

2022 Interim Results Announcement

PICC Group 601319.SH

PICC Group 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.

01

Results Overview

Results Overview

Gross Written Premiums
(GWPs)

RMB382.62bn

+ 11.2%

Net Profit Attributable to Equity
Holders of the Company

RMB17.85bn

+ 5.9%

Net Assets Attributable to Equity
Holders of the Company

RMB221.66 bn

+ 1.1%

P&C Insurance
Combined Ratio

96.0%

-1.2ppts

Life & Health
Embedded Value

RMB130.17bn

+ 2.0%

Annualized Total
Investment Yield

5.5%

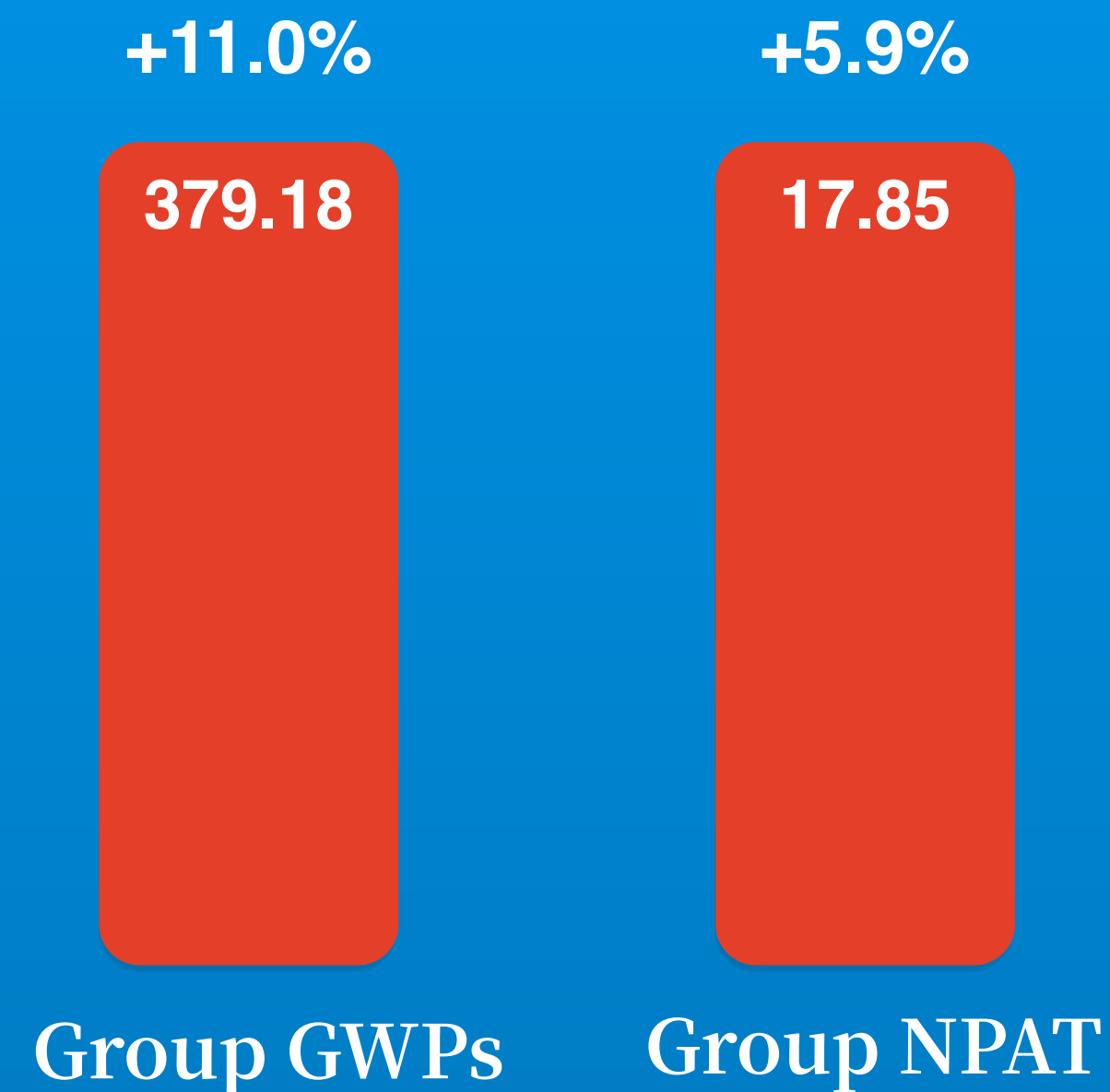
Outperformed the Industry

Following High-quality Development Strategy

Improving business quality

- Reducing high-risk business
- Enhancing value margin of low-value business
- Conducting protection type and service-oriented business

Business growth and efficiency outperforming peers



Unit: RMB bn

Following High-quality Development Strategy

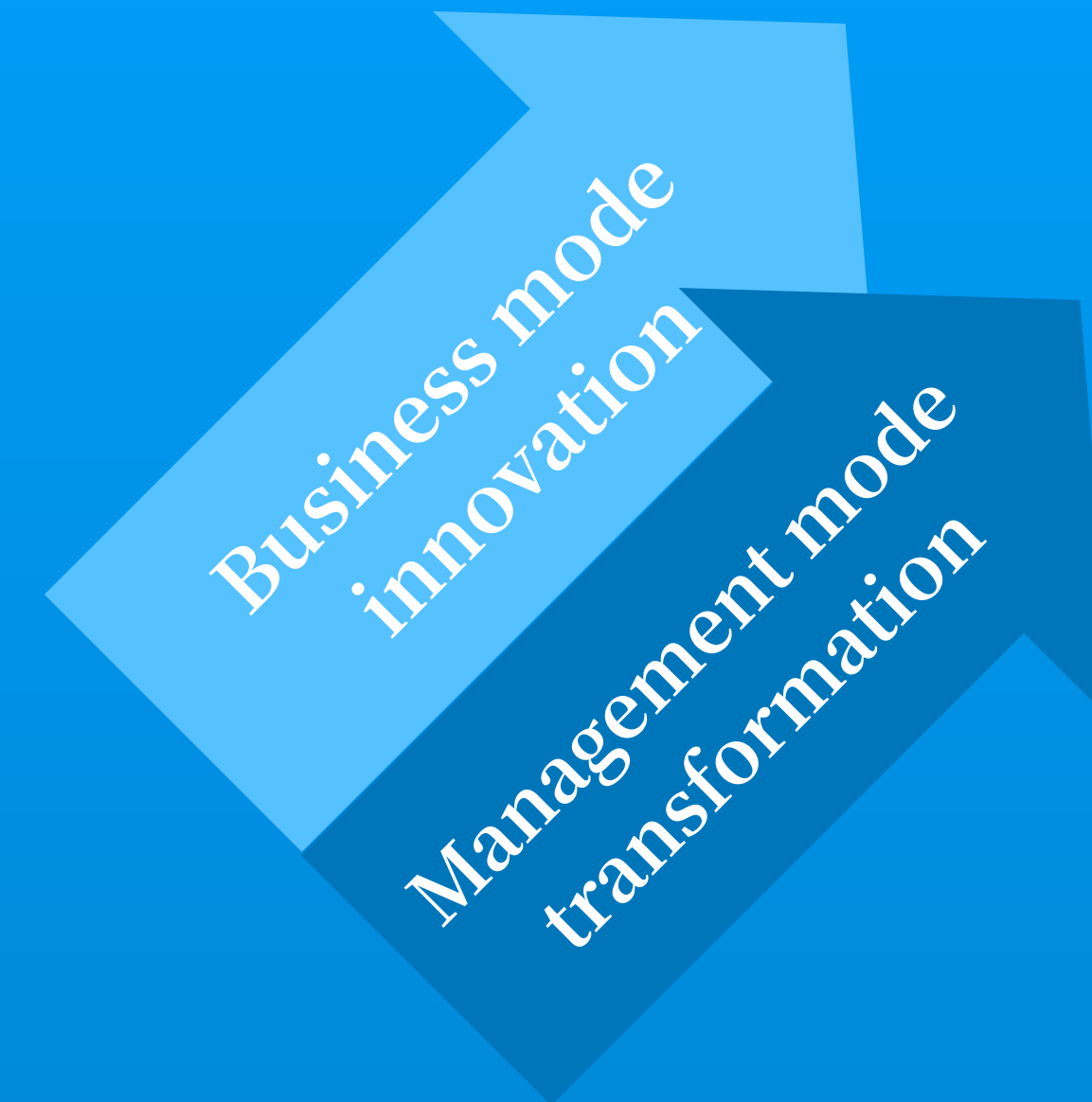
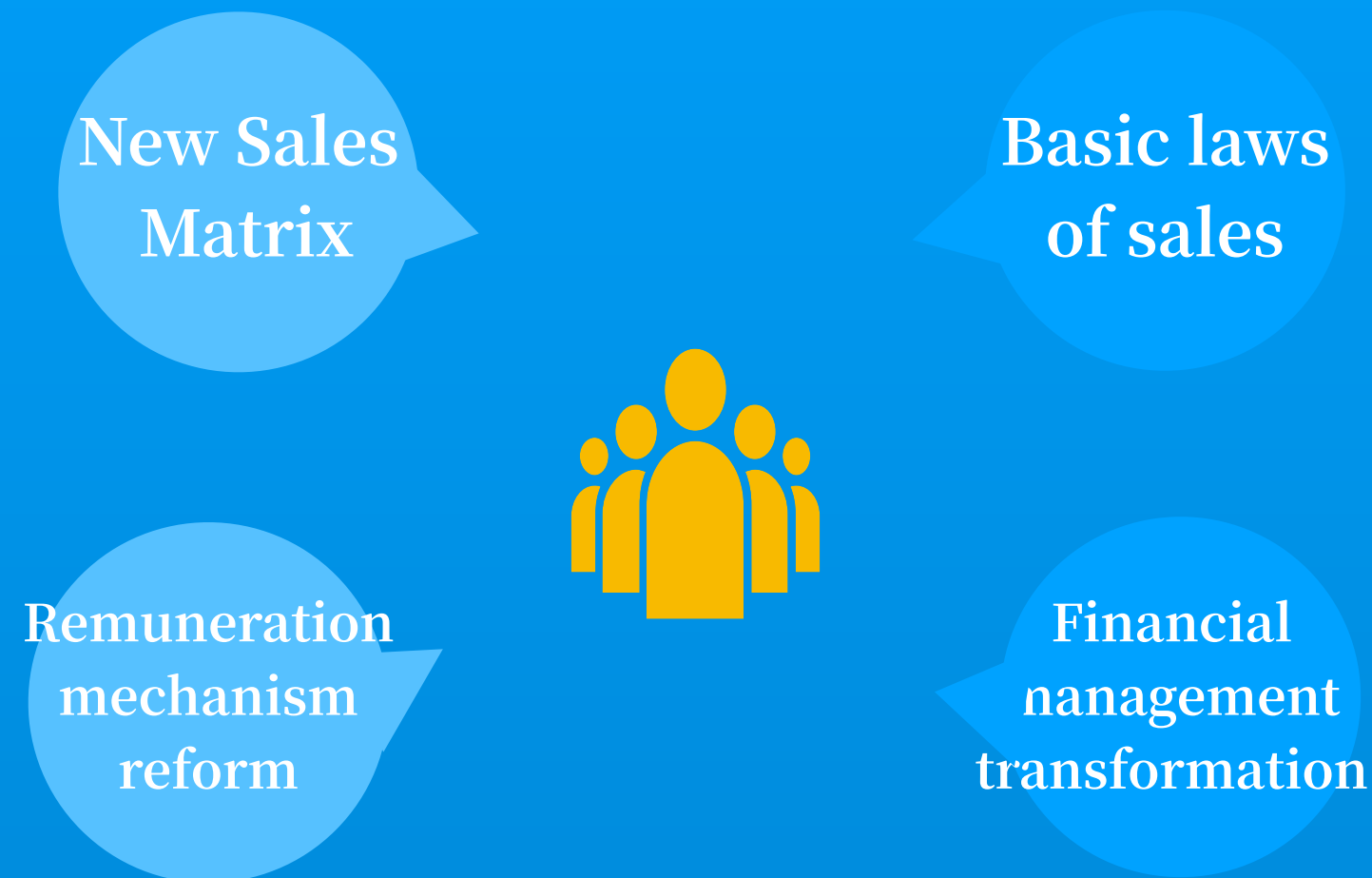


More **stable** development

More **solid** foundation

Carrying out Reform and Innovation in Subsidiaries

PICC
P&C



PICC
Life

PICC
AMC

- 1 Establishing a platform-based investment and research management system
- 2 Enhancing active alternative investment management capabilities
- 3 Building a next-gen “quantitative risk control system”



PICC
Health

Promoting the “6 Strategic Services”

- Fast development in agricultural insurance, with premium income of RMB36.7bn, **up by 24.2%**; promoting full cost and income insurance for the three main crops (rice, wheat and corn), with premium income totaling **RMB8.89bn**, up by **792.8%**
- “Xiangcunbao,” a product mix facing the rural areas, achieved premium income of **RMB17.08bn**, up by **11%**, providing an insured amount of **RMB21tn** to over 100mn customers

Rural Revitalization

- Providing service to **100mn** motor insurance customers, with “Sync with Traffic Police” (a motor customer service initiative provided through the cooperation with traffic police departments) achieving full regional coverage
- Keeping pace with the new transportation development trends such as new energy and intelligent network, accelerating the innovation of motor insurance products and the improvement of insurance coverage

Smart Transportation

- Undertaking social security type long-term care insurance program, achieving premium income of **RMB2.3bn**, providing service to over **56.15mn** customers; Undertaking out-patient chronic disease insurance program, with premium income totaling **700mn**, up by **442%**
- 66,000 exclusive commercial pension insurance policies sold, which was the most in the industry, with premium income totaling **RMB230mn**

Health and Elderly Care

- **1.83mn** NEVs insured, with premium income totaling **RMB8.2bn**
- Expanded business presence in new energy sources such as wind power and photovoltaics, energy conservation and green architecture, with green investment of **RMB52.2bn**

Environmental Protection

- Providing intellectual property liability insurance for 1,518 enterprises, with sum insured of **RMB15.7bn** and premium income up by **98%**
- Led the foundation of the Integrated Circuit Insurance Pool, providing liability insurance to semiconductor industry, with sum insured of nearly **RMB900bn** and premium income up by **90.4%**

Tech Innovation

- “Chengshibao,” a product mix facing urban areas, provided a basket of risk solutions to local governments of all levels, and achieved premium income of **RMB6.83bn**, up by **25.2%**
- Production safety liability insurance achieved premium income of **RMB2.61bn**, up by **68.6%**

Social Governance

Deepening Technology Reform

Optimizing Technology Governance Framework

- Formally established PICC Tech, meanwhile optimizing the function positioning of PICC Financial Service, promoting mutual support and effective collaboration of the two companies
- Formed a governance structure of “One Board, One Dept., Two Companies” , effectively improving the Group's technology governance and management capabilities

Improving Infrastructure

- “multi-location multi-center” construction, building IT layouts in Langfang, Foshan and Shanghai
- Building a unified, shared, efficient and secure autonomous and controllable information system infrastructure

Building System Platforms

- Accelerating the construction of integrated platforms on R&D, technology, data and intelligence at the group level
- Upgrading and improving the core business systems of insurance business, and underlining the development of group-sharing systems

1

Premium income from PICC APP reached RMB 200mn, up by 80%

2

Mobile policy issuing rate remained at over 99%

3

RMB1.32bn loss reduction achieved from “Jia An Pei” +32%

4

2mn times of car rescue services provided through our car life ecosystem

5

Followers of new media marketing accounts increased by over 400,000, and media exposure of over 70mn times

Strengthening Business Synergies

- ★ Initiating expansion plan into **high-net-worth clients**
- ★ Strengthening **investment and insurance collaboration and interaction**
- ★ Upgrading the “**e-PICC**” integrated sale support platform
- ★ Building a routine optimization mechanism for “**product + service solutions**”
- ★ Establishing an **information interaction** feedback mechanism

PICC P&C leveraged business synergies to achieve GWPs of

RMB6.34bn
+9.3%

PICC Life leveraged business synergies to achieve GWPs of

RMB7.87bn
+10.3%

RMB710mn
+213.8%

Investment segment drove insurance business GWPs

Enhancing Risk Control

1 Risk Management Framework More complete

- Tiered risk management framework
- Comprehensive risk management action plan
- Risk monitoring systems built on all levels of institutions

2 Risk Monitoring Continuously strengthened

- Strengthening risk monitoring, prevention and control in priority areas and major business areas
- Risk appetite back tracking and updating
- Risk screening in investment and other priority areas
- Monitoring the risk exposure and quality of major products

3 Capabilities of Risk Management Further improved

- Enhancing operational risk management
- Enhancing investment risk management capabilities
- Enhancing risk crisis response capabilities
- Establishment of intelligent risk control platform

