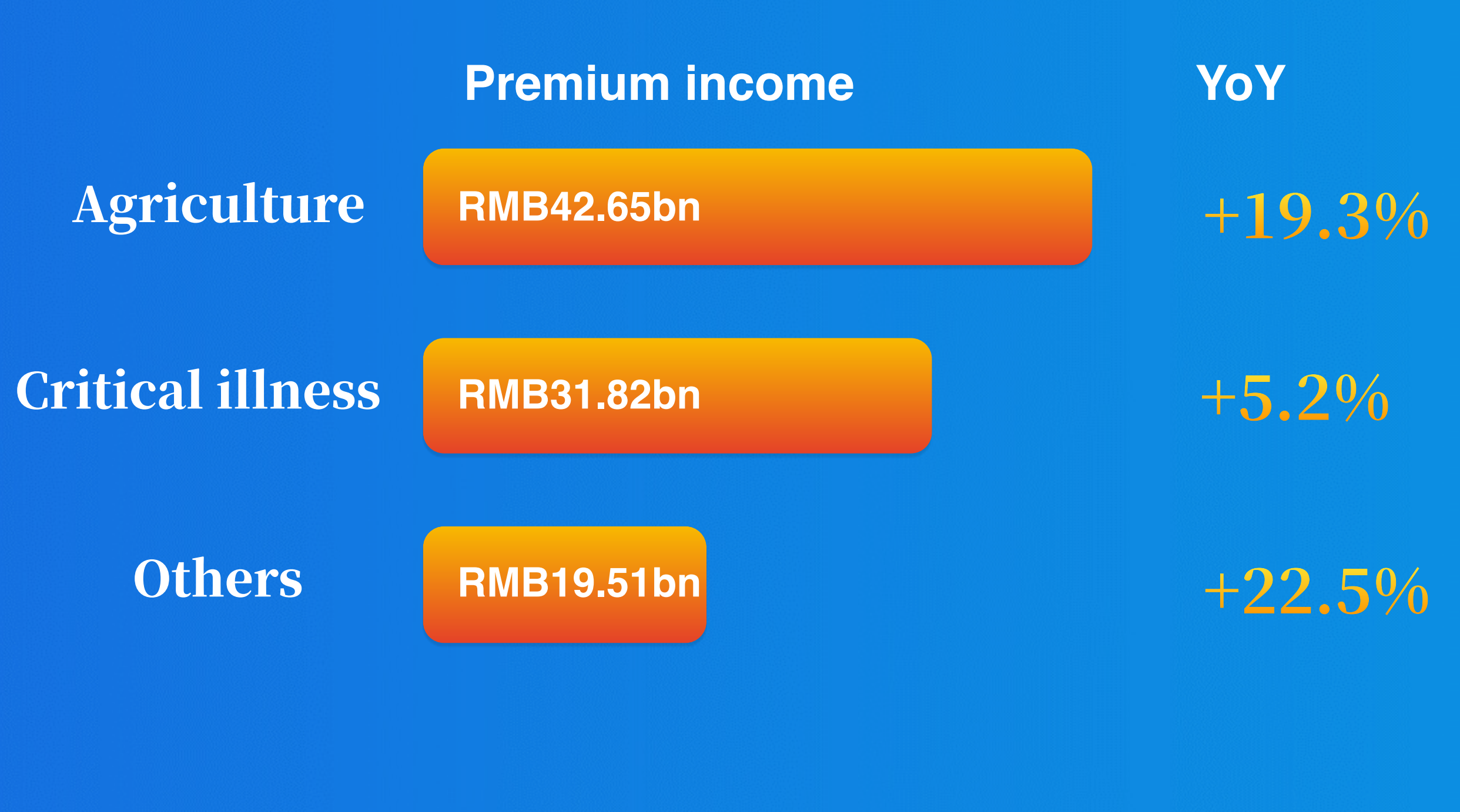
(RMB bn)



# Government Insurance Maintaining Relatively Fast Growth

(RMB bn)

**+ 14.7%**  
Government insurance  
premium income



# Corporate Insurance Adopted Multiple Measures to Improve Underwriting Profitability

(RMB bn)

**+ 11.4%**  
Corporate insurance premium income

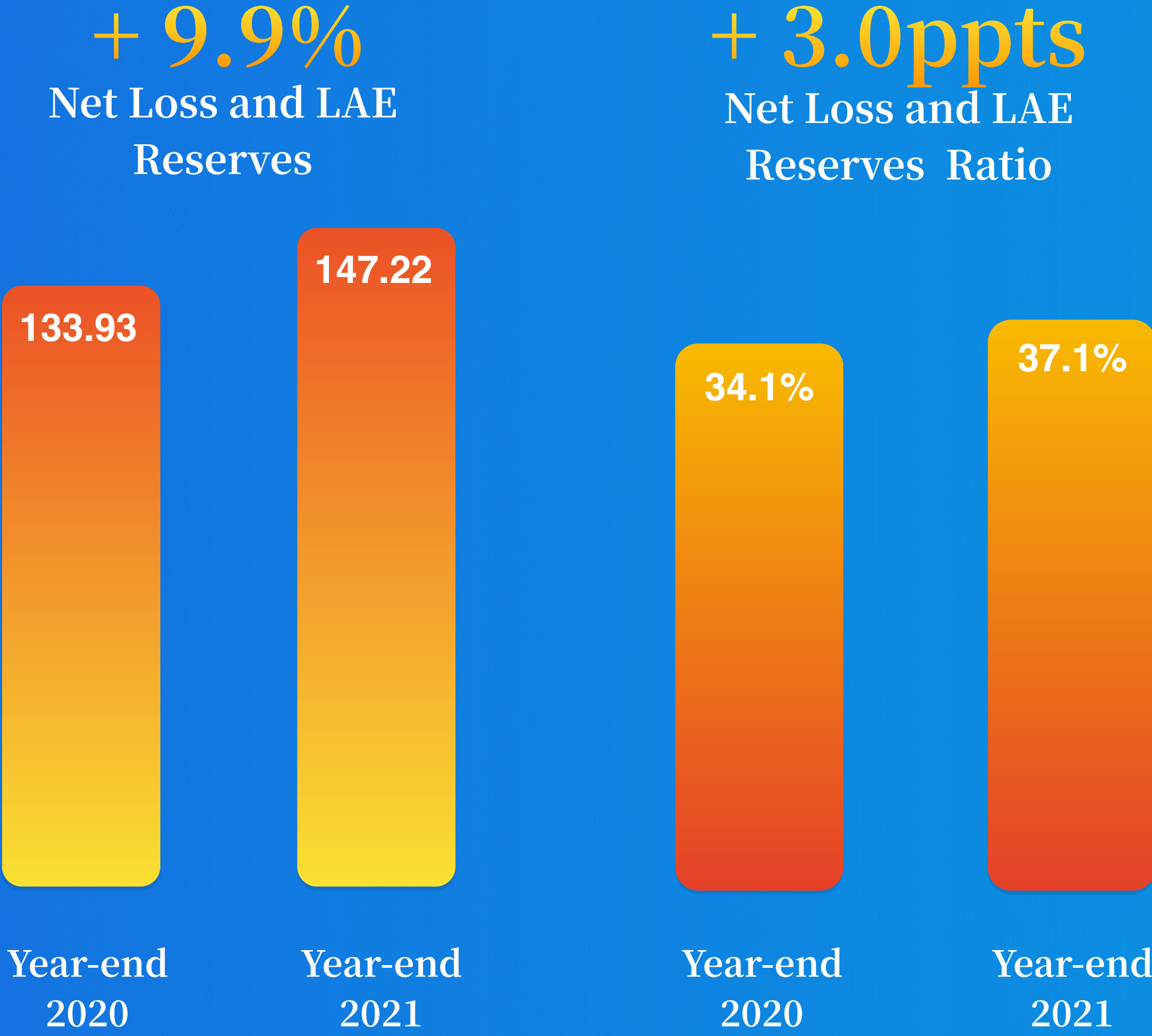


**Measures to improve profitability**

- Reshape sales model
- Upgrade product supply
- Enhance cost management
- Optimize business structure

