

# 2022 Annual Results Announcement

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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)

**RMB625.82bn**

**+ 6.9%**

Net Profit Attributable to Equity  
Holders of the Company

**RMB24.48bn**

**+ 14.0%**

ROE

**11.1%**

**+ 0.9ppt**

P&C Combined Ratio

**97.6%**

**-2.0ppts**

Life & Health New  
Business Value

**RMB3.7bn**

**-7.2%**

Total Investment Yield

**4.6%**

**Outperformed the  
Industry**

# Steady Progress in Transformation and Reform...

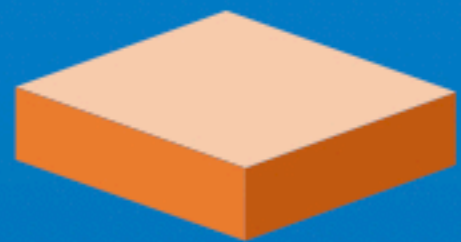
## PICC P&C

### Institutional level



- 1 Organization Reform**
  - Established a divisional structure with vertical management and powerful execution capabilities
- 2 Management Reform**
  - Optimized product line and distribution channel
  - Implemented comprehensive budget management and marginal contribution assessments
- 3 Sales Force Reform**
  - Reallocation of sales teams and personnel , and issued 12 basic laws for sales force
- 4 Operation Reform**
  - Supported the new insurance logic of "underwriting + loss reduction + empowerment + claims settlement"

### Mechanism level



Refined financial resource allocation to reduce costs and increase efficiency

Effective Incentives in HR Management



Technological innovation to empower insurance business

❖ Per Capita Production Capacity

**+11.6%**

❖ The Penetration Rate of Individual Non-auto Products in Household Vehicle Customers

**+20ppts**

❖ Net Cash Inflow from Premiums

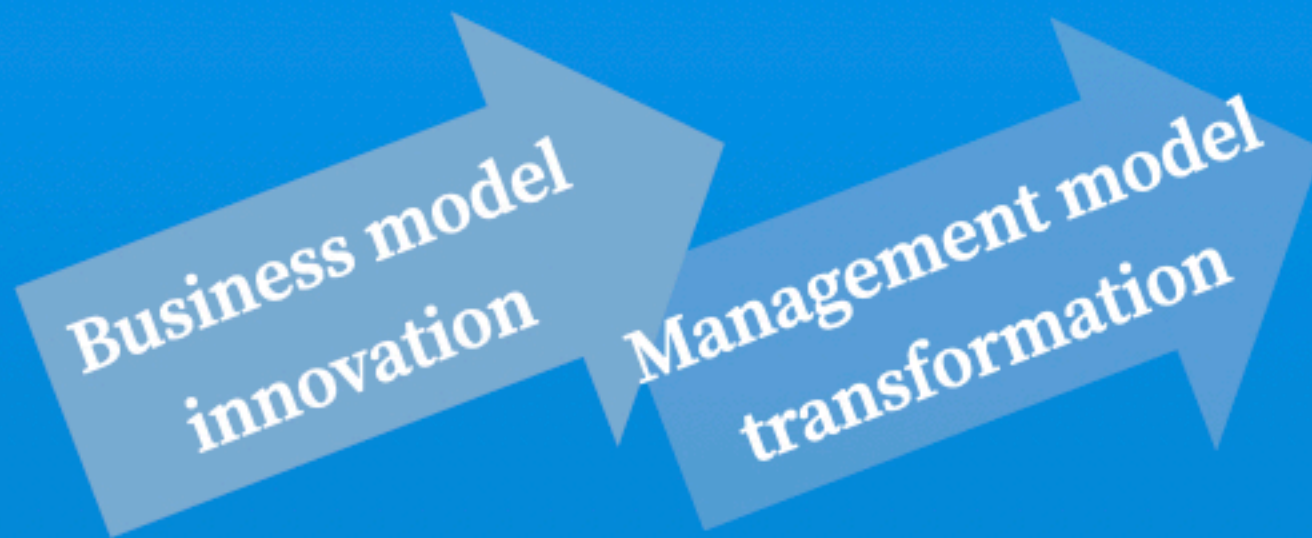
**+141.8%**

❖ Reduced Operating Expenses

**RMB2.14bn**

# ...Steady Progress in Transformation and Reform

## PICC Life



- ✓ Customer Orientation
- ✓ Product Upgrade
- ✓ Sales Force Reconstruction
- ✓ Industrial Service
- ✓ Organizational reconstruction
- ✓ Operational Transformation
- ✓ Technology Empowerment
- ✓ Team Building

## PICC Health



## PICC AMC

Establishing a Preeminent Asset Management Platform

- 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”

# Significantly Enhanced Innovation and Vitality

## Product Innovation

1,036 New Products

Tech &  
Innovation  
Insurance

Carbon Offset  
Insurance

Swine Price  
Index Insurance

Patent  
commercialization  
Failure Insurance

Farmland  
Irrigation  
Well Insurance

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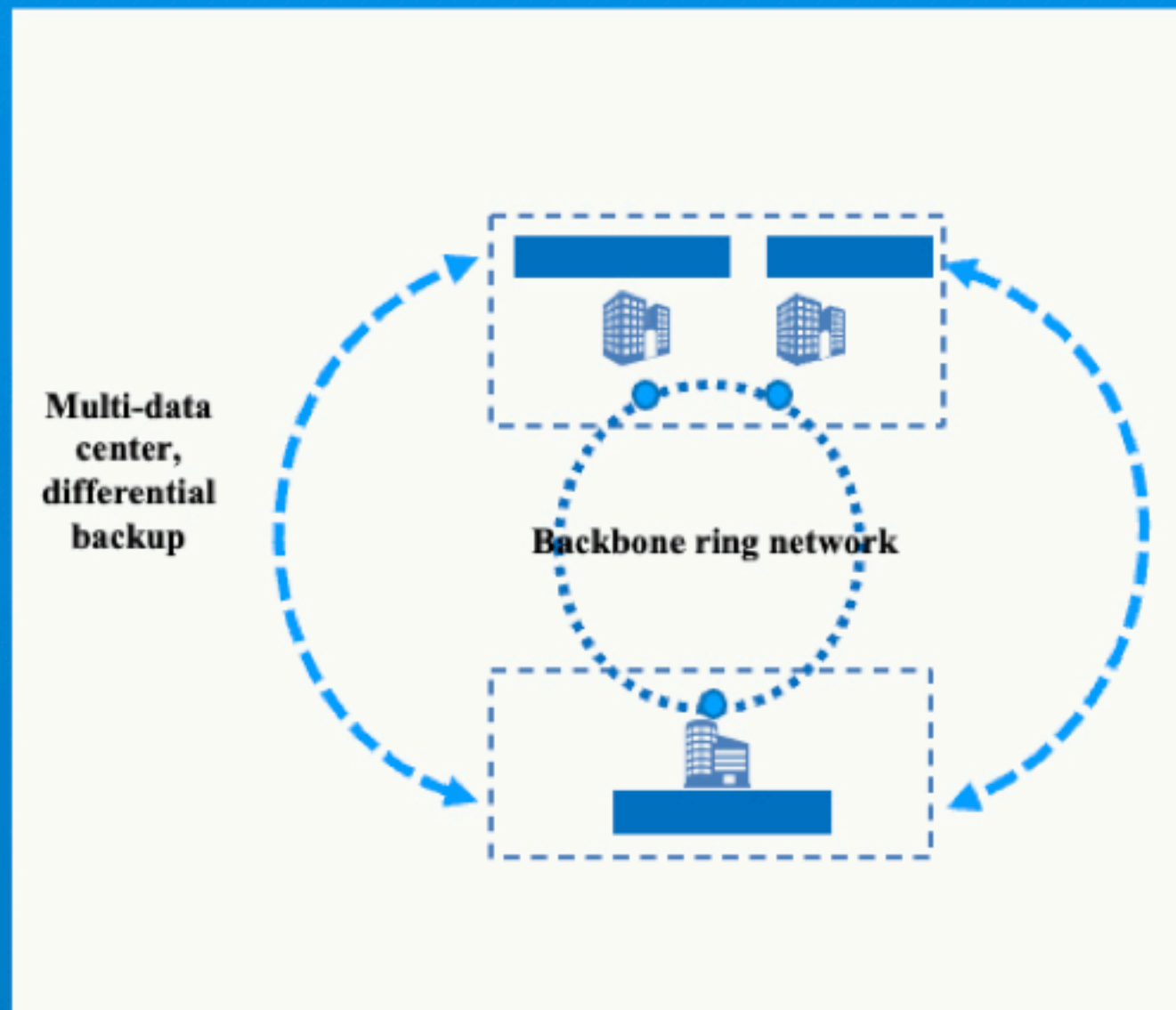
## Business Model Innovation

- ✓ Independently-developed Deep Blue Sea Shield, the first offshore wind power risk management platform industrywide, facilitating risk reduction for power companies and all offshore wind power projects
- ✓ A "scenario + customer group" based product system for new citizens featuring China's first new citizen insurance service center in Hebei Province
- ✓ Insurance benefit trusts project served the diverse needs of high-net-worth clients, while achieving premium income of RMB130 mn
- ✓ The strategic corporate infirmity project enabled deep integration of health management and health insurance, pushing premium income exceeding RMB100mn