Liquidity risk
Lower

- Net Cash Flow From Operating Activities **49.7bn**, hitting a record high
- Adequate liquidity coverage ratio, broad financing access

Market/Credit risk
Under control

- General asset allocation optimized
- Credit ratings of counterparties fairly high

Insurance risk
Improved

- Outstanding liabilities of PICC P&C' s credit & surety insurance business dropped **-95%**
- PICC Life' s 13-month premium renewal rate **+3.8ppts**
- PICC Health' s 13-month premium renewal rate **+8.2ppts**

Operational/Reputational risk
Under Control

- No new significant operational risk loss accident
- Regulatory penalties **-15.2%**

Launch of “Warmth Project 2.0”

“Over **100mn** customers served through online platforms such as PICC APP, WeChat official account and official website

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

Household vehicle customer online ratio of **94.8%**, +1.3ppts
Individual non-motor insurance customer online ratio of **81.6%** , +5.6ppts



Individual customers

278.7mn

Institutional customers

6.02mn

Proactively Fulfilling Social Responsibilities

RMB1,093tn

Total sum insured

RMB169.2bn

Total claims paid

Undertook **1,395**
social security programs
Served **900mn** cases
Providing insurance protection for
new urban residents

Strong support for national pandemic prevention and control efforts, provided insurance coverage for 2.46bn COVID-19 vaccines, launched “pandemic prevention and control insurance for service-oriented enterprises” in Chaoyang District, Beijing

Rapidly responded to major disasters and accidents such as the China Eastern Airlines crash, Tibet Airlines accident, severe flooding in Southern China and the Sichuan earthquake

Insurance partner of the **2022 Beijing Winter Olympics** and Paralympics

Chief underwriter of landmark “Belt and Road” initiatives including the launch of ChinaSat-6D satellite and PowerChina offshore wind power project in Vietnam

Actively promoted the introduction of catastrophe insurance in 13 provinces

Priorities in the Second Half

Deepen and Reinforce Development Quality

- ★ **Seeking business opportunities** in serving the overall interest of the national development
- ★ **Optimizing business structure** while accelerating product service innovation
- ★ **Strengthening technological empowerment** while building core competitiveness in technology

Deepen and Reinforce Inspection and Rectification Work

- ★ **Improving development momentum, quality and efficiency** through the reform of subsidiary companies
- ★ **Optimizing investment structure and enhancing investment management capabilities** while serving the national strategy and insurance segments
- ★ **Strengthening accountability and effectiveness of risk control** while further strengthening bottom-line thinking

Deepen and Reinforce System Construction

02

Segment Overview

P&C: Results Highlights

Premium Income

RMB277.41bn

+ 9.8%

Net Profit

RMB19.04bn

+ 15.4%

Net Asset

RMB209.74bn

+ 2.0%

Combined Ratio

96.0%

-1.2ppts

Annualized Total
Investment Yield

5.3%

Outperform the
Industry

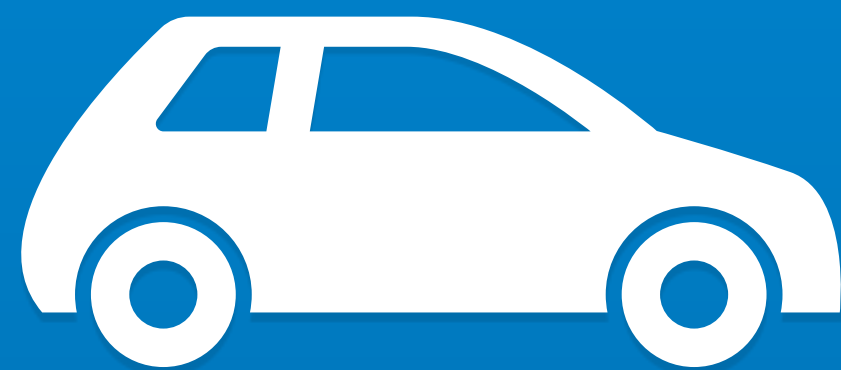
Net Loss and LAE
Reserves Ratio

41.6%

+ 4.2ppts

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

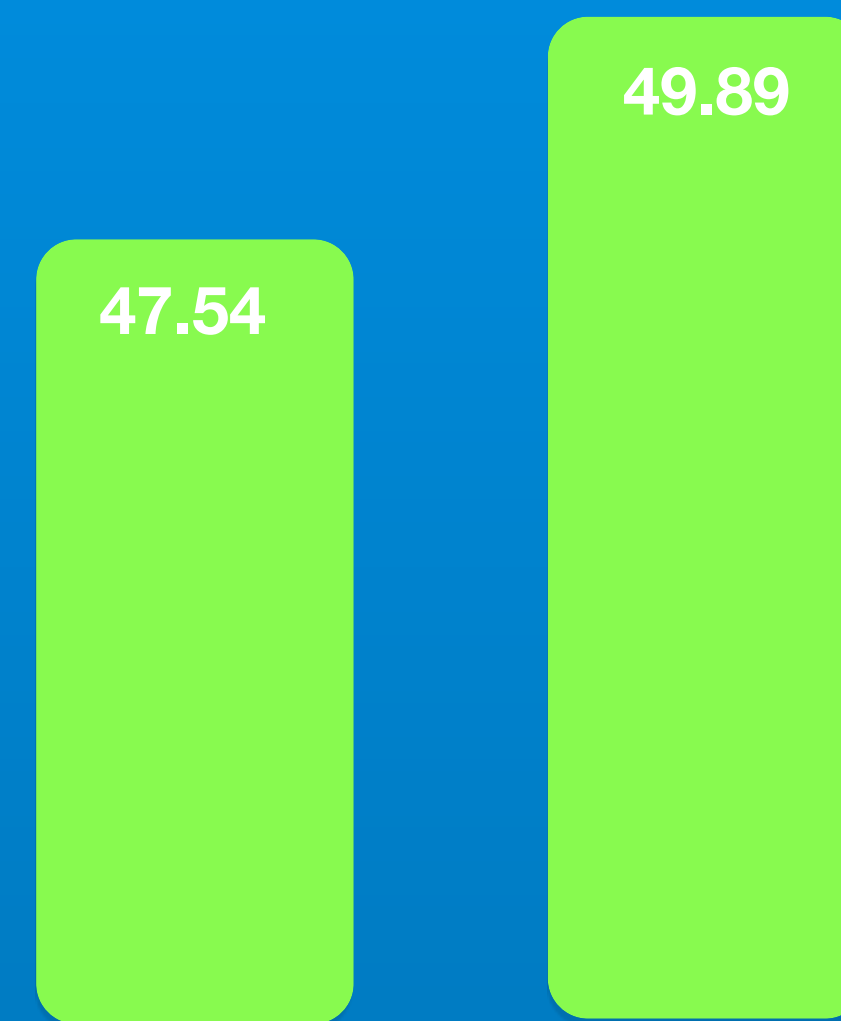
Sustained Leading Advantages in Motor Insurance



Steady Business Growth

+ 4.9%

Number of vehicles
insured (mn vehicles)

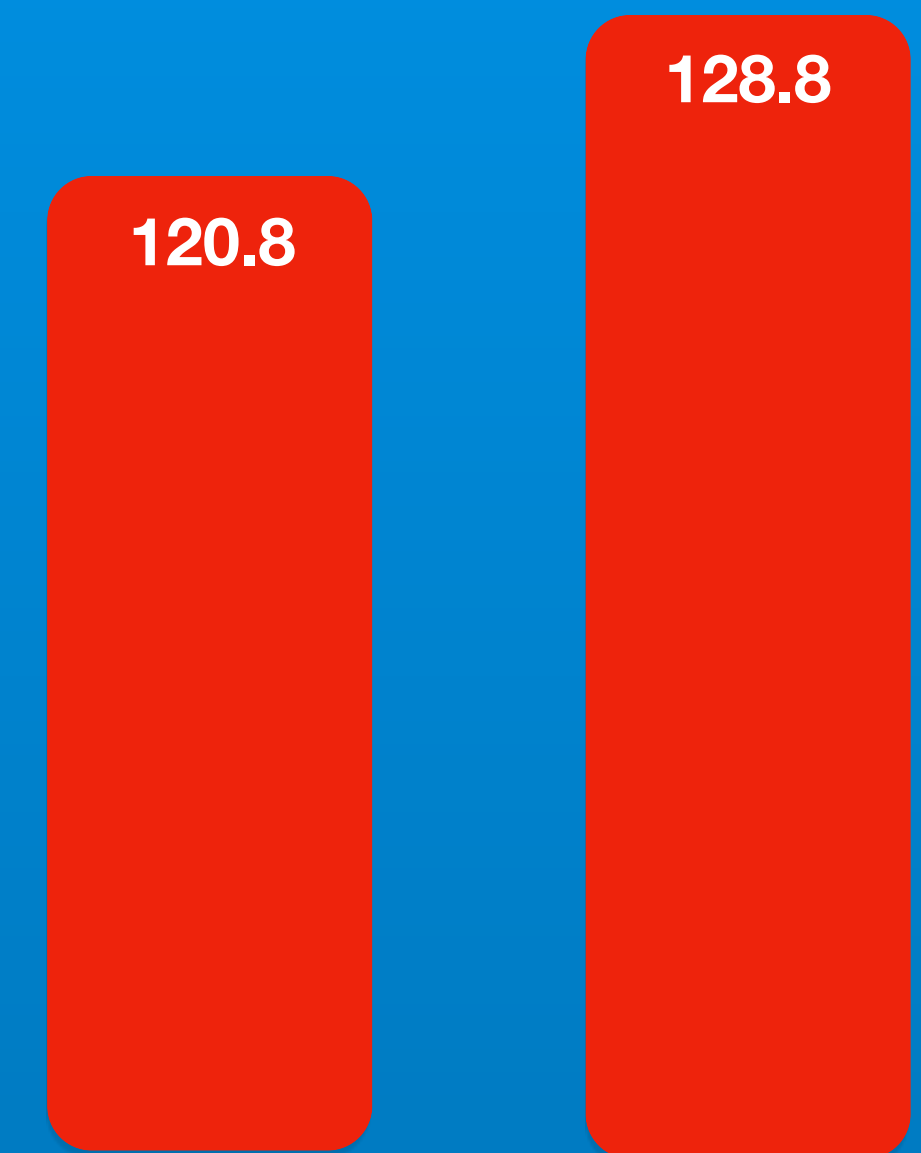


2021H1

2022H1

+6.7%

Motor insurance premium
income(RMB bn)



2021H1

2022H1

Continued Structural Improvements in Motor Insurance

+ 6.8%

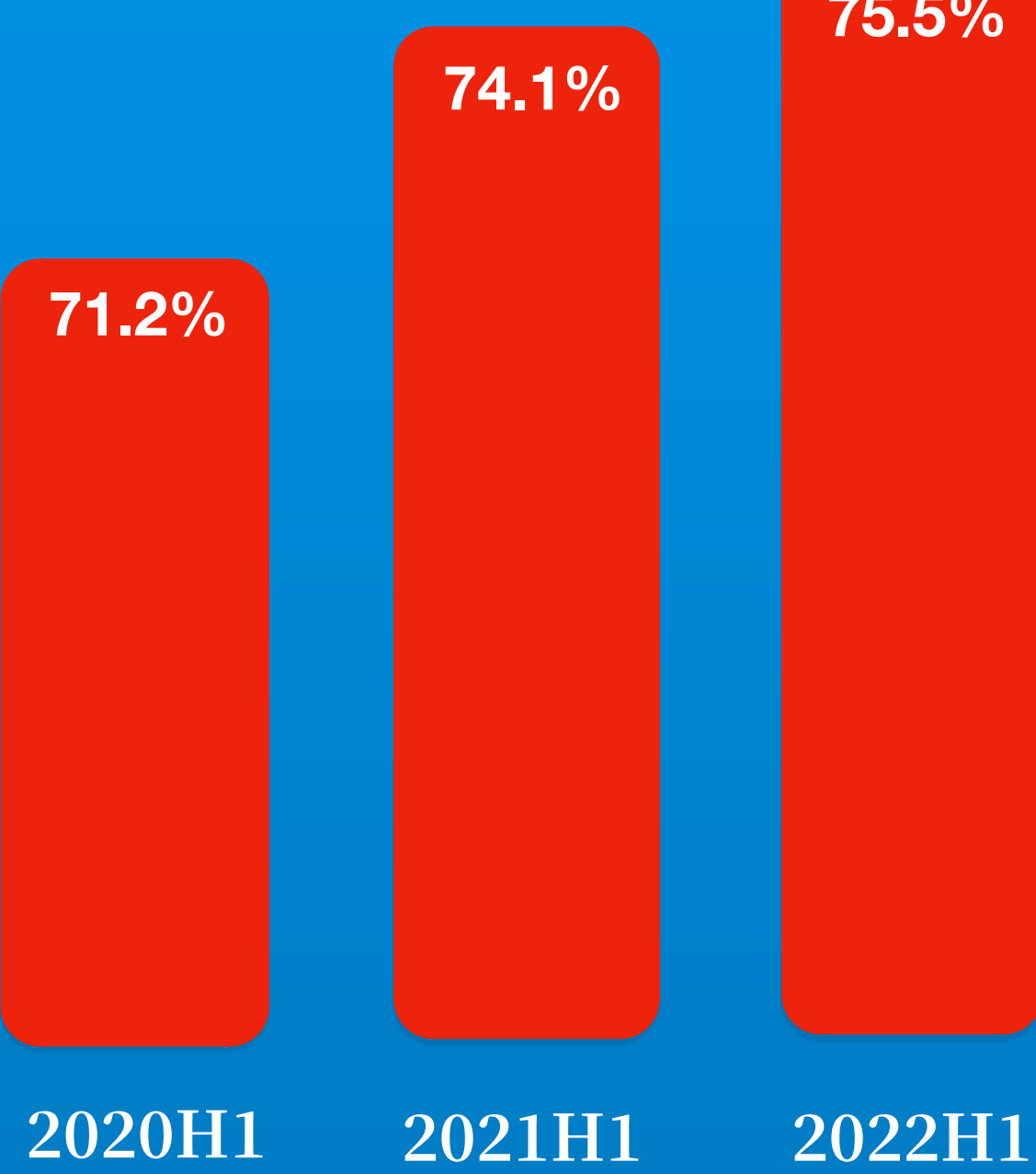
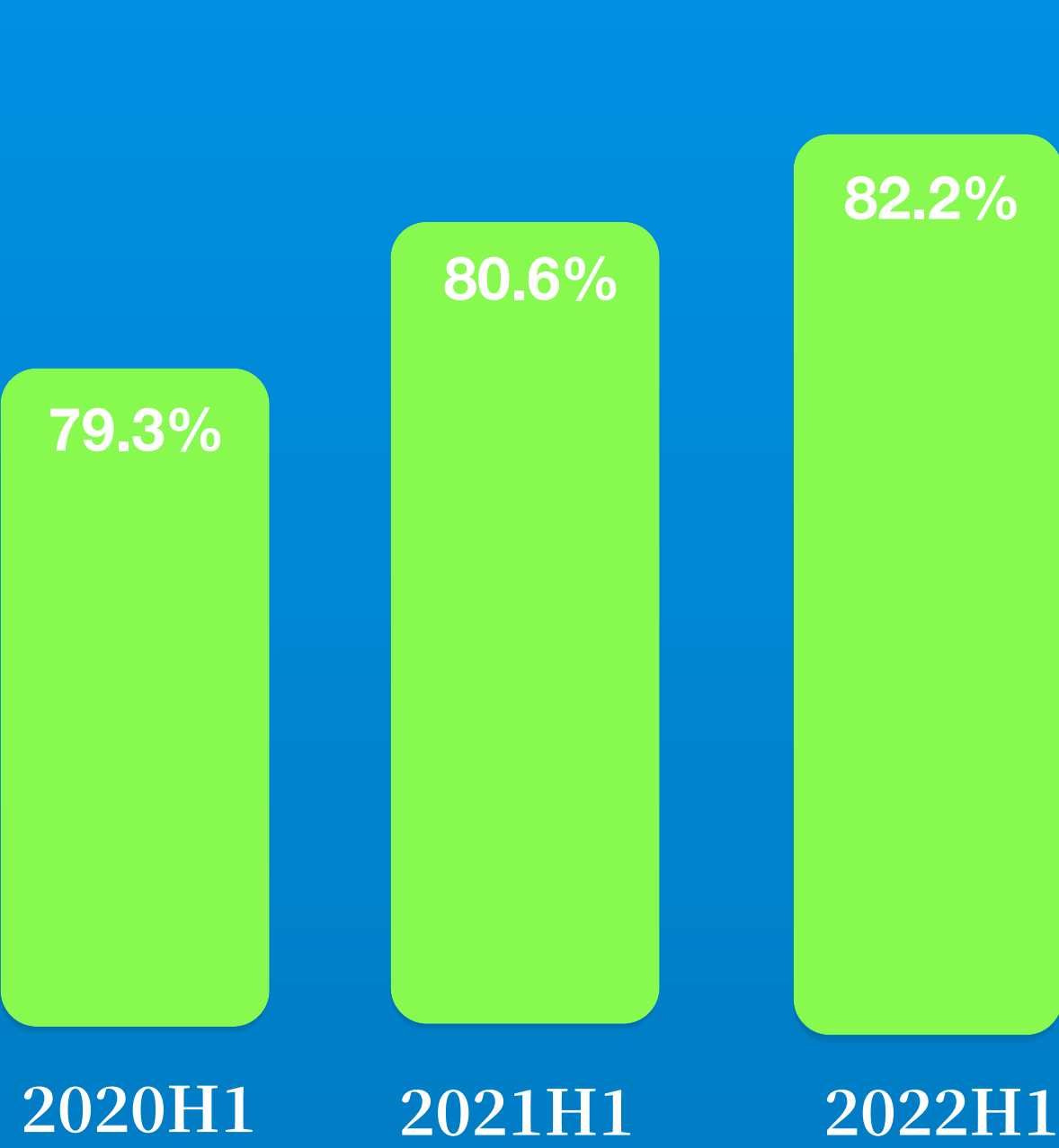
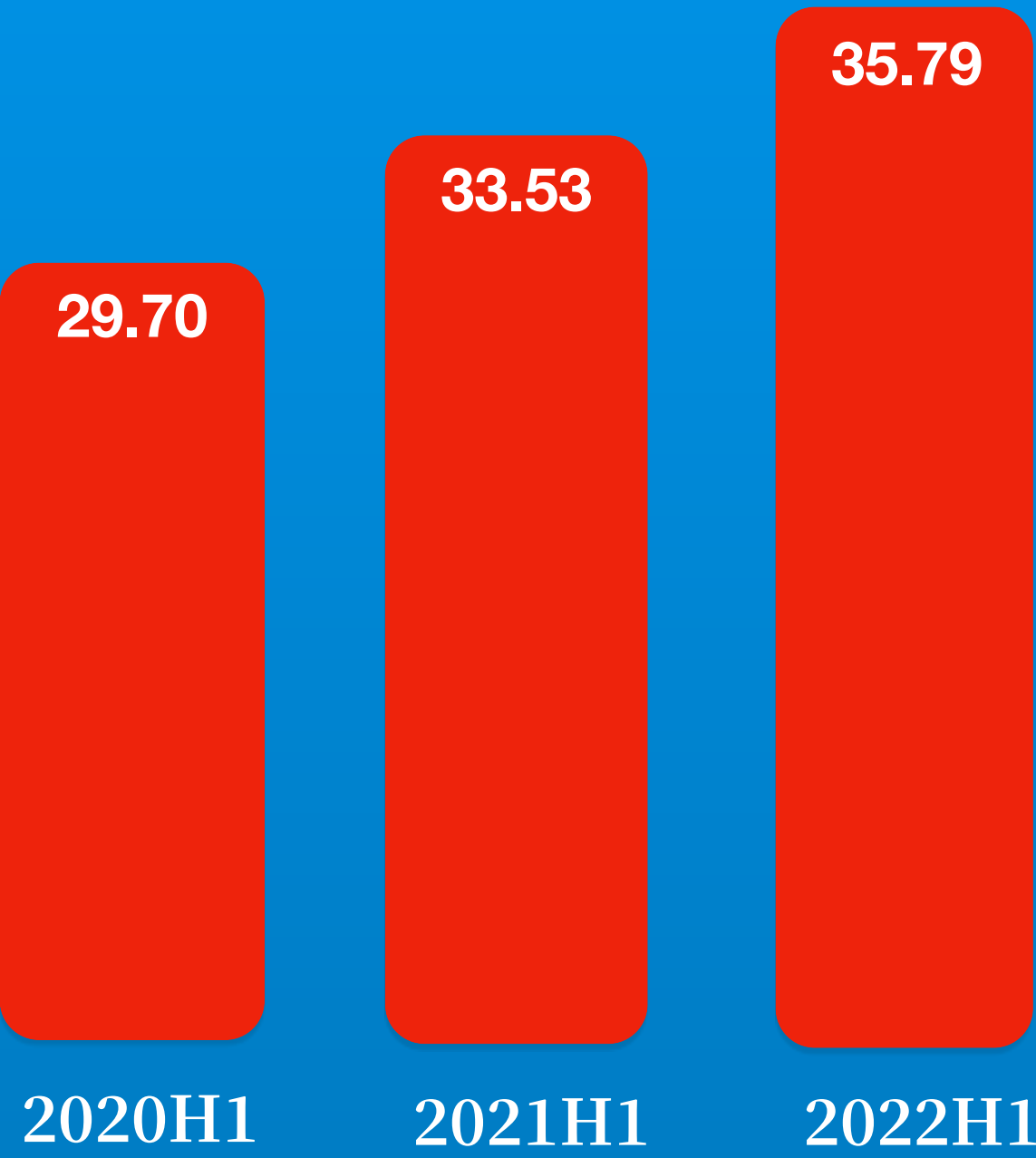
Number of household vehicles insured