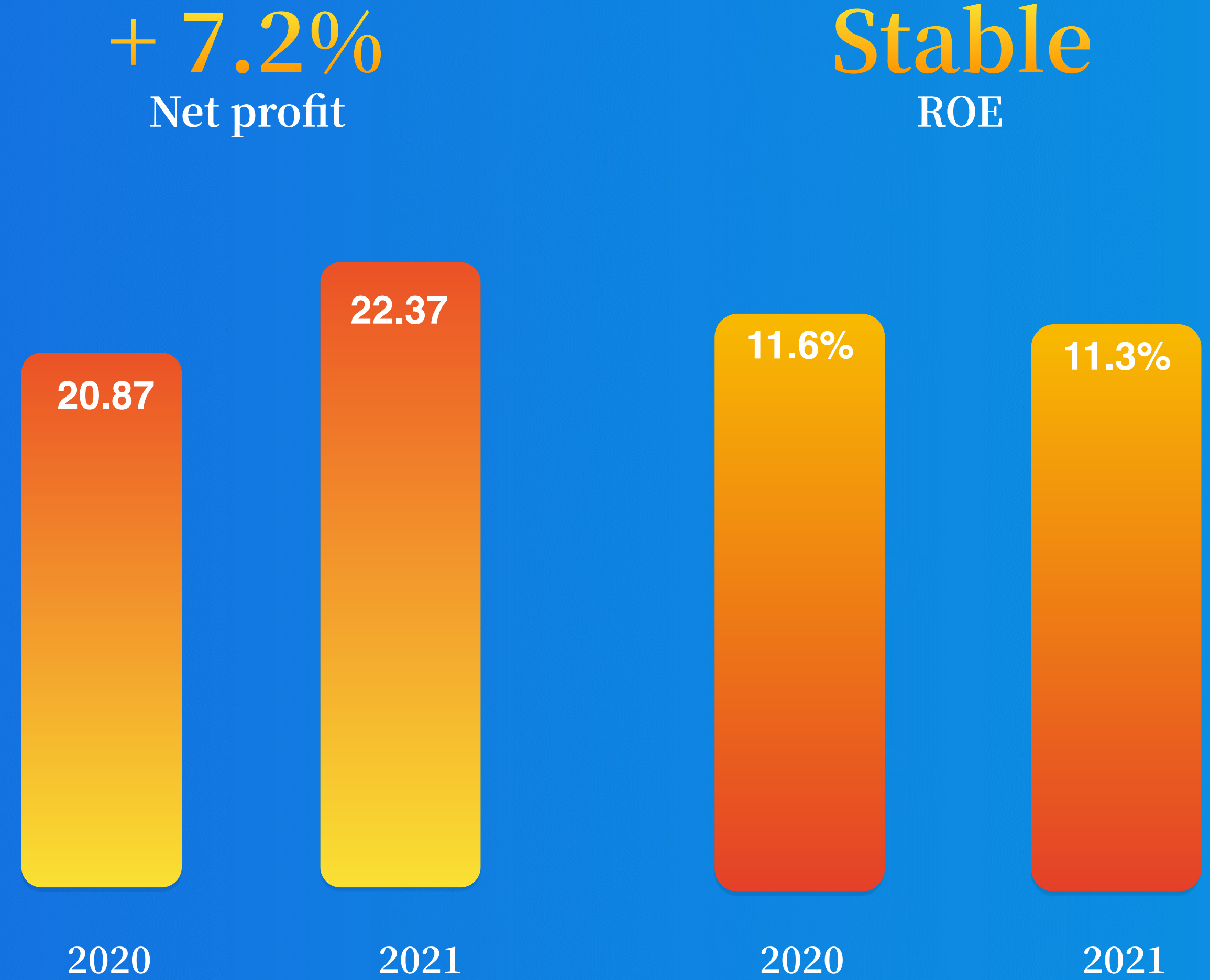
# Sufficient Net Loss and LAE Reserves

(RMB bn)



# Further Improvement in Net Profit

(RMB bn)



# Life Insurance: Stable Development

(RMB bn)

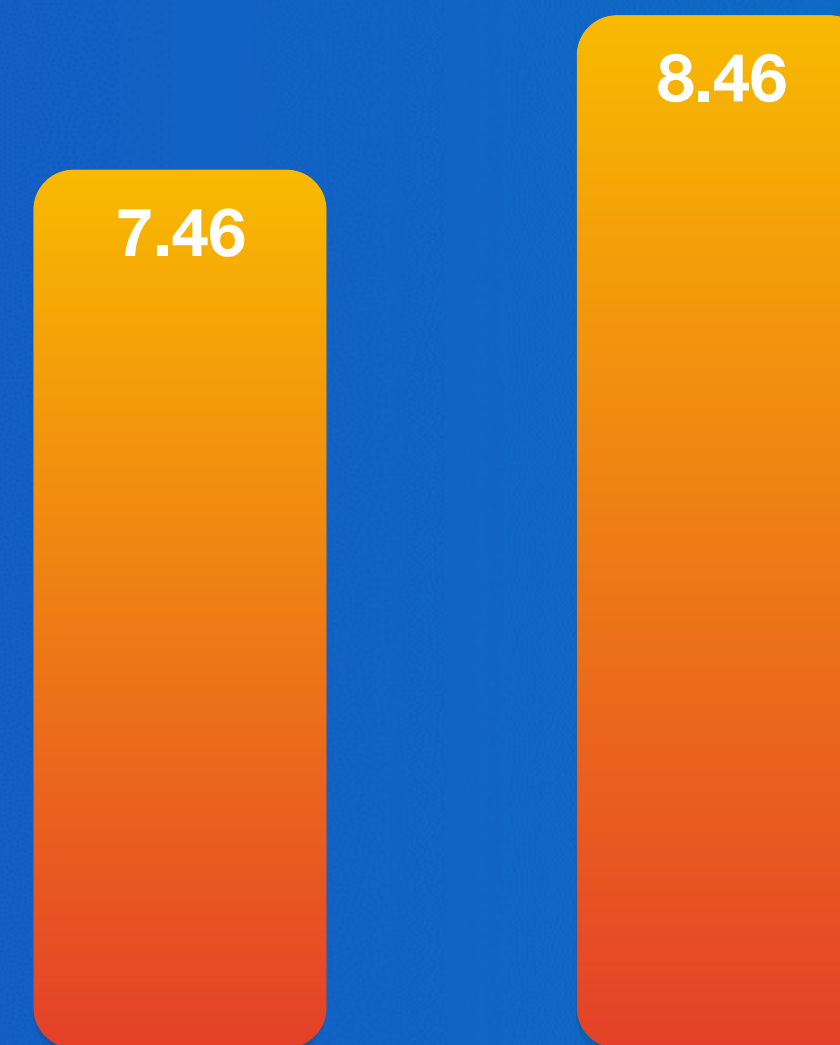
GWPs **RMB96.85bn**

Renewal  
GWPs **RMB47.68bn**

**Positive YoY  
Growth**

**+ 13.4%**

Bancassurance first-year  
regular premiums

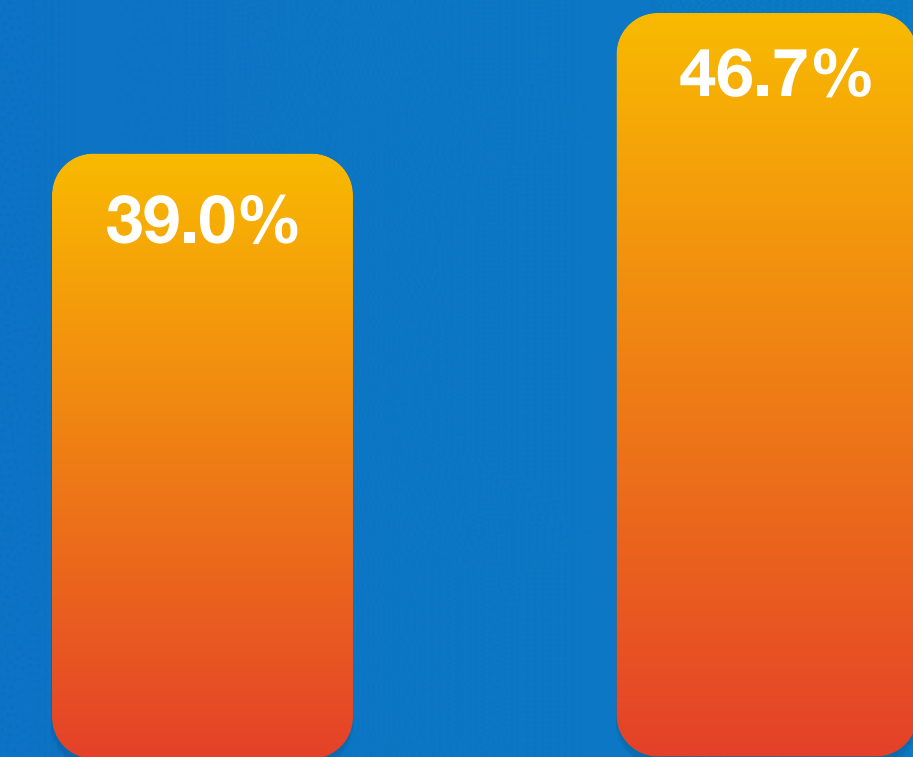


2020

2021

**+ 7.7ppts**

The proportion of bancassurance first-year regular  
premiums  
in that of long-term insurance