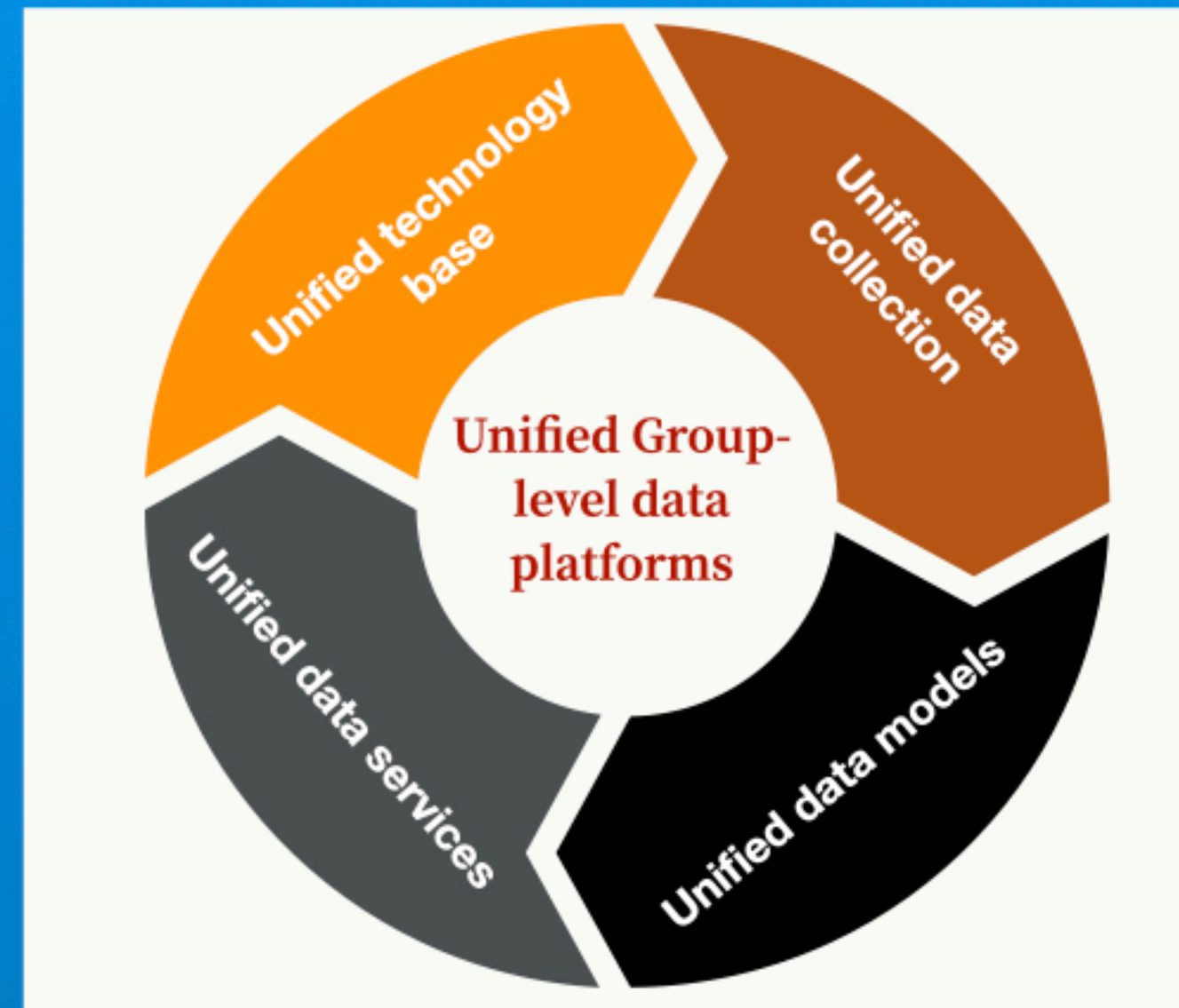


# Continuously Strengthened Technology Construction...

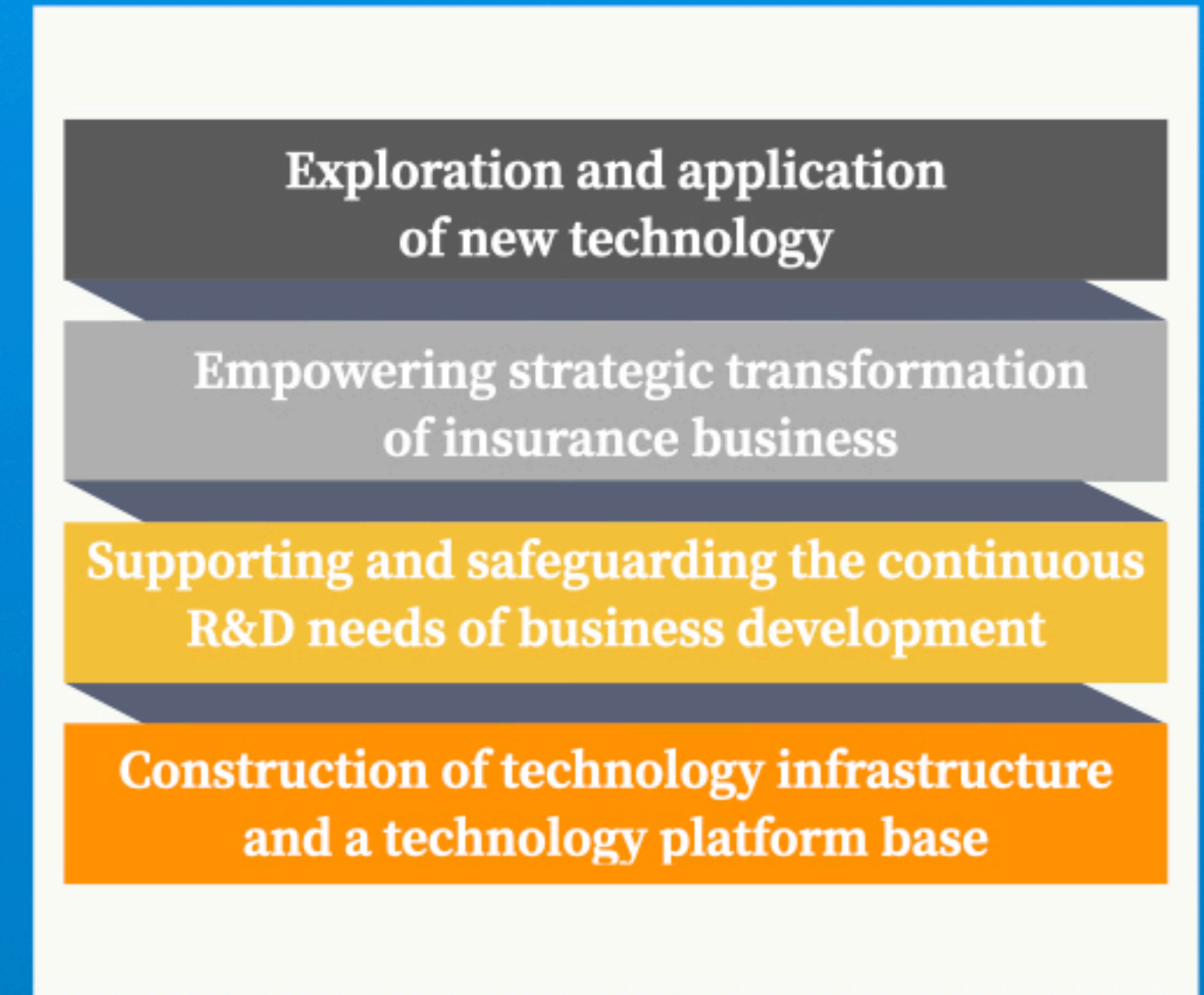
## ★ Secured Centralized Infrastructure



## ★ Unified and Standardized Data Resources



## ★ Intelligent and Advanced Service Capabilities





# ...Continuously Strengthened Technology Construction

- Annual premium income from the Group's mobile sales platform "PICC e-Tong" **RMB115.6bn**

- The Group's proprietary online platform served **470 million** (person-time) customers

- Completed **110,000+** requests for information system construction, transformation and development

- Multi-cloud and multi-core cloud native insurance technology platform

- Unified Group-level intelligent platform

- LakeHouse integrated unified data platform

- Integrated DevOps platform

# In-depth Implementation of the “6 Strategic Services” ...

## 1 Rural Revitalization

- Agricultural insurance premium income reached **RMB52.1bn**, +22.0%
- “Xiangcunbao,” a product mix facing the rural areas, achieved premium income of **RMB29.5bn**, up by 11.5%, providing an insured amount of **RMB48tn** to 180mn customers
- Crop insurance upgraded to full cost insurance and income insurance, which aims to insure price and income. The coverage of full cost and income insurance for the three main crops (rice, wheat and corn) enlarged by 6.2x, protection level increased 6.5x; premium income reached **RMB11.17bn**, up by 5.1x

## 2 Tech Innovation

- Provided over **RMB1tn** risk protection to 17 key integrated circuit customers
- Insured major national projects; Acted as the Leading Underwriter of China-made Comac 919, ChinaSat 6D, ChinaSat 19, Shenhai-1, and provided risk protection to “FAST” telescope, and Endeavour Deep-sea Manned Submersible
- Invested **RMB32.6bn** in the high-end manufacturing technology field, up by 13%

## 3 Environmental Protection

- Provided an insured amount of **RMB68tn** by green insurance products
- Developed carbon quota and carbon offset insurance products, and issued the first carbon capture insurance policy nationwide. Continued to develop carbon sequestration insurance and underwrote **1.06bn** mu of forest area, providing an insured amount of **RMB954.6bn** to carbon reserve and deposition
- Invested a total amount of **RMB65.0bn** in green areas including low-carbon clean energy, green transportation, energy conservation and emission reduction transformation, up by 34%

# ...In-depth Implementation of the “6 Strategic Services”

## 4 Smart Transportation

- Providing service to over **100mn** motor insurance customers
- Providing “Sync with Traffic Police” motor service to **5.32mn** people
- Rapid development in NEV insurance business; Proactively invested in areas including NEV and smart logistics; Insured **4.67mn** NEVs, up by **59.6%**; Premium income of NEV reached **RMB20.6bn**, increased by **72.7%**

## 5 Health and Elderly Care

- Undertook **1,800** critical illness insurance projects, providing service to **1.1bn** customers accumulatively.
- Premium income from inclusive health insurance “Huiminbao” increased by **80.8%**. Carried out long-term care insurance projects, covering a population of **61mn**.
- Continued to rank the first in the number of exclusive commercial pension insurance policies sold. Obtained the first batch of pilot qualifications in individual and commercial pensions.

## 6 Social Governance

- Catastrophe insurance expanded to **61** cities across **13** provinces, providing risk protection to a population of **240mn**
- The intelligent risk control service platform provided **338,000** instances of accident prevention services for **218,000** companies
- In focus of the pain points of social governance, developed liability insurance products such as work safety and food safety liability insurance. Promoted “Chengshibao,” “Fengyubao,” “Yingjibao” and other comprehensive protection plans, with premium income of “Chengshibao” amounting **RMB14.3bn**, **+23.6%**

# Constantly Optimizing Business Structure

- ★ Among motor insurance, the proportion of household vehicle premiums increased **1.7ppts**
- ★ Among non-motor insurance, the proportion of individual insurance premiums increased **1.8ppts**

PICC P&C

PICC Life

PICC Health

Investment segment

- ★ Health management service revenue increased **72.7%**
- ★ First-year regular premiums of bancassurance channel increased **114.5%**

- ★ The proportion of first-year regular premiums increased **2.5ppts**

- ★ Third-party AUM increased **26.7%**

# Business Synergies Continued to Yield Results

Total premium income from business synergies

**RMB21.39bn**

**+7.1%**

PICC P&C leveraged business synergies to achieve GWPs of

**RMB11.18bn**

**+5.8%**

PICC Life leveraged business synergies to achieve GWPs of

**RMB10.21bn**

**+8.6%**

**RMB1.05bn**

**+60.1%**

Premium income brought by the investment segment

# Powerful and Effective 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 Strengthened

- Strengthening consolidated group management
- Applying new regulations in the second-gen solvency supervision system
- Strengthening risk monitoring, prevention and control in priority areas and major business areas
- Monitoring the risk exposure and quality of major products

## 3 Risk Management Capacity Further improved

- Strengthening operational risk management
- Enhancing investment risk management capabilities
- Enhancing risk crisis response capabilities
- Group intelligent risk control platform



### Liquidity risk

- Net Cash Inflow from Operating Activities, RMB71.7bn
- Adequate liquidity coverage ratio