+1.6ppts

Proportion of household vehicles insured

+ 1.4ppts

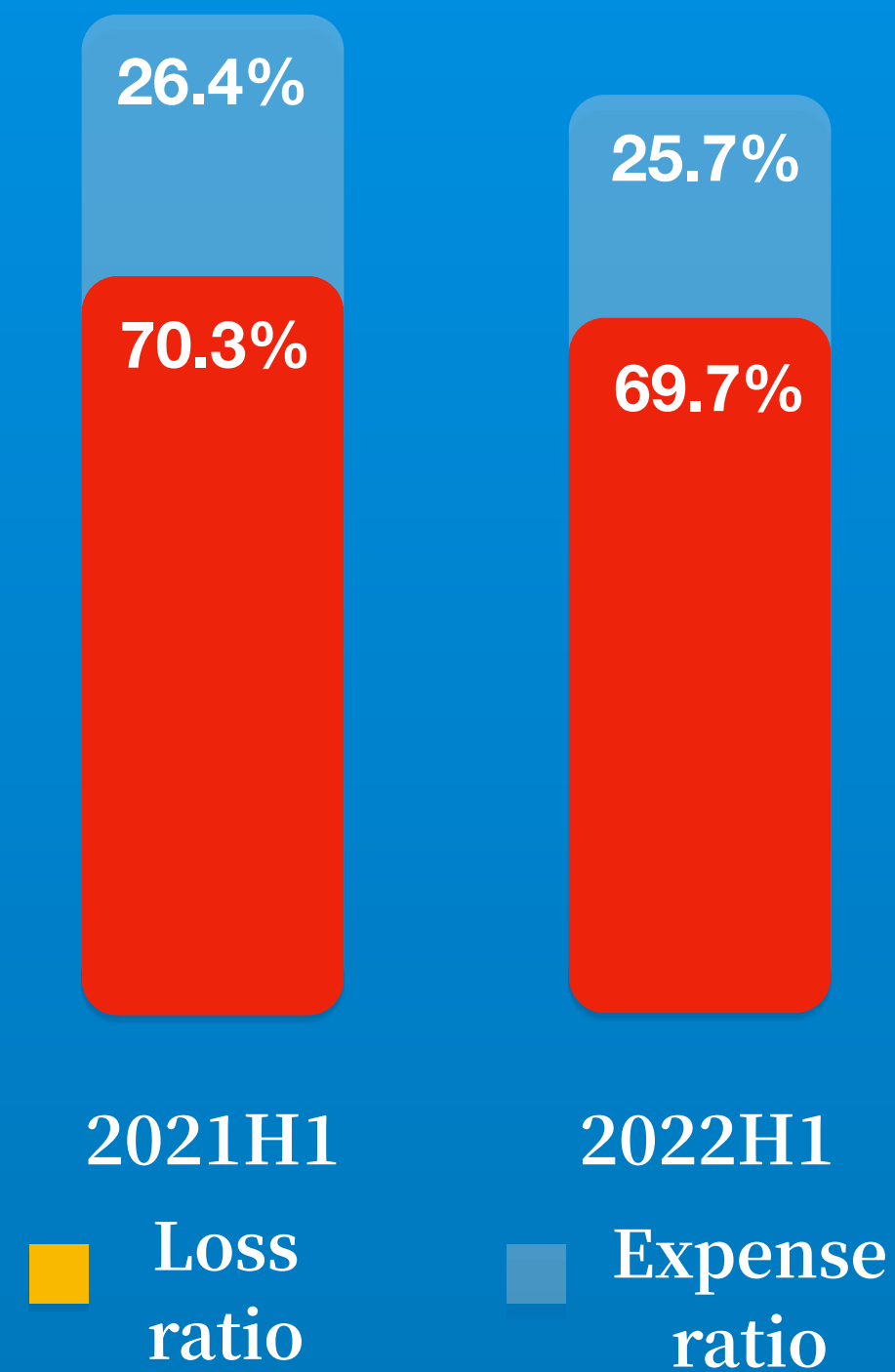
Renewal rate of household vehicle insurance