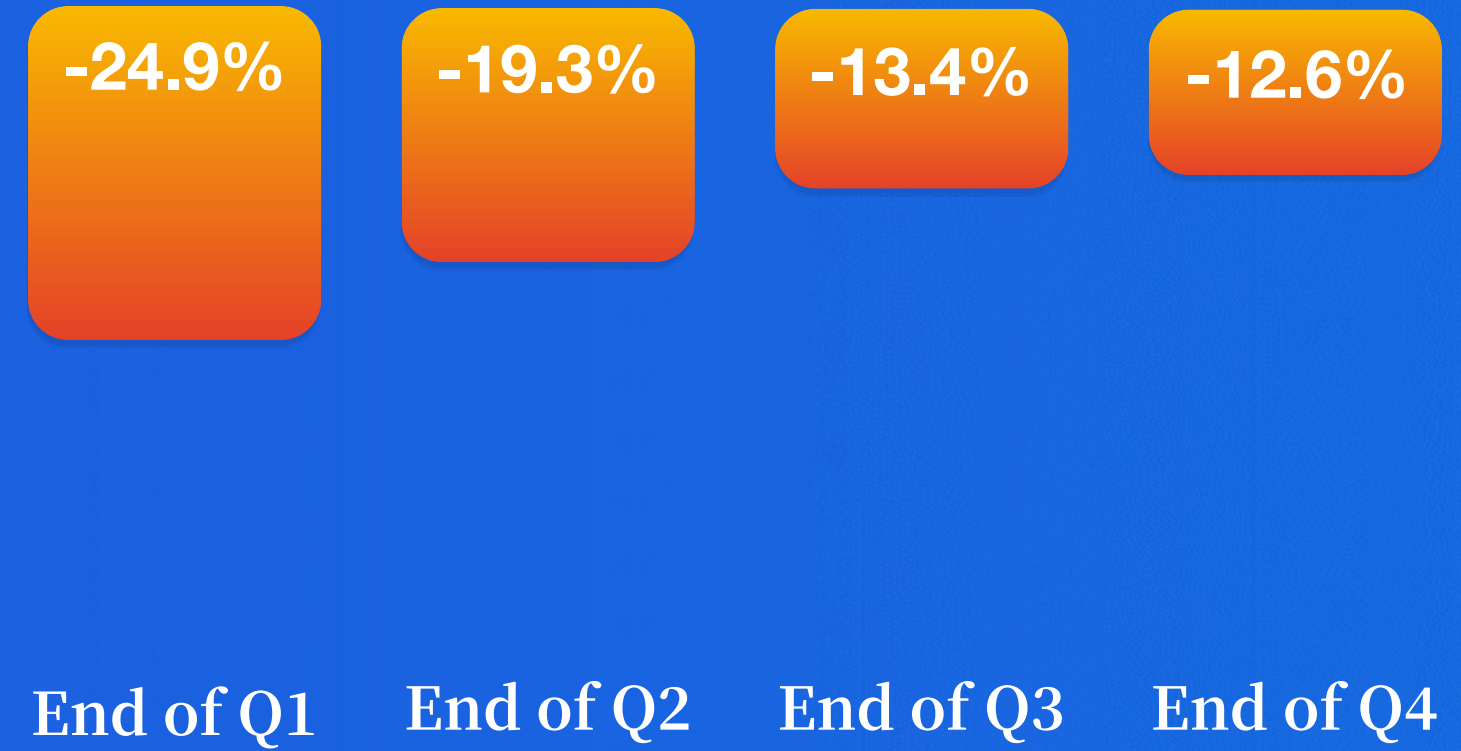


2020

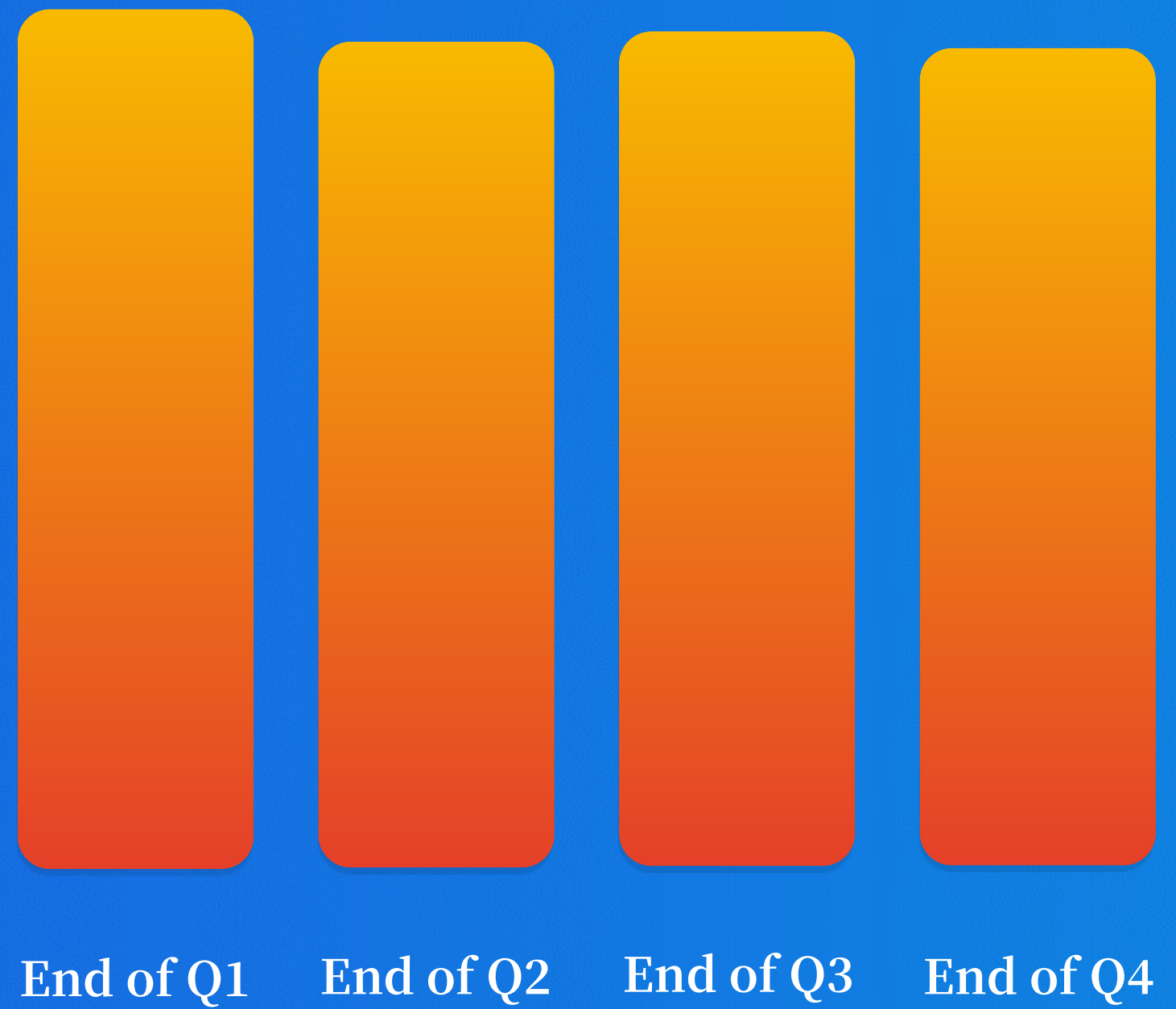
2021

# QoQ Decrease of Individual Agents Narrowed

QoQ decrease of monthly effective agents narrowed



Activity ratio of individual agents remained stable



**+ 20.8%**  
monthly first-year regular premiums per agent

**+ 1.8%**  
monthly income per agent

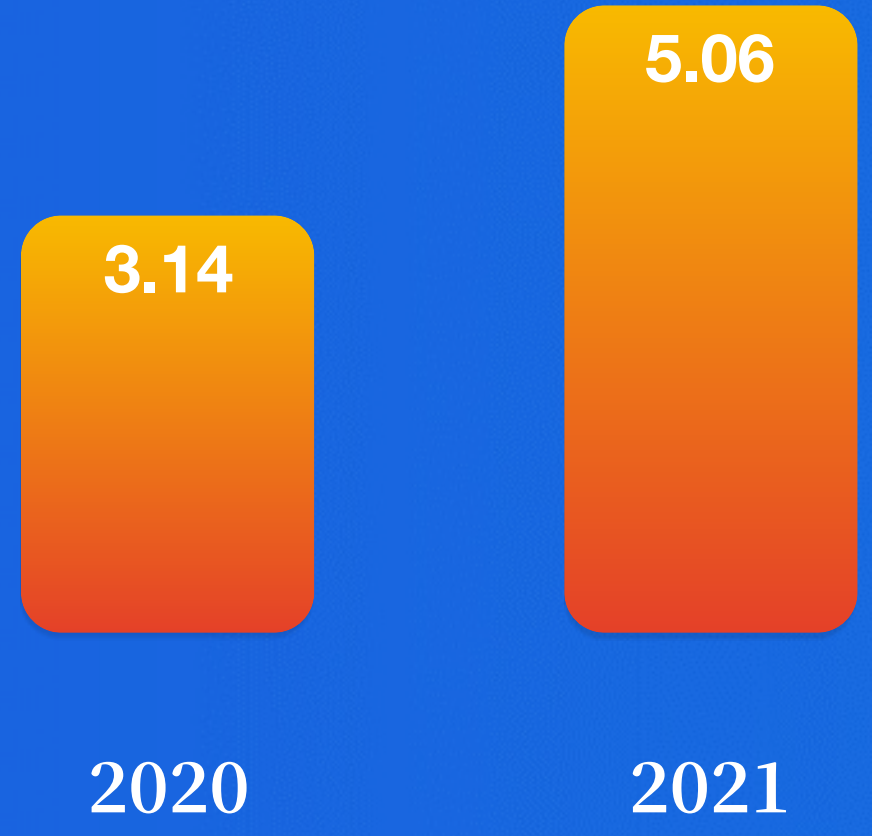


# Continued Improvement in Profitability

(RMB bn)

