

# 2023 Interim Results Announcement

PICC Group 601319.SH

PICC Group 1339.HK

PICC P&C 2328.HK



## Disclaimer

This presentation has been prepared by the People's Insurance Company (Group) of China Limited (the "Company"). No representation or warranty, expressed or implied, is given as to the fairness, accuracy, completeness or correctness of any information contained herein and they should not be relied upon as such. The Company shall have no liability whatsoever (in negligence or otherwise) for any loss howsoever arising from this presentation or its contents or otherwise arising in connection with this presentation. The information contained herein may be updated, refined, revised, verified or modified, and may be subject to material changes.

This presentation is based on economic, regulatory, market and other conditions as they exist on the date hereof. You should understand that future developments may potentially affect the information contained in this presentation and that the Company shall have no obligation to update, revise or reaffirm the information set forth in this presentation.

The information contained herein includes certain forward-looking statements or statements which are potentially of a forward-looking nature. Such statements typically contain the words "will", "expects", "anticipates", and similar expressions. Forward-looking statements are related to future events and are subject to future happenings, and hence involving risks and uncertainties. Given these uncertainties, such forward-looking statements should not be relied upon. The Company shall have no liability to update forward-looking statements or revise the forward-looking statements to reflect future events or developments.

This presentation and the information contained herein are for your reference only and may not be copied or distributed to any other parties, in whole or in part.

**Note 1: 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 CAS.**

**Note 2: While in transition of accounting standards, for easier comparison, unless otherwise noted, the figures presented in this report including Insurance Revenue, Net Profit, Net Asset, Claim Ratio, Expense Ratio, Combined Ratio, Underwriting Profit, Investment Yield are stated under New Accounting Standard. The rest of the figures are stated under Old Accounting Standard.**



## Terminology

**New Accounting Standards:**The Group has implemented the Accounting Standards for Business Enterprises No.25 – Insurance Contracts (Cai Kuai [2020] No.20) (the “New Insurance Contract Accounting Standards” ), the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (Cai Kuai [2017] No.7), Accounting Standards for Business Enterprises No.23 – Transfer of Financial Assets (Cai Kuai [2017] No. 8), Accounting Standards for Business Enterprises No.24 – Hedge Accounting (Cai Kuai [2017] No. 9) and Accounting Standards for Business Enterprises No.37 – Presentation of Financial Instruments (Cai Kuai [2017] No.14).

**Old Accounting Standards:**The accounting standards disclosed in the Group’ s 2022 Annual Report adopted the Accounting Standards for Business Enterprises No.25 —Original Insurance Contracts (Can Kuai [2006]No.3),the Accounting Standards for Business Enterprises No.26 —Reinsurance Contracts (Can Kuai [2006]No.3) , the Accounting Standards for Business Enterprises No.22—Recognition and Measurement of Financial Instruments (Can Kuai [2017] No.7),the Accounting Standards for Business Enterprises No.23 —Transfer of Financial Assets(Can Kuai [2017]No.8), the Accounting Standards for Business Enterprises No.24—Hedge Accounting (Can Kuai [2017] No.9), the Accounting Standards for Business Enterprises No.37—Presentation of Financial Instruments (Can Kuai [2014] No.23) and the Regulations on Accounting Treatment of Insurance Contracts (Can Kuai [2009] No.15).

**Combined Ratio**=(insurance service expenses+ (amortized ceded premium - amortized insurance service costs) + (finance expenses from insurance contracts issued – financial income from reinsurance contracts held) + Changes in insurance premium reserves) ÷ insurance revenue

**Net investment income** = total investment income – gains and losses from the disposal of investment assets – gains and losses on fair value changes of investment assets – impairment losses of investment assets

**Total investment yield** = (total investment income – interest expenses on securities sold under agreements to repurchase) ÷ (average total investment assets as of the beginning and end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and end of the period) × 2



01

# Results Overview



# Results Overview

Insurance Revenue	Original premiums income	Net Profit Attributable to Equity Holders of the Company	Net Assets Attributable to Equity Holders of the Company
<b>246.88bn RMB</b>	<b>413.52bn RMB</b>	<b>19.88bn RMB</b>	<b>241.75bn RMB</b>
<b>+ 8.4%</b>	<b>+ 9.1%</b>	<b>+ 8.7%</b>	<b>+8.5%</b>
P&C Insurance Combined Ratio		Life & Health Embedded Value	Annualized Total Investment Yield
<b>96.4%</b>		<b>3.85bn RMB</b>	<b>4.9%</b>
Remained Stable		<b>+63.8%</b>	

Note: The premiums in this report are original premiums income and based on Old Accounting Standard, unless otherwise stated.

Ranked **120th** in Fortune Global 500

# Strategic Services: Optimization ...

## 1 Serving Modern Industry

- Tailored risk protection solutions for large enterprises and SMEs, achieving premiums of **15.2bn RMB** and risk coverage of **44.6tn RMB**.
- **57.2bn RMB** of risk coverage for SRDI enterprises.

## 2 Serving Rural Revitalization

- Agriculture insurance: **1.4tn RMB** of risk protection for **48.49mn person times**, GWP **44.1bn RMB**, +20.1%.
- 3 major crops: Full cost and income insurance grew 110%, GWP **10.1bn RMB**, +13.5%.

## 3 Serving Tech Self-reliance

- Initiated the integrated circuit insurance pool, GWP of the semiconductor sector rose by **27.5%** with **1.4bn RMB** of risk coverage.
- GWP of Cybersecurity insurance up by **21.8%**.
- Strategic Investment of **29bn RMB** in tech industry.

## 4 Serving Livelihood & Welfare

- Accumulatively undertaken **1,300+** social medical insurance projects such as major disease insurance, serving **800mn person times**.
- Commercial health insurance (Haoyibao-alike): GWP of **35.1bn RMB**, +8.6%.
- Commercial pension insurance: Industry **No.1** in GWP and number of policies issued.

# ...Strategic Services: Optimization

## 5 Serving Green Development

- “Dual Carbon” Insurance: risk coverage of **6.6tn RMB**, **+84.0%**
- Number of NEVs underwritten : **2.82mn**, **+54.4%**
- Strategic Investment of **91.9bn RMB** in Green Development

## 6 Serving Social Safety

- Catastrophe Insurance: covering 66 cities in 13 provinces, providing **2.5tn RMB** risk protection for **240 mn** person times.
- Intelligent risk control service platform Wanxiangyun: **255,000 times** of accident prevention services for **114,000** enterprises.

## 7 Serving Regional Development

- Serving key regions such as Beijing-Tianjin-Hebei, the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta with insurance protection and investment support.
- Underwriting a number of landmark innovation projects such as driverless cars, smart parking, eco-governance, urban computing centers, etc.

## 8 Serving Belt & Road Initiative

- B&RI: **218** projects with **1.1tn RMB** of risk coverage.
- **Principal underwriter**: Santa Cruz CCLB Hydropower Plant in Argentina, and property insurance for the Barisal Power Plant in Bangladesh.



# Strategic Projects: Acceleration

Enhance Underwriting  
& Claim Settlement

NEV insurance: GWP of  
12.6bn RMB, +54.7%

NEV & Smart  
Auto Insurance

16 Demo Cities

Risk coverage: 18tn RMB

Premiums: 7.8bn RMB

Urban Public  
Insurance

Regular premium:  
2.9bn RMB

Accounting for 45.6% of  
individual Agent Distribution

Life Insurance Elite  
Sales Program

99 AAA Hospitals

25 VIP/International  
Departments

104 care facilities

Medical Institution  
Partnership

... 38 strategic projects

# Sci-Tech: Consolidation

## ✔ Infrastructure

- ◆ Build a uniform, independent and controllable platform for infrastructure and other resource sharing.
- ◆ Robust cybersecurity

## ✔ Standardized Architecture

- ◆ Standardize platforms for development, technologies, data and management. Upgrade the insurance business system.
- ◆ Create an independent, controllable, stable, secure, and advanced technical ecosystem.

## ✔ Frontier Technology Application

- ◆ Increase data and intelligence in processes including development, sales, investment, and risk management.
- ◆ Develop LLM (large language model) products such as comprehensive governance, agent assistant, smart customer service, intelligent sales.

◆ Enhance the 5 application systems (insurance, investment management, risk mitigation, data application, comprehensive governance) to facilitate the Company's digital transformation.

◆ Improve data application and intelligence. Empower the operations of eco circles such as "Car Life".

# Segment Coordination



Premiums from Insurance segment coordination

**+7.2%**

15.24bn RMB

Premiums from Investment segment

**+30.0%**

930mn RMB

Individual Customer: **280mn**

Institutional Customer: **5.6mn**

Coordination: **Five Mechanisms**



# Focus: Risk Prevention & Control

## 1 Risk Management Enhanced

- A tiered system
- Upgrade Comprehensive Risk Management Action Plan
- Stronger risk monitoring & pre-warning mechanisms

## 2 Risk Monitoring Strengthened

- Group-level statement consolidation
- Product classification: review and management
- Key areas: risk screening & mitigation
- Main products: risk exposure & quality monitoring

## 3 Risk Control Improved

- Operational risks: management
- Investment risks: capacity building
- Contingency: planning & readiness
- Smart platform development



### Liquidity risk

- Operational net cash flow: 59.92bn RMB, +21.2%
- Good LCR(liquidity coverage ratio)

### Market/credit risk

- Counter-party: good credits
- Optimize super-class asset allocation

### Insurance risk

- PICC P&C: underwriting profit 8.11bn RMB,+6.0%
- PICC Life & PICC Health: premium persistency increased yoy

### Operational/reputational risk

- No major operational risk event
- Noticeably lighter regulatory penalties

# Flood & Disaster Relief

## ▶ Support the National Disaster Contingency System

- ▶ Police Sync: real-time monitoring for timely rescue investigation
- ▶ Support the government's efforts in rescue & post-disaster recovery

## ▶ Prevention & Mitigation

- ▶ Nationwide disaster pre-warning through Wanxiangyun
- ▶ 9.04 mn risk alerts to auto insurance customers
- ▶ Risk screening: 13,000 waterlogging-prone locations and 14,000 non-motor insurance customers
- ▶ Facilitate rural communities in the monitoring and renovation of farm irrigation & drainage system as well as disaster prevention & emergency harvests

## ▶ Claim Processing Efficiency

- ▶ Technology Adoption: IoT flood monitoring, satellite remote sensing, UAVs etc,
- ▶ Innovation: Car Scanner APP - impacted vehicles timely moved out of traffic

Typhoon Doksuri:  
Estimated total loss of

**3.86bn RMB**

Estimated net loss excl.  
reinsurance deductibles

**2.74bn RMB**

The settlement ratio of claim in auto

insurance is **98%**

Note: 1. Typhoon Doksuri statistics updated till Aug 28, 2023. The impact on the financial results of the company is being continuously evaluated.  
2. Settlement Ratio of claim= Amount of claim paid/estimated total loss

# 2H 2023: Priorities

## National Strategies

- Formulate & implement an Action Plan for the 8 strategicvices
- Optimization and expansion of products, services and coverage
- Quantifiable performance review and stronger supervision & guidance

## High Quality

- **PICC P&C**: focus on the household auto segment, and profitable development of non-auto segment
- **PICC Life**: individual agent distribution as the main channel & improve value contribution of bancassurance
- **PICC Health**: search for new growth poles
- **Investment**: ROI stability
- **inter-segment coordination**

## Innovation

- **New business models** 新商业模式
- **Product innovation**
- **Sci-tech Innovation**
- **Strategic projects & programs**

## Risk Management

- **RMS**: comprehensiveness
- **Existing Risks**: mitigation
- **Key Areas**: prevention



02

# Segment Overview

# P&C: Results Highlights

<p>Insurance Revenue</p> <p><b>224.37bn RMB</b></p> <p>+ 9.3%</p>	<p>Original premiums income</p> <p><b>300.93bn RMB</b></p> <p>+ 8.8%</p>	<p>Net Profit</p> <p><b>19.23bn RMB</b></p> <p>+ 5.0%</p>	<p>Net Assets</p> <p><b>227.66bn RMB</b></p> <p>+ 3.6%</p>
<p>Combined Ratio</p> <p><b>96.4%</b></p> <p>Remained Stable</p>		<p>Underwriting Profit</p> <p><b>8.11bn RMB</b></p> <p>+6.0%</p>	<p>Net Loss and LAE Reserves Ratio</p> <p><b>42.2%</b></p> <p>+ 1.0ppts</p>

Note1: "P&C" refers to PICC P&C, not including PICC HK, unless otherwise stated.

Note2: Net Loss and LAE Reserves Ratio are based on Old Accounting Standards.