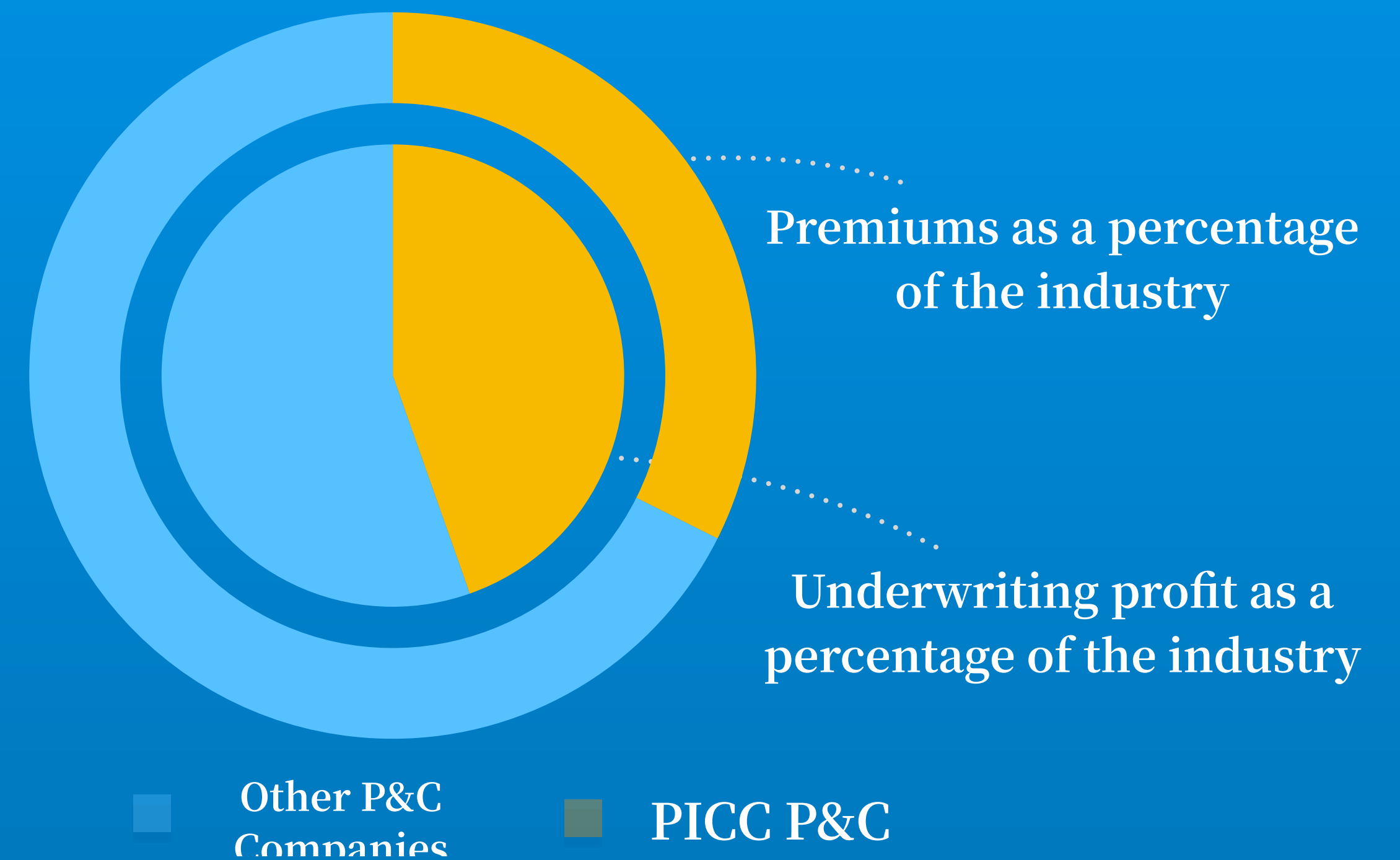
Unit: mn vehicles

Motor Insurance Profitability Outperformed the Industry

Combined Ratio 95.4%

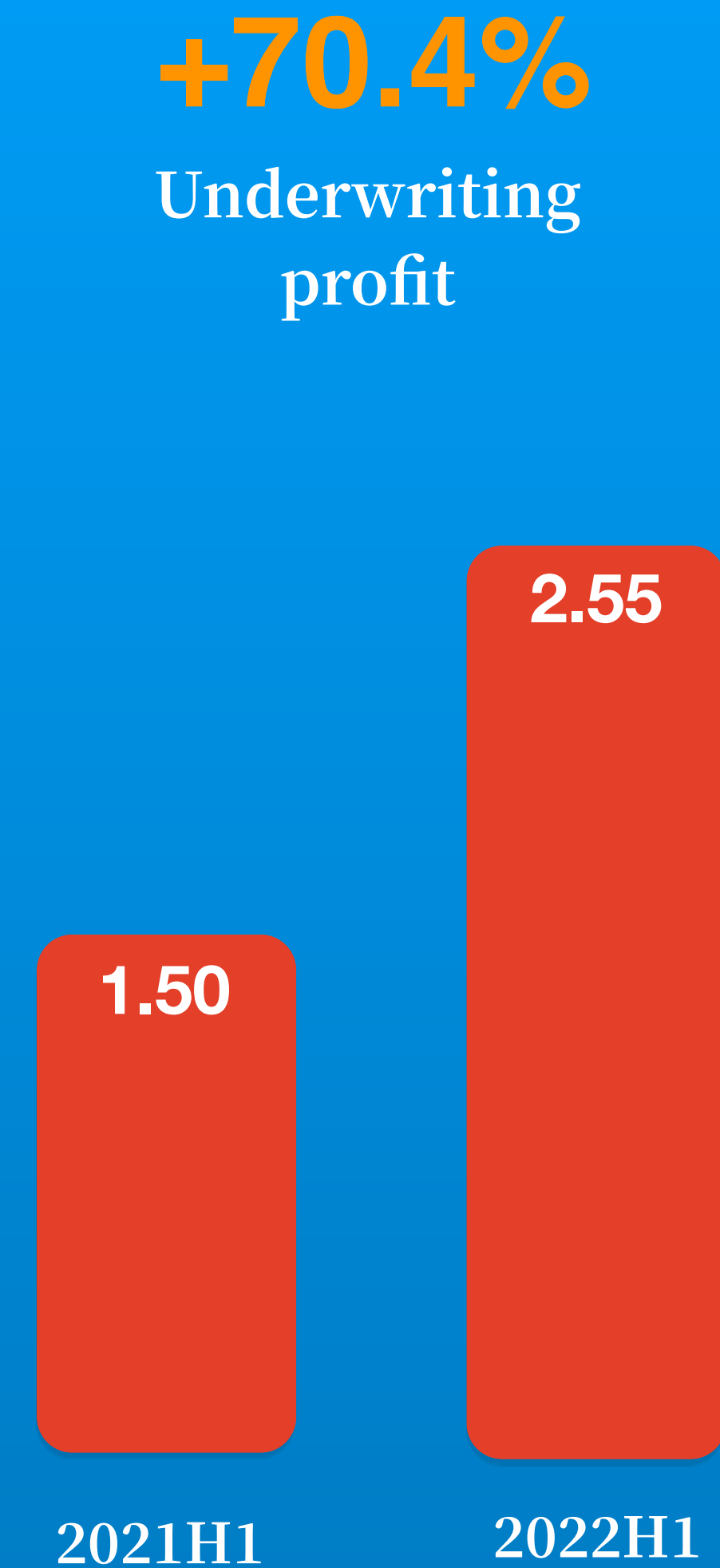


Underwriting profit Outperformed the industry



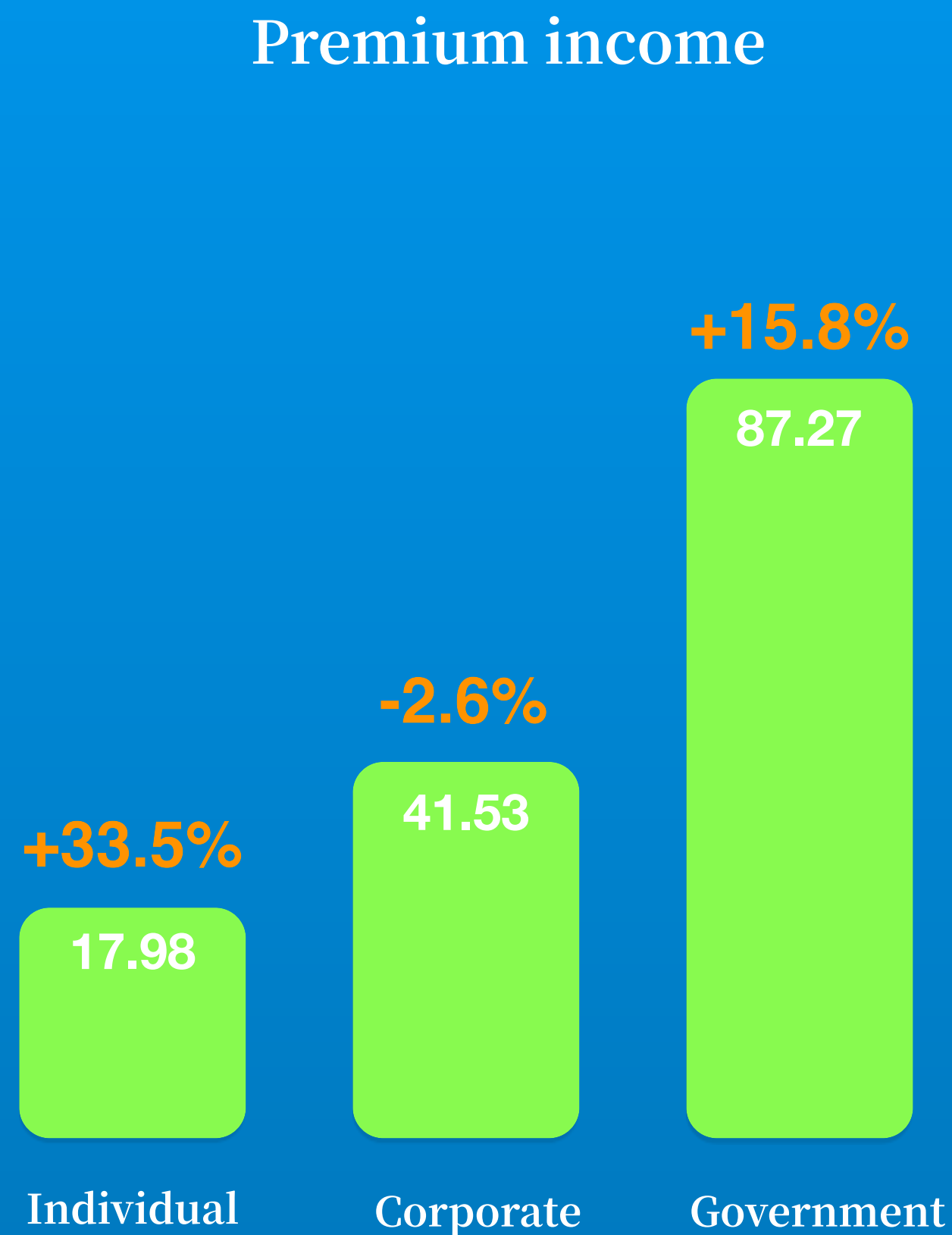
Significant Improvements in Profitability of Non- motor Insurance

- Vigorous development of high-quality **individual business**
- Steady development of **government business**
- Profitable development **corporate business**