**+ 61.4%**

Profit before tax



**+ 8.9%**

Embedded Value



# Cash flow from Operating Activities Significantly Improved

Net cash flow  
from operating  
activities

RMB45.77bn

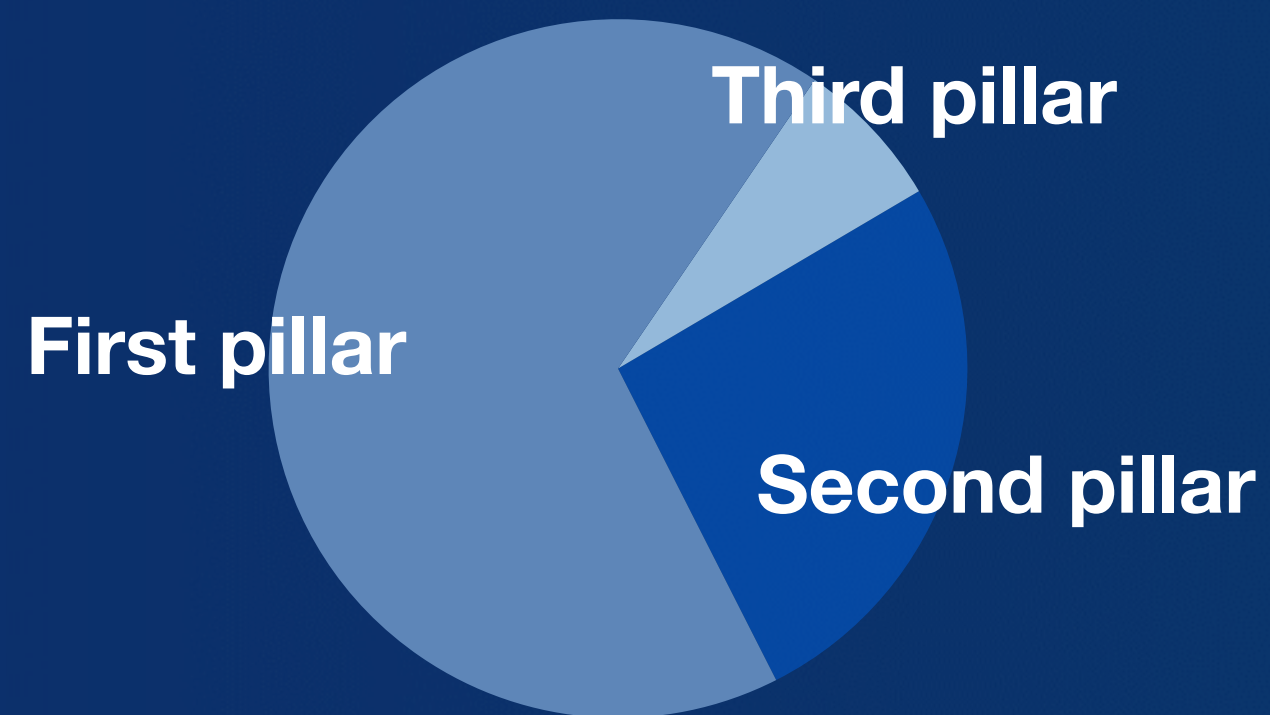
+ 363.4%

# Exploring the Blue Ocean of Third-Pillar Elderly Care

**RMB94.97mn**

Accumulated GWPs of Exclusive  
Commercial Pension Insurance as of  
the end of Feb 2022

**Huge potential**



**Three Top Rankings in the Industry**

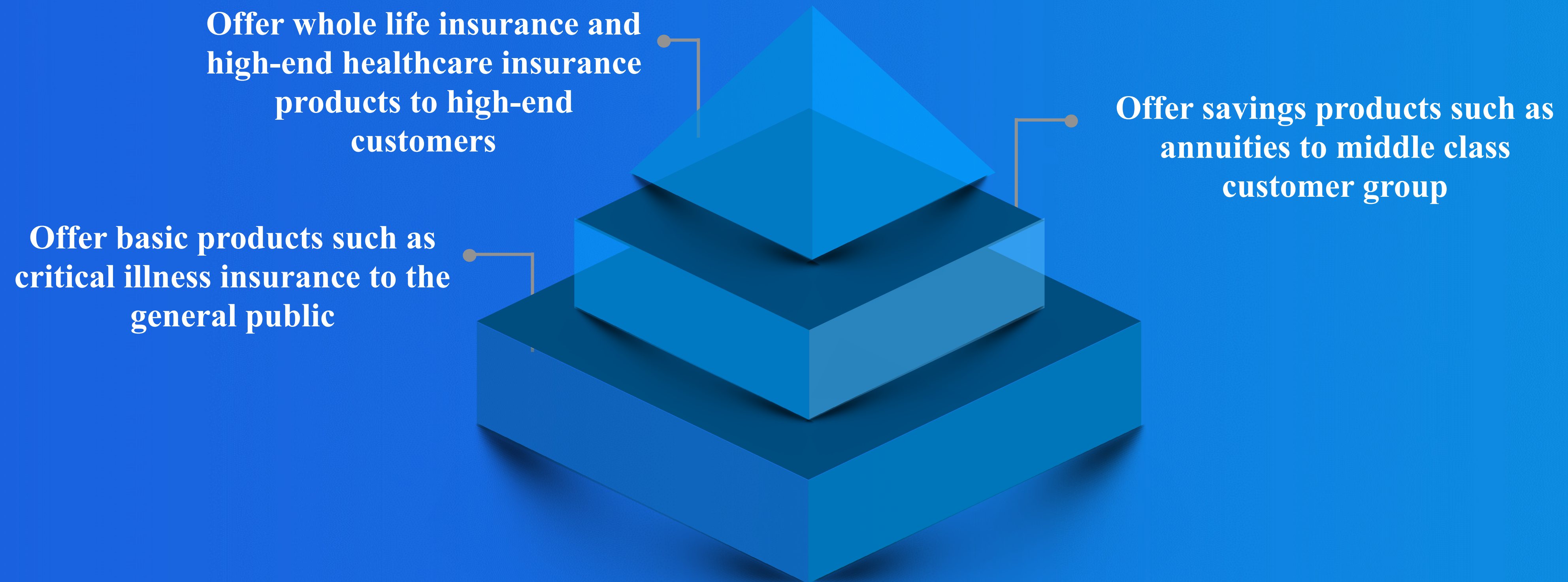
The first policy sold in the industry

The first policy sold in the industry to flexible employees in new business models

The No.1 of policies sold in the industry

# Proactively Exploring New Paths for High-quality Development

## Focus on Building an “Iron Triangle” of Customers, Agents and Products



# Health Insurance: Operating Results Hit Record-high

(RMB bn)