# Auto Insurance Maintaining Leading Position

## Steady Growth

+ 7.3%

Number of Vehicles  
Underwritten

53.55mn

+ 5.5%

Premiums of  
Auto Insurance

135.9bn RMB

+ 6.2%

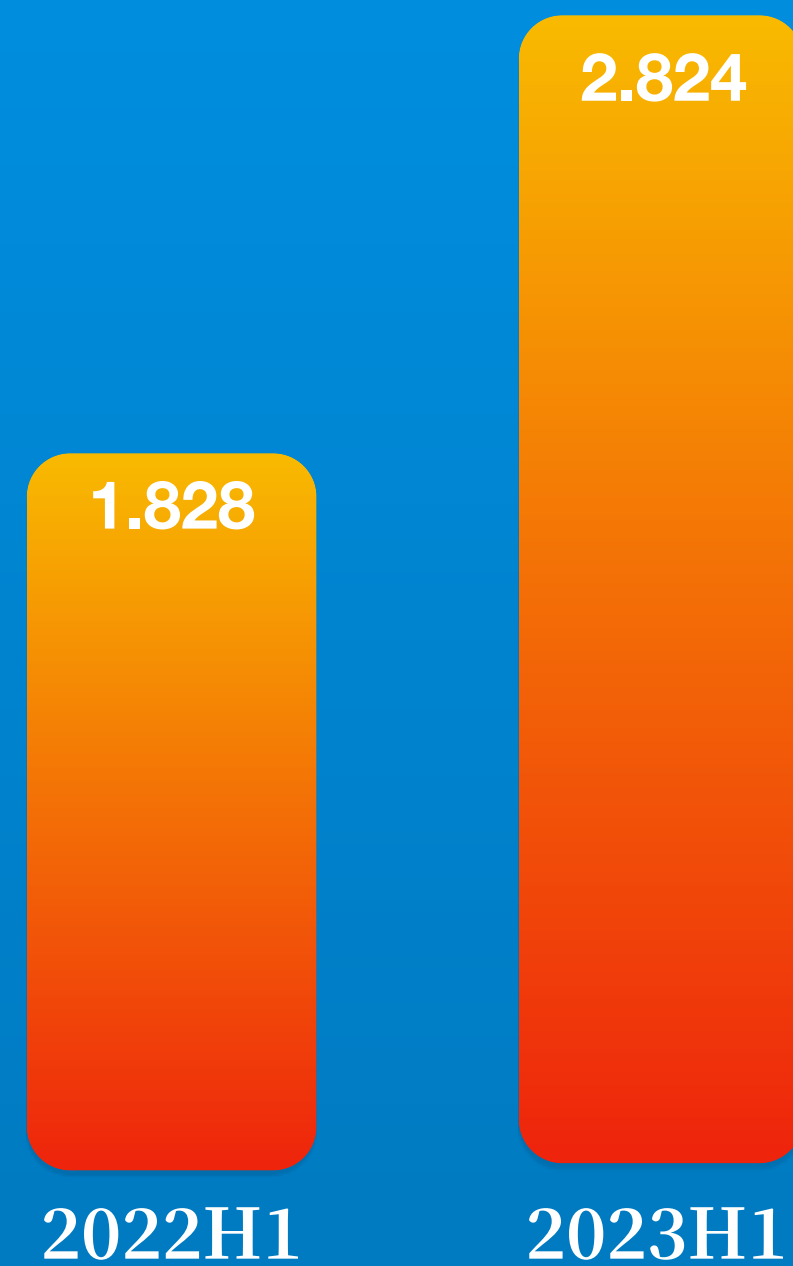
Premiums of Household  
Auto Insurance

96.4bn RMB

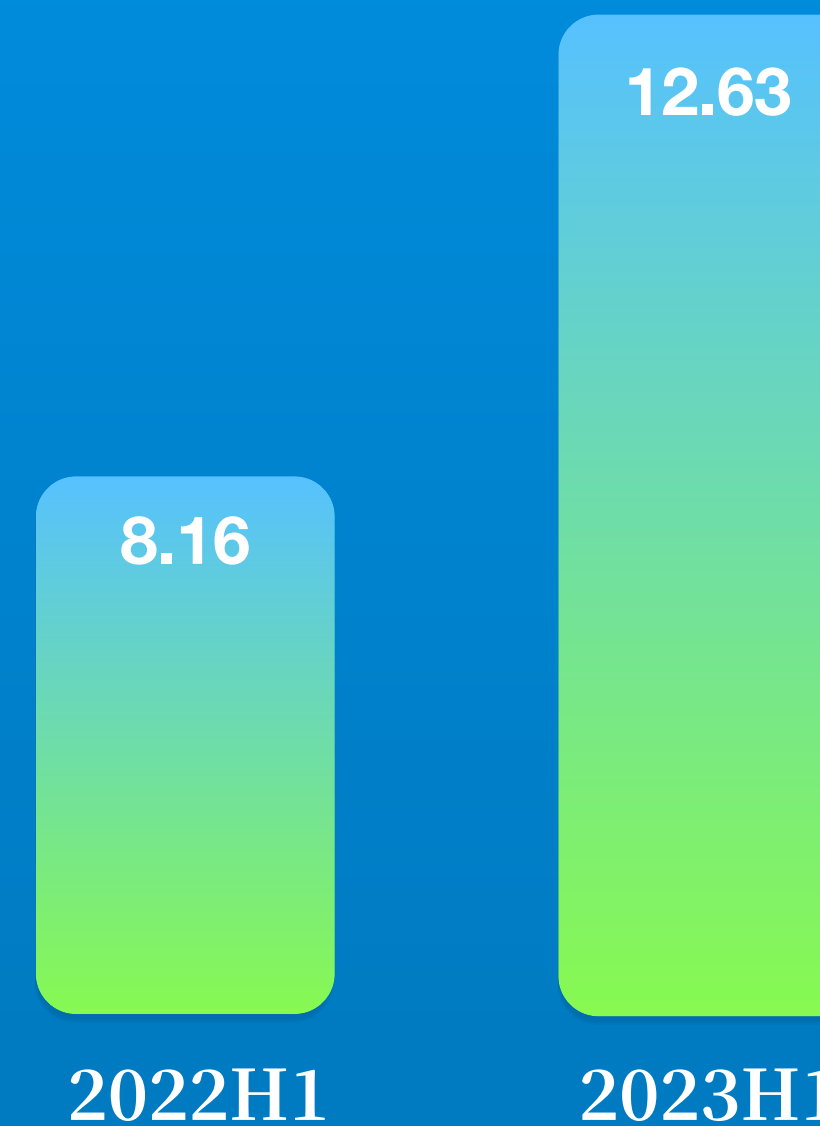


# NEVs: Healthy & Strong Momentum

**+ 54.4%**  
Number of NEVs  
underwritten (mn)



**+54.7%**  
Premiums  
(RMB bn)



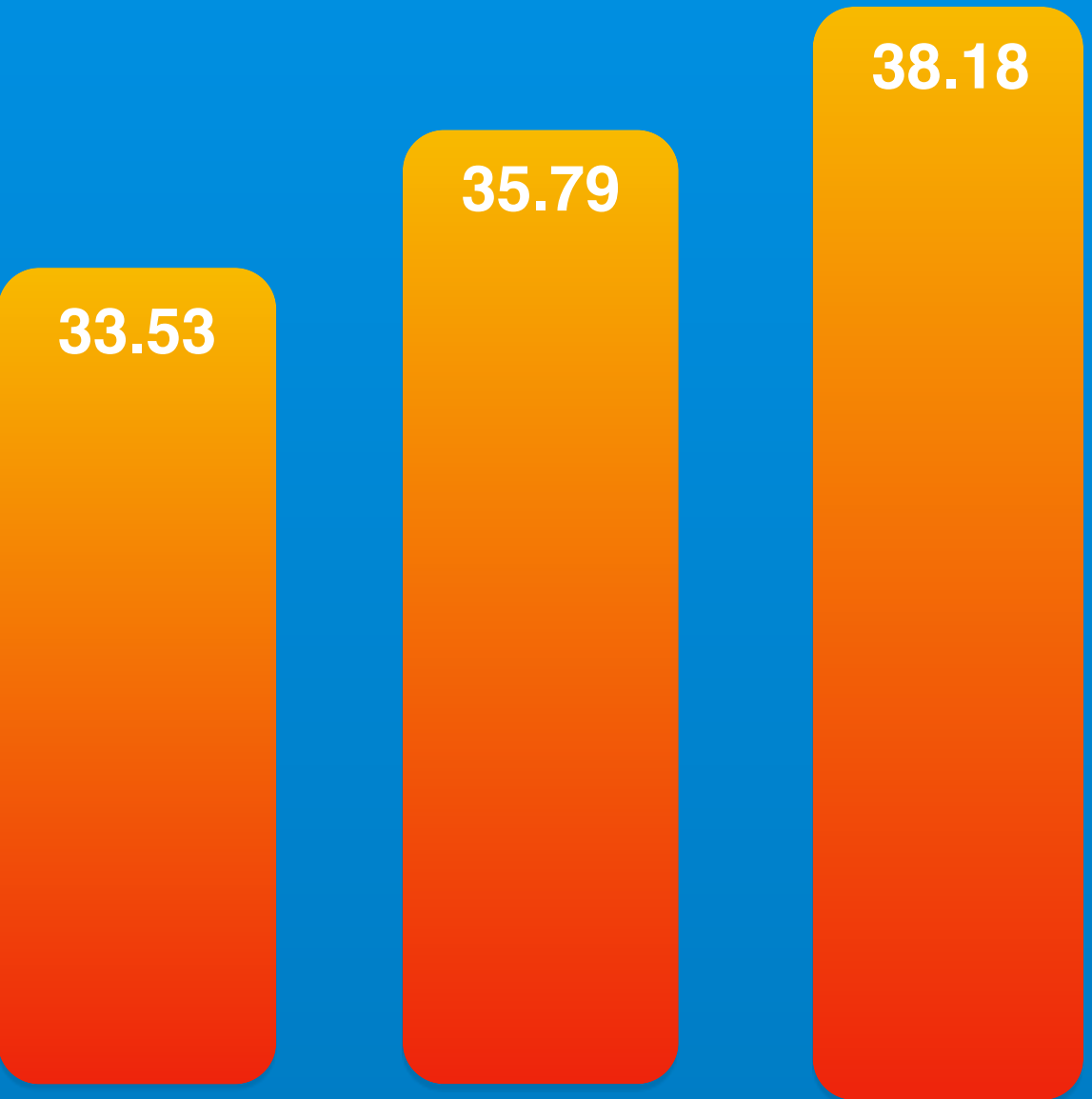
**+3.0ppts**  
share of premiums



# Auto Insurance: Structural Optimization

**+ 6.7%**

Number of Household Vehicles Underwritten