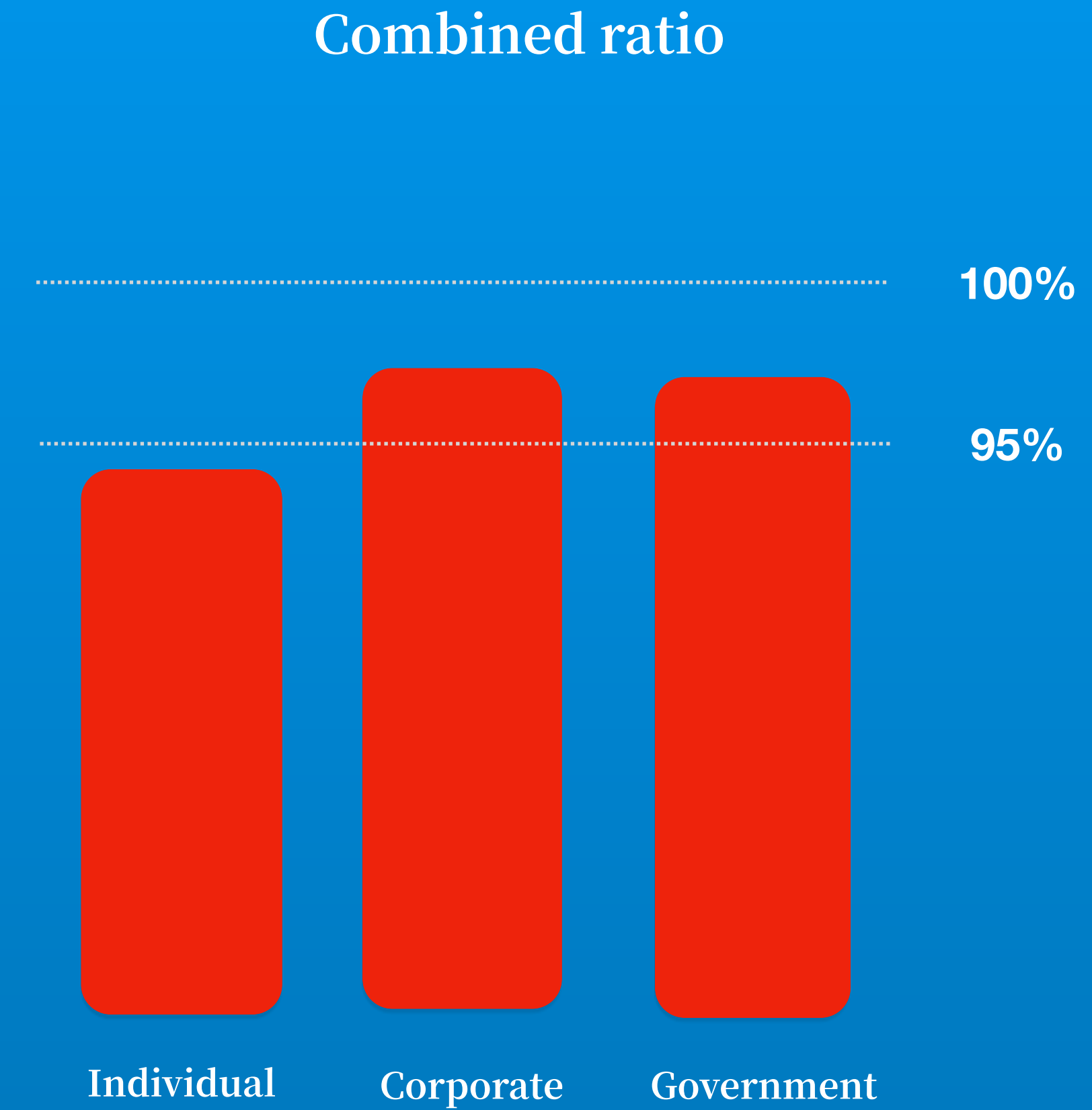


Unit: RMB bn

Profitable Development of Three Major Non-motor Insurance Business Lines

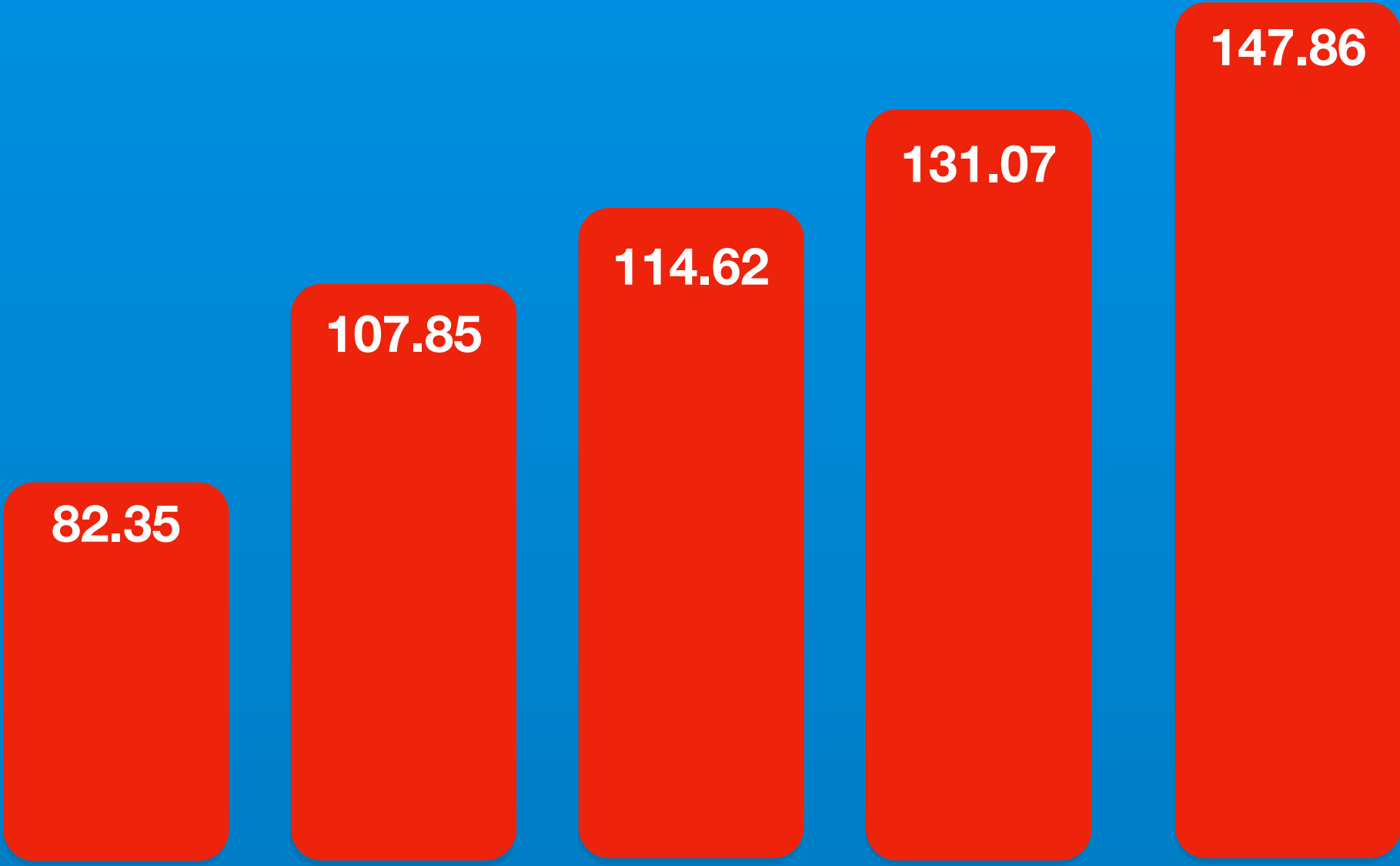


Unit: RMB bn



Broad Development Prospects of Non-motor Insurance

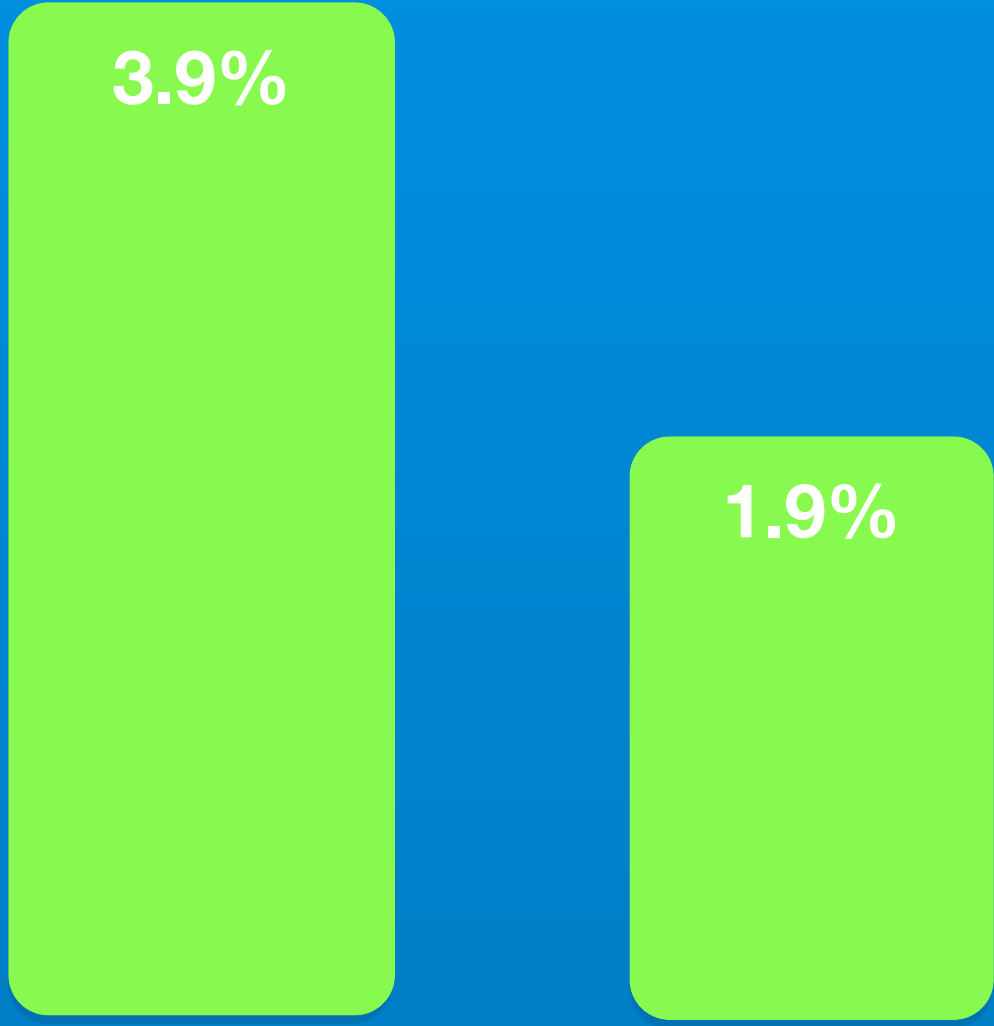
5-year premium CAGR **+15.8%**



2018H1 2019H1 2020H1 2021H1 2022H1

Unit: RMB bn

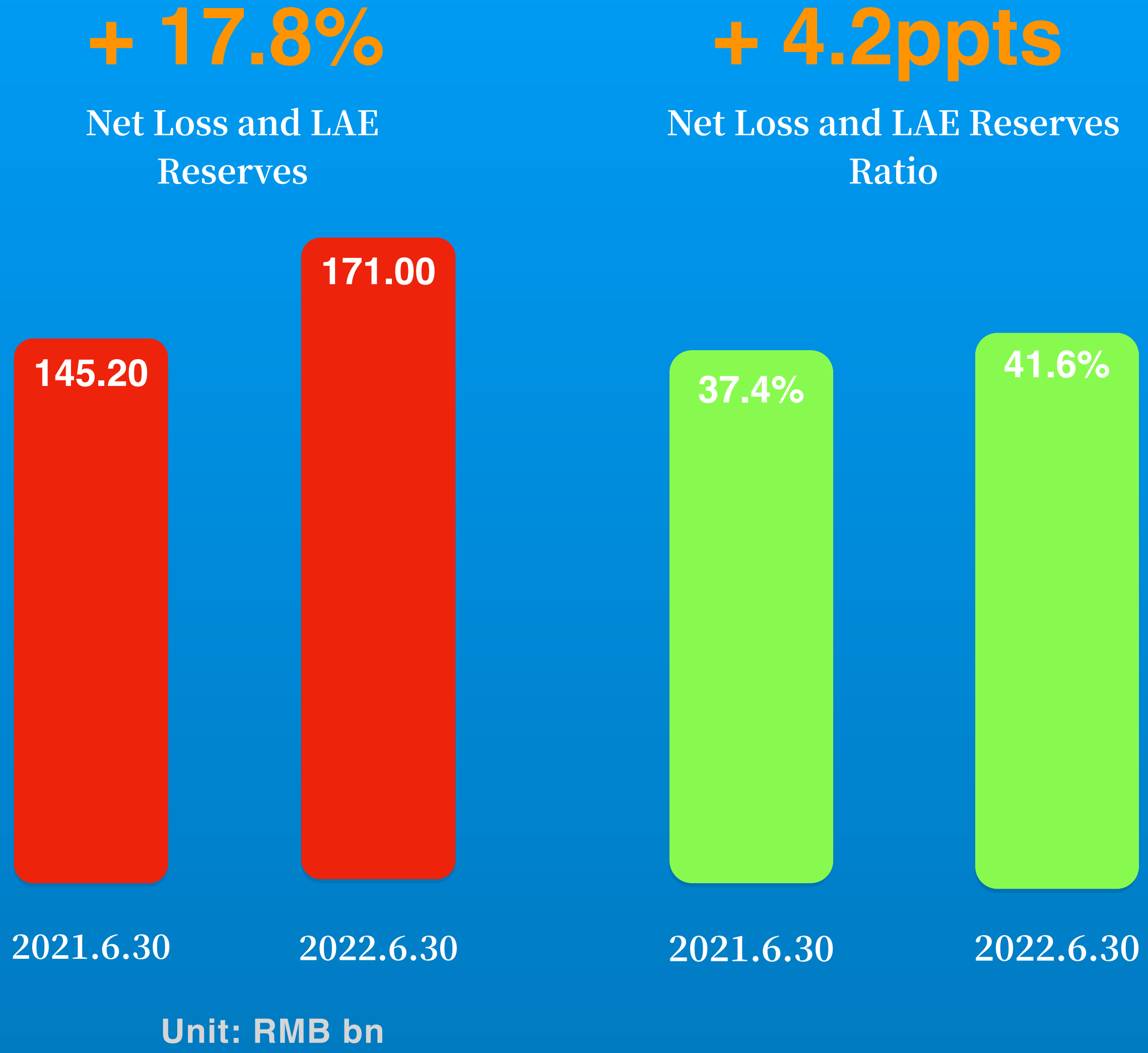
P&C insurance penetration in 2021



Global average Mainland China

Source: sigma

Sufficient Net Loss and LAE Reserves



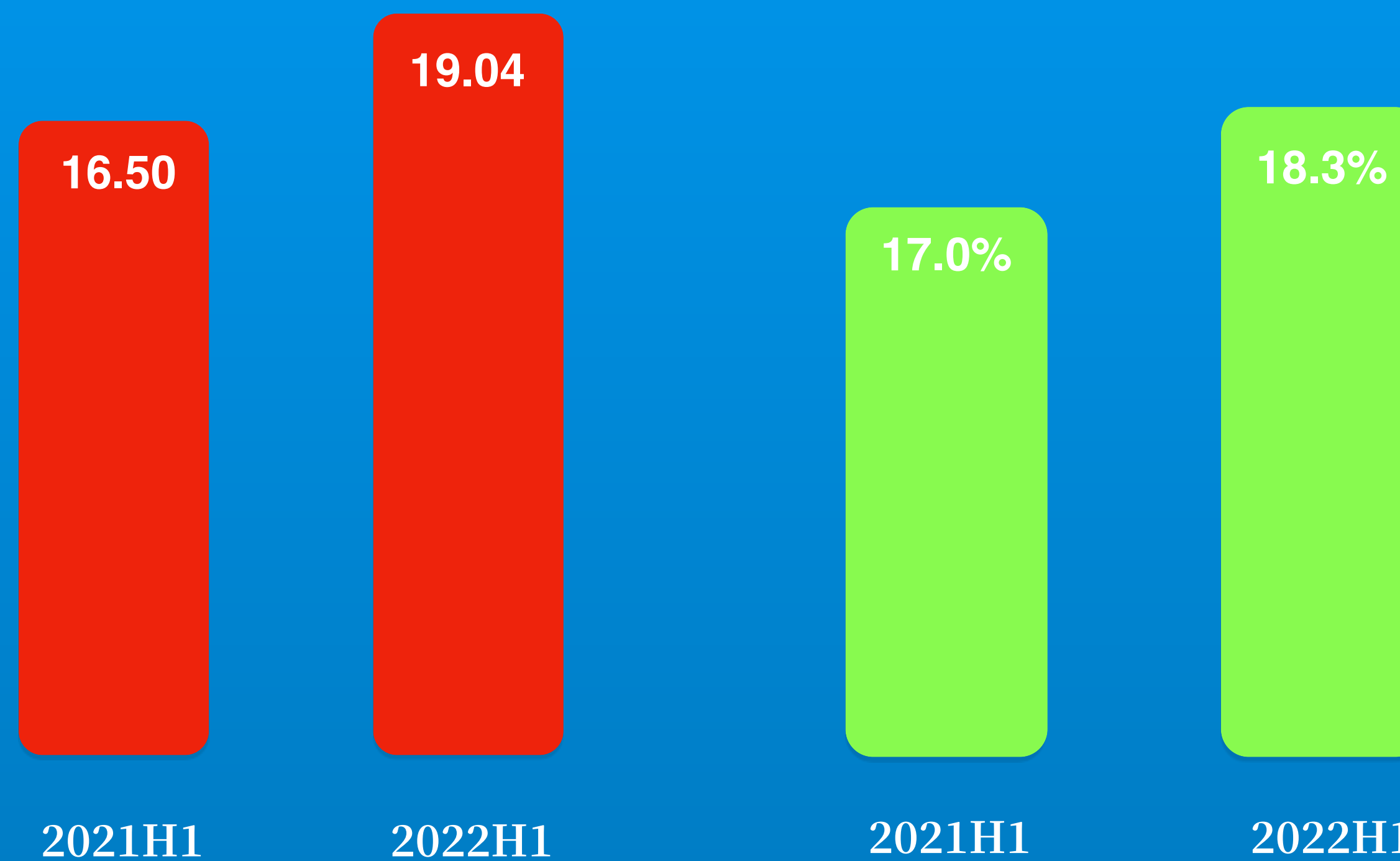
ROE Remains High

+ 15.4%

Net profit

+1.3ppts

ROE
(annualized)