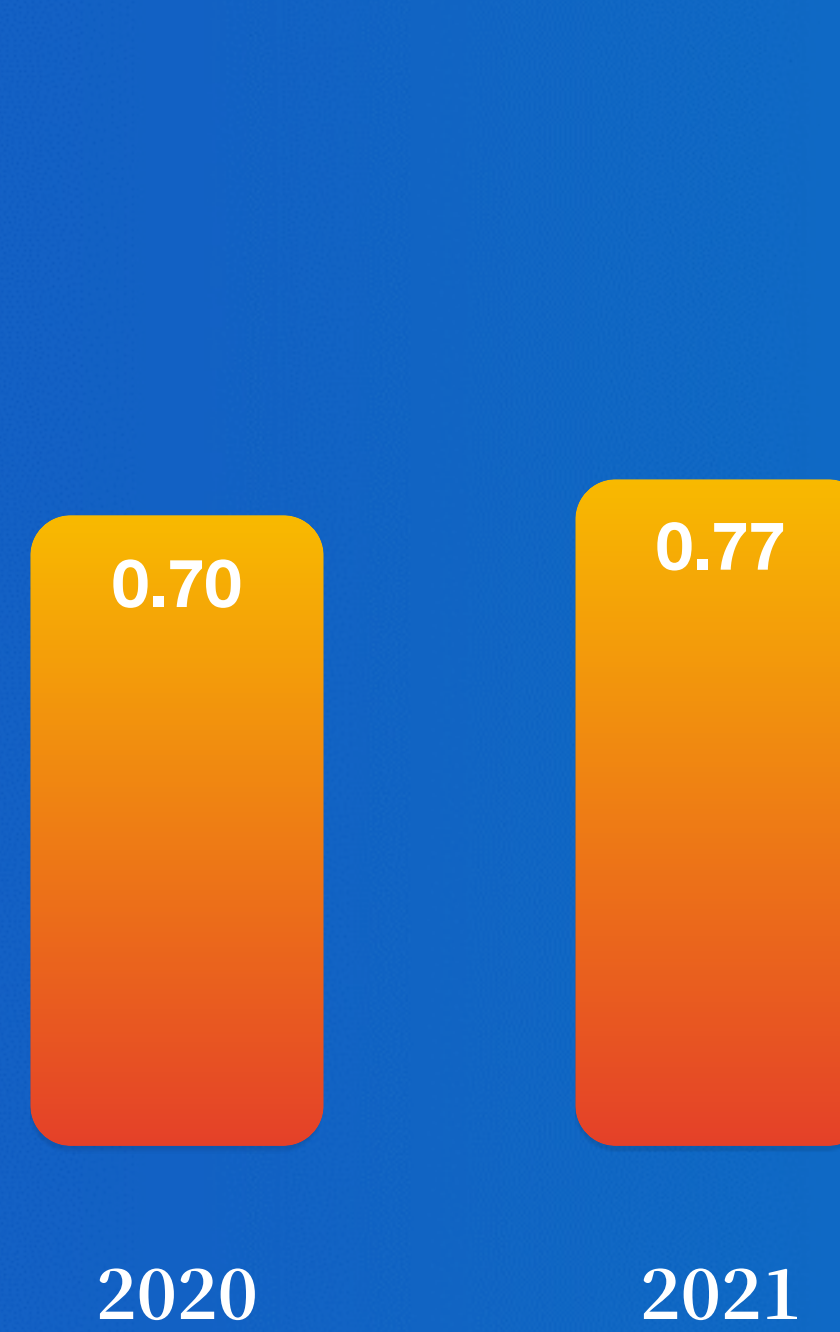
+ 11.0%

GWPs



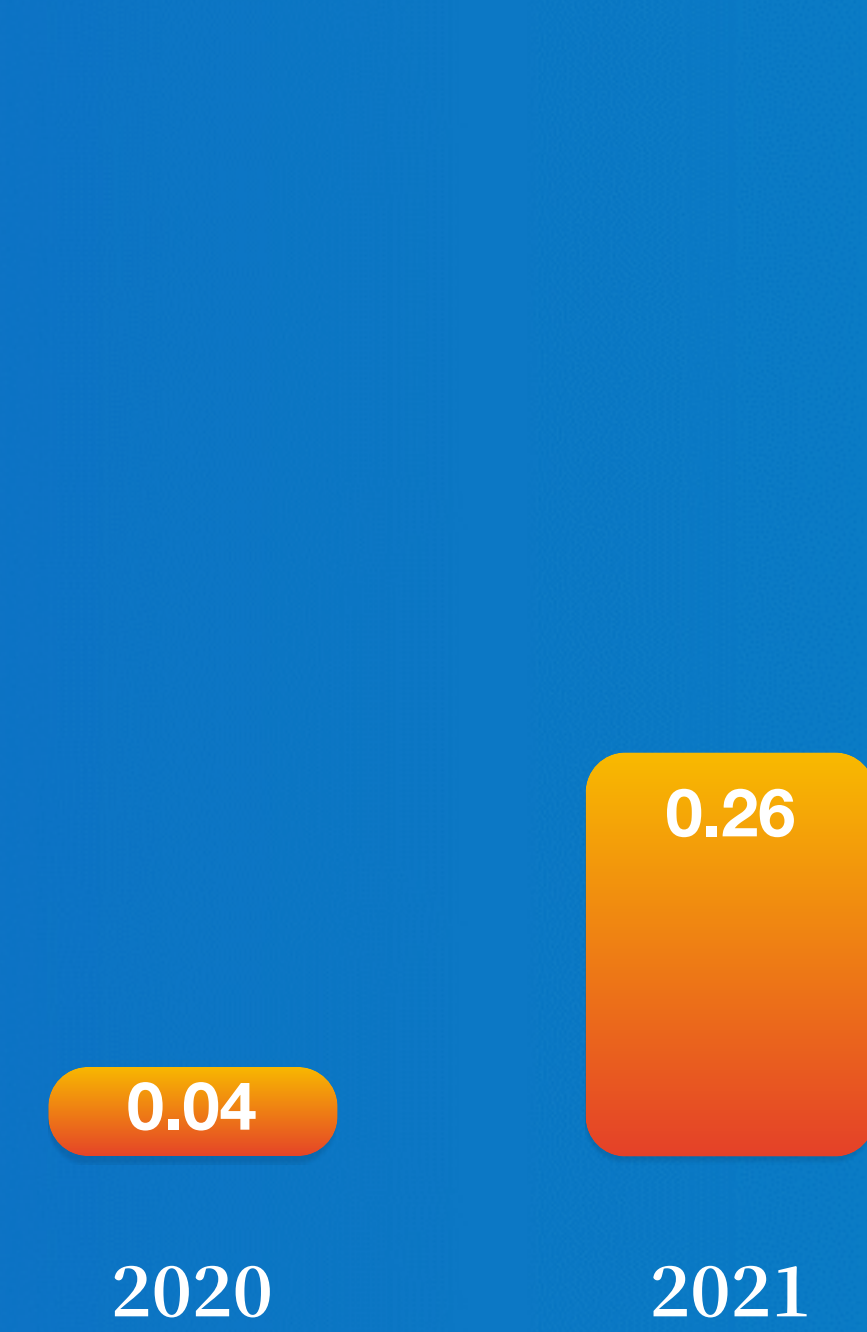
+ 8.8%

New Business Value



+ 622.2%

Net Profit



# Online Health Insurance Maintaining Leading Position

(RMB bn)

Total written premiums  
of online business **+ 13.9%**



New customers

**9.45 mn**



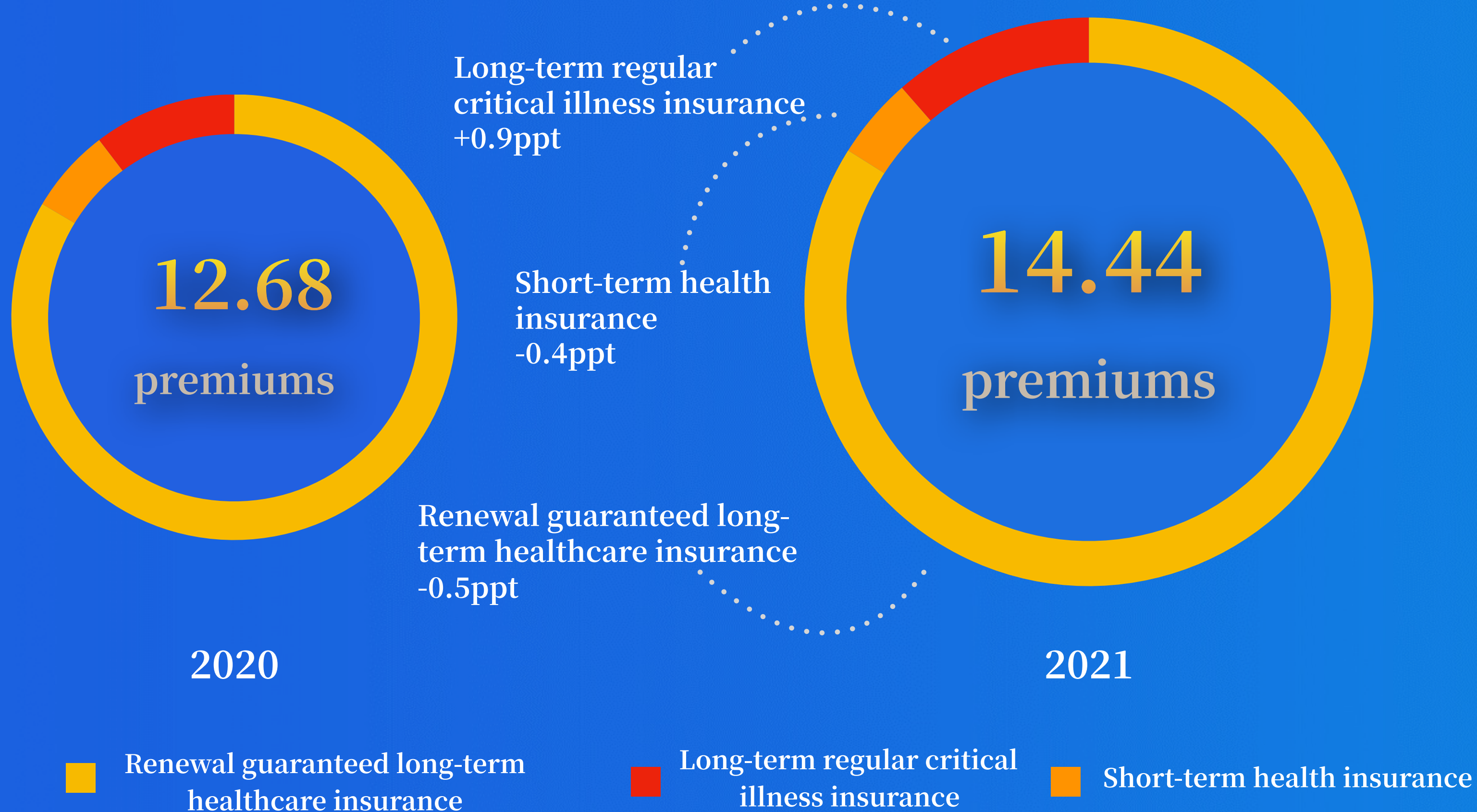
Accumulative customers

**50.73 mn**

# Product Diversification Strategy in Online Health Insurance Showing Results

(RMB bn)