### Market/credit risk

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

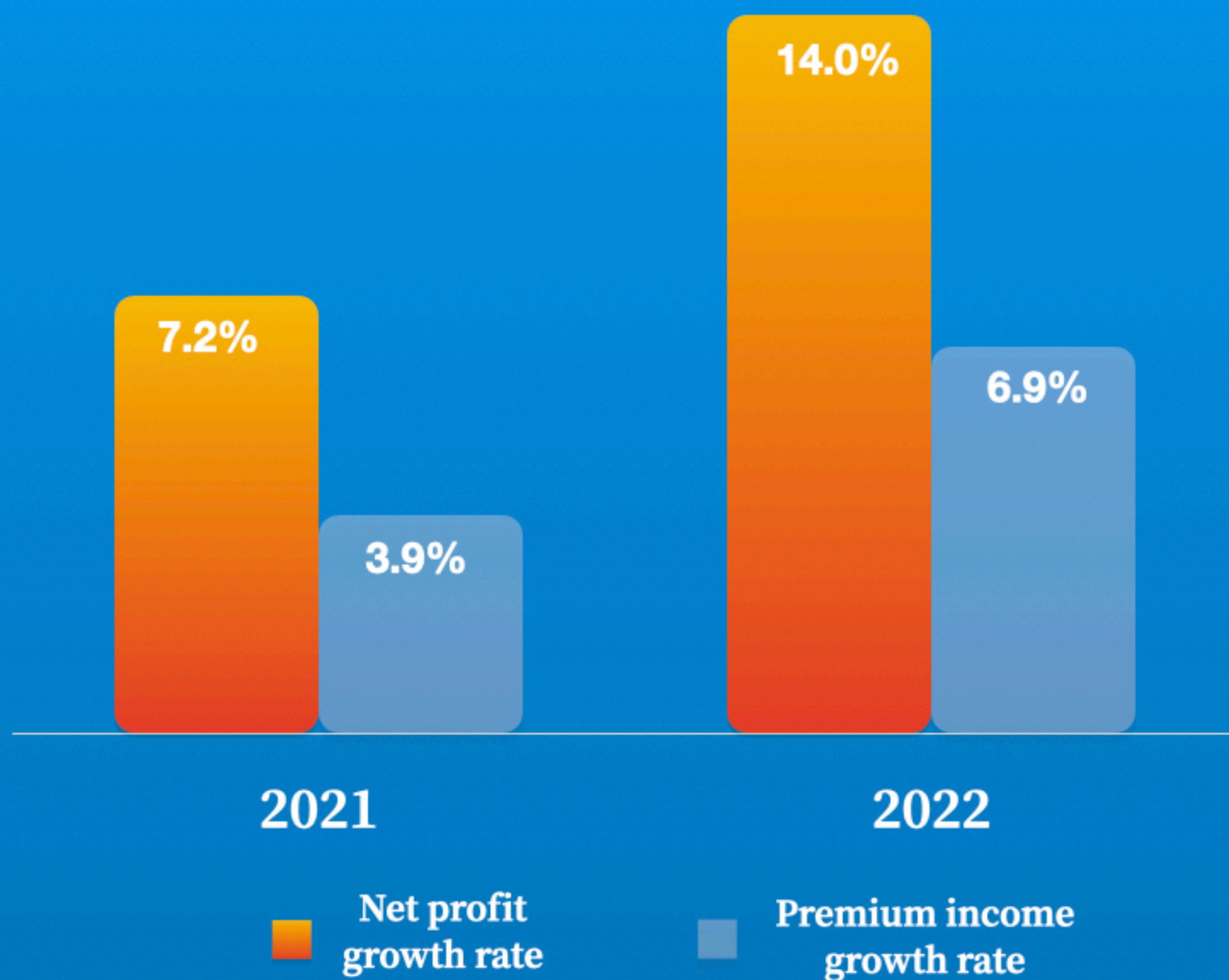
### Insurance risk

- PICC P&C' s combined ratio declined 1.9ppts YoY
- PICC Life and PICC Health' s 13-month premium persistency rate continued to increase YoY

### Operational/reputational risk

- No new significant operational risk loss incidents
- Regulatory penalties declined significantly

# Foundation of High-quality Development Further Solidified



**1** Total assets exceeded **RMB1.5tn**

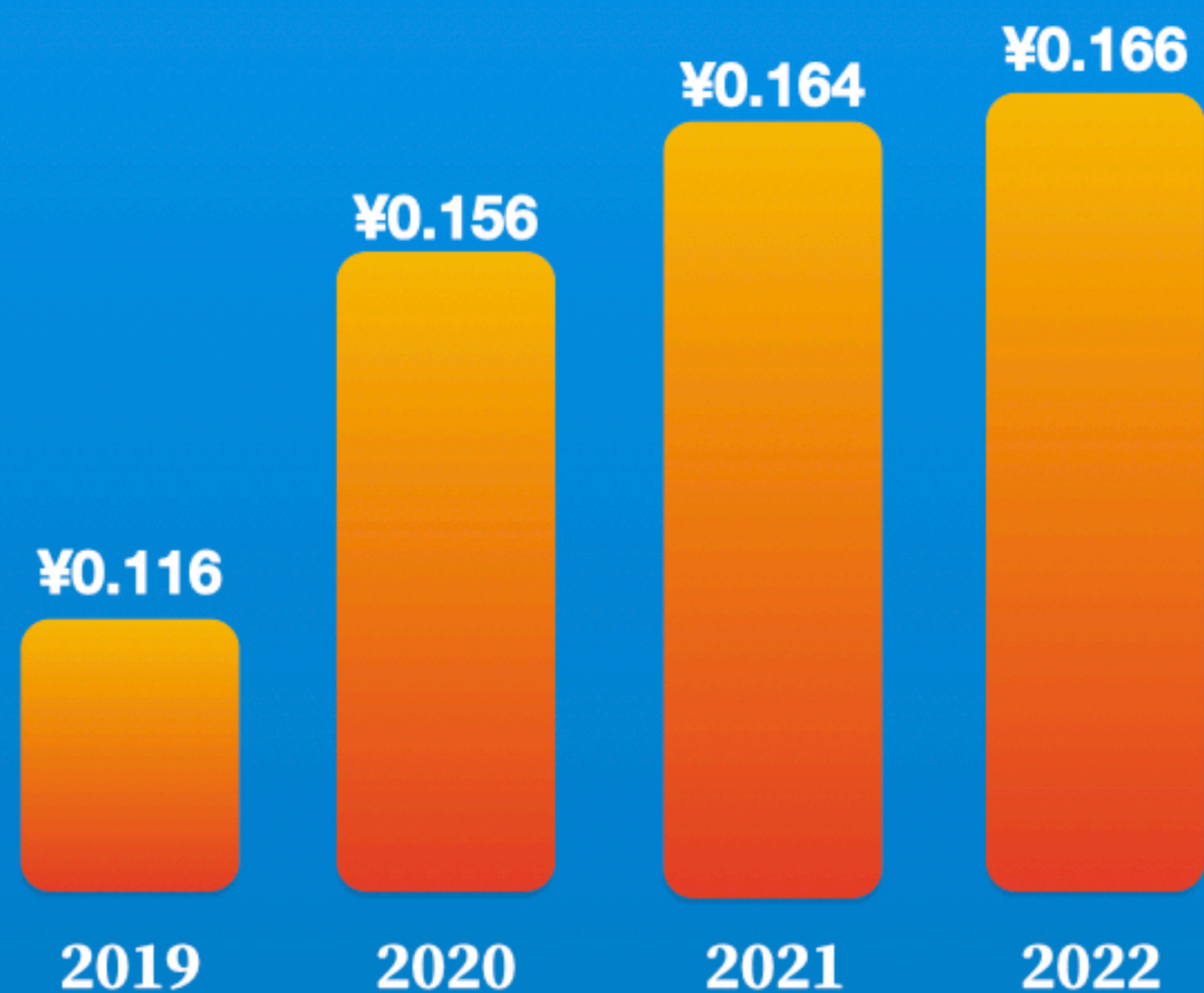
**2** Consolidated net assets exceeded **RMB300bn**

**3** Insurance liability reserves increased by **RMB87.5bn**

**4** Core solvency ratio of **190%**

**5** **270mn** individual customers, **6.0mn** institutional customers

# Increasing Dividends to Shareholders



Cash dividend per share in the last 4 years

Annual dividend of 2022 was suggested by the boards,  
should be approved by the general meeting of shareholders

Dividend Yield (H Share)

7.3%

Dividend Yield (A-share)

3.1%

Compound growth rate of cash dividend in the last 4 years

12.7%

Note: Dividend yield is estimated based on the share price as of March 24, 2023



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# Segment Overview

# P&C: Results Highlights

Premiums Income

**RMB485.43bn**

**+ 8.3%**

Net Profit

**RMB26.65bn**

**+ 19.2%**

Net Assets

**RMB212.75bn**

**+ 3.5%**

Combined Ratio

**97.6%**

**-2.0ppts**

Net Loss and LAE  
Reserves Ratio

**41.3%**

**+ 4.2ppts**

Suggested Annual Cash  
Dividend

**RMB0.478/share**

Dividend Ratio  
**40%**

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

# Sustained Leading Advantages in Motor Insurance



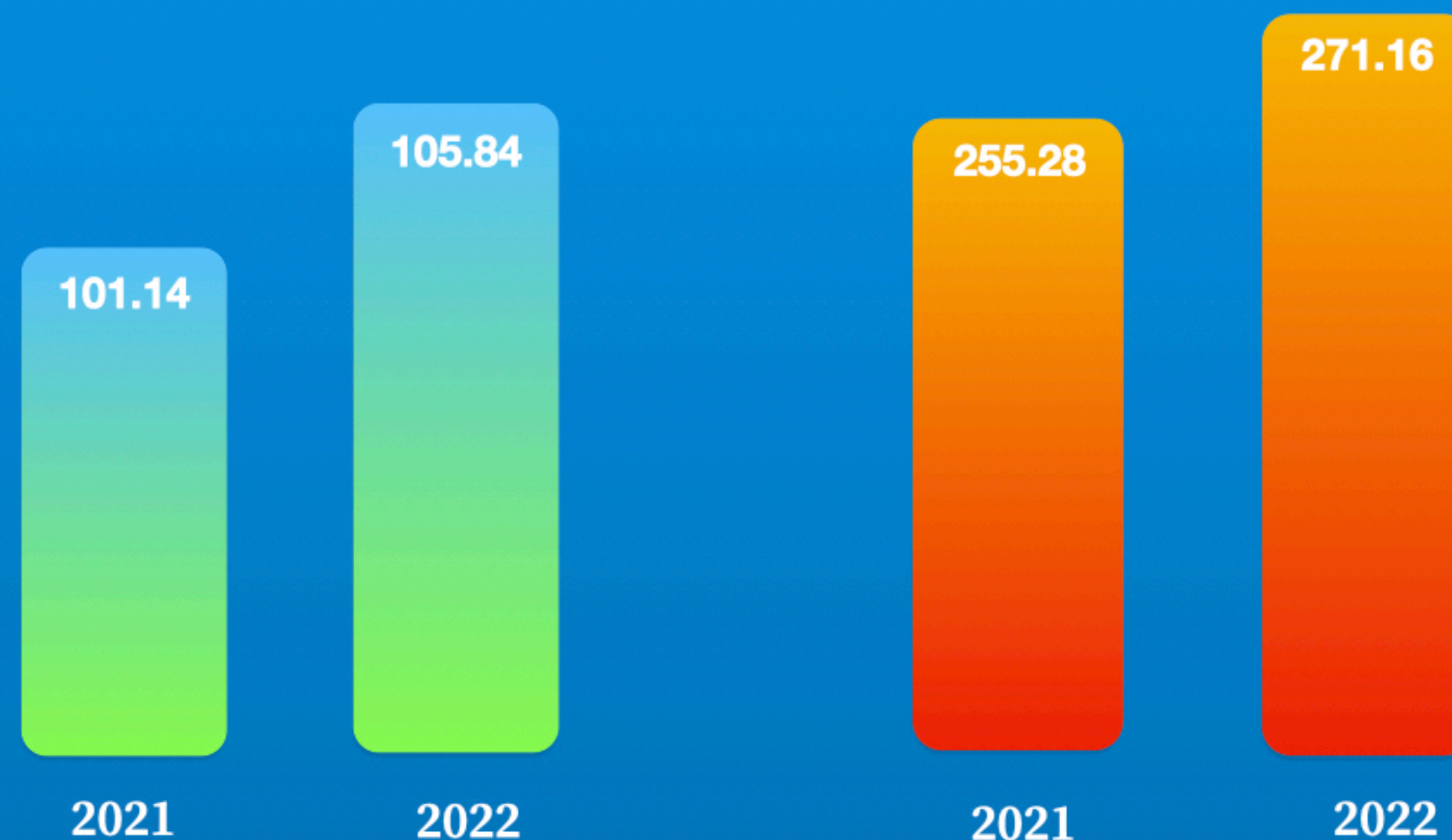
# Steady Business Growth

+ 4.7%

Number of vehicles insured (mn)