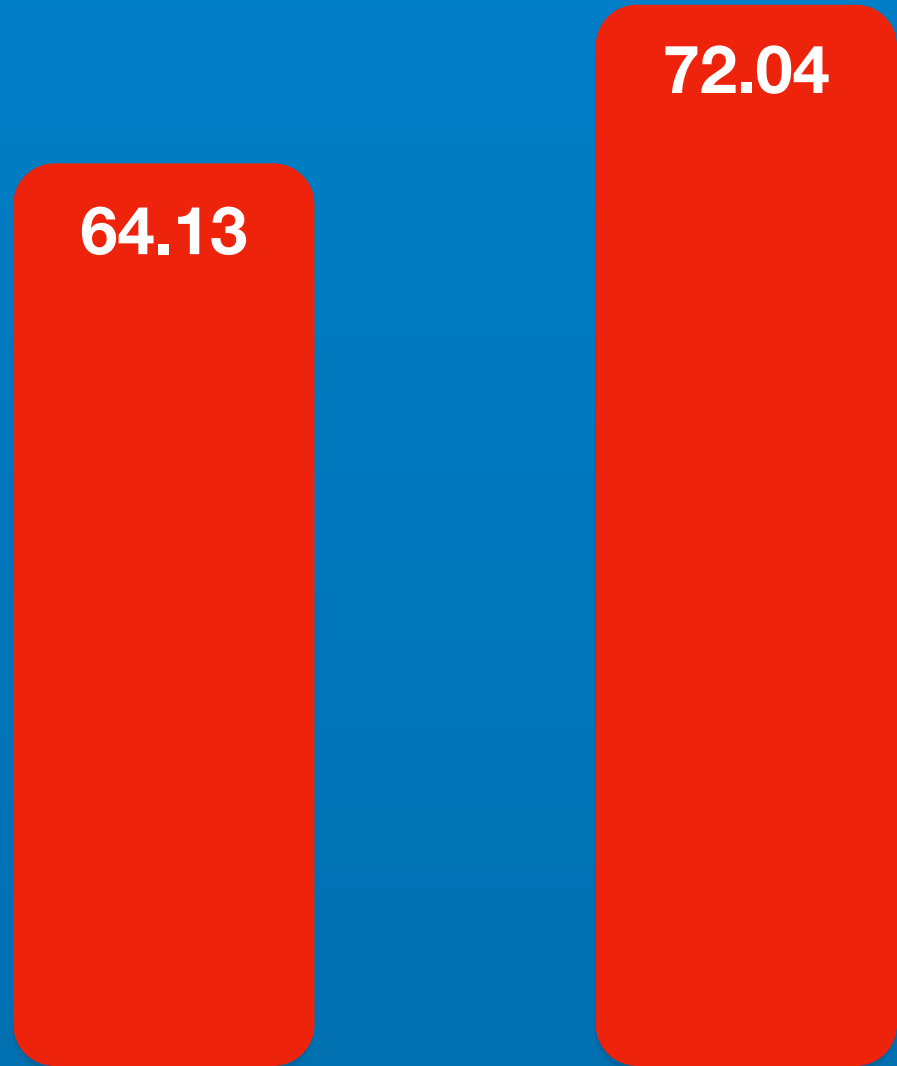


Unit: RMB bn

Life Insurance: Stabilized and Rebounded

+ 12.3%

Premium Income



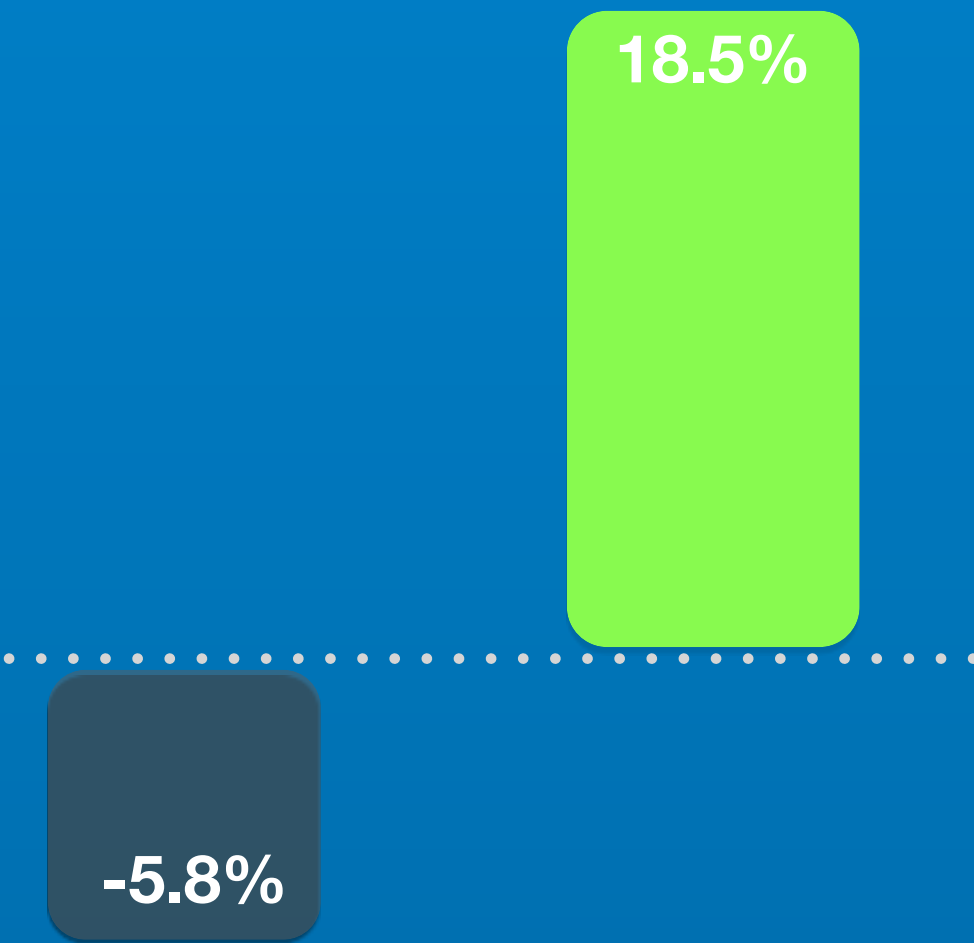
2021H1

2022H1

Unit: RMB bn

Growth turned positive

First-year regular premiums

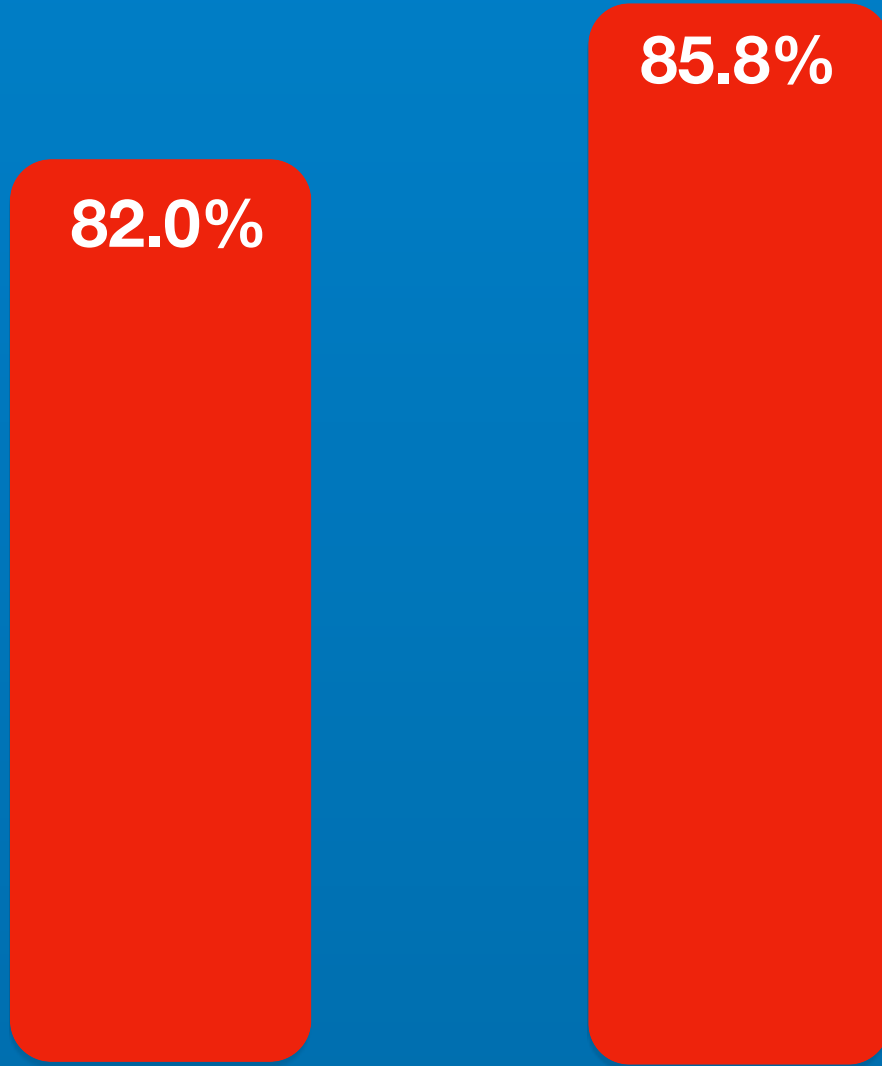


Q1

Q2

+3.8ppts

13-month renewal rate

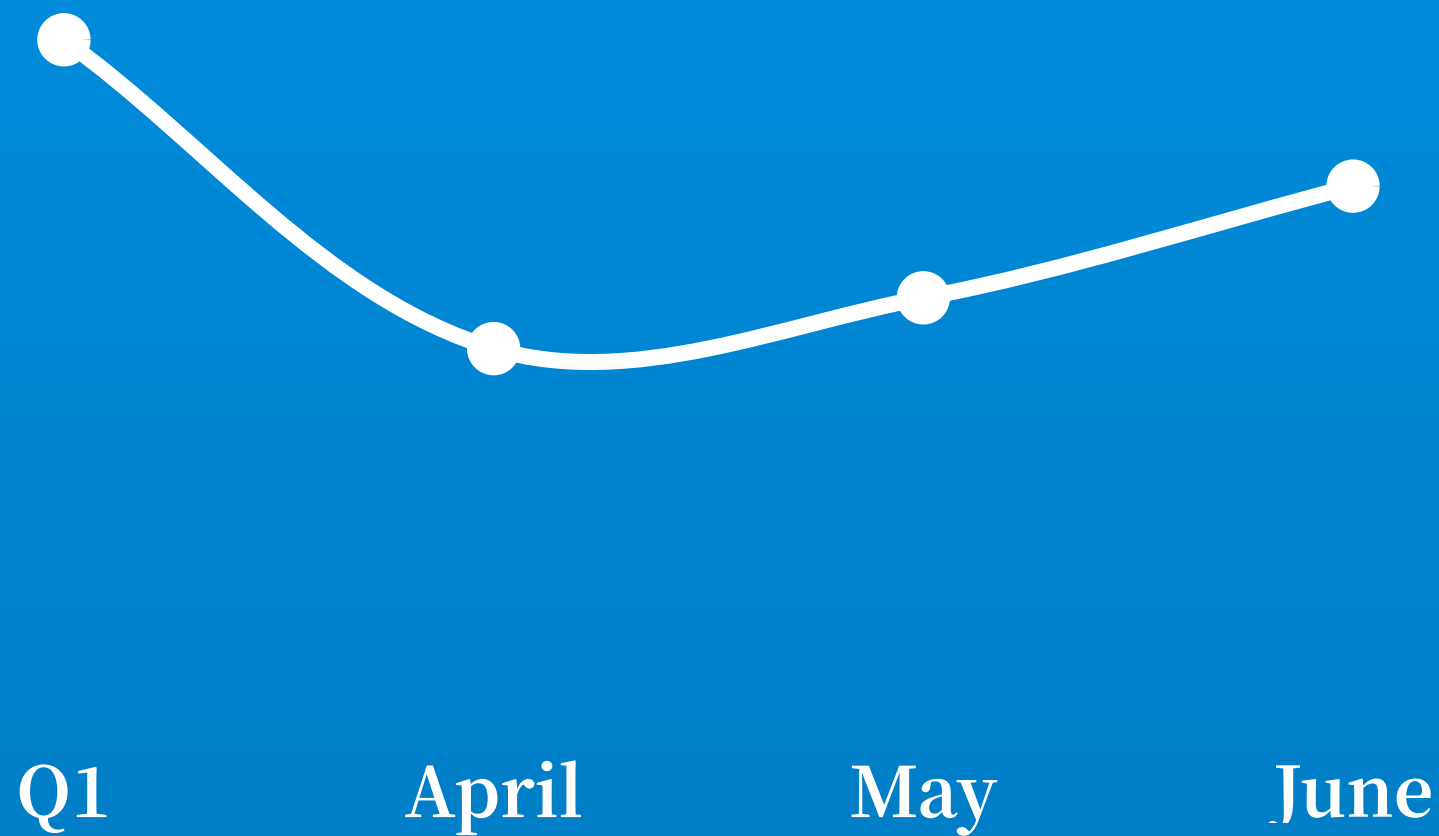


June of
2021

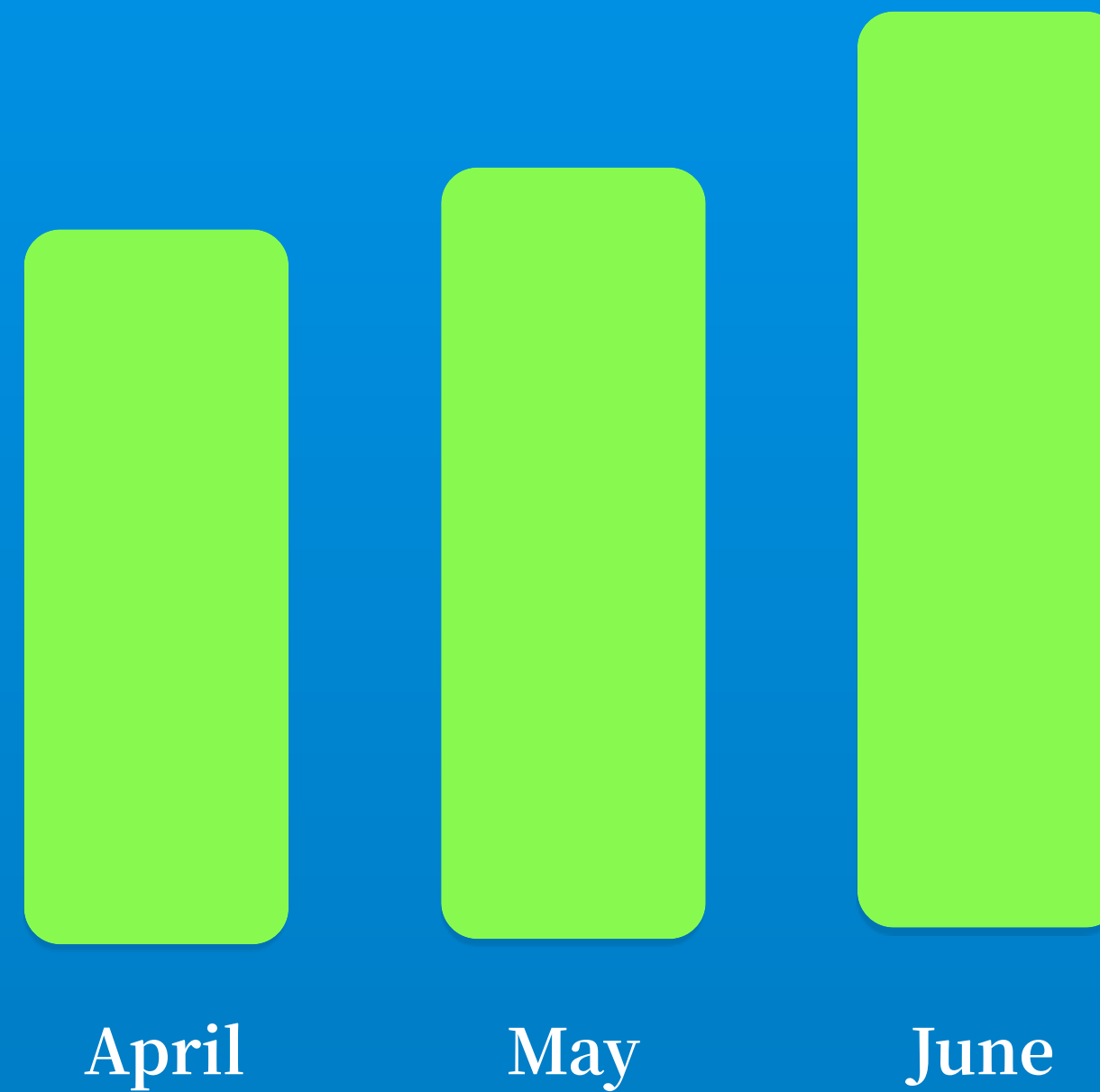
June of
2022

Quality of Individual Agents Improved

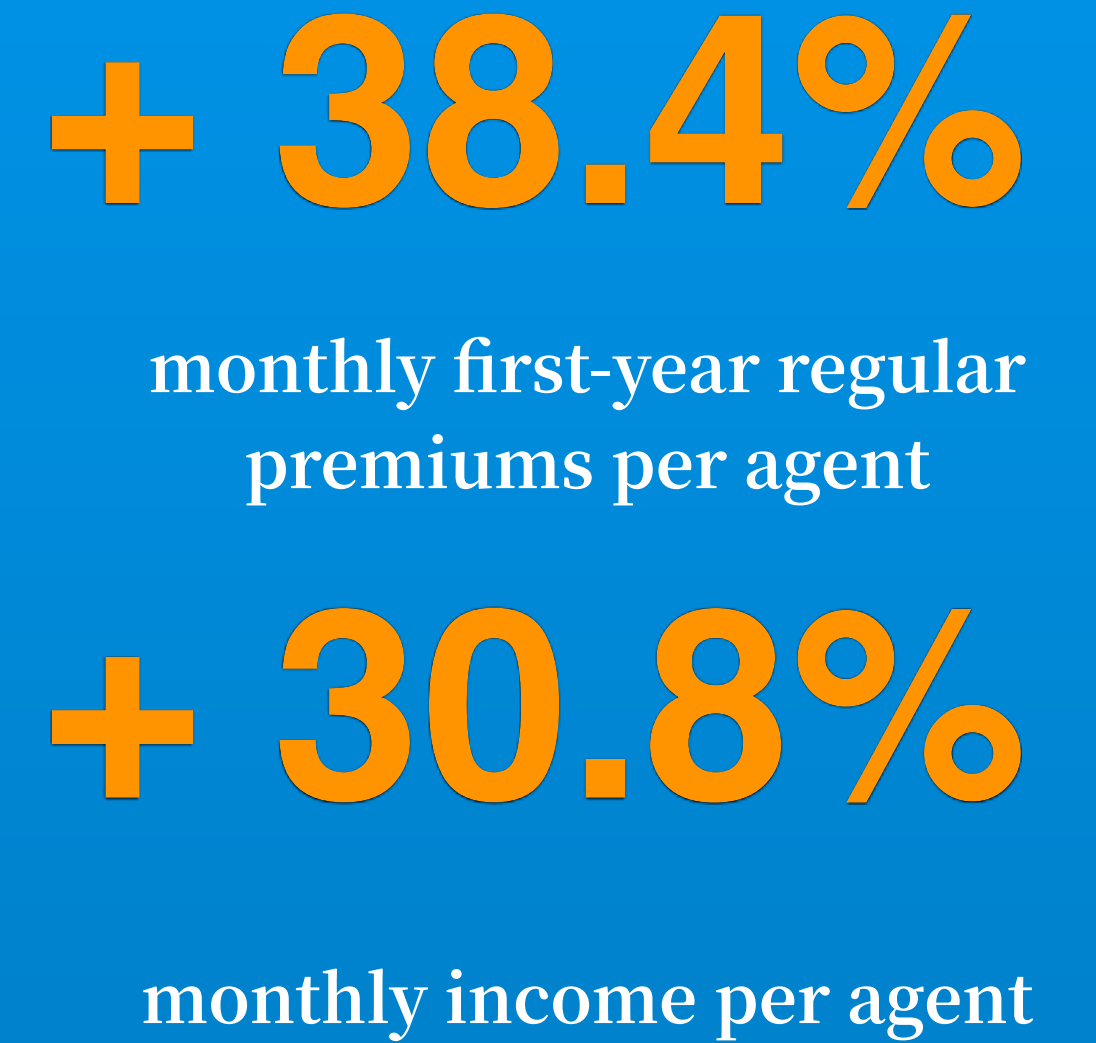
MoM number of monthly effective agents bottomed out



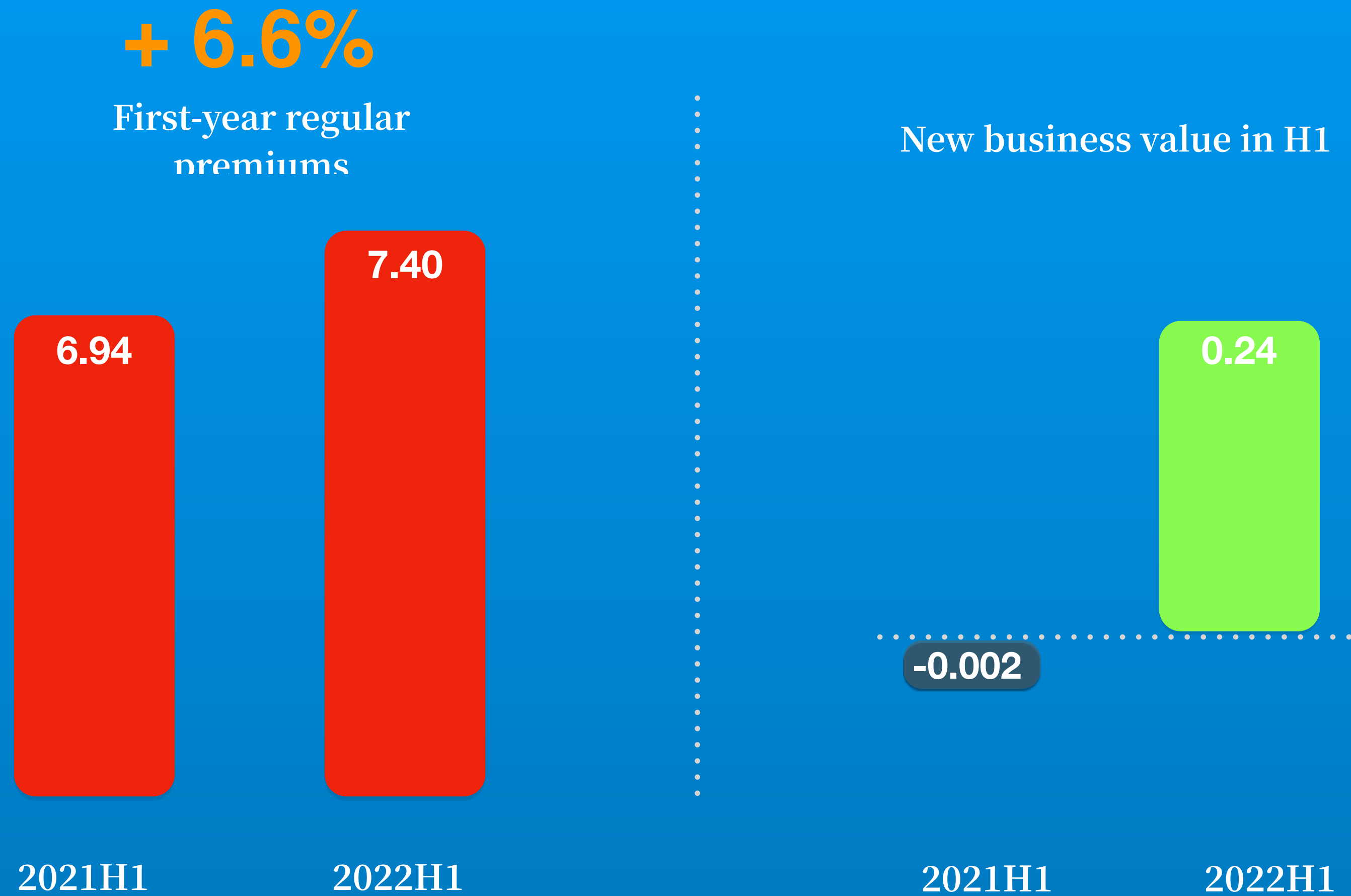
13-month retention rate continued to improve