2021H1

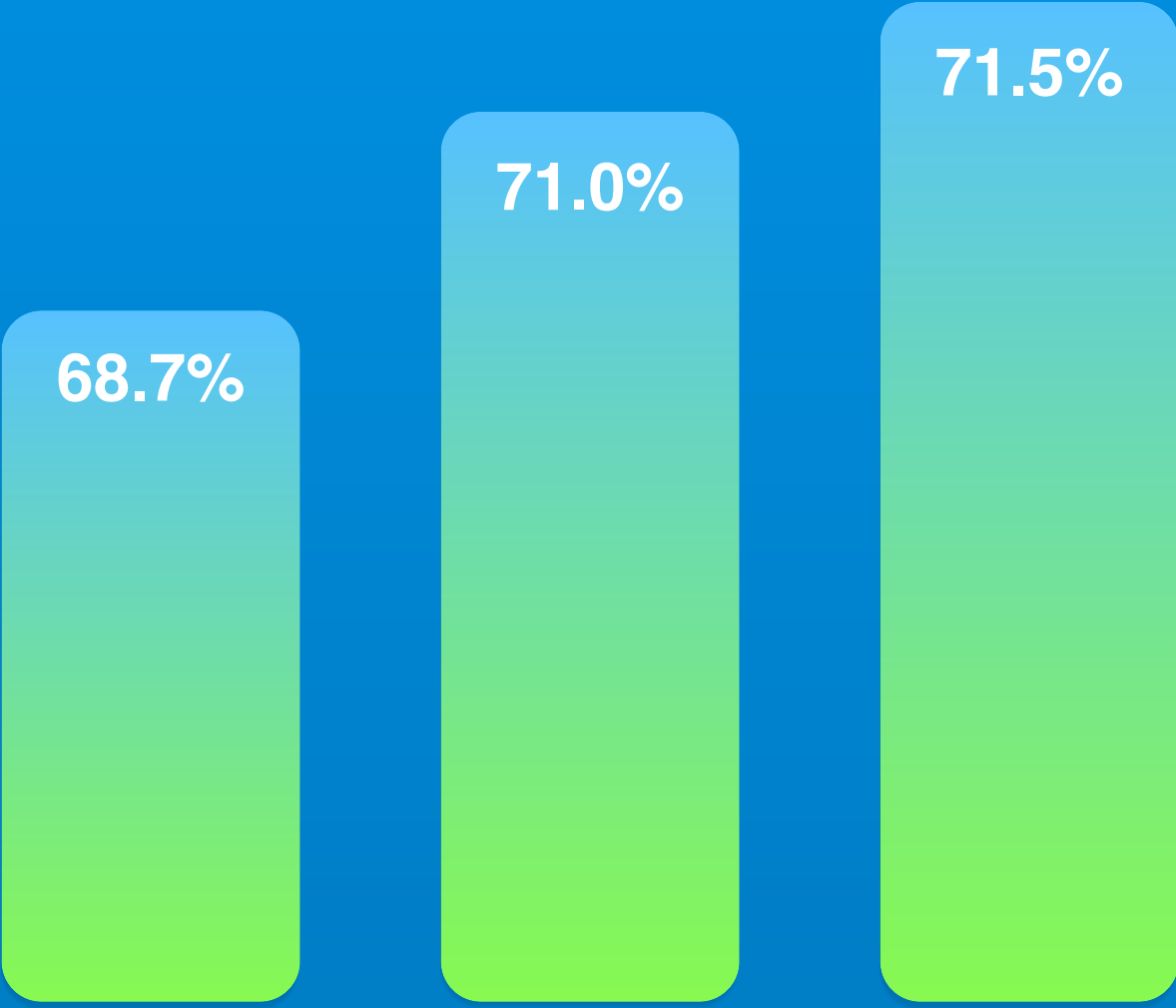
2022H1

2023H1

mn

**+0.5ppts**

Household Vehicles premium contribution



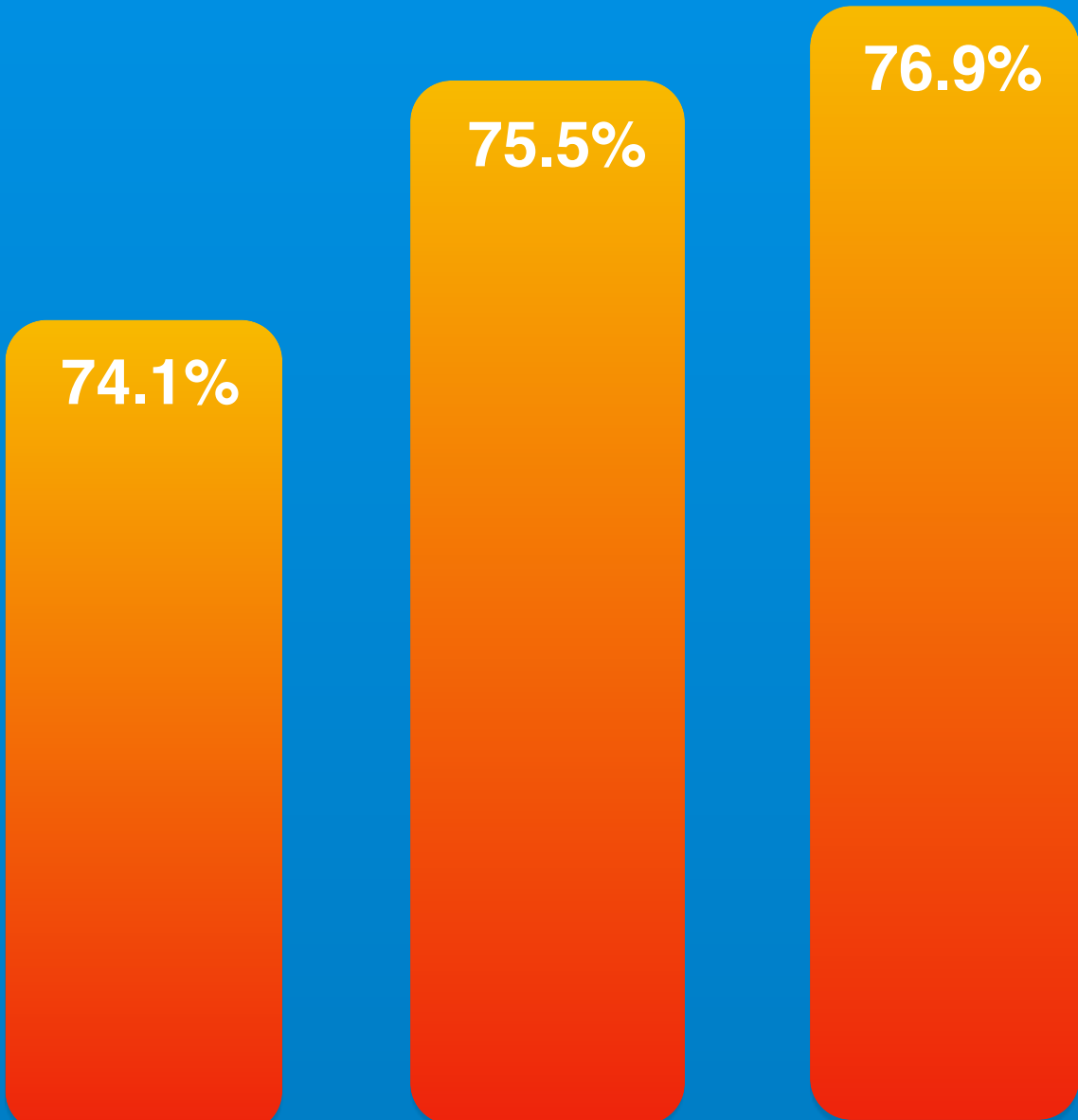
2021H1

2022H1

2023H1

**+ 1.4ppts**

Household Vehicles Renewal Rate



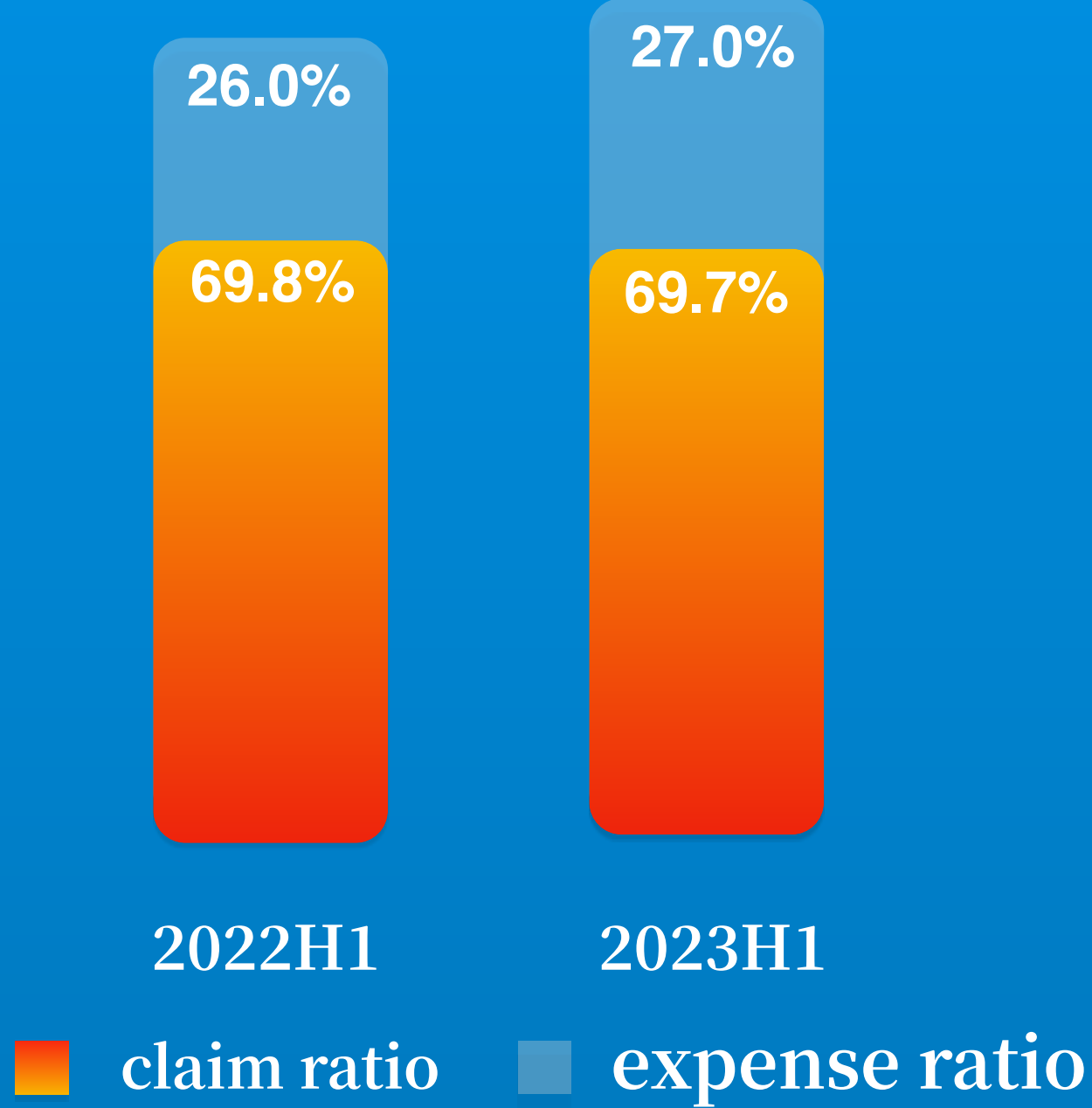
2021H1

2022H1

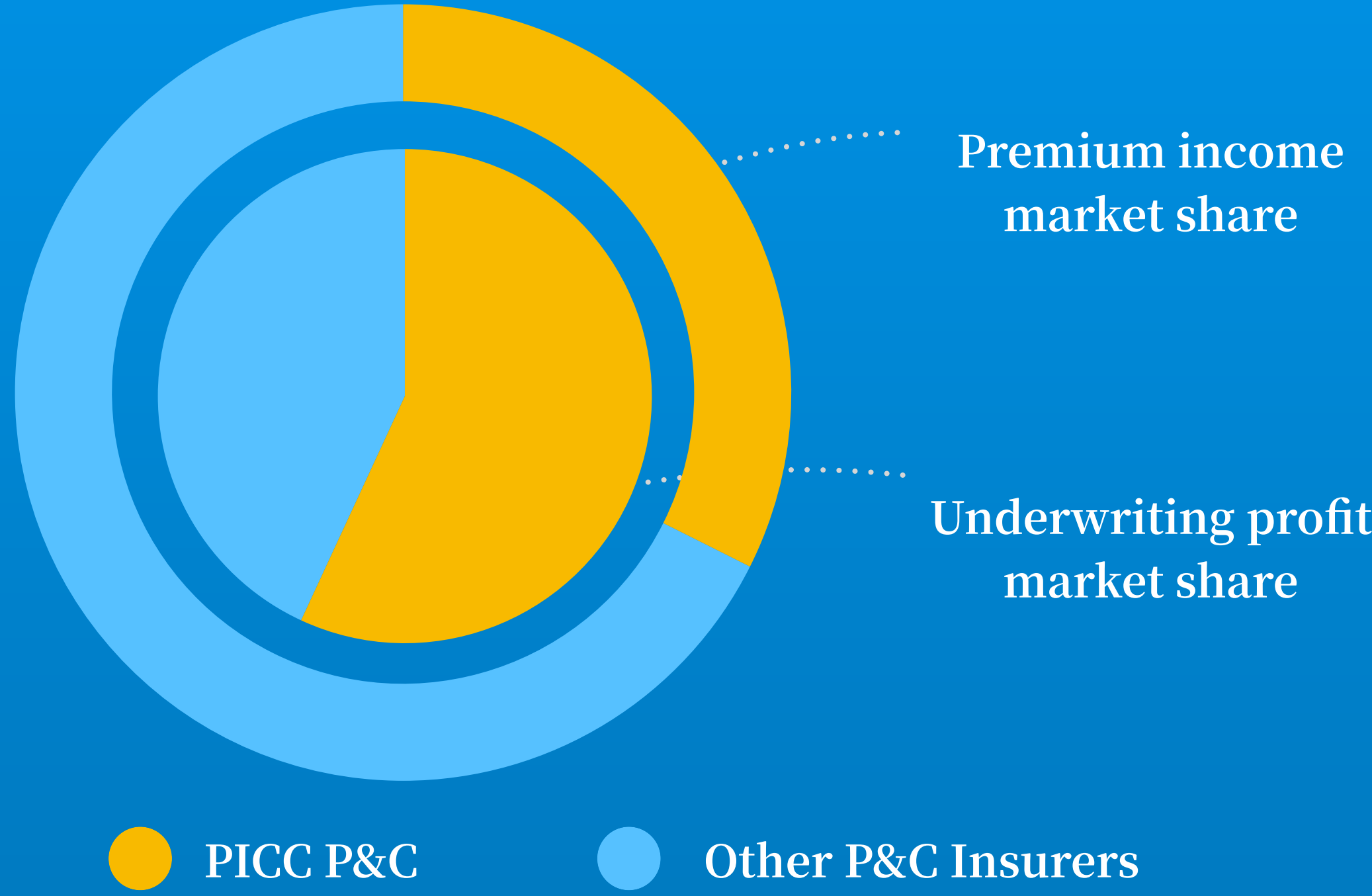
2023H1

# Auto Insurance: Profitability Outperforming the Industry

combined ratio **96.7%**



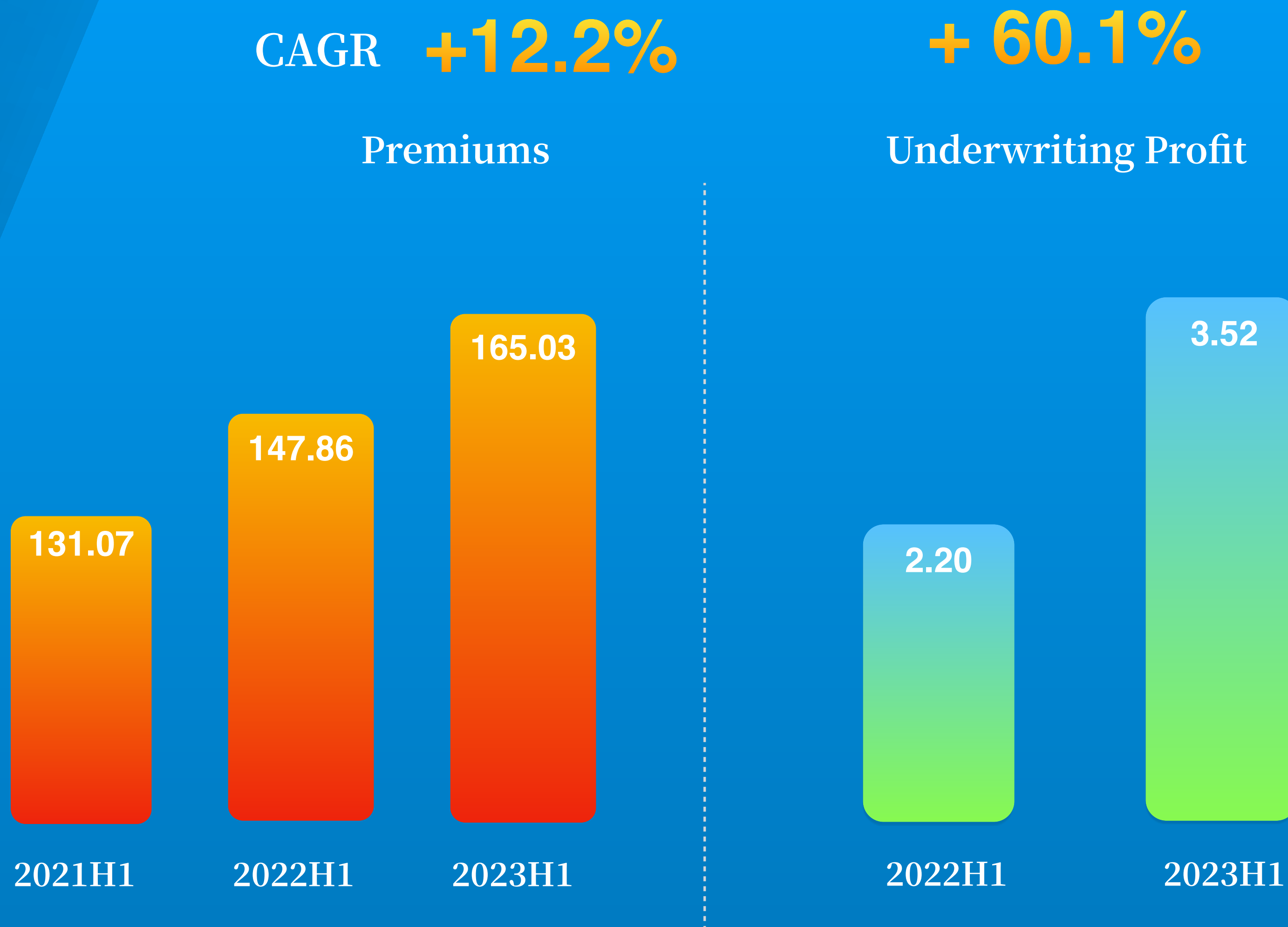
Profitability **Outperformed the Industry**