+6.2%

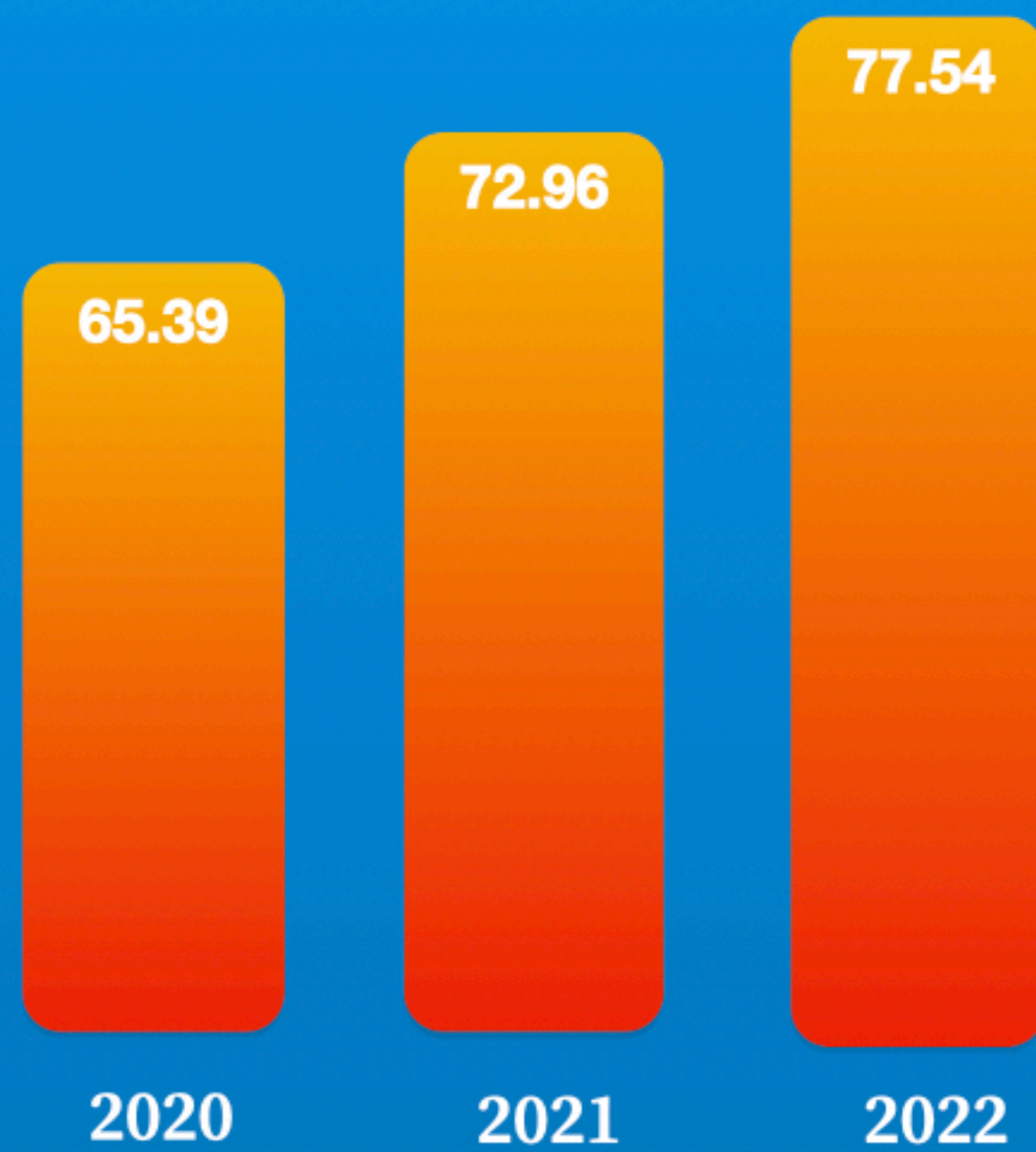
Motor insurance premium income (RMB bn)