## Further structural optimization of online health insurance



+23.8%

Long-term critical illness insurance premiums  
RMB1.65bn

# Continuous and In-depth Participation in National Healthy China Strategy

## Participation in social security governance



- Undertaking 359 social security projects including critical illness insurance, supplementary medical insurance, etc., serving 190mn customers
- Innovative outpatient chronic and special disease business, serving 520,000 customers

## Serving healthy corporate initiative



- Providing “Group insurance + healthcare” employee benefit solutions, offering one-stop health and healthcare services
- Building collaborative medical rooms, with premium income of RMB120mn, surged 208%

## Offering health management services



- Cooperation plan with over 1,000 medical institutions, offering health management services to 4.59mn customers, up by 6.8%
- Service income reached RMB110mn, up by 69.6%



# PICC RE: Rapid Increase in Premiums and Profit

(RMB bn)

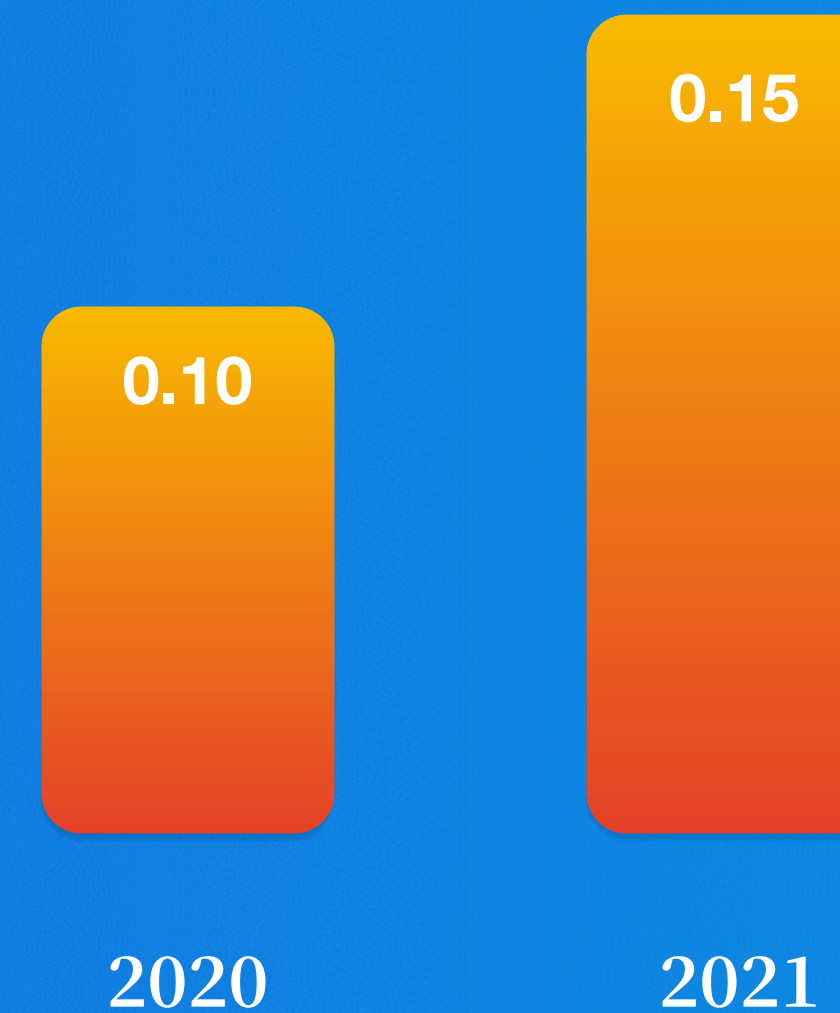
## Reinsurance premiums

RMB6.81bn + 31.2%

Reinsurance protection to offshore wind power, chip and semiconductor, Beijing Winter Olympics, COVID-19 vaccine, Greater Bay Area, etc.

+52.0%

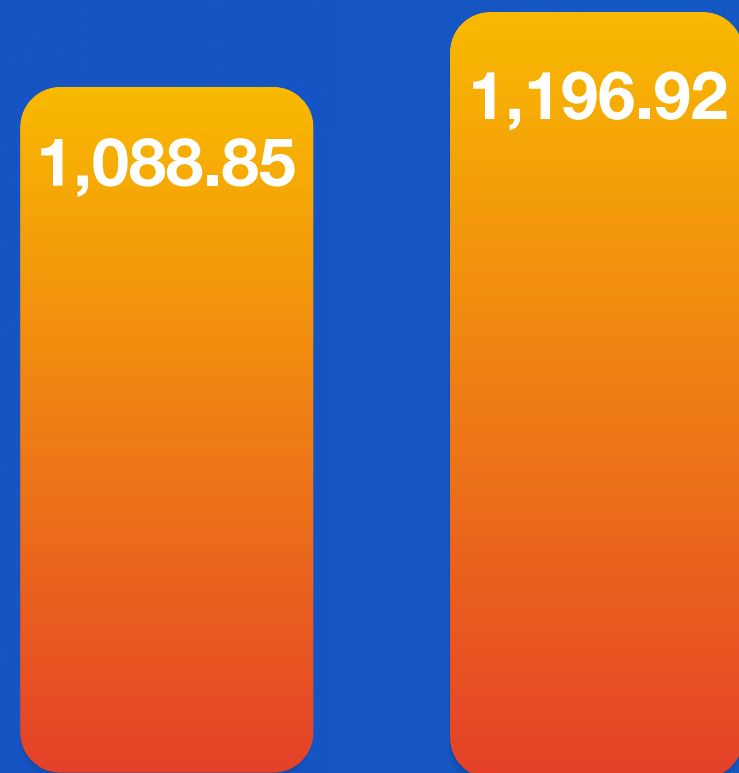
Net profit



# Asset Management: Prudent and Steady Investment Portfolio

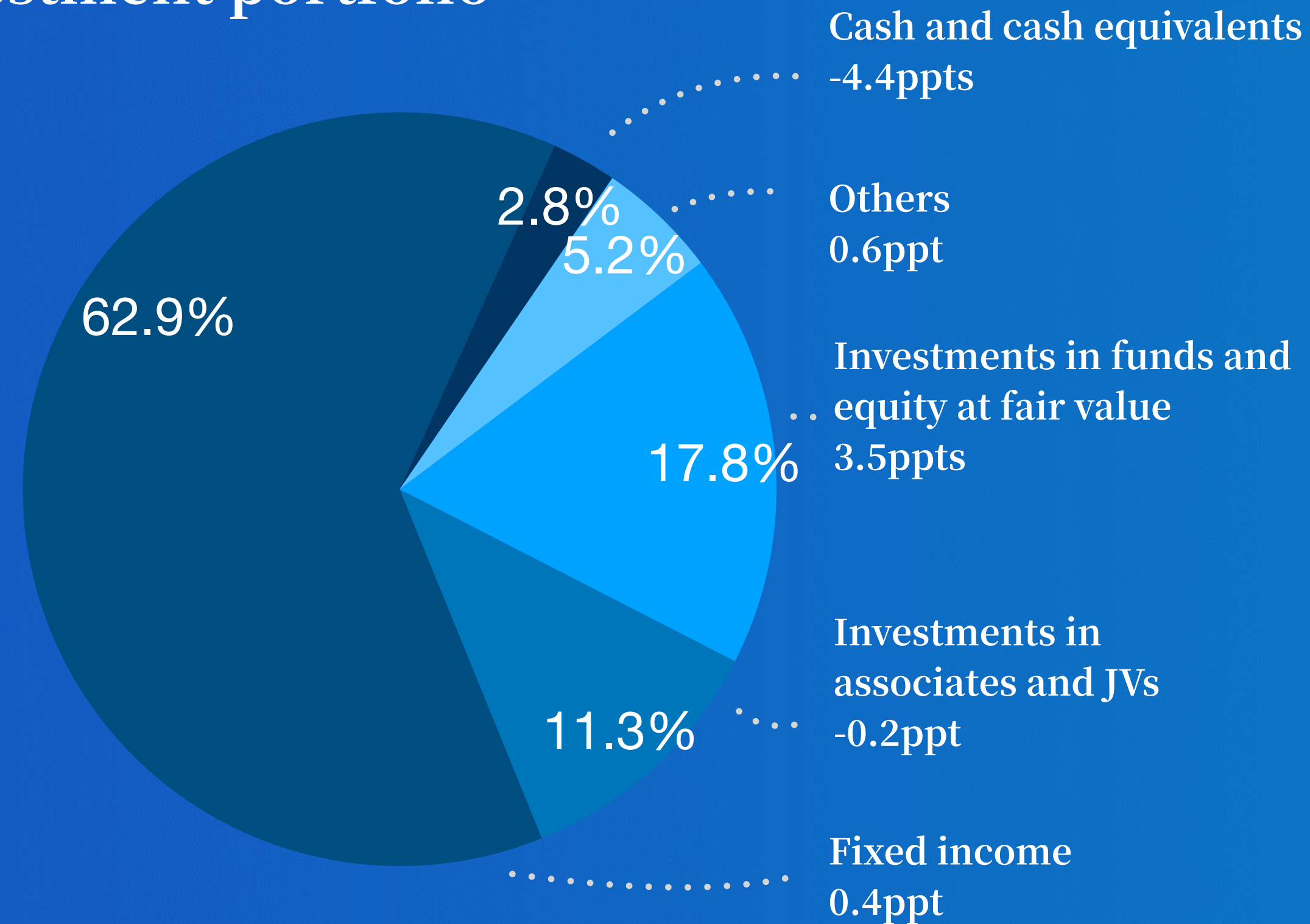
(RMB bn)