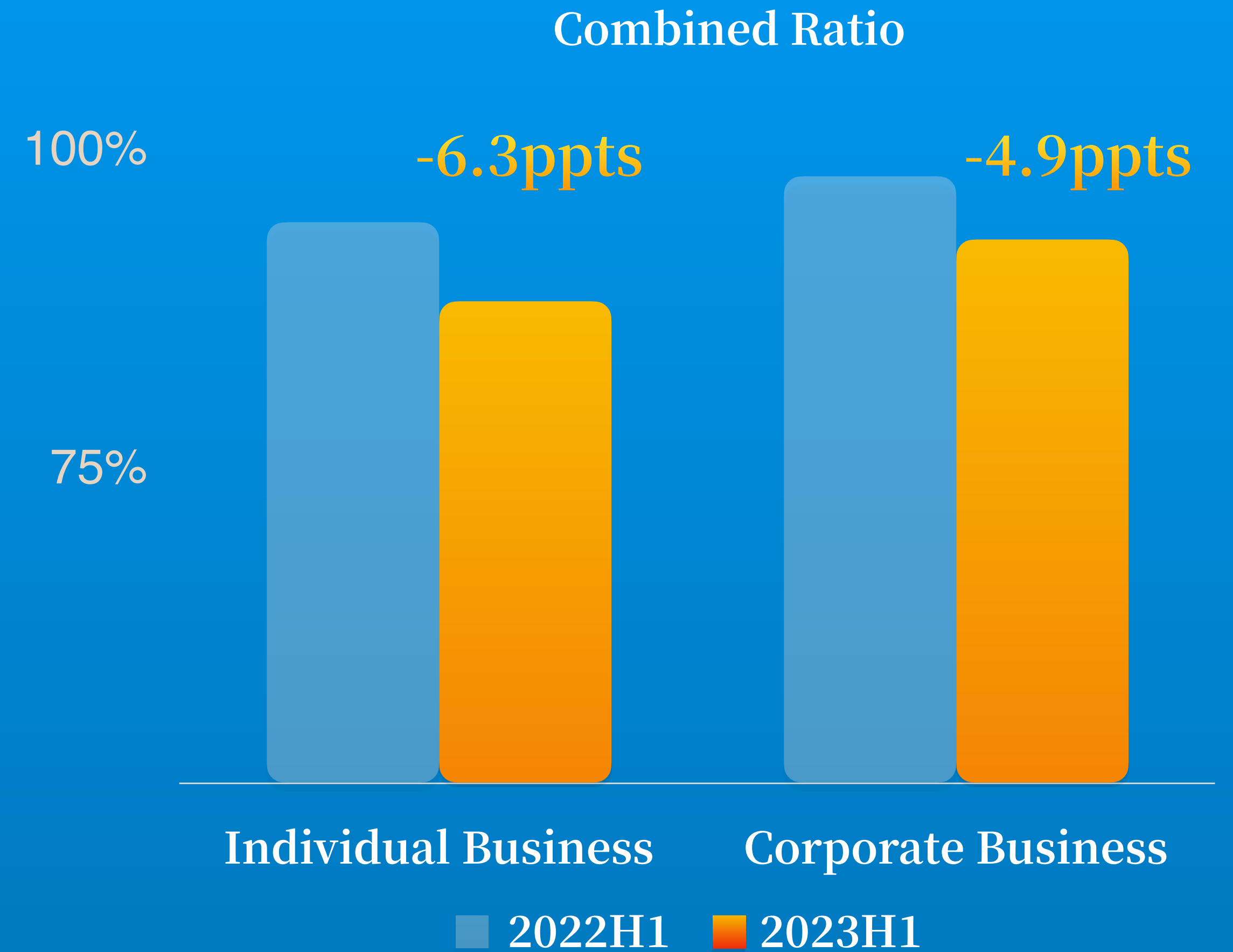
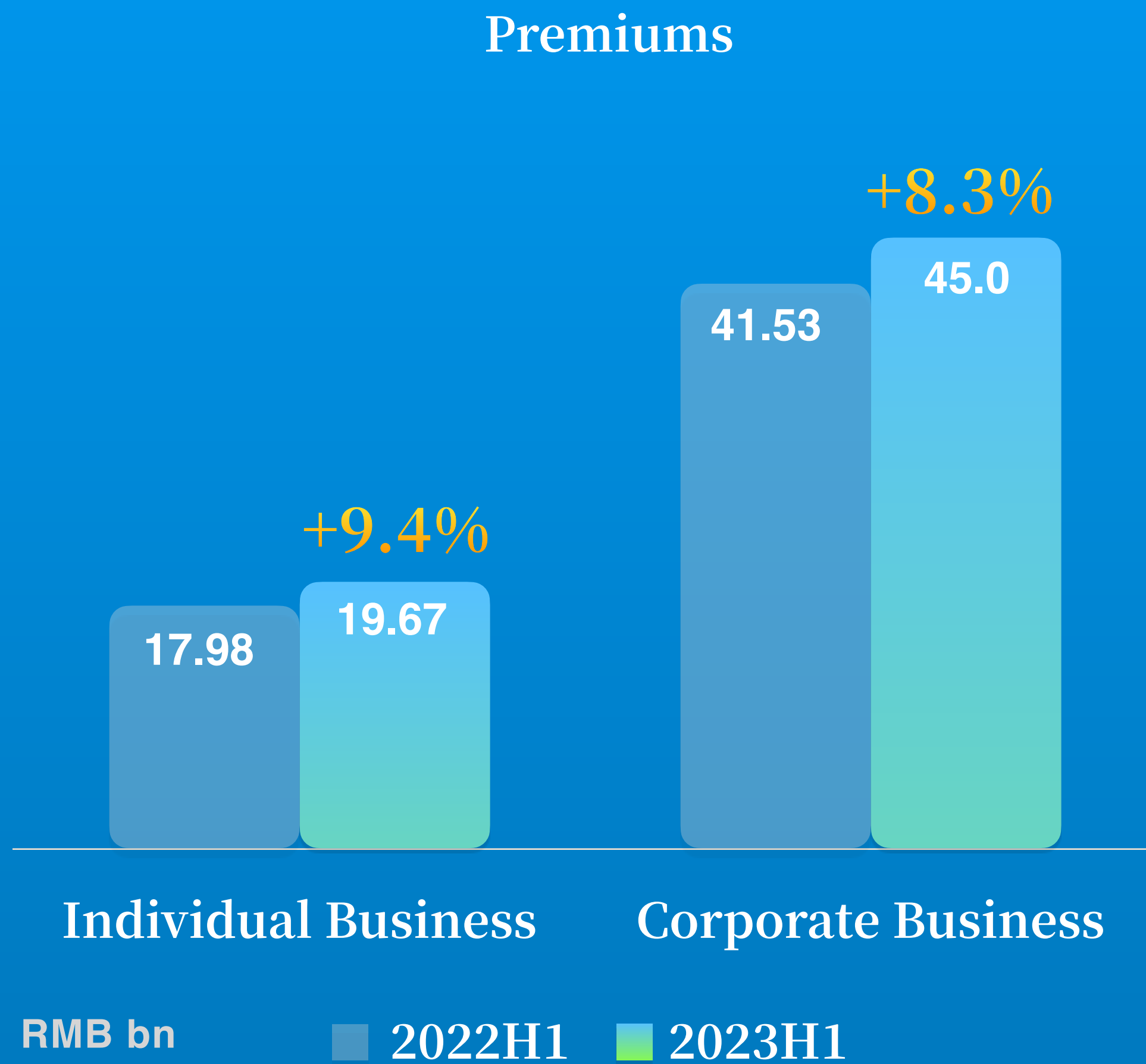


# Non-auto Insurance Profitable Development

- Expand quality **individual business**
- Steadily develop **government business**
- Effectively grow **corporate business**



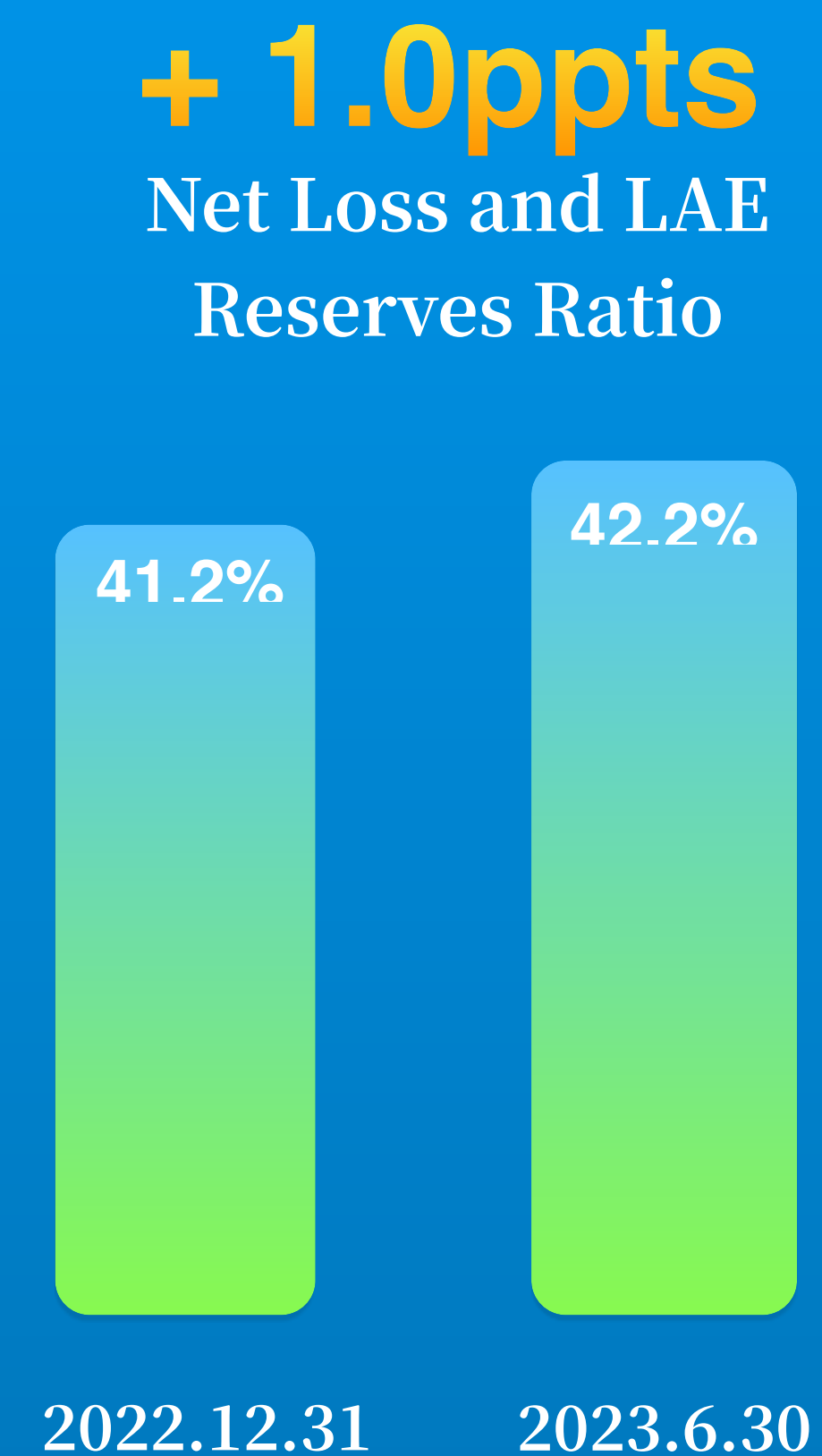
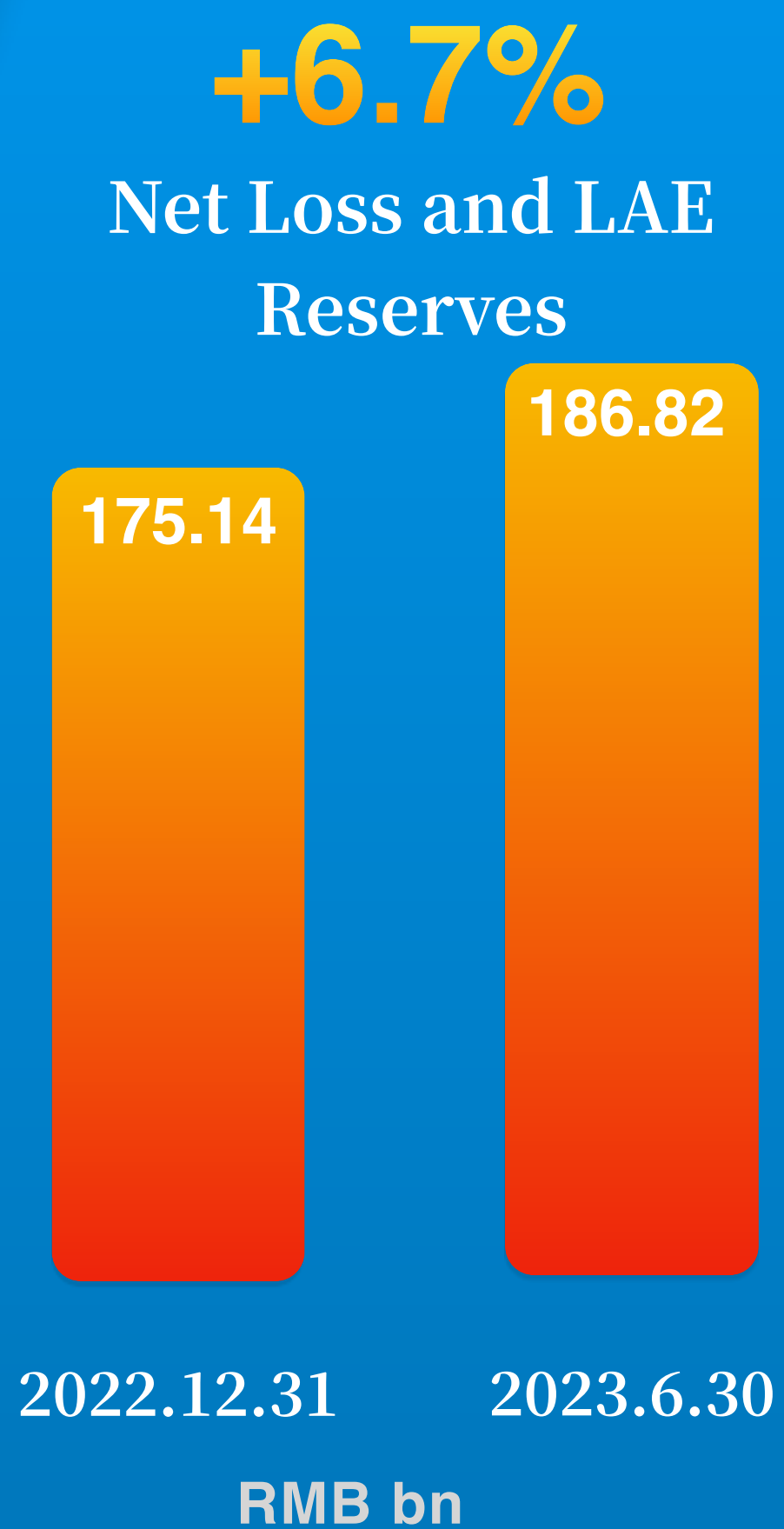
# Commercial Non-Auto Segment: Significantly Improved Combined Ratio



Note: The Combined ratio stated on this page is based on Old Accounting Standards.