# Continued Structural Improvements in Motor Insurance

**+ 6.3%**

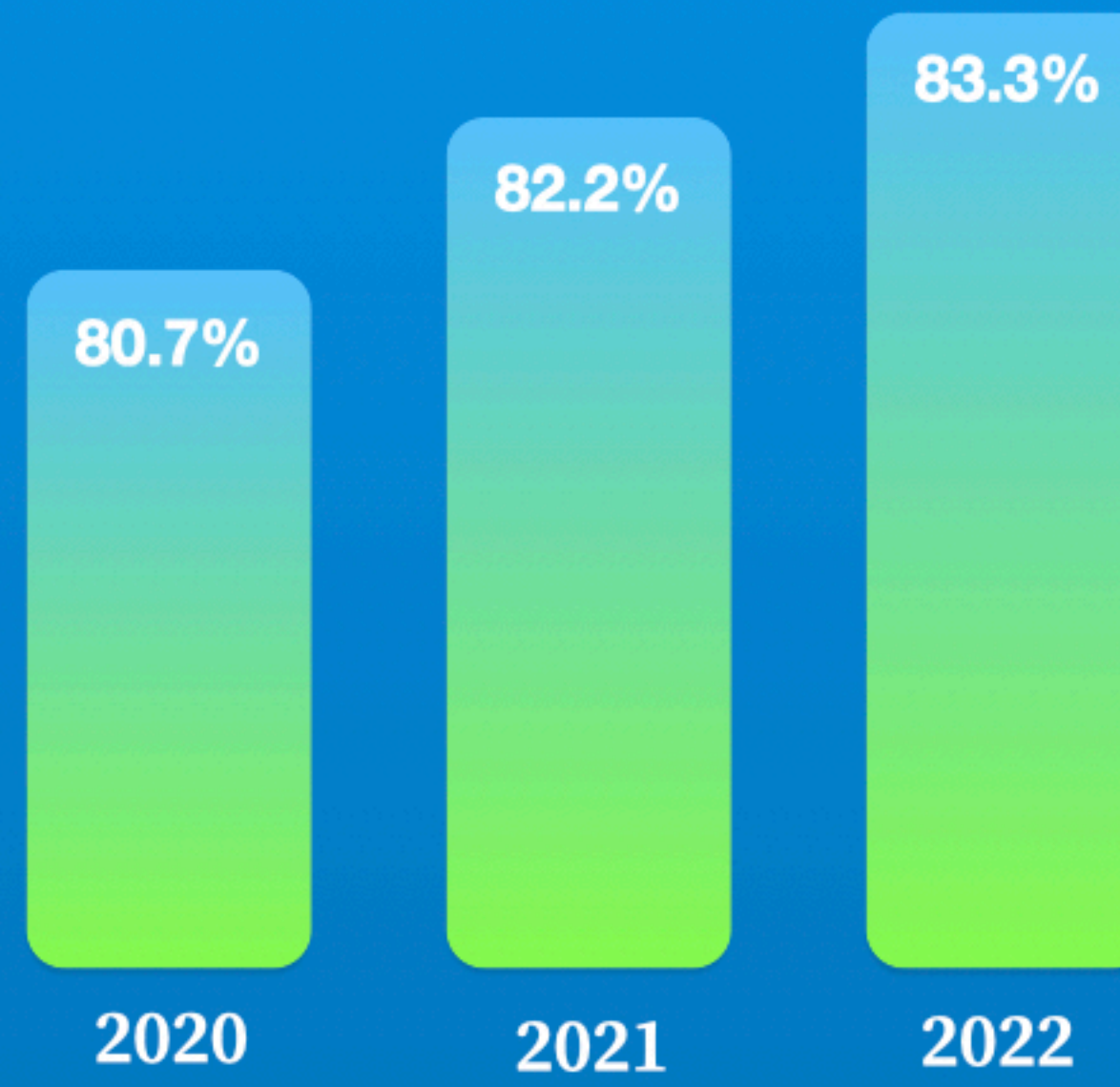
Number of household vehicles insured



Unit: mn vehicles

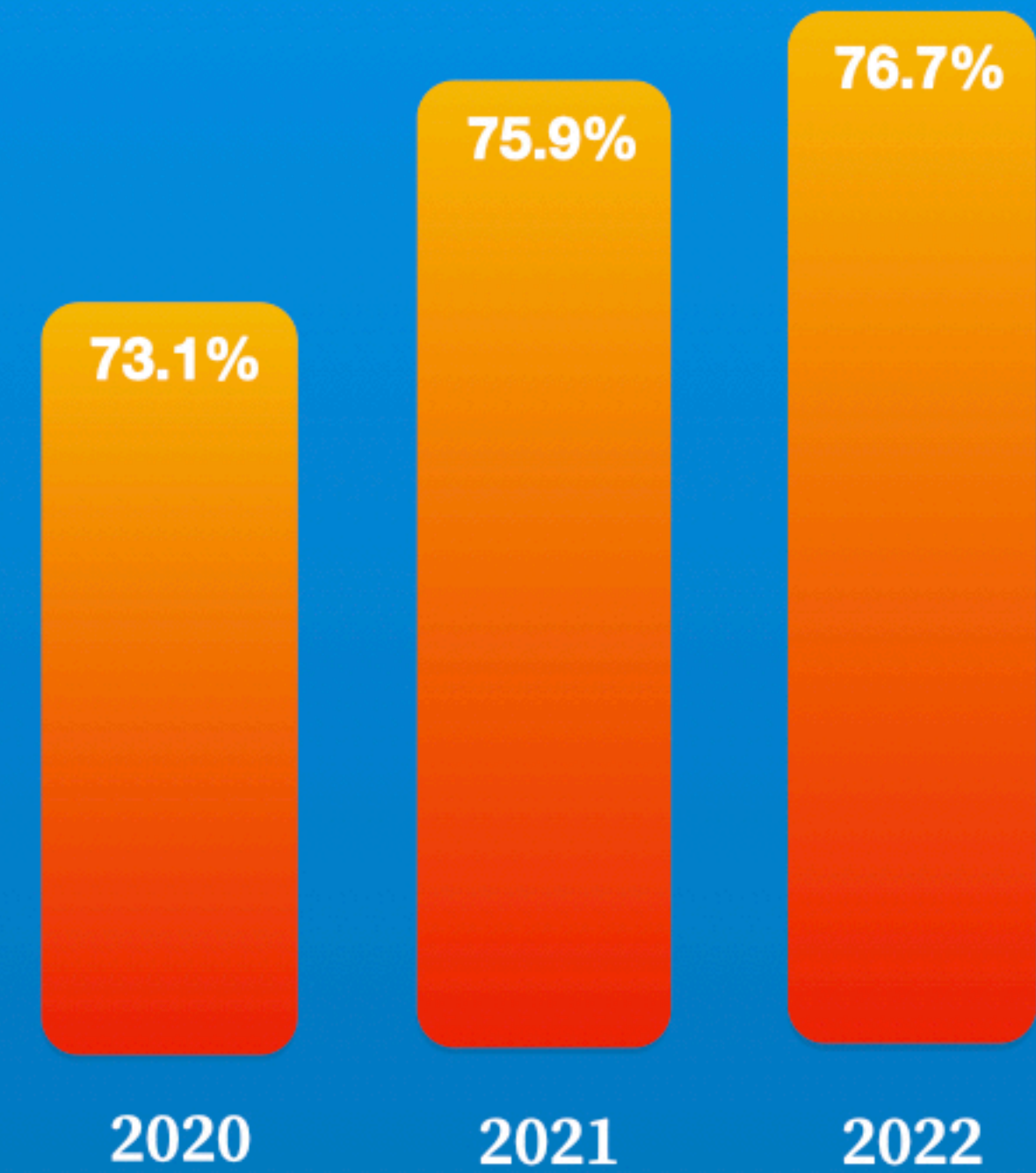
**+1.1ppts**

Proportion of household vehicles insured



**+ 0.8ppt**

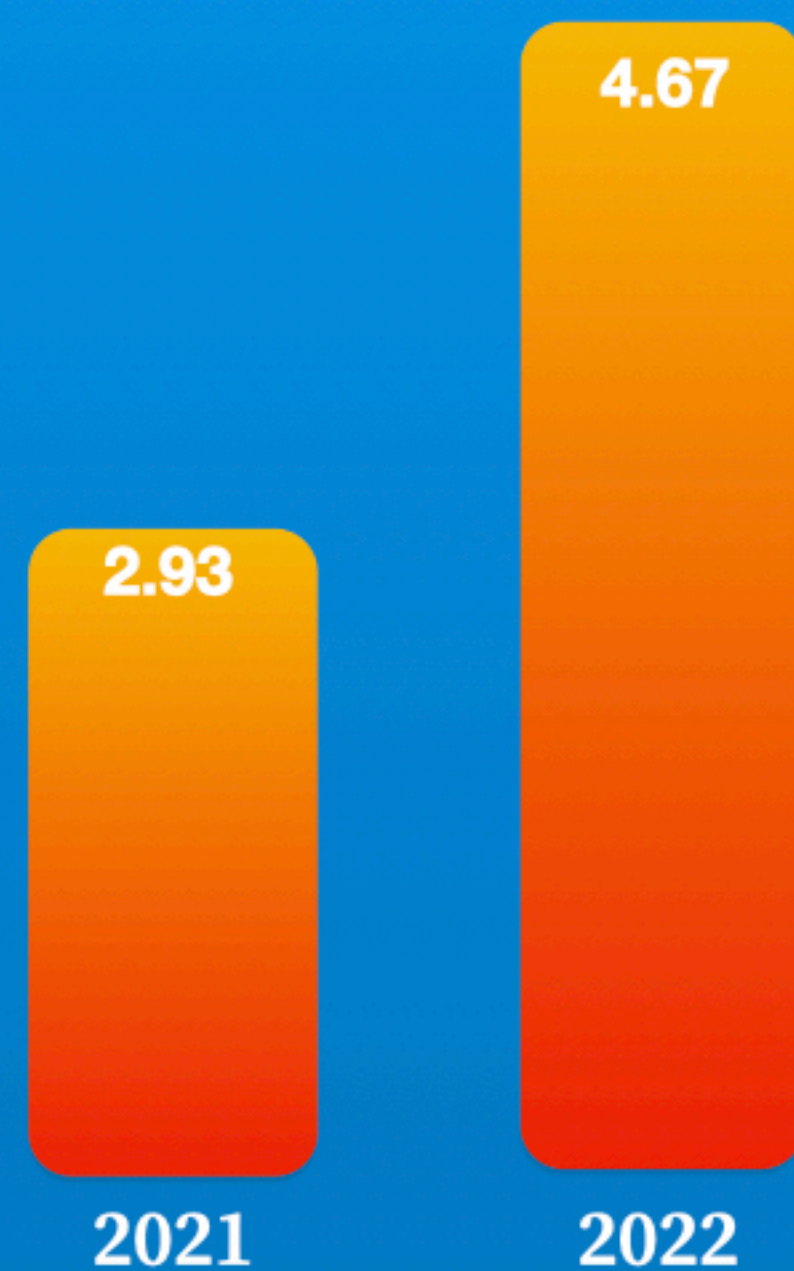
Renewal rate of household motor insurance



# Healthy and Rapid Development of New Energy Vehicle Insurance

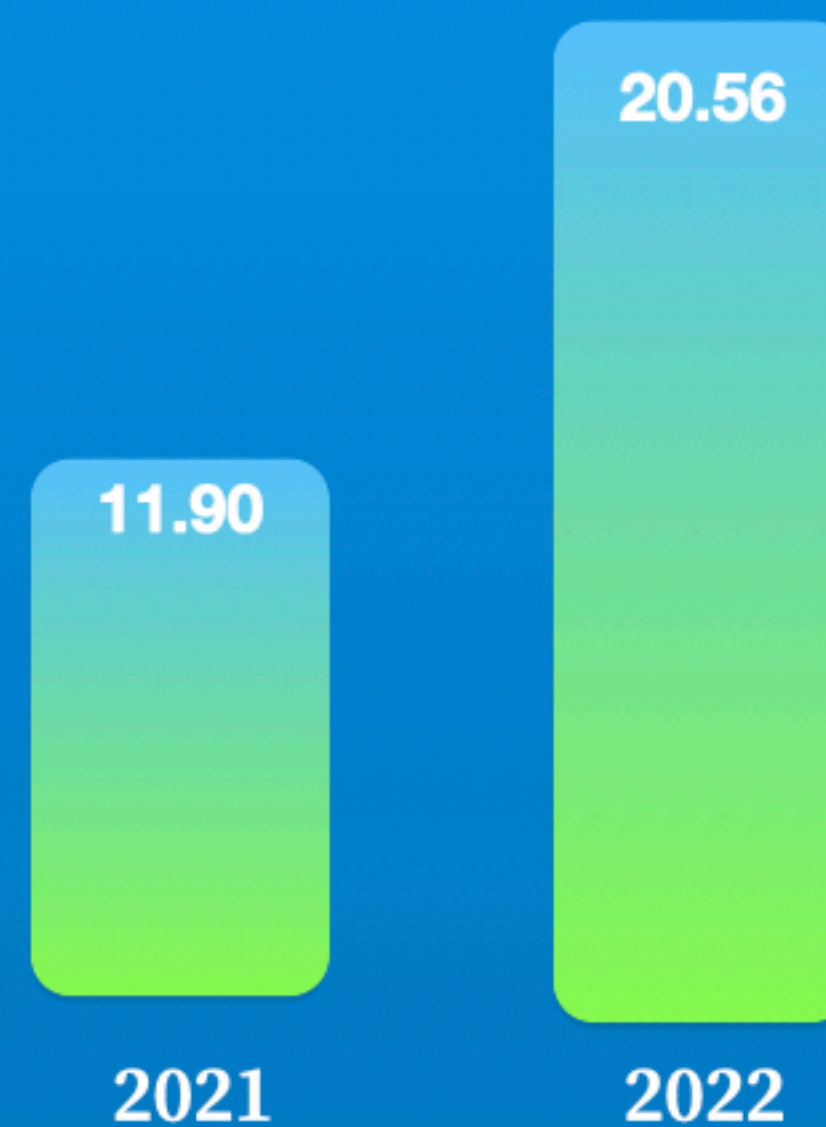
+ 59.6%

Number of NEVs insured (mn)



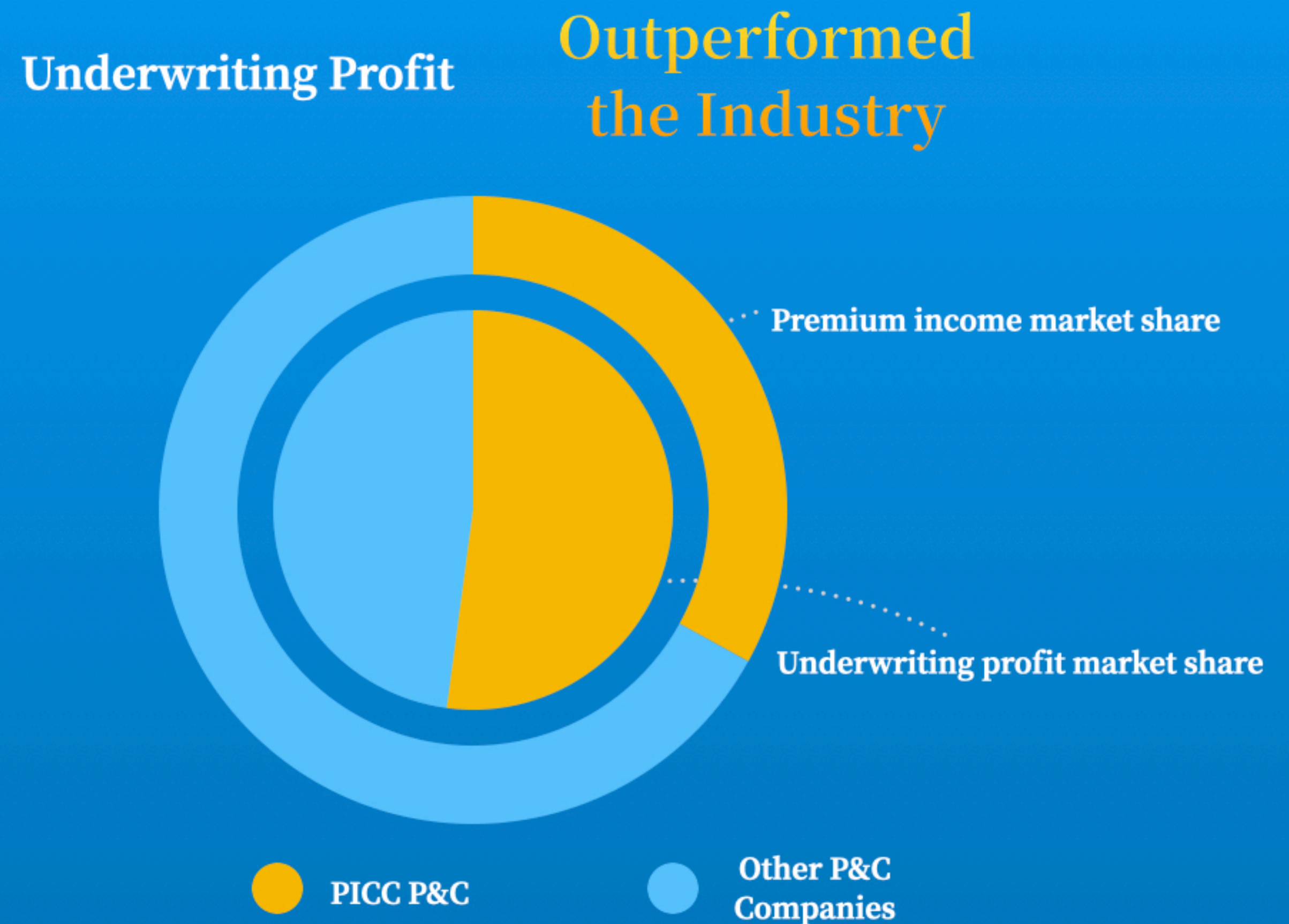
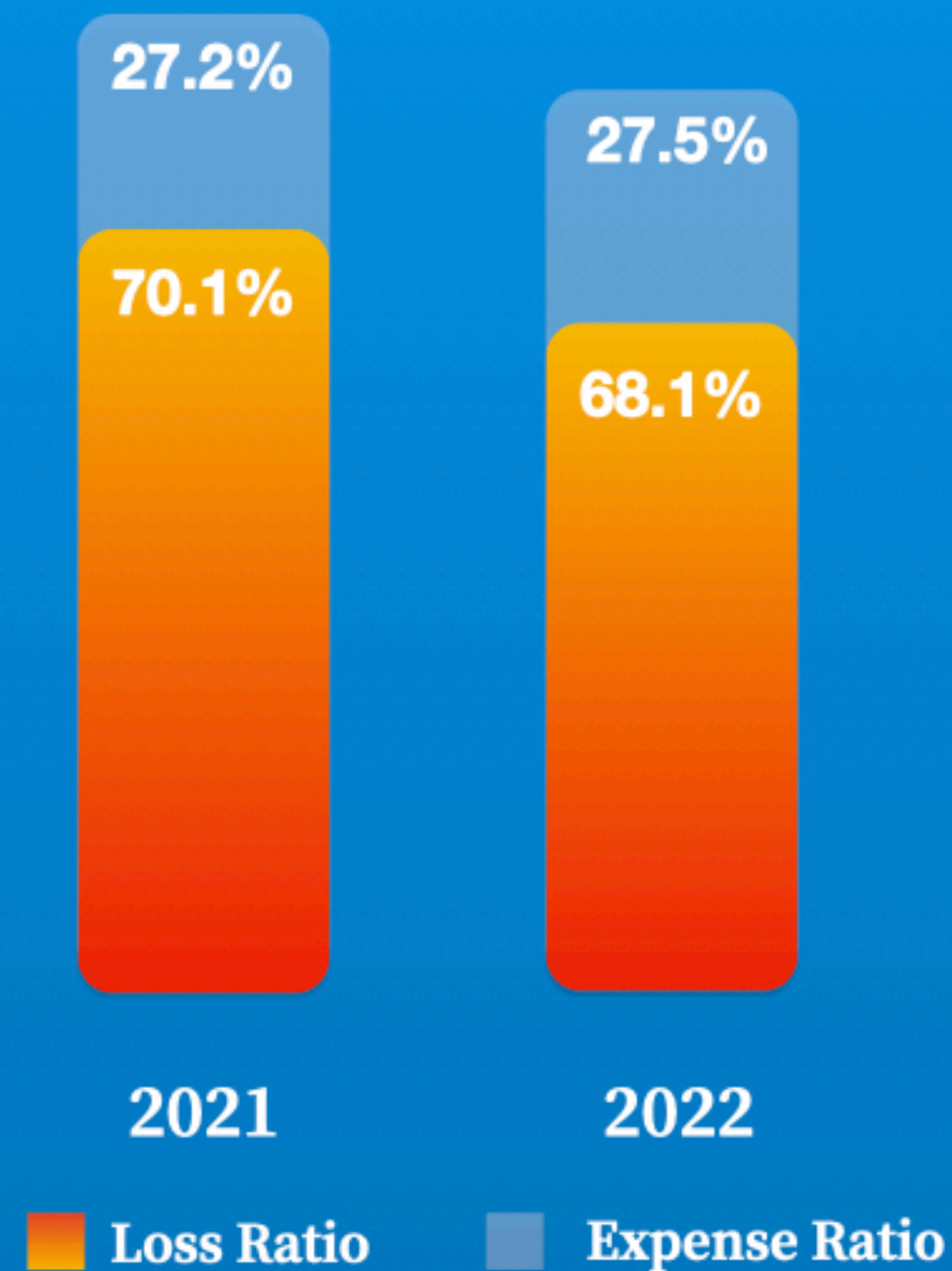
+72.7%