Substantial increase in agent productivity



Significant Value Promotion of Bancassurance Channels

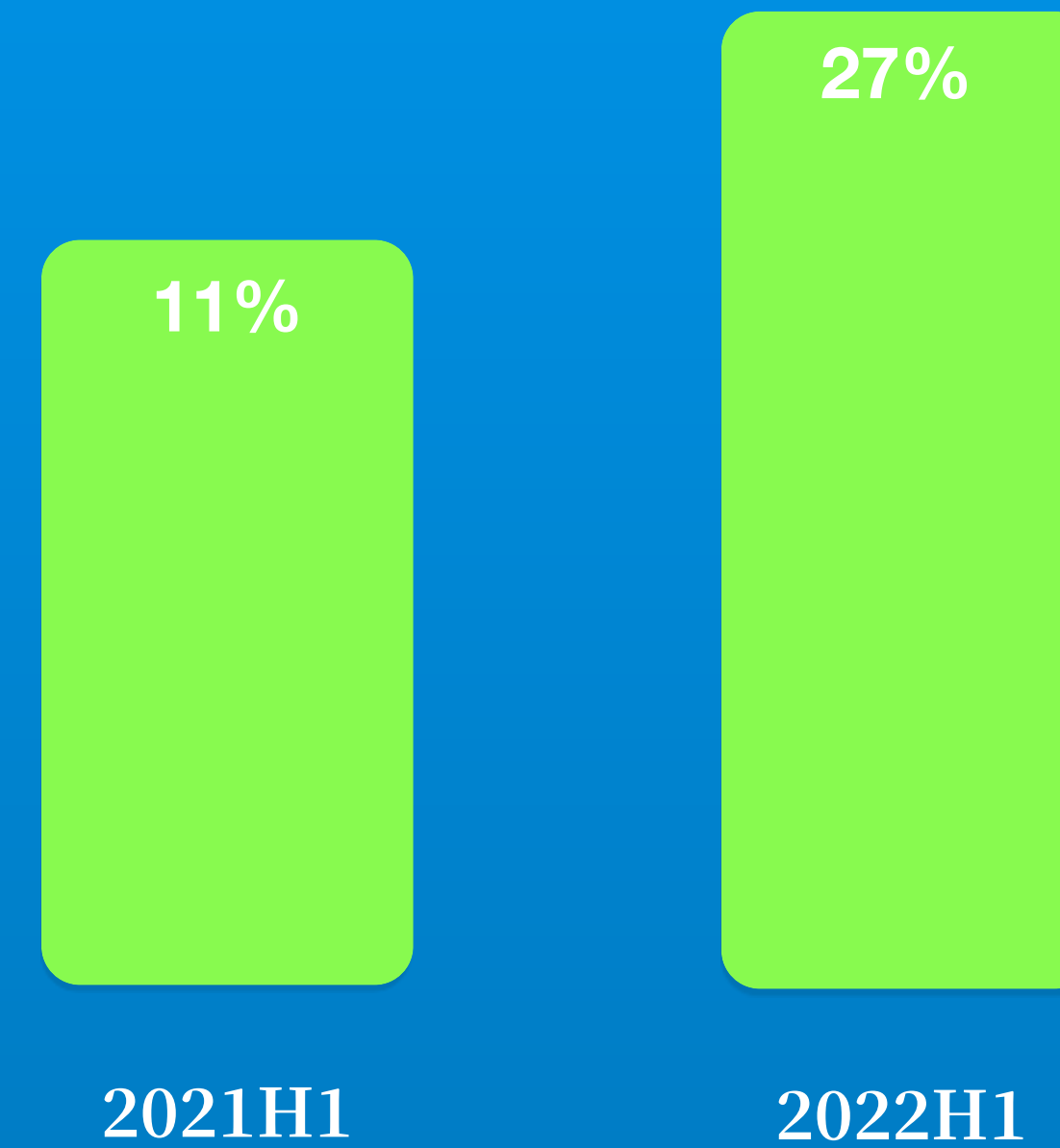


Unit: RMB bn

Strengthening Profitability in Short-term Insurance

RMB620mn
Expense Loading
in pricing

+ 16ppts
Underwriting profit margin



Vigorously Developing New Business Opportunities

+15.4%

10-year regular premiums

+89.7%

New business value in H1

E-commerce channels

**Three Top Rankings
in the Industry**

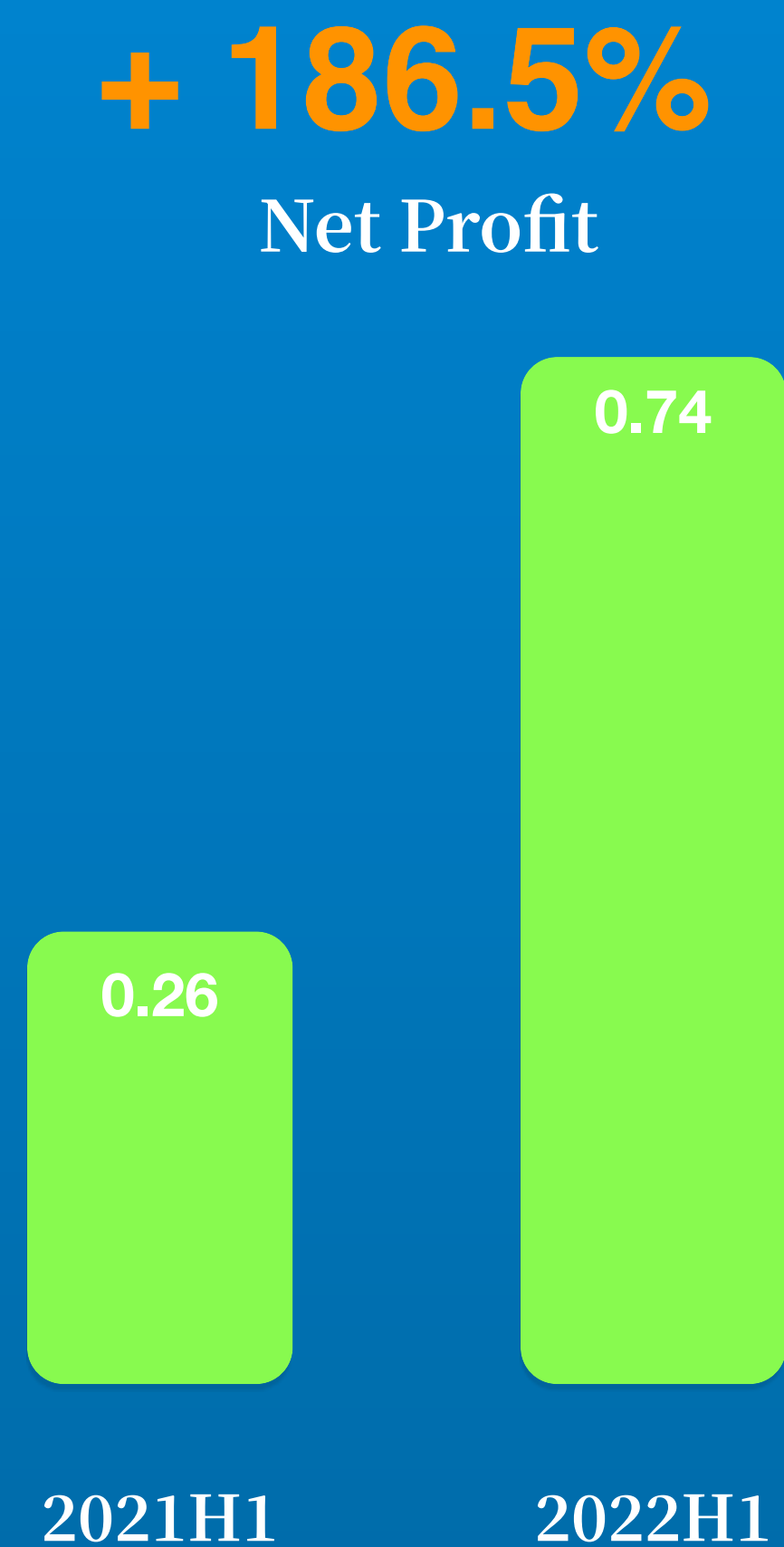
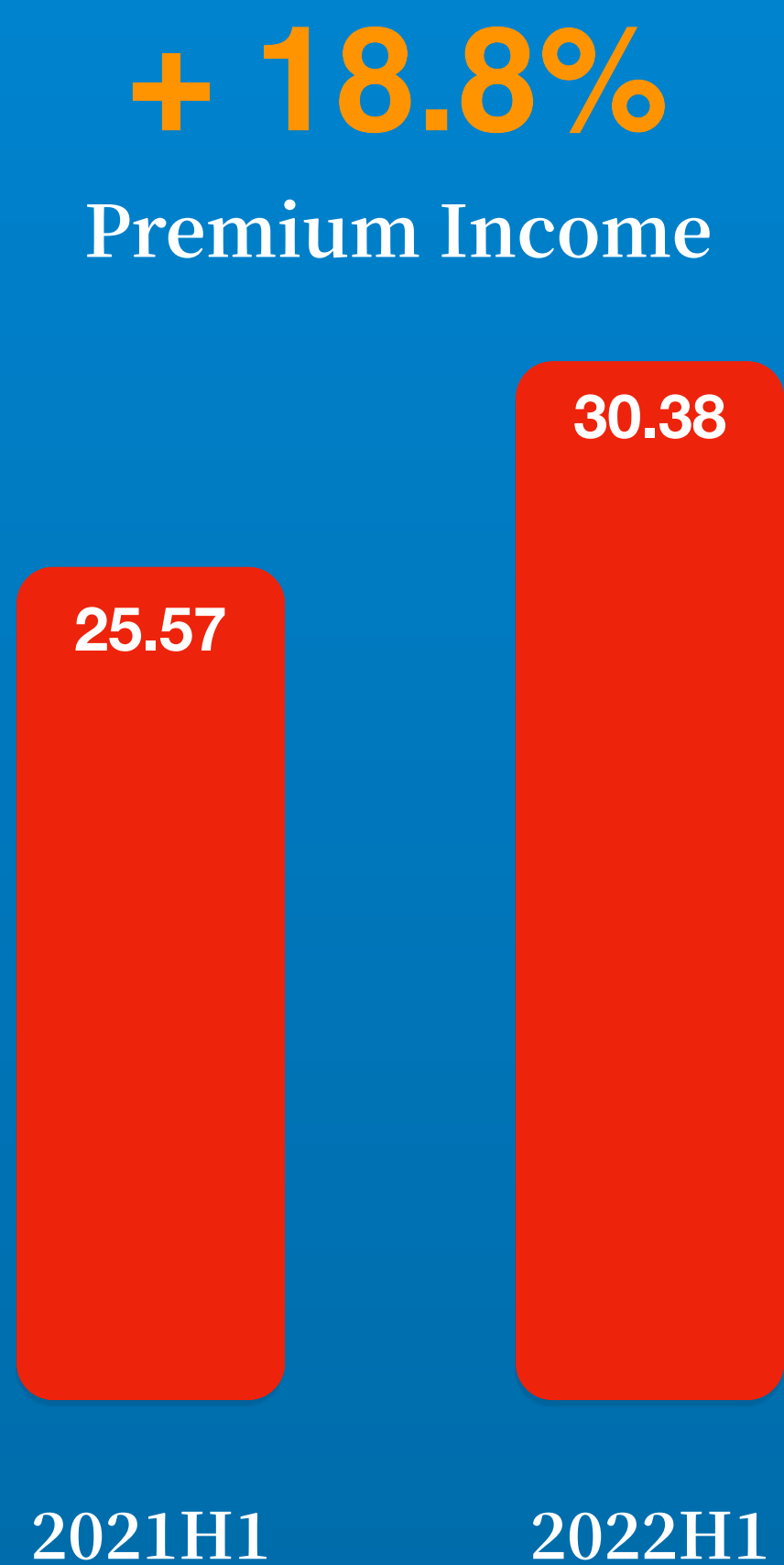
Sold the first policy in the industry

Sold the first policy to flexible
employees in new types of
employment in the industry

Sold the most number (66000) of
policies

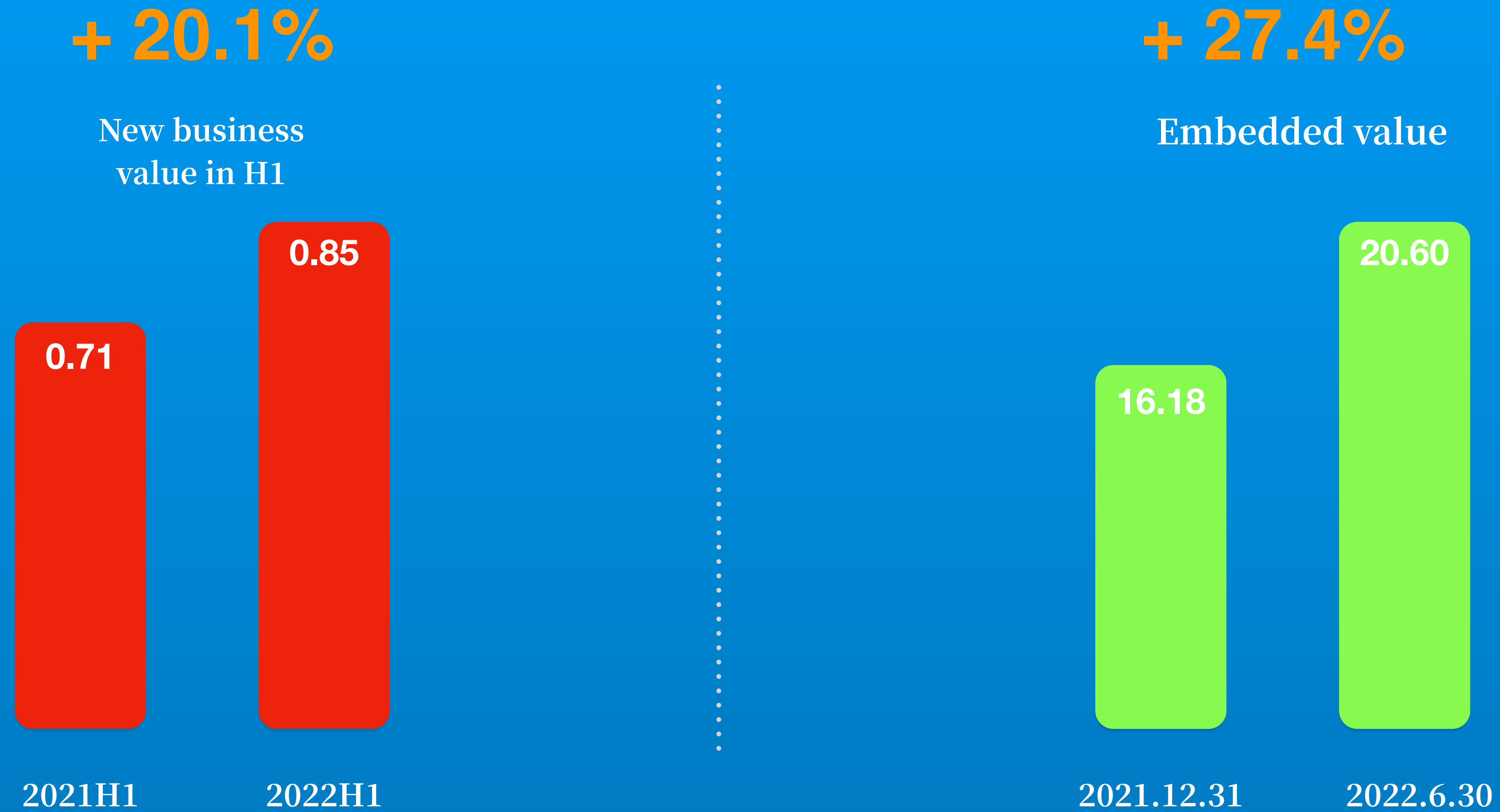
**Exclusive commercial
pension insurance**

Health Insurance: Operating Results Hit Another Record High



Unit: RMB bn

New Business Value Grew Against Trend

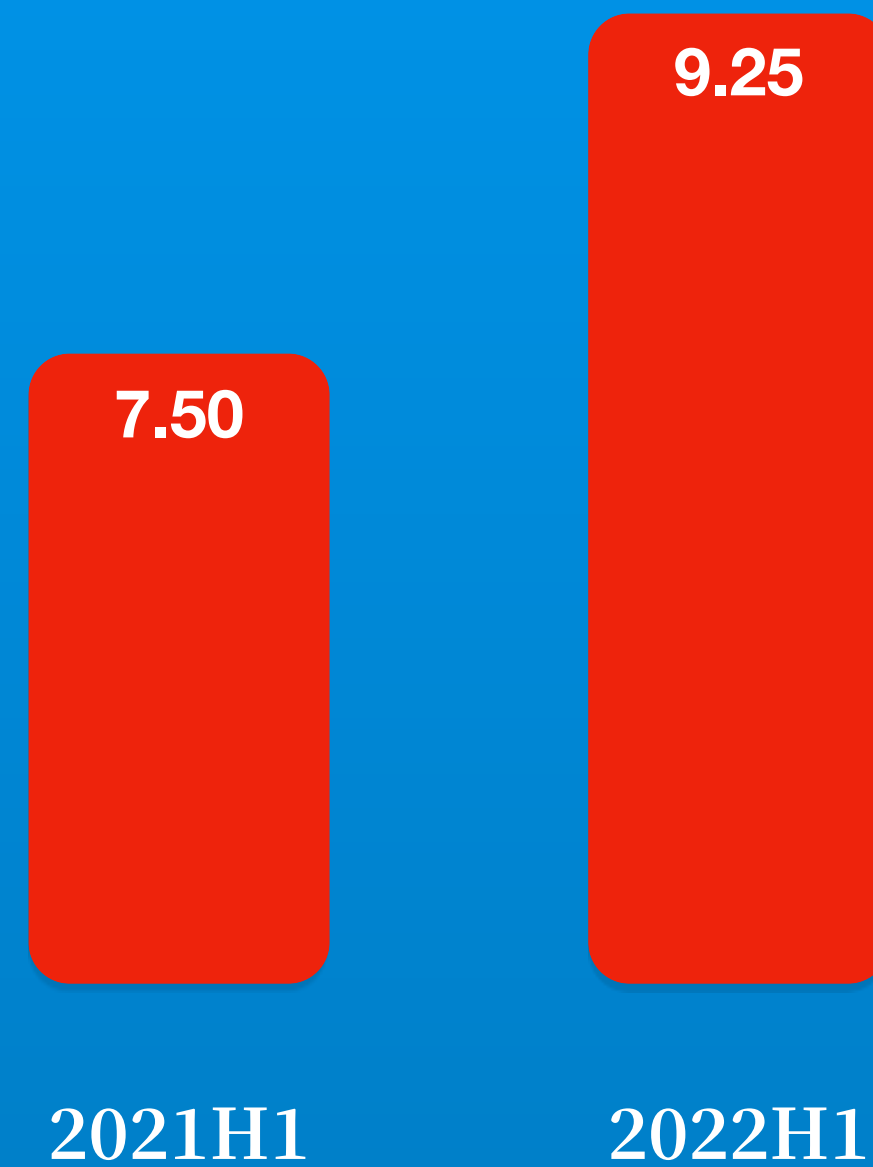


Unit: RMB bn

Sustained Rapid Growth of Online Health Insurance

Total written premiums of
online health insurance
business

+ 23.3%



Unit: RMB bn

60 mn customers

Launch of new products
Expanding new fields

Critical Illness
No.1

Children's
Critical Illness

Anti-Cancer
No.1

Children's
Medical Care

Medical Insurance for The
Crowd of Lung Nodules

...