# Financial Soundness

## Net Loss and LAE Reserves: Sufficient and Reasonable



Note: Figures are based on Old Accounting Standards.

# Adequate Solvency

Core Solvency Ratio

**194%**

Comprehensive Solvency Ratio

**222%**



ROE Remained at a  
Relatively High Level

ROE (non-annualized)

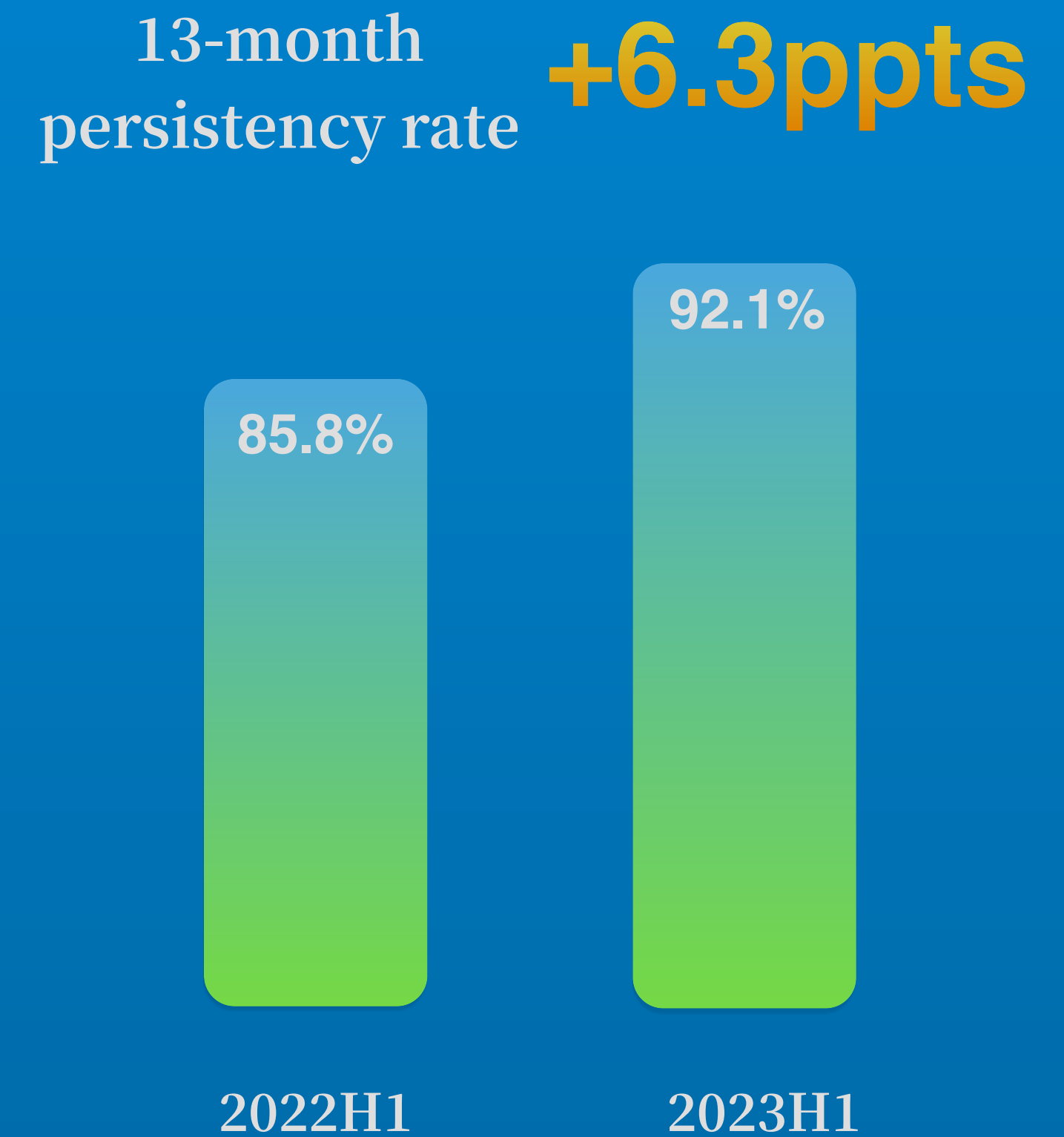
**8.6%**

2019-2022

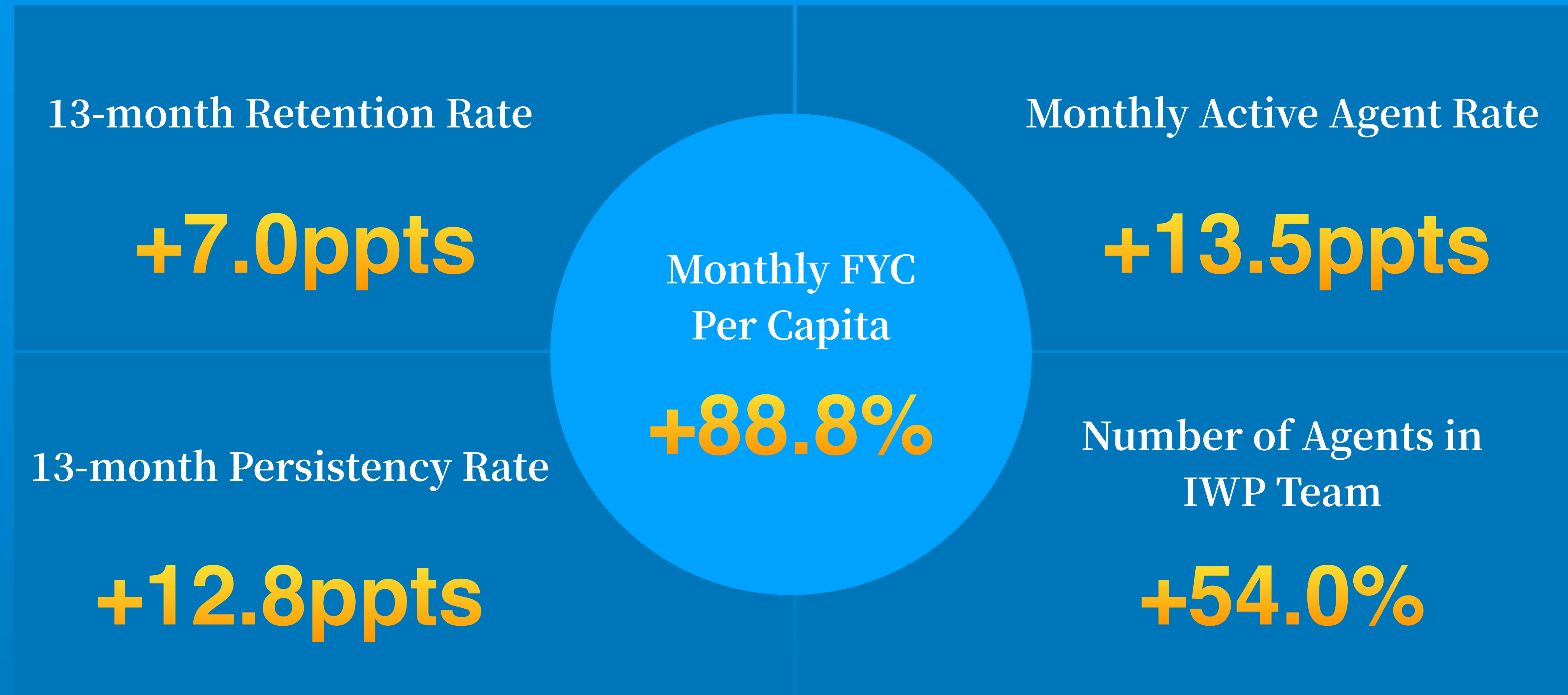
ROE(average): **13.0%**

Note: Interim 2023 unannualized ROE on this page is based on new accounting standards, and 2019-2022 ROE on old standards.

# Life: Rewarding Transformation

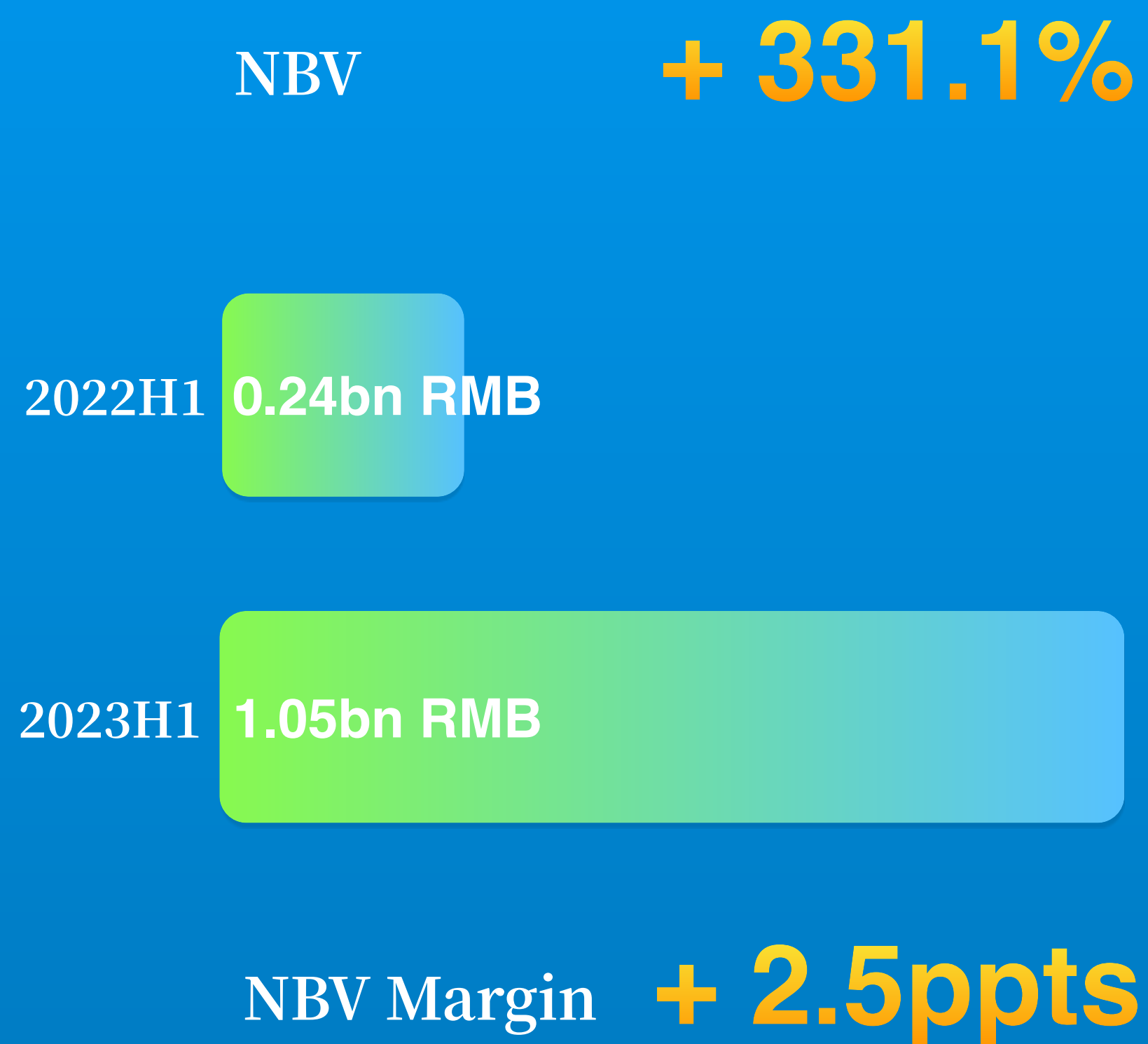
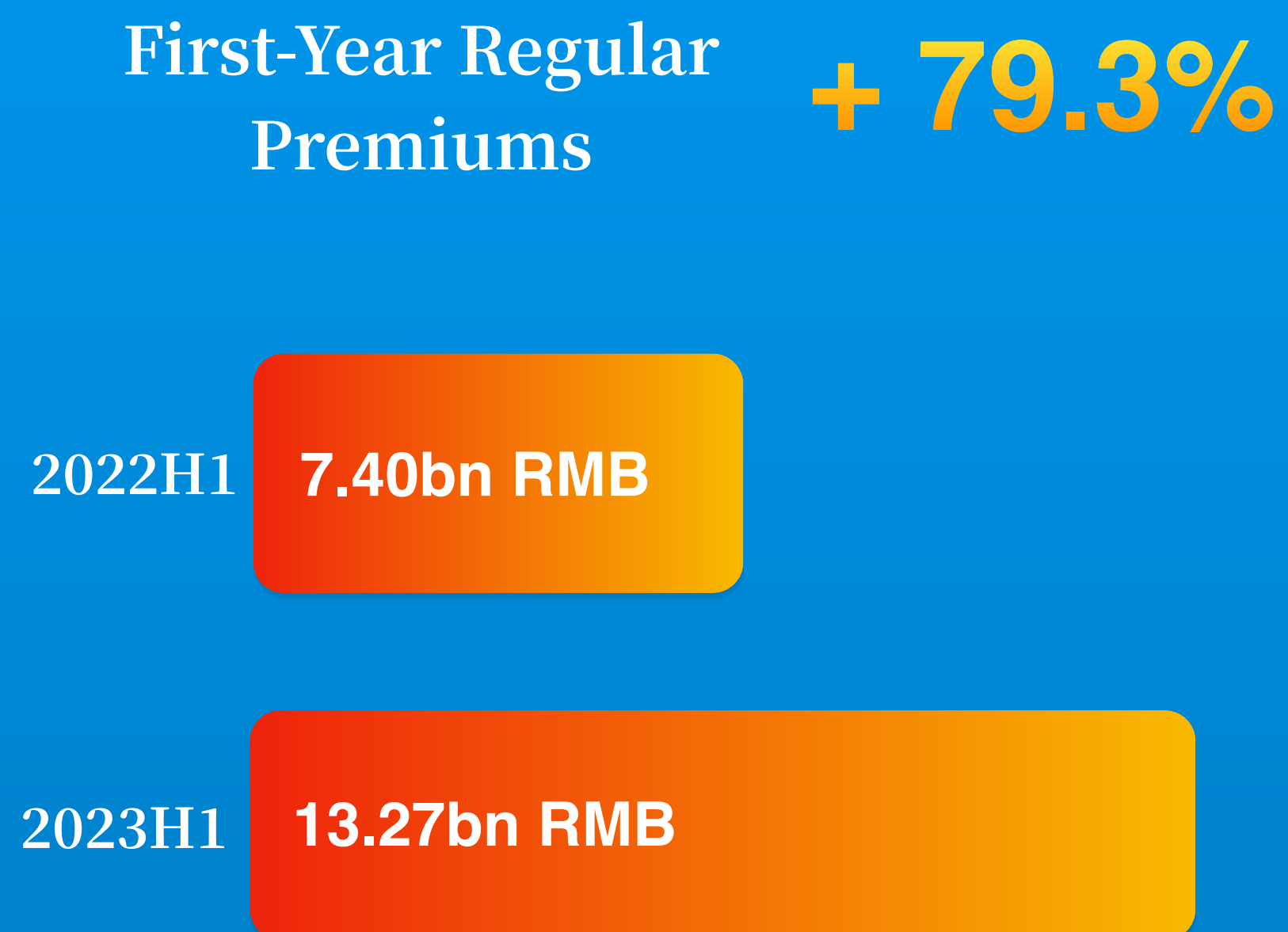