Premium income (RMB bn)



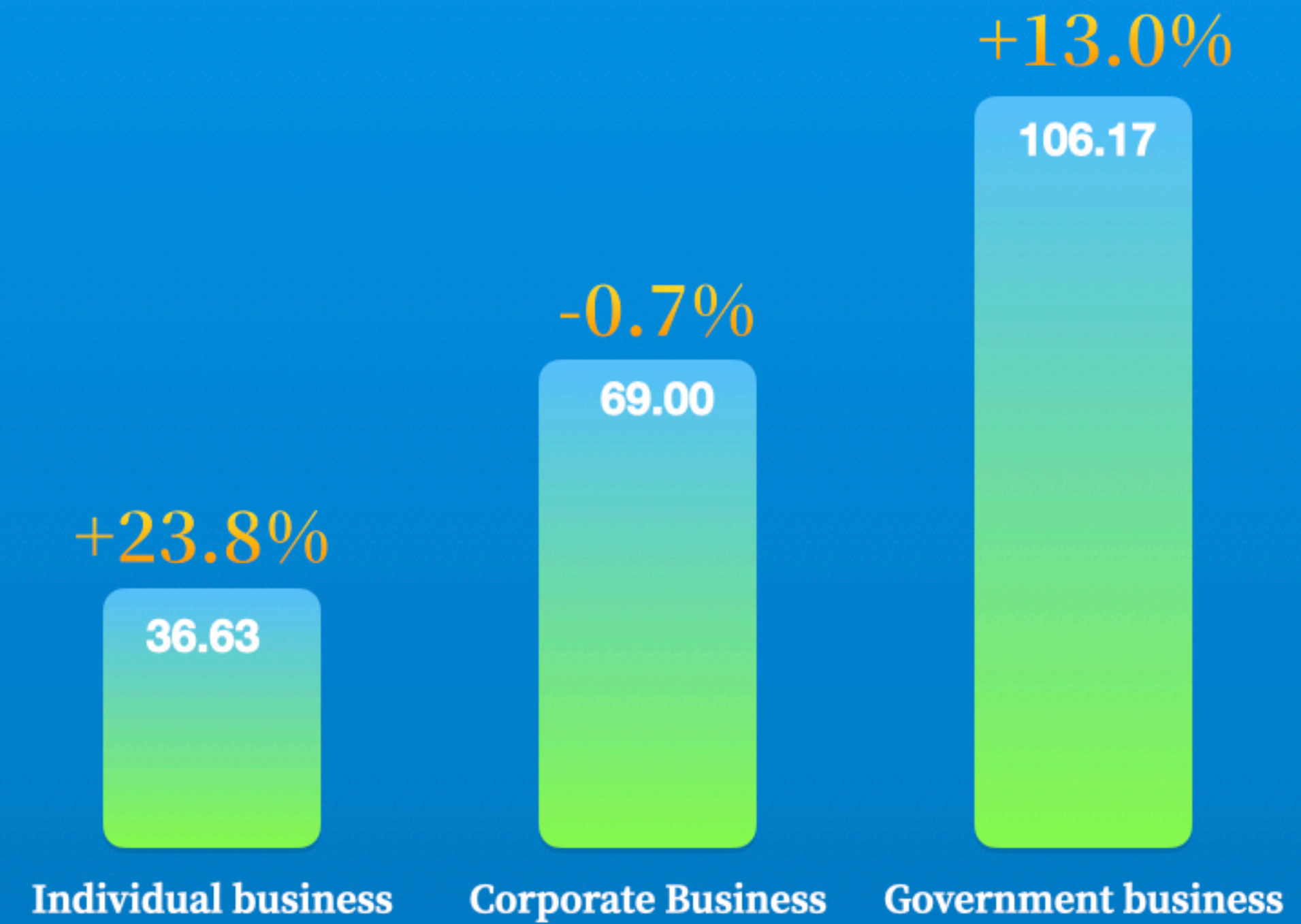
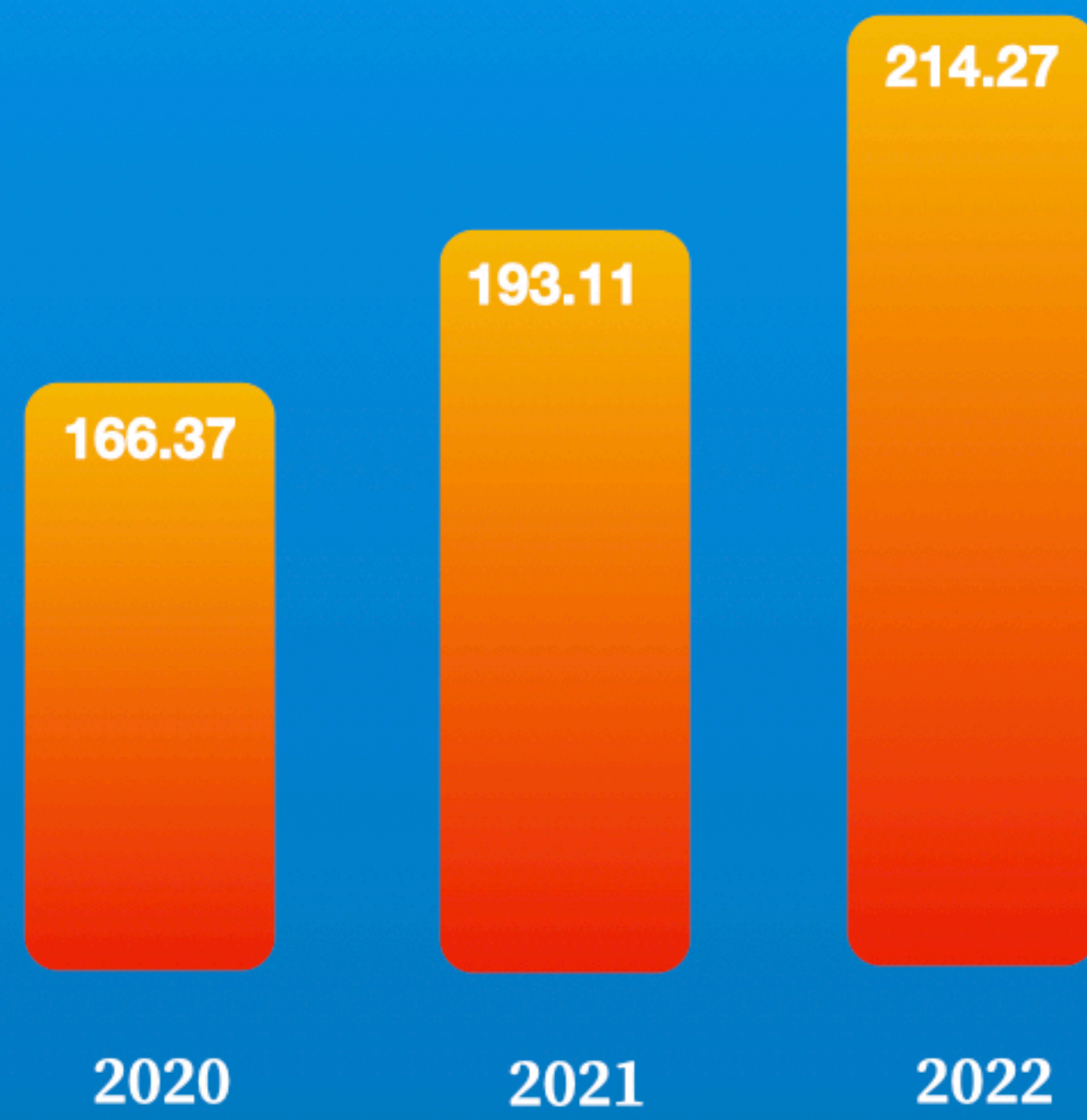
# Motor Insurance Profitability Outperformed the Industry