**+ 9.9%**  
Total insurance investment assets



Year-end 2020      Year-end 2021

## Investment portfolio

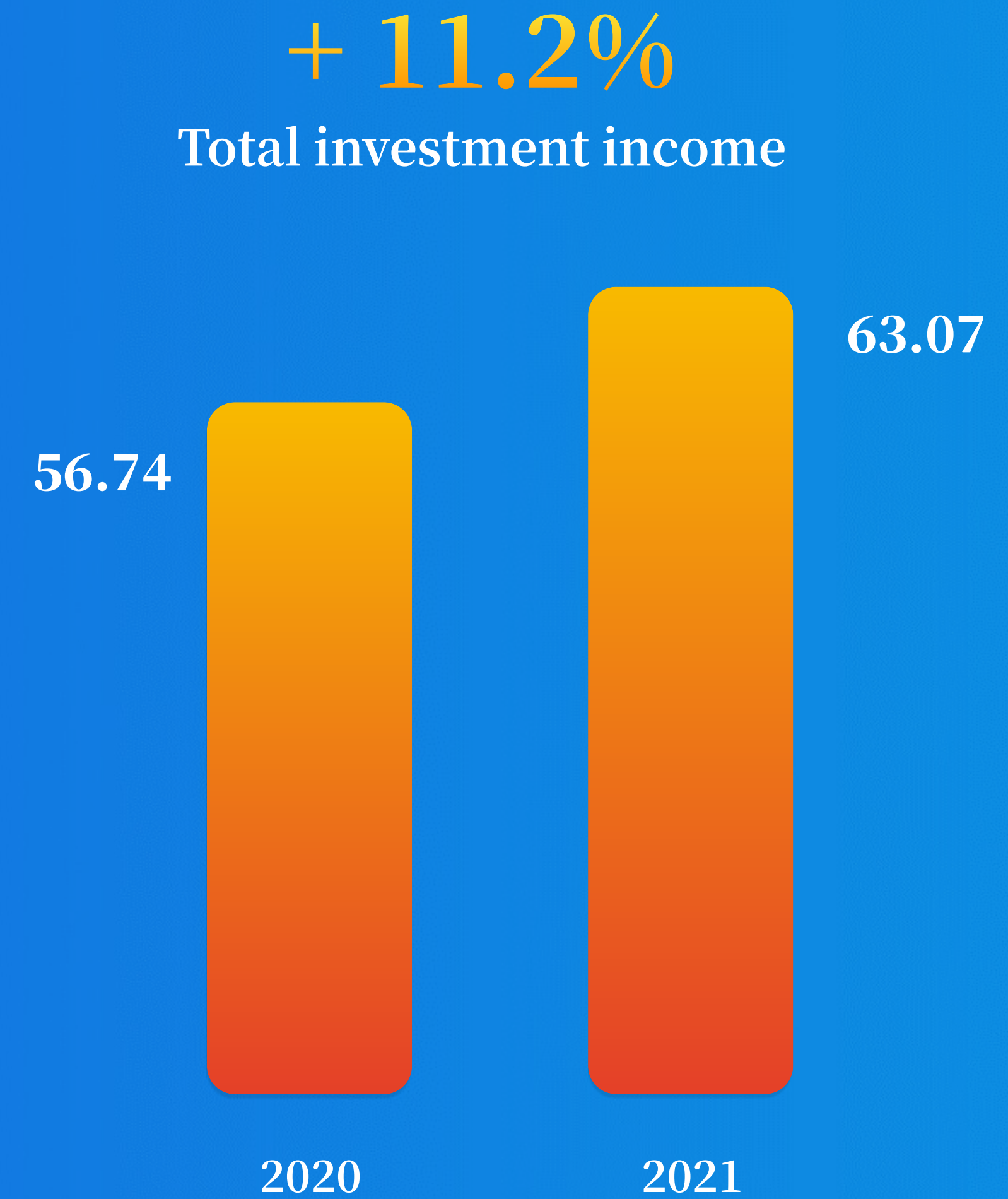


**+ 33.6%**  
Third-party AUM

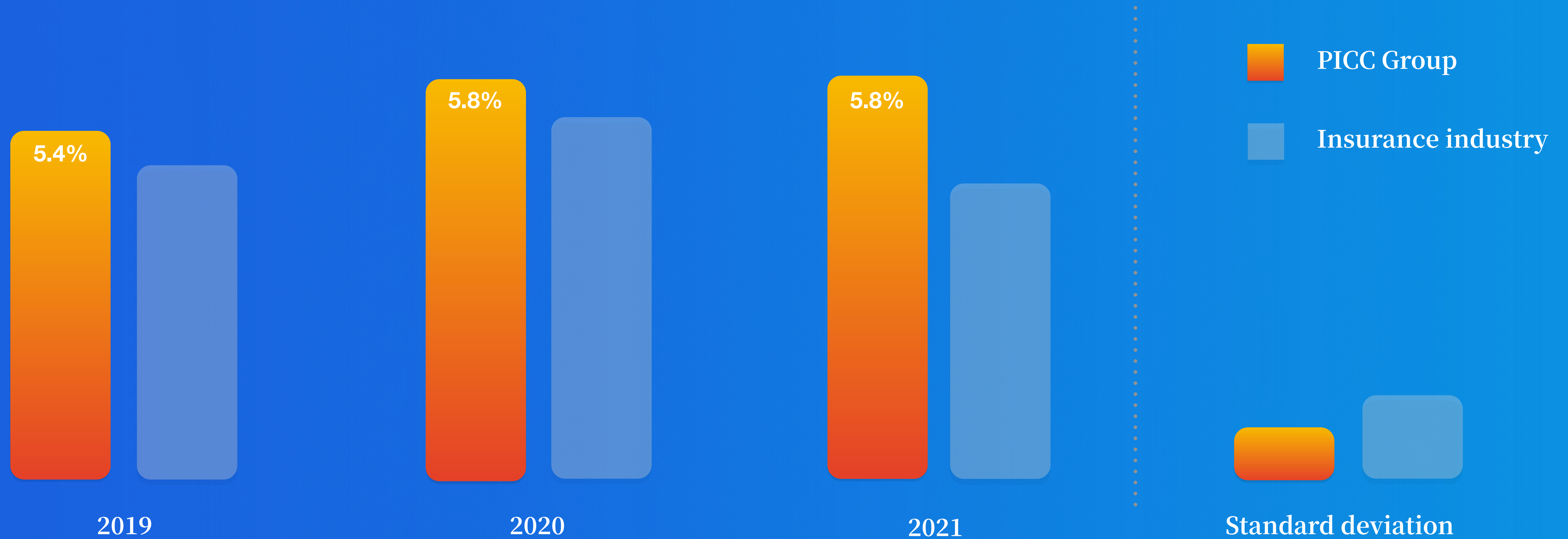
Note: 1) "Fixed income" primarily includes term deposits, debt securities, debt investment schemes, Tier 2 capital instruments, WMPs, capital guaranteed deposits, pledged loans, trust products, and asset management products;  
 2) "Others" primarily includes investment properties, equity investment schemes, reinsurance arrangements classified as investment contracts, non-listed equity investments and derivative financial assets, etc.;  
 3) Figures are rounded off and may not add up.