# Individual Agents: Higher Quality & Efficiency



Note: IWP = Insurance Wealth Planner

# Bancassurance: Impressive Value Improvement





# Capacity Gains: Group & E-commerce

First-year Regular  
Premiums

**+35.2%**

**Group Insurance**

First-year Regular  
Premium from New Groups

**+122.7%**

NBV

**+46.0%**

**E-commerce**

Customers Served on  
Self-hosted Platform

**+99.6%**

# Remarkable Value Creation

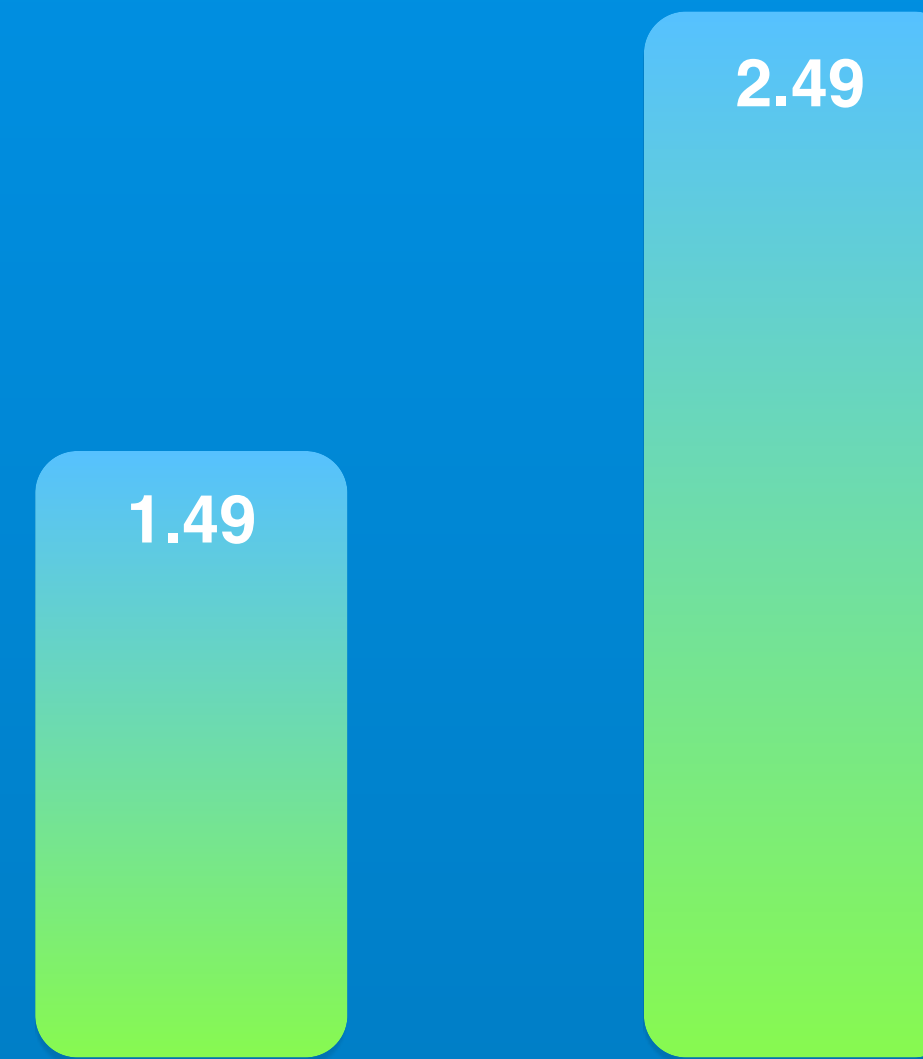
NBV Margin **+1.1ppts**



2022H1

2023H1

NBV **+ 66.8%**



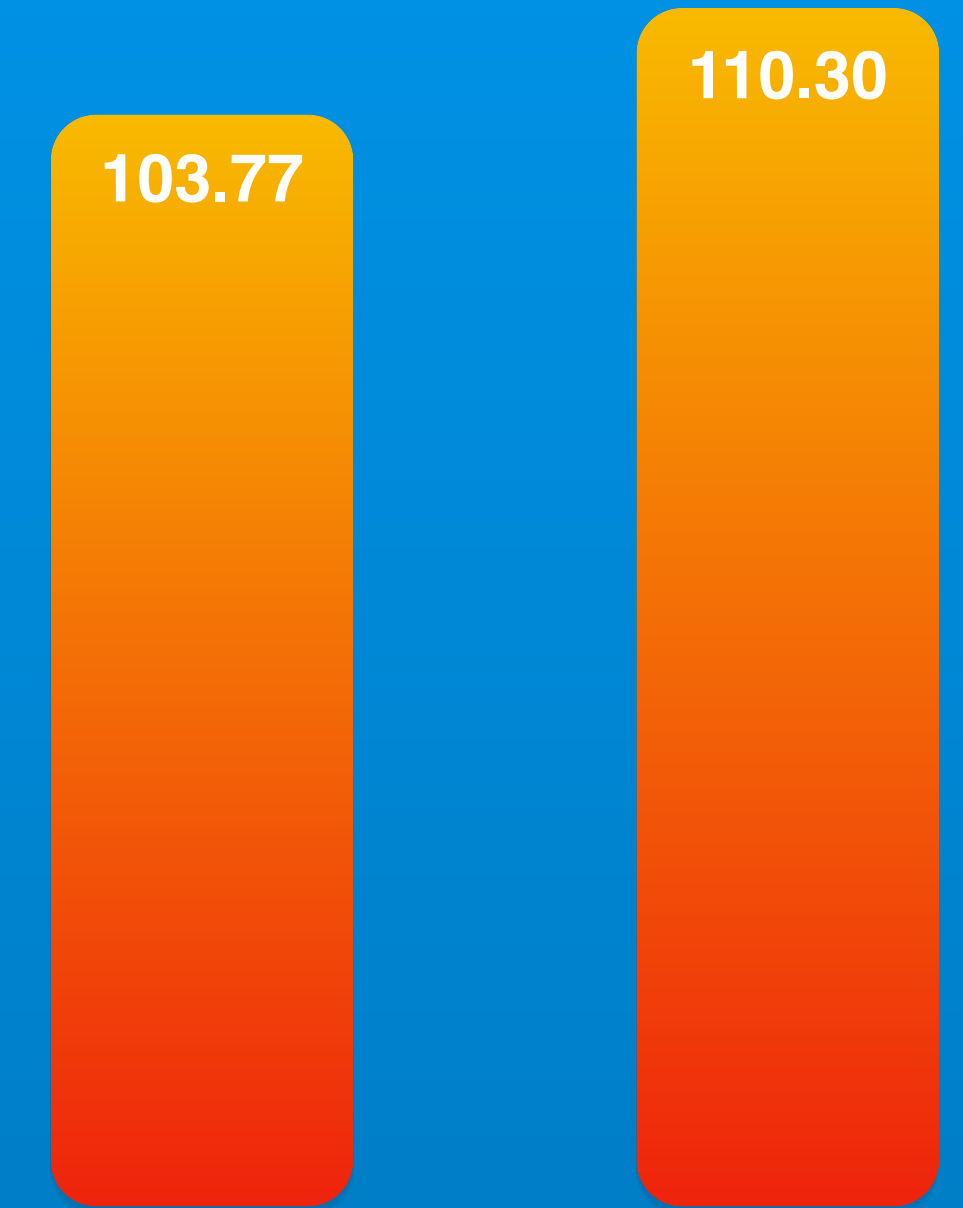
1.49

2.49

2022H1

2023H1

EV **+ 6.3%**



103.77

110.30

2022.12.31

2023.6.30

RMB bn

# A Robust Third Pillar: Pension

Exclusive Commercial  
Pension Insurance

**3 Industry Top**

Sold the first policy in industry

Sold the first policy to flexible  
employees

Premium income & Number of Policies  
Sold - industry N0.1

**1.3bn RMB**

Individual Pension

**1<sup>st</sup> Batch of  
Qualifier**

Launched individual pension  
business in 36 pilot cities(regions)

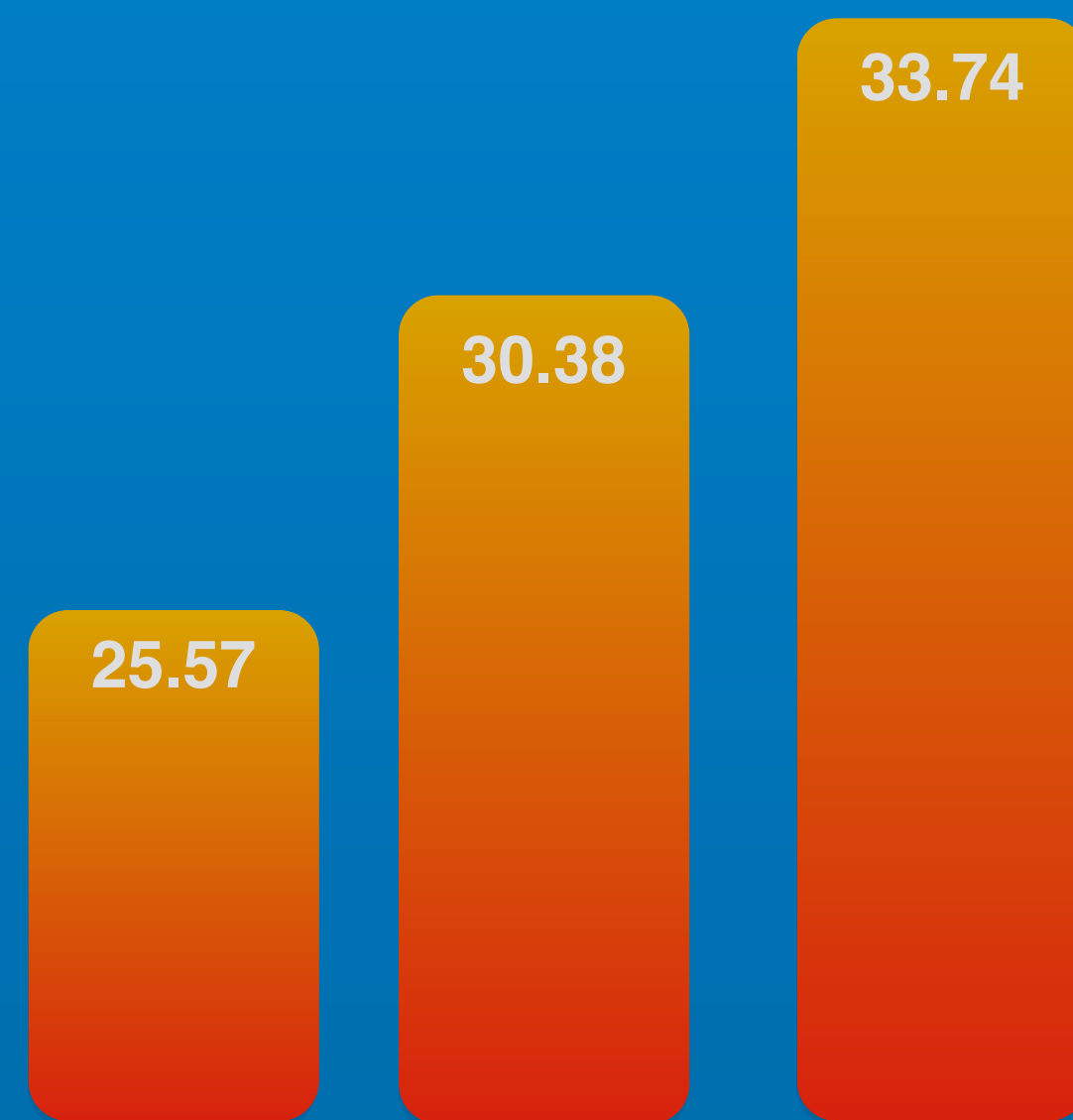
No. 3 in Premium Income

**100mn RMB**

Note: The individual pension scheme was officially  
implemented in late Nov 2022.