Combined Ratio **95.6%**



# Rapid Growth of Non-motor Insurance

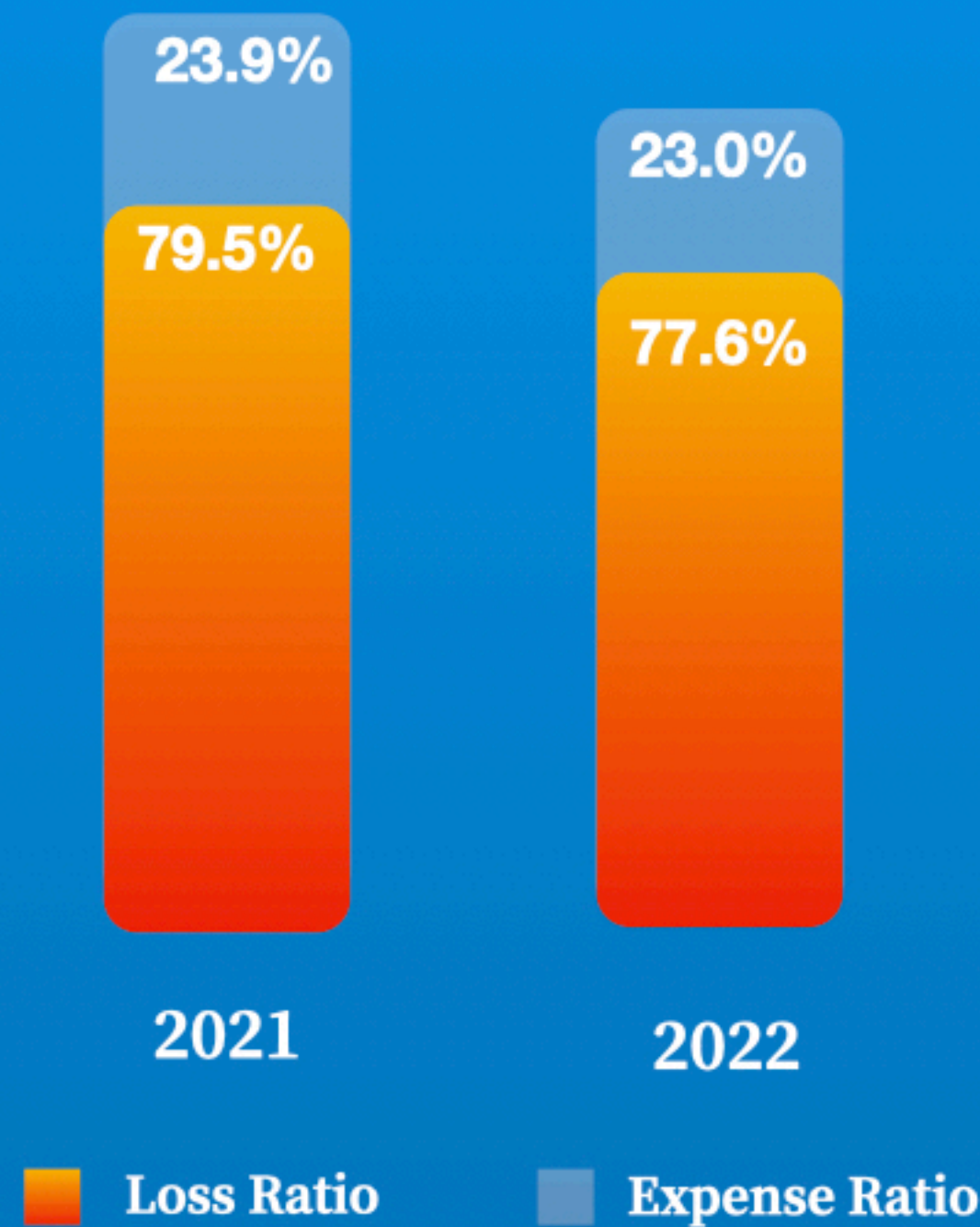
**CAGR +13.5%**



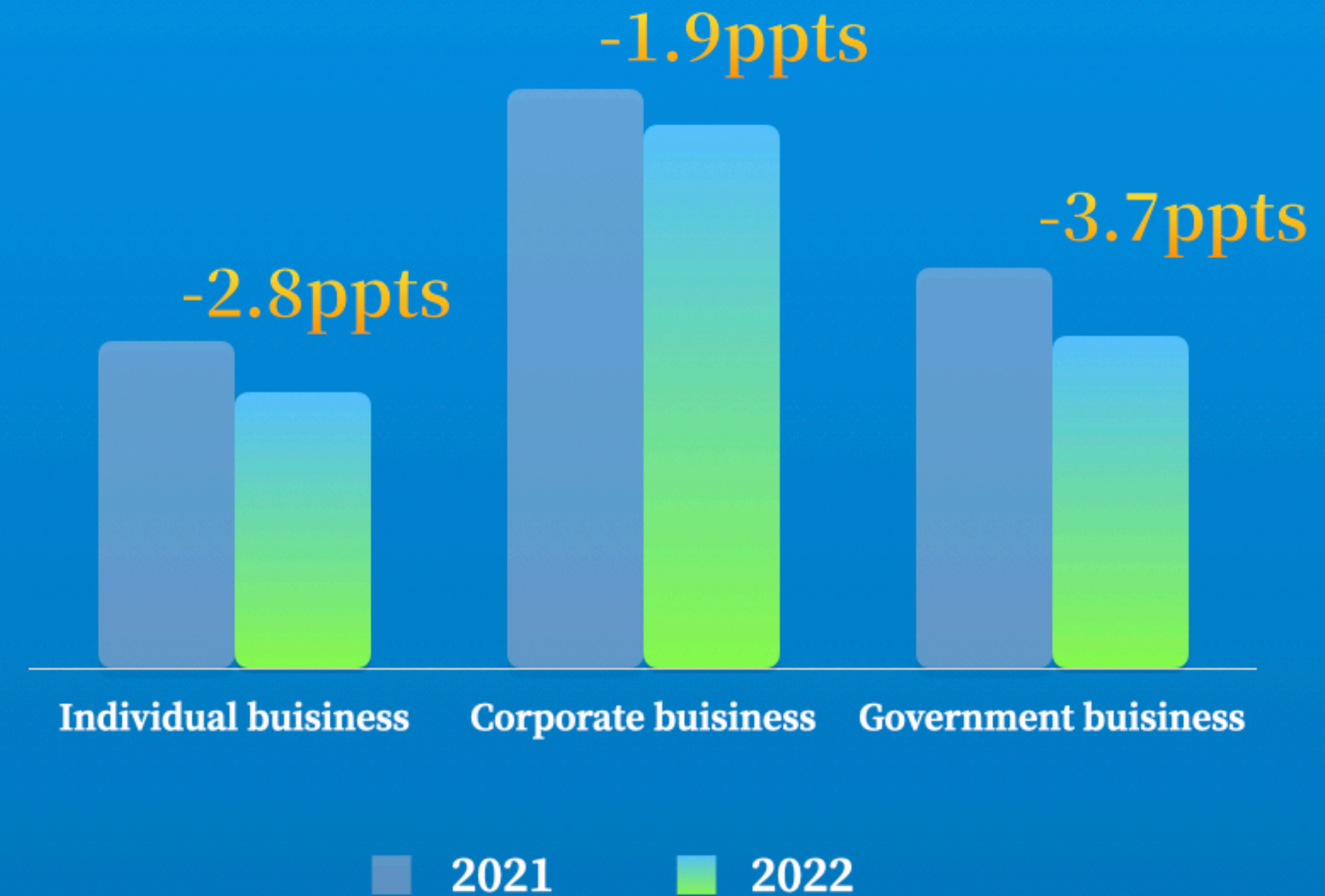
RMB bn

# Improved Profitability in Non-motor Insurance

**-2.8ppts**  
Combined Ratio 100.6%

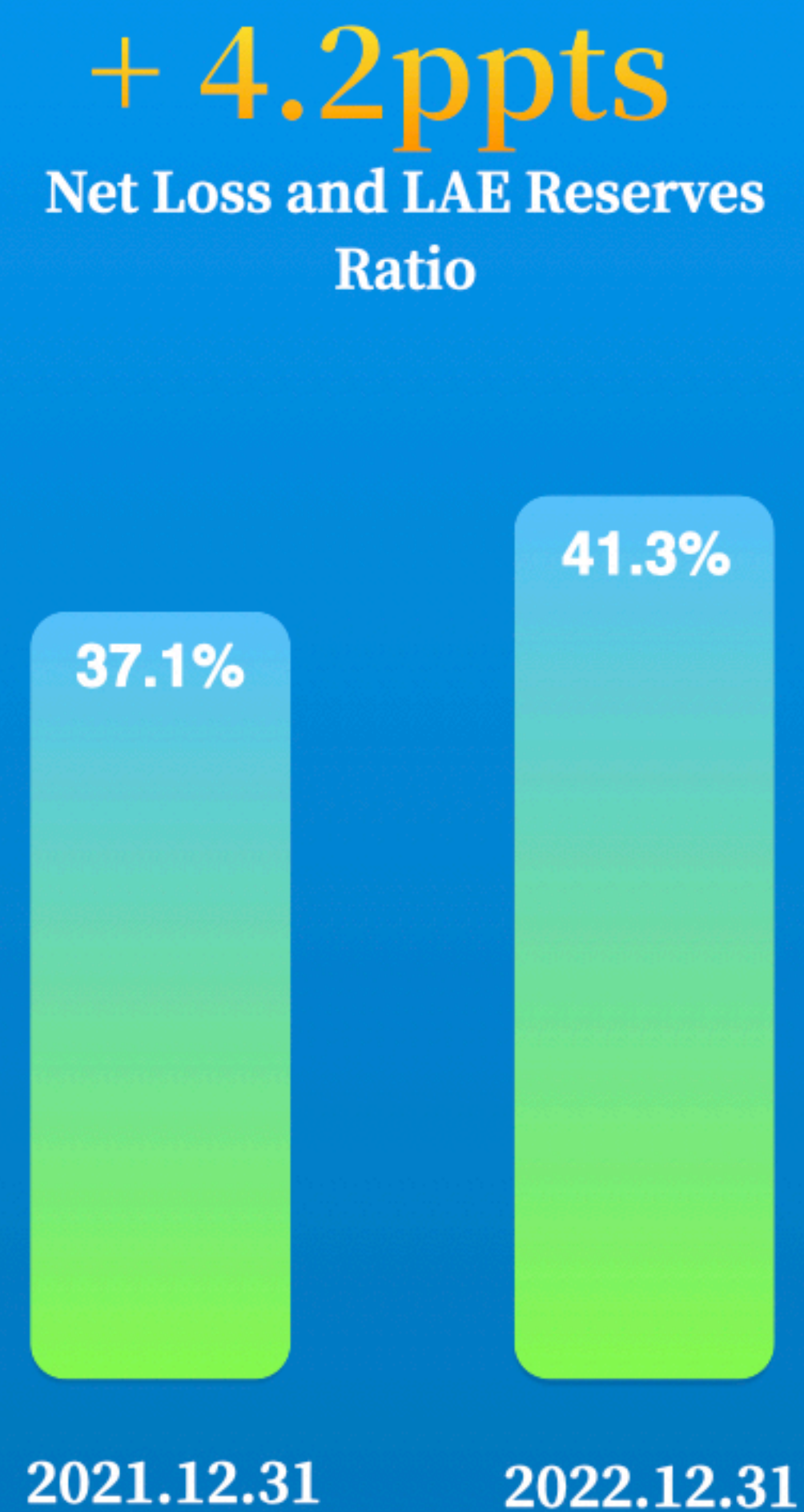
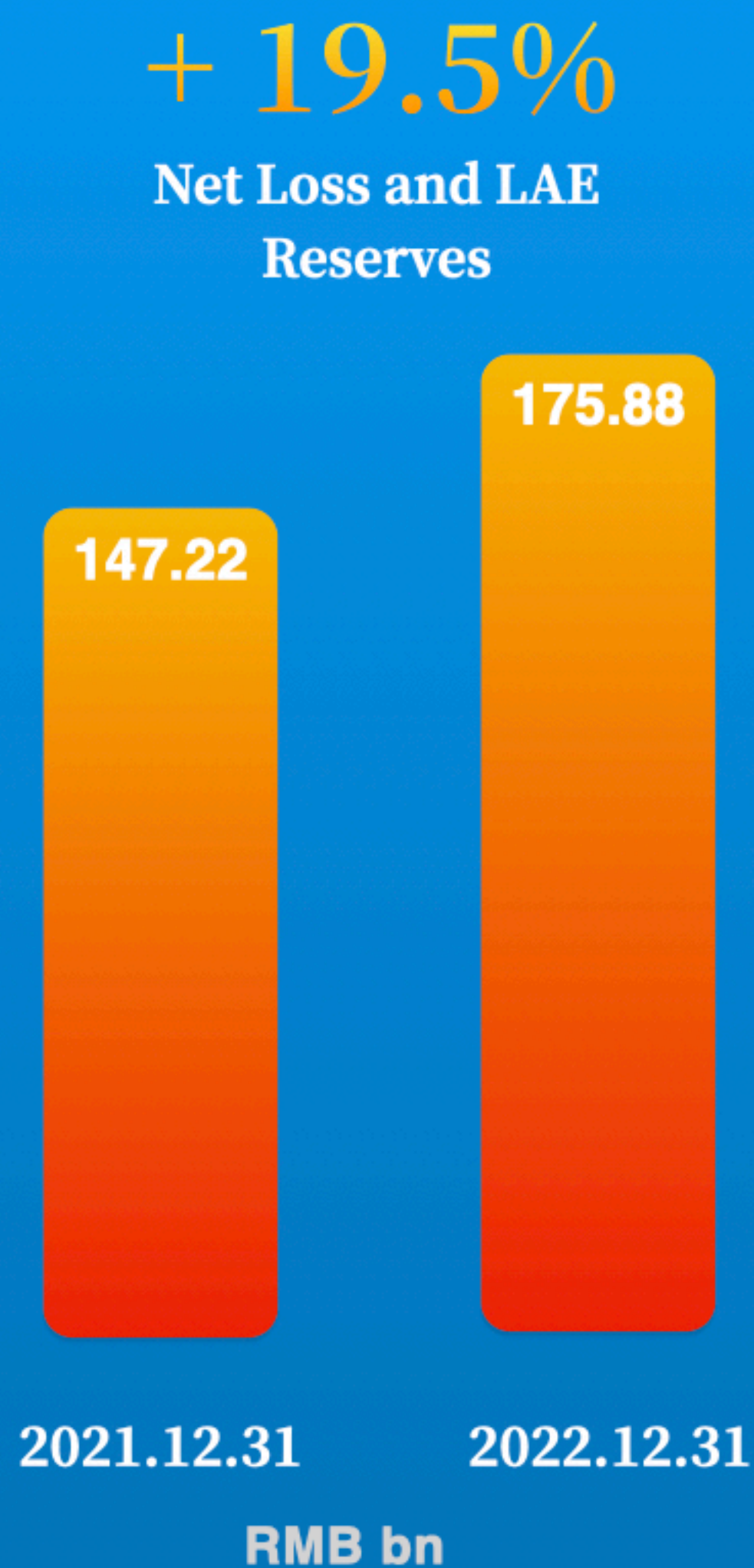