# Rapid Growth of Total Investment Income

(RMB bn)



# Total Investment Yield



Note: standard deviation based on data since 2005

# Investment Risk Under Control

## Bond Investments

All issuers rated at AA/  
A-1 or above, 99.8% with  
AAA ratings  
Credit risk's under  
control, with industry  
exposures diversified for  
credit bonds

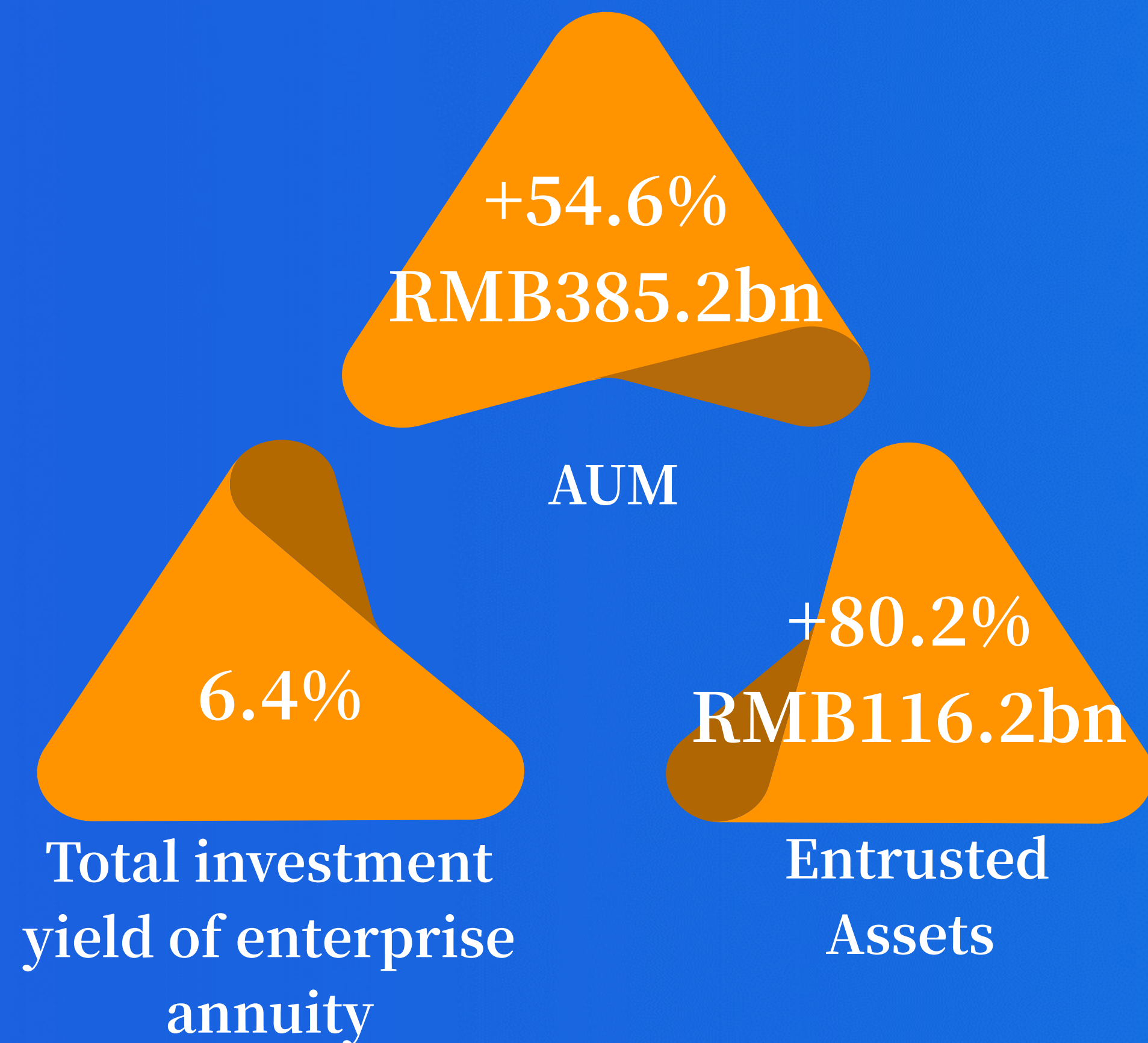
## Alternative Investments

98.3% with AAA external  
ratings  
Active credit enhancement,  
including guarantees,  
repurchase, gross-up, etc.

## Equity Investments

Upholding "long-term  
value investment"  
strategy, with equity  
investment positions  
prudently controlled

# PICC Pension: Significant Growth in Assets under Management and Entrusted Assets



**1** Accelerated growth of Second Pillar entrusted enterprise annuities business

**2** Active R&D of Third Pillar private pension and commercial pension insurance products

**3** Continuous improvement in professional investment capabilities

# PICC Financial Service: Significant Results in Empowering Insurance Business

Effectively  
Empowering  
Insurance Business

Empowering insurance sales  
Empowering claims and  
loss reduction  
Empower online customer service

Premiums facilitated: RMB1.92bn, **+120.7%**

RMB**1.91**bn loss reduction by “Jia An Pei”

89 outbound call scenarios and 66.85mn outbound  
calls, **+72.0%**

Broaden Business  
Scope

Obtained payment license

Launched online Salvage Value  
management platform

Launched online trading platform  
facing poverty-stricken areas

Solutions for intensive operation and  
intelligent transformation of 95518  
customer service center

# PICC Tech: Accelerating Tech Force Building

## Positioning

- Tech resource integration and management platform
- Tech operation and service sharing platform
- Tech service value creation platform

## Goal

- Building a concentrated, shared, safe and efficient tech system
- Transformation of traditional financial services
- All-dimensional, whole-process digital transformation of the Group



Meeting your demands  
and warming your hearts

Do it now and get it done

Q&A

# Appendix: Differences between CAS and IFRS

(RMB mn)

Item	Net Profit Attributable to Equity Holder of the Company		Net Assets Attributable to Equity Holder of the Company	
	2021	2020	As of Dec 31, 2021	As of Dec 31, 2020
<b>Under CAS</b>	<b>21,638</b>	<b>20,069</b>	<b>219,132</b>	<b>202,194</b>
<b>Items and adjustments under IFRS</b>				
Catastrophe reserves of agricultural insurance	-200	22	226	424
Impact of such adjustments on deferred income tax	50	-5	-57	-106
Insurance contracts reclassified as investment contracts	-12	-50	-45	-32
<b>Under IFRS</b>	<b>21,476</b>	<b>20,036</b>	<b>219,256</b>	<b>202,480</b>

# Appendix: Key Financials of PICC Group (CAS)

<b>(RMB mn, unless otherwise noted)</b>	<b>2021</b>	<b>2020</b>	<b>Change (%)</b>
Gross written premiums	585,423	563,606	3.9
Of which: PICC P&C	449,533	433,187	3.8
PICC Life	96,847	96,188	0.7
PICC Health	35,816	32,257	11.0
Total profit	35,893	31,644	13.4
Net profit attributable to equity holders	21,638	20,069	7.8
EPS (RMB)	0.49	0.45	7.8
Weighted average return on equity	10.3	10.4	Down by 0.1ppt
Total investment yield(annualized)	5.8	5.8	Flat
PICC P&C combined ratio (%)	99.5	98.9	Up by 0.6ppt
New business value of PICC Life	3,227	5,429	-40.6
New business value of PICC Health	765	703	8.8
<b>(RMB mn, unless otherwise noted)</b>	<b>As of Dec 31, 2021</b>	<b>As of Dec 31, 2020</b>	<b>Change (%)</b>
Total assets	1,376,402	1,255,461	9.6
Total liabilities	1,079,697	982,325	9.9
Net assets attributable to equity holders	219,132	202,194	8.4
Book value per share (RMB)	4.96	4.57	8.4
Embedded value of PICC Life	111,431	102,297	8.9
Embedded value of PICC Health	16,176	14,947	8.2

# Appendix: Key Financials of PICC Group (IFRS)

<b>(RMB mm, unless otherwise noted)</b>	<b>2021</b>	<b>2020</b>	<b>Change (%)</b>
Gross written premiums	585,425	563,608	3.9
Of which: PICC P&C	449,533	433,187	3.8
PICC Life	96,849	96,190	0.7
PICC Health	35,816	32,257	11.0
Net profit	30,370	28,233	7.6
Net profit attributable to equity holders	21,476	20,036	7.2
EPS (RMB)	0.49	0.45	7.2
Weighted average return on equity	10.2	10.4	Down by 0.2ppt
Total investment yield	5.8	5.8	Flat
PICC P&C combined ratio (%)	99.6	98.9	Up by 0.7ppt
New business value of PICC Life	3,227	5,429	-40.6
New business value of PICC Health	765	703	8.8
<b>(RMB mm, unless otherwise noted)</b>	<b>As of Dec 31, 2021</b>	<b>As of Dec 31, 2020</b>	<b>Change (%)</b>
Total assets	1,376,857	1,256,064	9.6
Total liabilities	1,079,964	982,508	9.9
Net assets attributable to equity holders	219,256	202,480	8.3
Book value per share (RMB)	4.96	4.58	8.3
Embedded value of PICC Life	111,431	102,297	8.9
Embedded value of PICC Health	16,176	14,947	8.2