# Health: Higher Quality & Efficiency

Premiums **+11.0%**



2021H1

2022H1

2023H1

RMB bn

Net Profit

**2.73bn RMB**

5 Major Potential Customer Groups

Premiums Proportion

**19.5%**  
**+8.1ppts**

❖ Children&Youth ❖ HNW(high net worth)

❖ Corporate

❖ Elderly

❖ Clients with Medical History



# Value Creation: A Great Leap

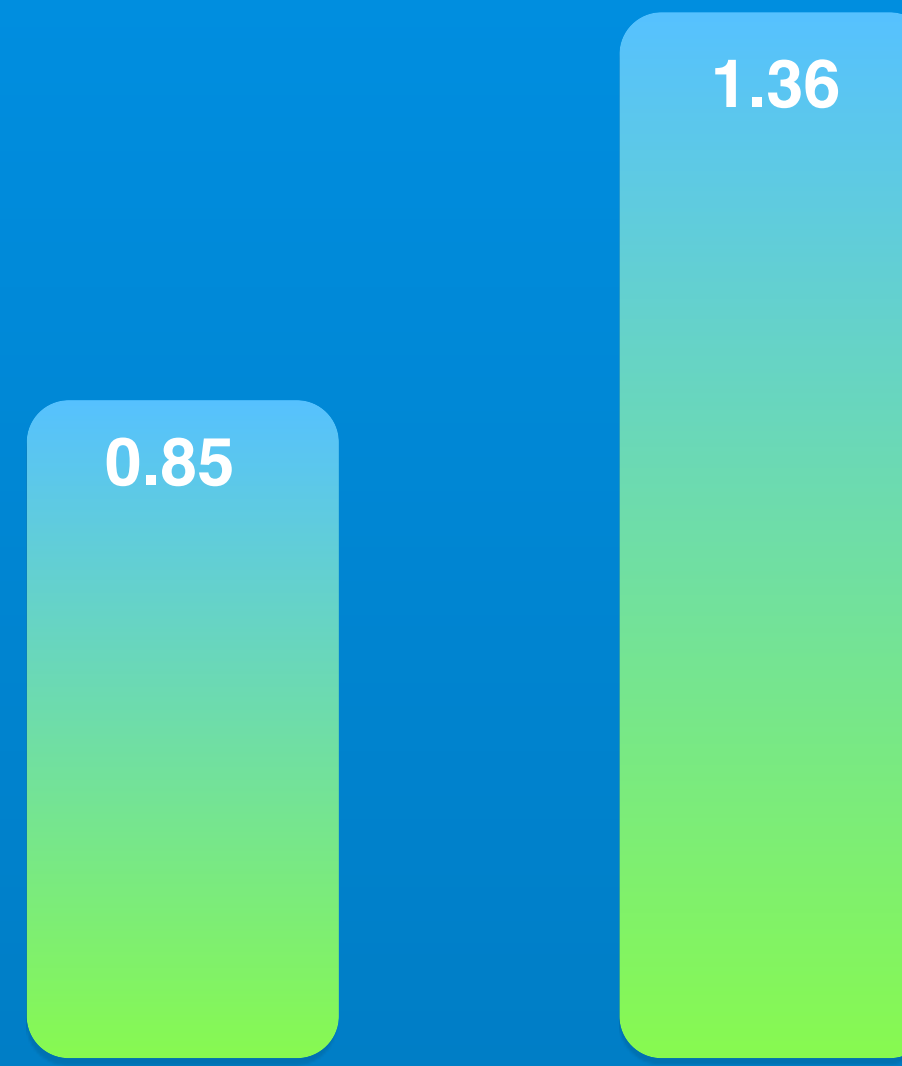
NBV Margin **+ 1.5ppts**



2022H1

2023H1

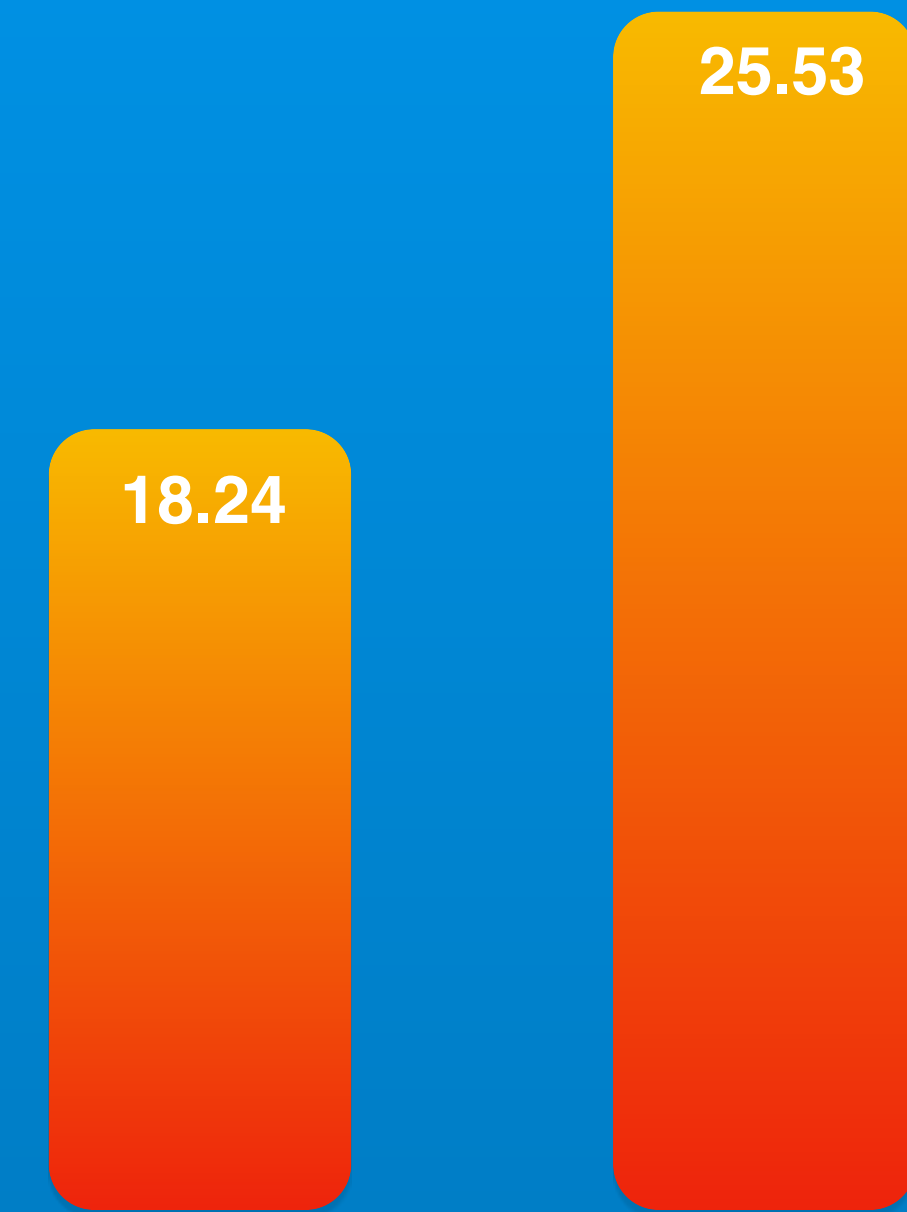
NBV **+ 58.7%**



2022H1

2023H1

EV **+ 40.0%**

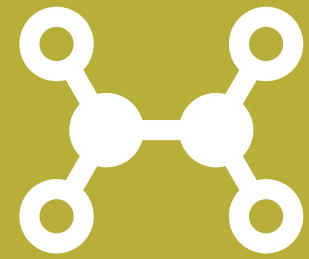


2022.12.31

2023.6.30

RMB bn

# Specialization: Continuous Improvement



## Product Provision

- 1 of 5 insurers approved for demonstration of the new Tax Premium Health Insurance (TPHI)
- 7 TPHI products



## Digitalization

- 2,480+ one-stop settlement hospitals
- one-stop settlement: 62.0%

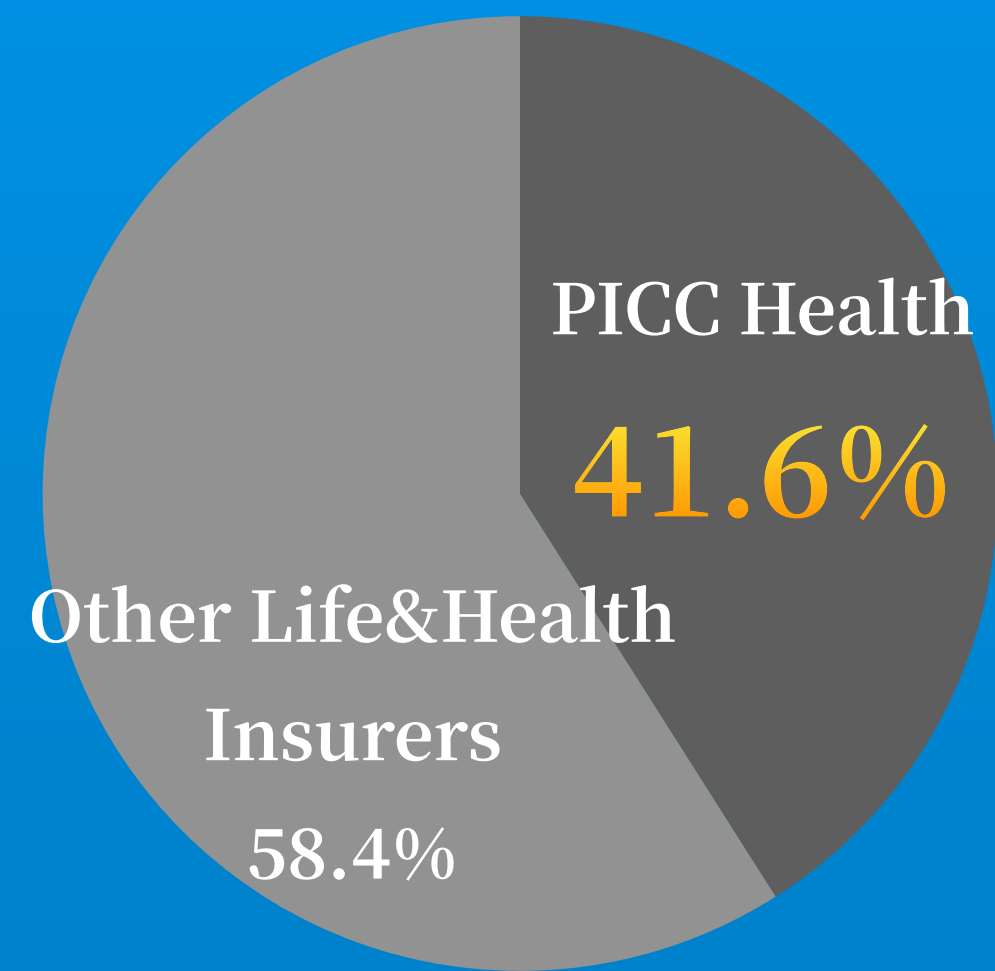


## Health Management

- HM Service System: 8 categories & 30 items with a revenue of 110mn RMB, +41.8%
- Services: 1.46 mn times, +12.7%

# Online Health Insurance: Expansion

Premiums **8.8bn RMB**



**680mn** customers

**9** New Products

Child Critical  
Illness

Long-term  
Care

Long-term  
Special  
Medication

Long-term  
Disability

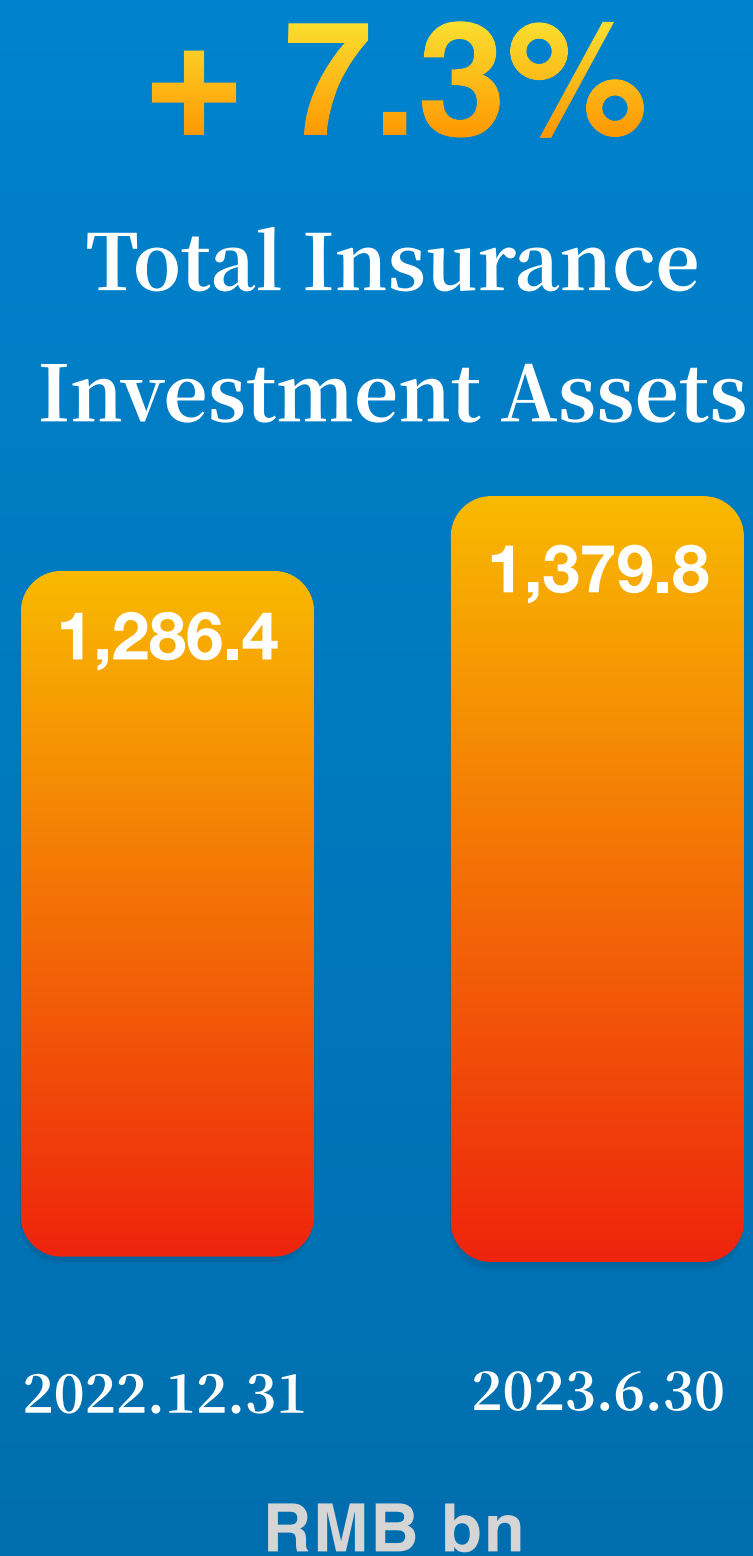
.....  
**Haoyibao Long-term  
(zero deductible)**