Policies held per capita

PICC 中国人民保险 少儿专属重疾保障

孩子更需要的重疾保障

- 保170种特定/重/中/轻疾病
- 保额翻倍, 最高160万保障
- 保费可豁免, 无后顾之忧

不妨您一试? >

PICC 中国人民保险 性价比高

防癌医疗就选它!

- 6年保证续保, 患癌理赔后仍可续
- 不限社保用药 好药、贵药都给报
- 三高、糖尿病患者都可保

去看看 >

PICC 中国人民保险 肺结节定制款

精准守护肺部健康

- 最高保障200万
- 附赠专属病程管理

保障无法购买传统健康险肺结节群体

新品上市 | 去看看 >

+ 15.8%

PICC RE: Continuous Business Expansion

Reinsurance premiums

RMB4.64bn **+ 31.9%**

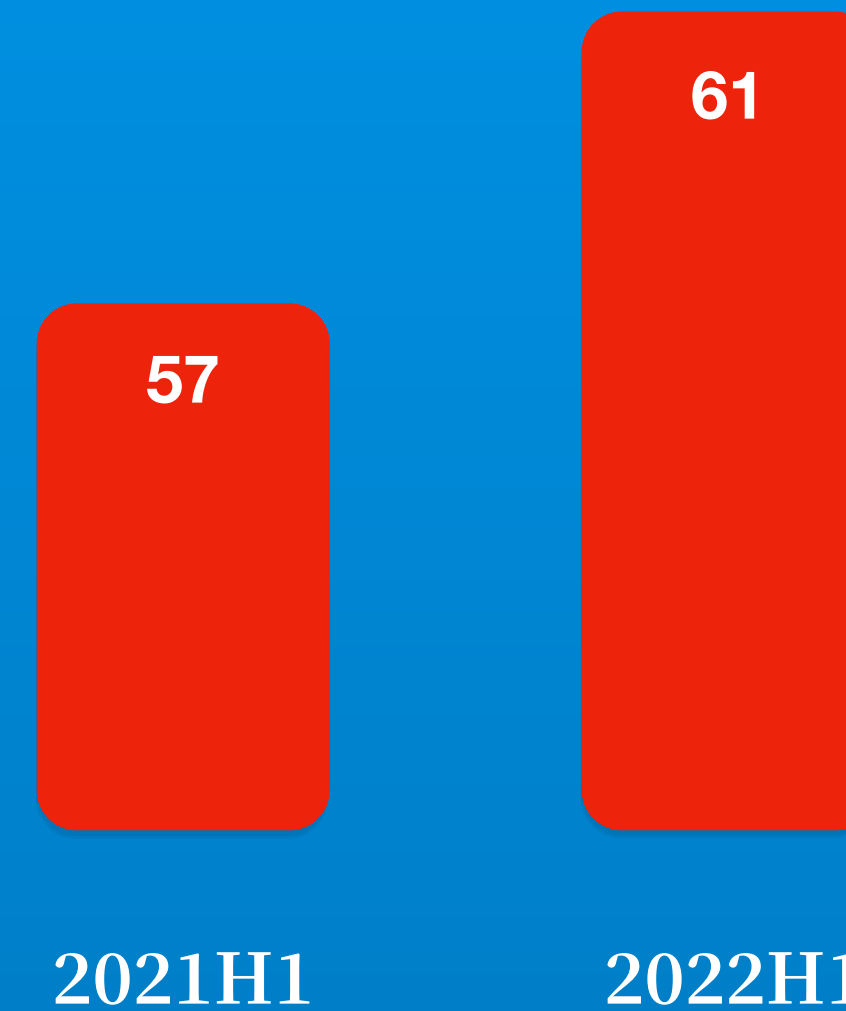
Third-party market
reinsurance premiums

RMB2.11bn **+69.4%**

Accounting for over
40%

+7.0%

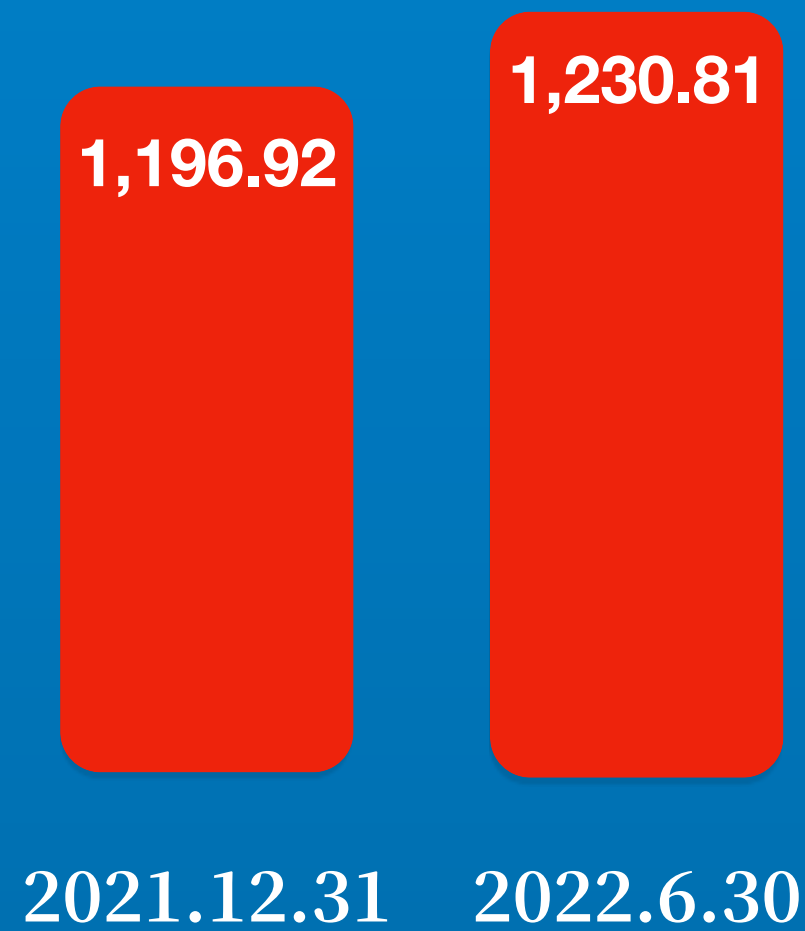
Net Profit



Unit: RMB mn

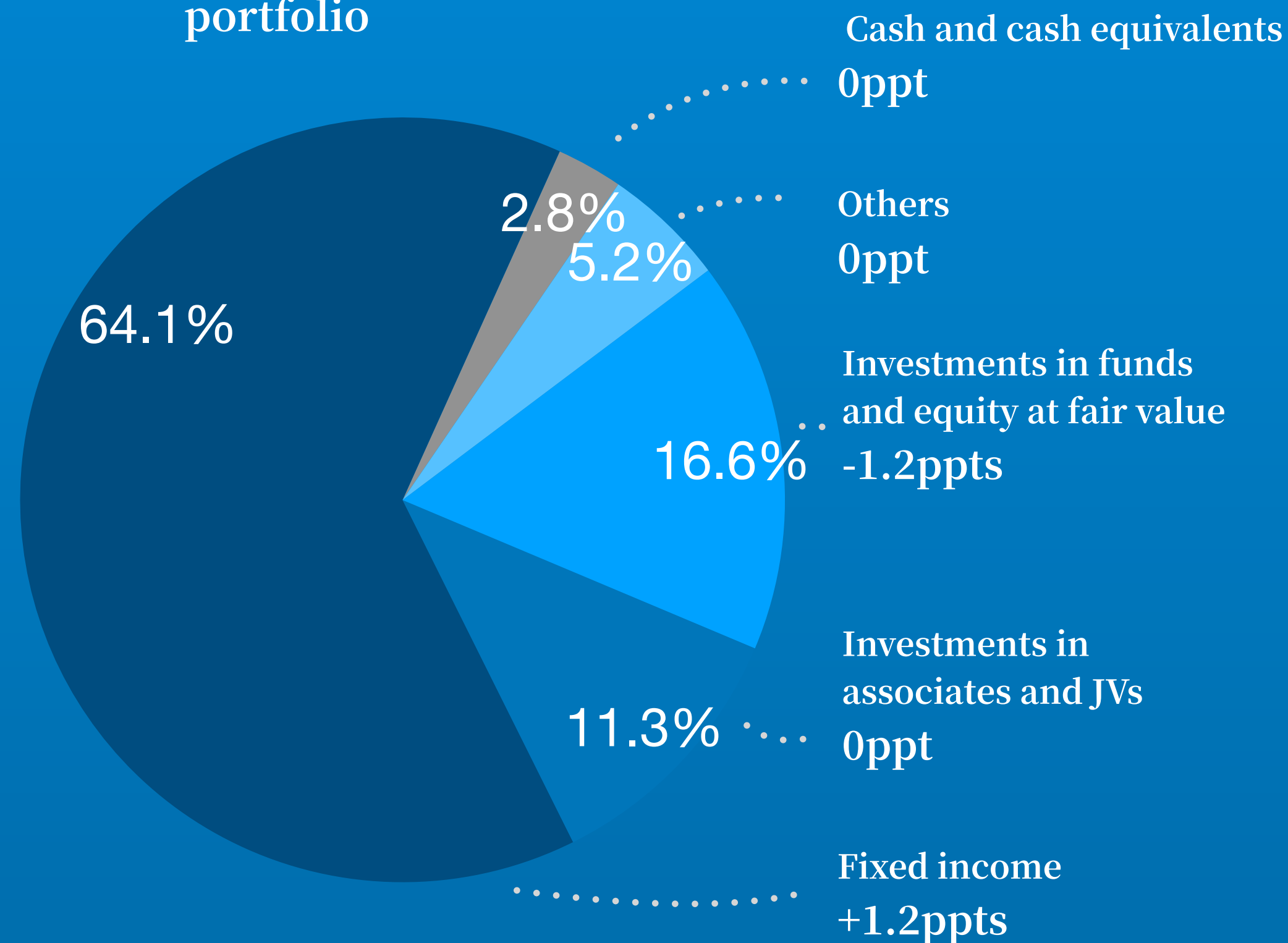
Asset Management: Prudent and Steady Investment Portfolio

Total insurance investment assets



Unit: RMB bn

Insurance investment portfolio



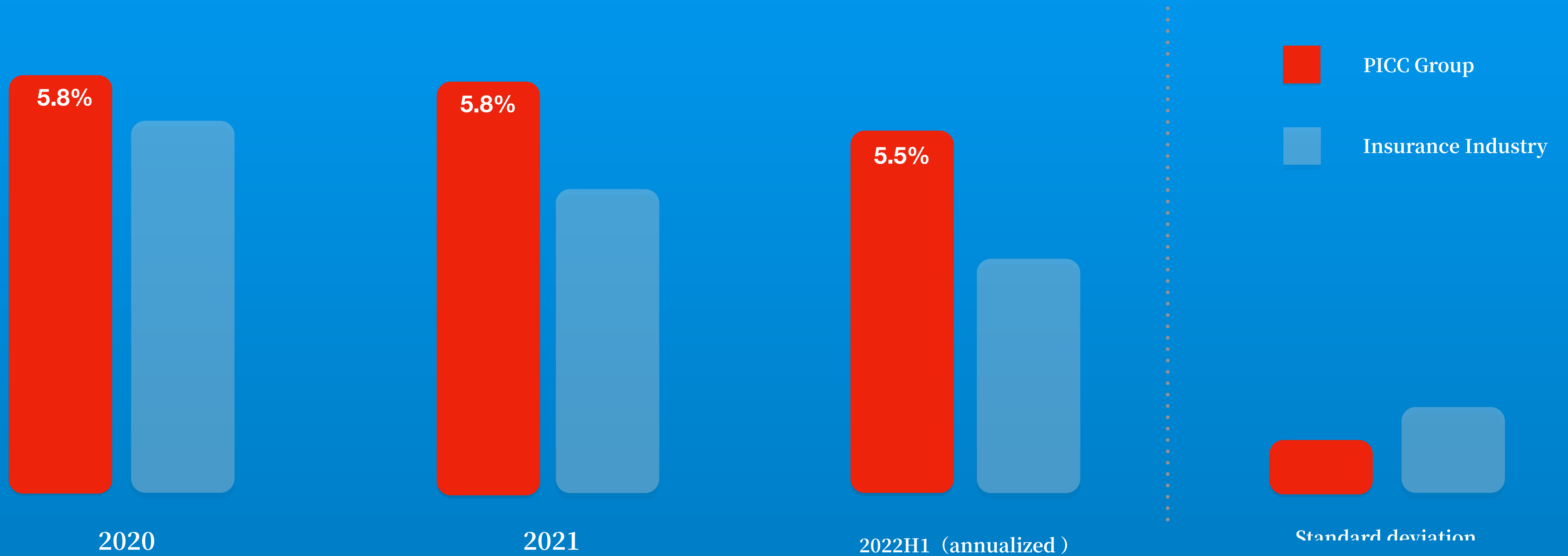
RMB764.24bn

+ 23 %

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 Outperformed the Industry



Note: standard deviation based on data since 2005.

Investment Risk Under Control

Bond Investments

All issuers rated at AA/
A-1 or above, 99.5% with
AAA ratings

Credit risk' s under
control, with industry
exposures diversified for
credit bonds

Alternative Investments

99.1% with AAA external
ratings

Active credit enhancement,
including guarantees,
repurchase, gross-up, etc.

Equity Investments

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

PICC Pension: Sustained Growth in AUM and Entrusted Assets



Tech Sector: Dual-driver Growth Enhancing Digital Service Capabilities

PICC Tech

**Focusing on back-end
and infrastructure
construction**

Committed to technology R&D, underlying
technology construction, network construction
and application system development

PICC Financial Service

**Focusing on front-
end and online
applications**

Committed to providing online
products and services for insurance
sectors

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	
	2022H1	2021H1	As of Jun 30, 2022	As of Dec 31, 2021
Under CAS	17,850	16,884	221,540	219,132
Items and adjustments under IFRS				
Catastrophe reserves of agricultural insurance	8	-10	234	226
Impact of such adjustments on deferred income tax	-2	3	-59	-57
Insurance contracts reclassified as investment contracts	-6	-22	-51	-45
Under IFRS	17,850	16,855	221,664	219,256

Appendix: Key Financials of PICC Group (CAS)

(RMB mn, unless otherwise noted)	2022H1	2021H1	Change
Gross written premiums	382,623	344,129	11.2%
Of which: PICC P&C	277,408	252,626	9.8%
PICC Life	720,41	641,33	12.3%
PICC Health	303,83	255,70	18.8%
Total profit	299,54	277,27	8.0%
Net profit attributable to equity holders	17,850	16,884	5.7%
EPS (RMB)	0.40	0.38	5.7%
Weighted average return on equity	8.0%	8.1%	-0.1ppts
Total investment yield(annualized)	5.5%	6.7%	-1.2ppts
PICC P&C combined ratio	96.0%	97.2%	-1.2ppts
New business value of PICC Life	1,493	2,412	-38.1%
New business value of PICC Health	854	711	20.1%
(RMB mn, unless otherwise noted)	As of Jun 30, 2022	As of Dec 31, 2021	Change
Total assets	1,496,748	1,376,402	8.7%
Total liabilities	1,197,026	1,079,697	10.9%
Net assets attributable to equity holders	221,540	219,132	1.1%
Book value per share (RMB)	5.01	4.96	1.1%
Embedded value of PICC Life	109,568	111,431	-1.7%
Embedded value of PICC Health	20,601	16176	27.4%

Appendix: Key Financials of PICC Group (IFRS)

(RMB mn, unless otherwise noted)	2022H1	2021H1	Change
Gross written premiums	382,624	344,131	11.2%
Of which: PICC P&C	277,408	252,626	9.8%
PICC Life	720,42	641,34	12.3%
PICC Health	303,83	255,70	18.8%
Total profit	24,811	23,242	6.8%
Net profit attributable to equity holders	17,850	16,855	5.9%
EPS (RMB)	0.40	0.38	5.9%
Weighted average return on equity	8.0%	8.1%	-0.1ppts
Total investment yield(annualized)	5.5%	6.7%	-1.2ppts
PICC P&C combined ratio	96.0%	97.2%	-1.2ppts
New business value of PICC Life	1,493	2,412	-38.1%
New business value of PICC Health	854	711	20.1%
(RMB mn, unless otherwise noted)	As of Jun 30, 2022	As of Dec 31, 2021	Change
Total assets	1,497,860	1,376,857	8.8%
Total liabilities	1,197,946	1,079,964	10.9%
Net assets attributable to equity holders	221,664	219,256	1.1%
Book value per share (RMB)	5.01	4.96	1.1%
Embedded value of PICC Life	109,568	111,431	-1.7%
Embedded value of PICC Health	20,601	16,176	27.4%