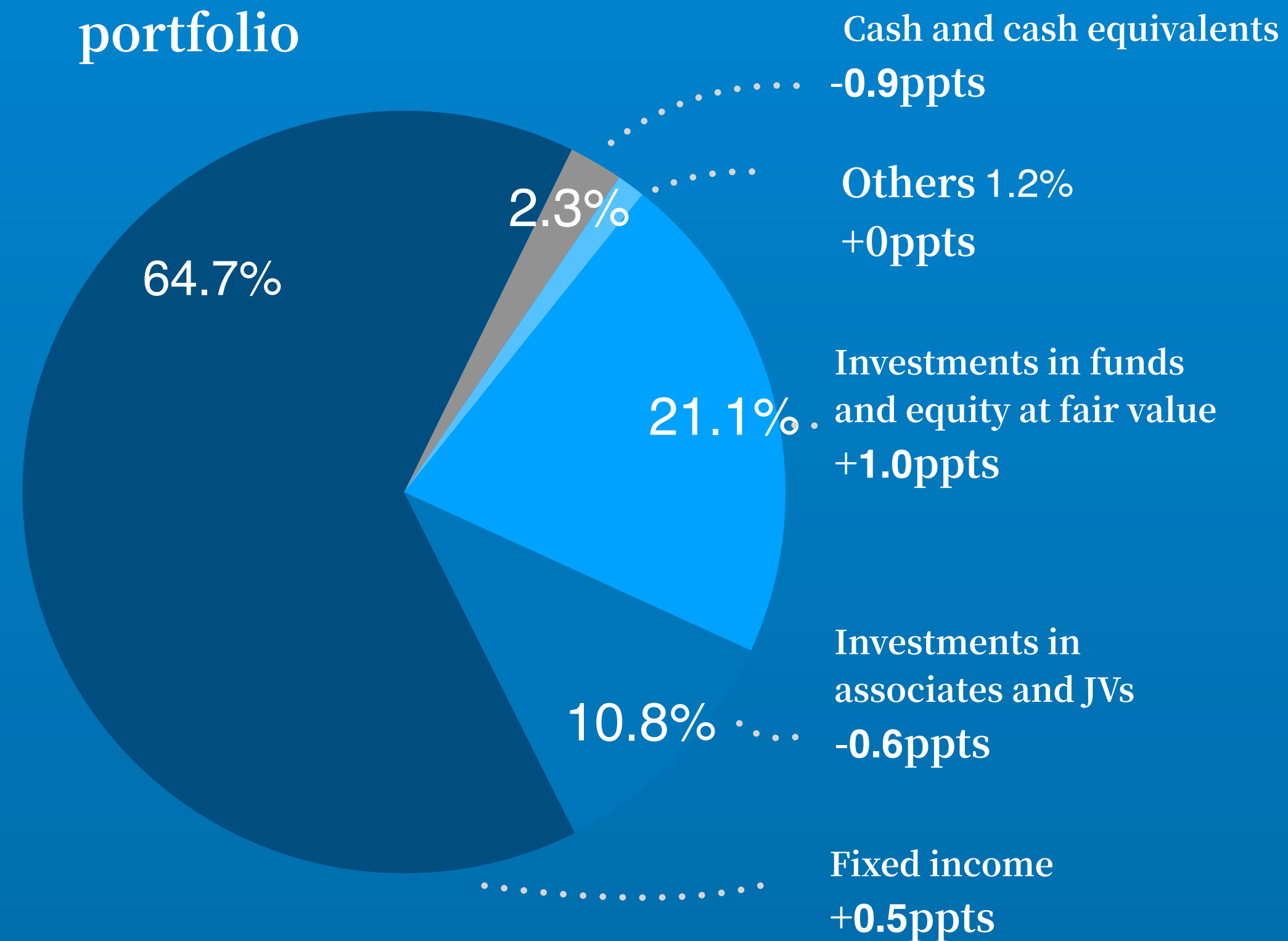
Average Policies per  
Customer

**1.5**  
**+8.8%**

# Asset Management: Prudent & Steady Portfolio



Insurance investment portfolio



**1,054.2bn RMB**  
**+ 33.9 %**  
Third-party AUM

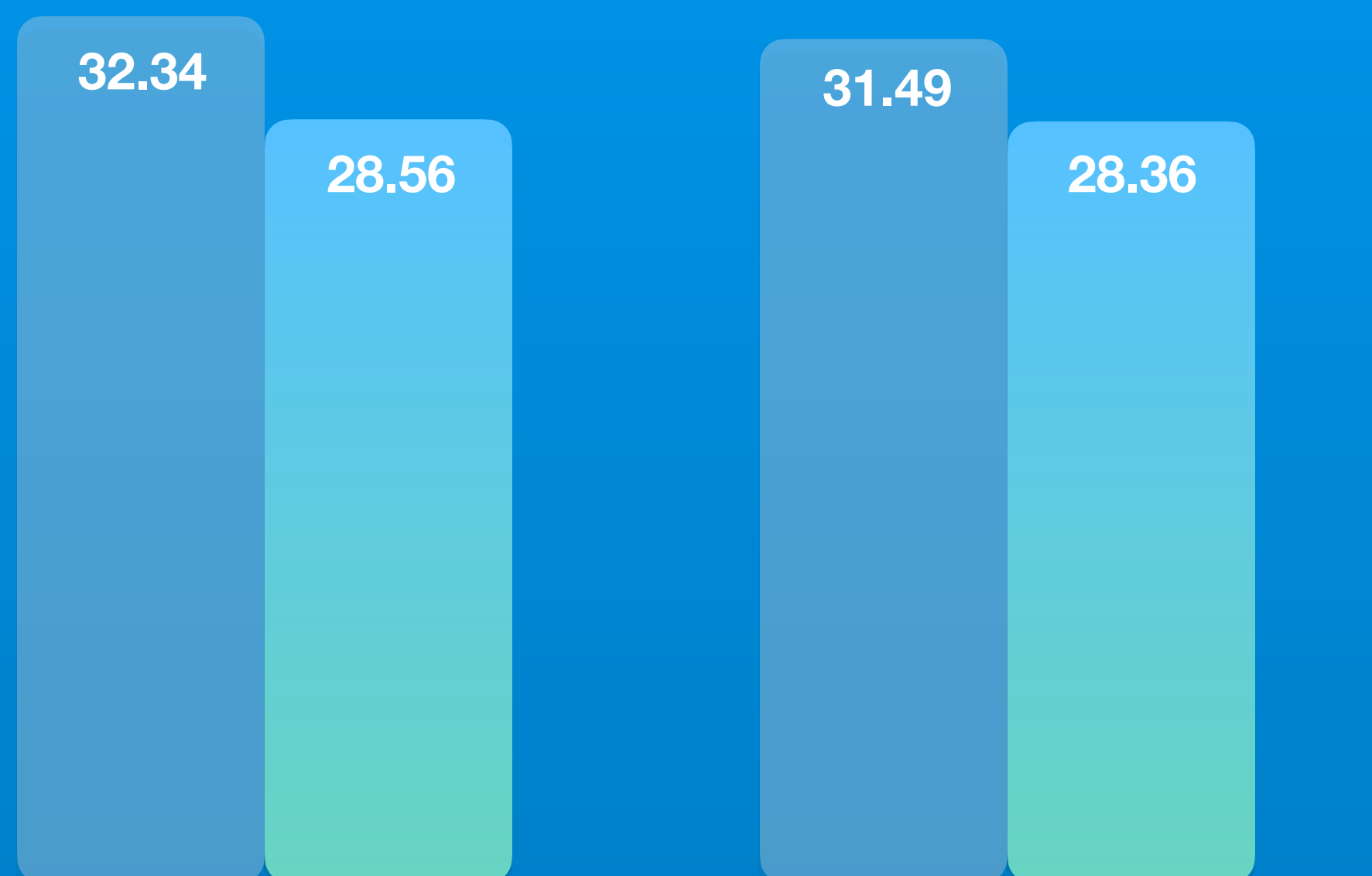
Note:

- 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.



# Total Investment Yield: Outperforming the Industry

## Investment Income



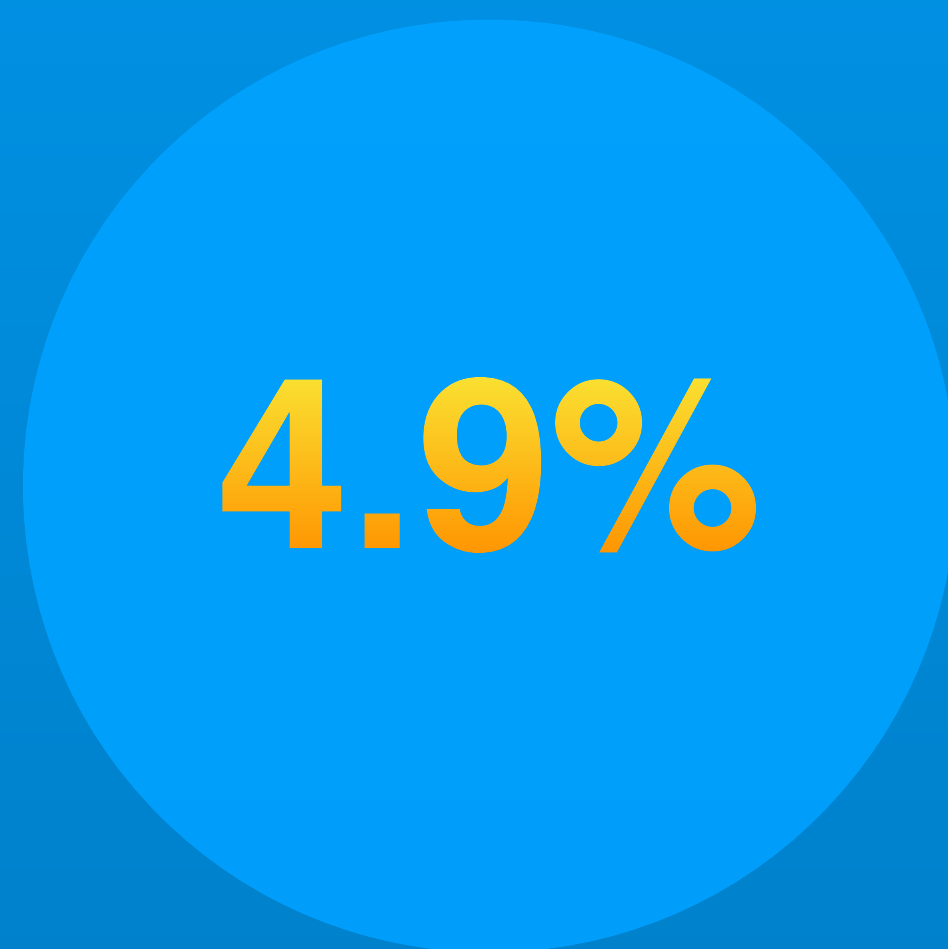
2022H1

2023H1

■ Total Investment Income  
■ Net investment Income

RMB bn

## Total Investment Yield (Annualized)



## Total Investment Yield (annualized over last 5 years)



PICC Group

Industry Average

■ Total Investment Yield (Annualized)  
■ Standard deviation

Note: Total Investment Yield over last 5 years is based on old accounting standard, and the standard deviation is based on statistics since 2005.

# Investment Risk Under Control

## Bond Investments

Issuers: **99.6%** AAA-rated

Credit risks under control,  
with industry exposures  
diversified

## Alternative Investments

Effective credit enhancement  
measures such as guarantees,  
buybacks and shortfall  
replenishment.

External credit ratings:  
**96.8%**AAA.

Industries: transportation,  
energy, public utilities, etc.

## Equity Investments

Philosophy: “long-term,  
value and prudent  
investment”

Equity investment positions  
prudently controlled

# Q&A

# Appendix: Differences between CAS and IFRS

(RMB mn)

Net Profit Attributable to Equity Holder of the Company    Net Assets Attributable to Equity Holder of the Company

Item	2023H1	2022H1	As of Jun 30, 2023	As of Dec 31, 2022
<b>Under CAS</b>	19,881	18,296	241,754	222,851
<b>Items and adjustments under IFRS:</b>				
<b>Catastrophe reserves of agricultural insurance</b>	942	826	2,677	1,737
<b>Impact of such adjustments on deferred income tax</b>	-235	-207	-669	-435
<b>Under IFRS</b>	20,588	18,915	243,763	224,153

## Appendix: Key Financials of PICC Group (CAS)

<b>(RMB mn, unless otherwise noted)</b>	<b>2023H1</b>	<b>2022H1</b>	<b>Change</b>
<b>Insurance revenue</b>	246,884	227,796	8.4%
<b>Of which: PICC P&amp;C</b>	224,368	205,189	9.3%
<b>PICC Life</b>	8,598	10,255	-16.2%
<b>PICC Health</b>	12,628	10,887	16.0%
<b>Total profit</b>	30,635	29,826	2.7%
<b>Net profit attributable to equity holders</b>	19,881	18,296	8.7%
<b>EPS (RMB)</b>	0.45	0.41	8.7%
<b>Weighted average return on equity</b>	8.3%	8.3%	Unchanged
<b>Total investment yield(annualized)</b>	4.9%	5.3%	-0.4ppts
<b>PICC P&amp;C combined ratio</b>	96.4%	96.3%	+0.1ppts
<b>New business value of PICC Life</b>	2,490	1,493	66.8%
<b>New business value of PICC Health</b>	1,355	854	58.7%
<b>(RMB mn, unless otherwise noted)</b>	<b>As of Jun 30, 2023</b>	<b>As of Dec 31, 2022</b>	<b>Change</b>
<b>Total assets</b>	1,493,706	1,416,975	5.4%
<b>Total liabilities</b>	1,166,396	1,113,971	4.7%
<b>Net assets attributable to equity holders</b>	241,754	222,851	8.5%
<b>Book value per share (RMB)</b>	5.47	5.04	8.5%
<b>Embedded value of PICC Life</b>	110,298	103,772	6.3%
<b>Embedded value of PICC Health</b>	25,531	18,239	40.0%



## Appendix: Key Financials of PICC Group (IFRS)

<b>(RMB mn, unless otherwise noted)</b>	<b>2023H1</b>	<b>2022H1</b>	<b>Change</b>
<b>Insurance revenue</b>	246,884	227,796	8.4%
<b>Of which: PICC P&amp;C</b>	224,368	205,189	9.3%
<b>PICC Life</b>	8,598	10,255	-16.2%
<b>PICC Health</b>	12,628	10,887	16.0%
<b>Total profit</b>	31,999	31,023	3.1%
<b>Net profit attributable to equity holders</b>	20,588	18,915	8.8%
<b>EPS (RMB)</b>	0.47	0.43	8.8%
<b>Weighted average return on equity</b>	8.6%	8.6%	Unchanged
<b>Total investment yield(annualized)</b>	4.9%	5.3%	-0.4ppts
<b>PICC P&amp;C combined ratio</b>	95.8%	95.7%	+0.1ppts
<b>New business value of PICC Life</b>	2,490	1,493	66.8%
<b>New business value of PICC Health</b>	1,355	854	58.7%
<b>(RMB mn, unless otherwise noted)</b>	<b>As of Jun 30, 2023</b>	<b>As of Dec 31, 2022</b>	<b>Change</b>
<b>Total assets</b>	1,492,679	1,416,287	5.4%
<b>Total liabilities</b>	1,162,457	1,111,394	4.6%
<b>Net assets attributable to equity holders</b>	243,763	224,153	8.7%
<b>Book value per share (RMB)</b>	5.51	5.07	8.7%
<b>Embedded value of PICC Life</b>	110,298	103,772	6.3%
<b>Embedded value of PICC Health</b>	25,531	18,239	40.0%