Combined Ratio



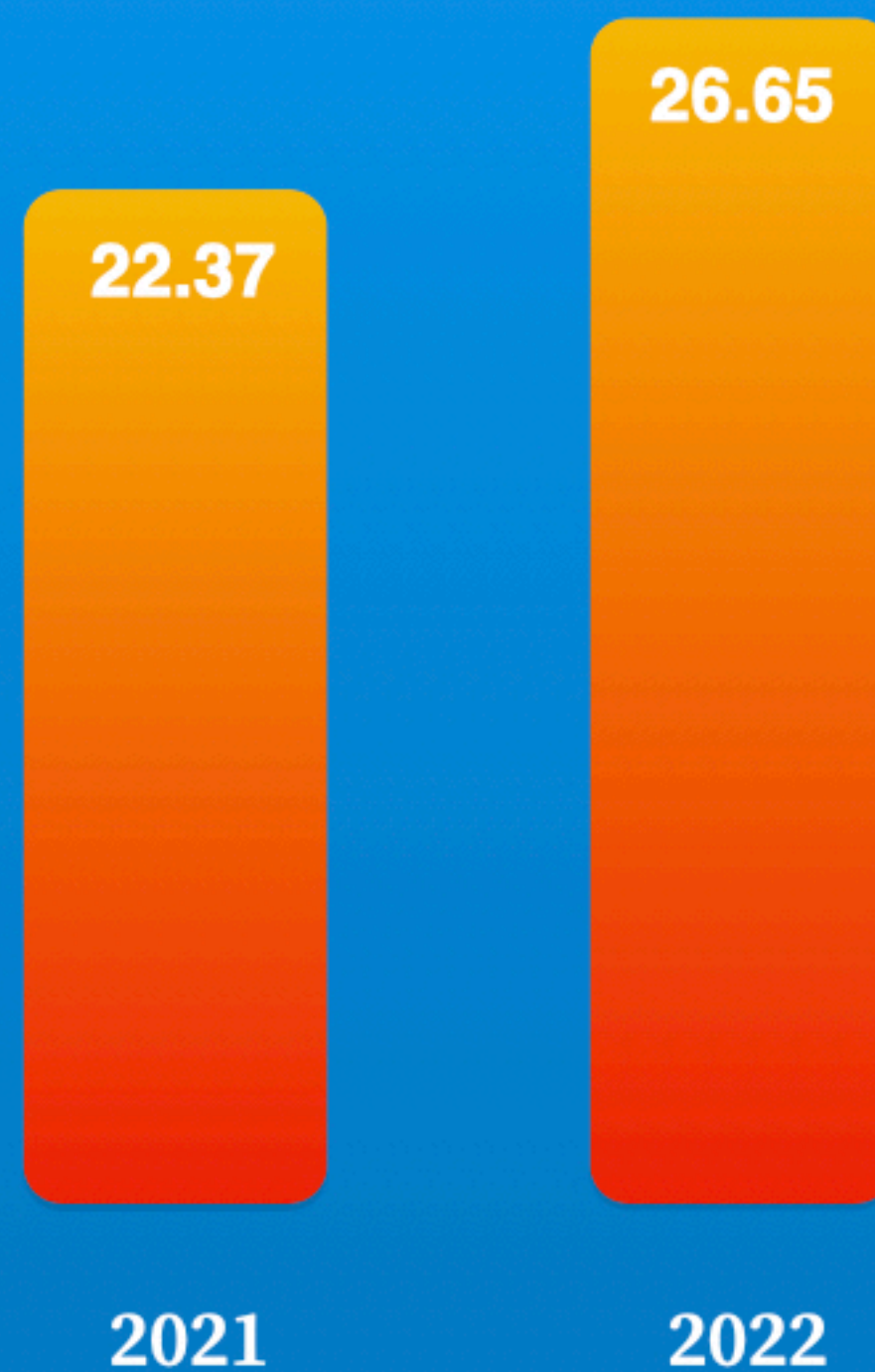


# Sufficient and Reasonable Net Loss and LAE Reserves



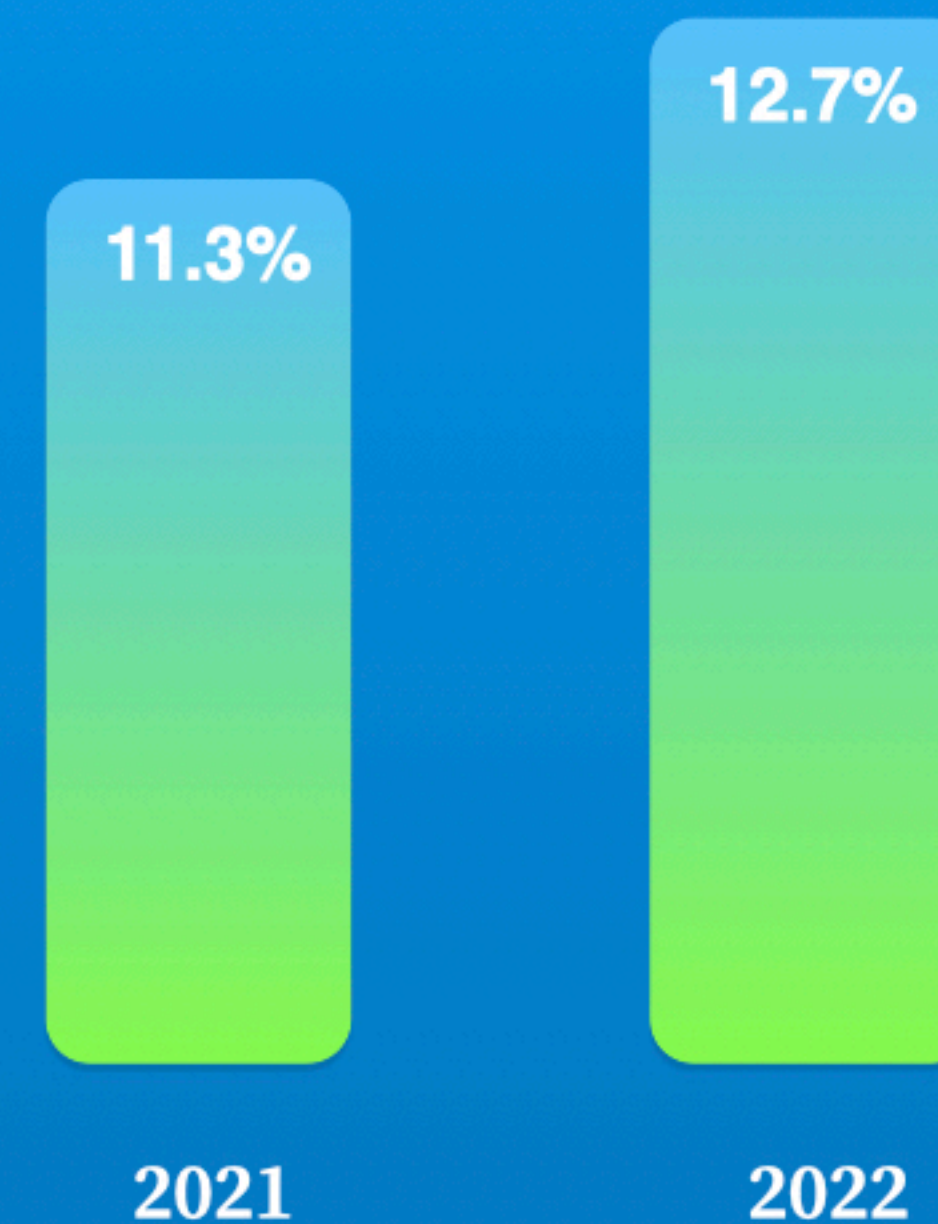
# ROE Remained at a Relatively High Level

+ 19.2%  
Net Profit



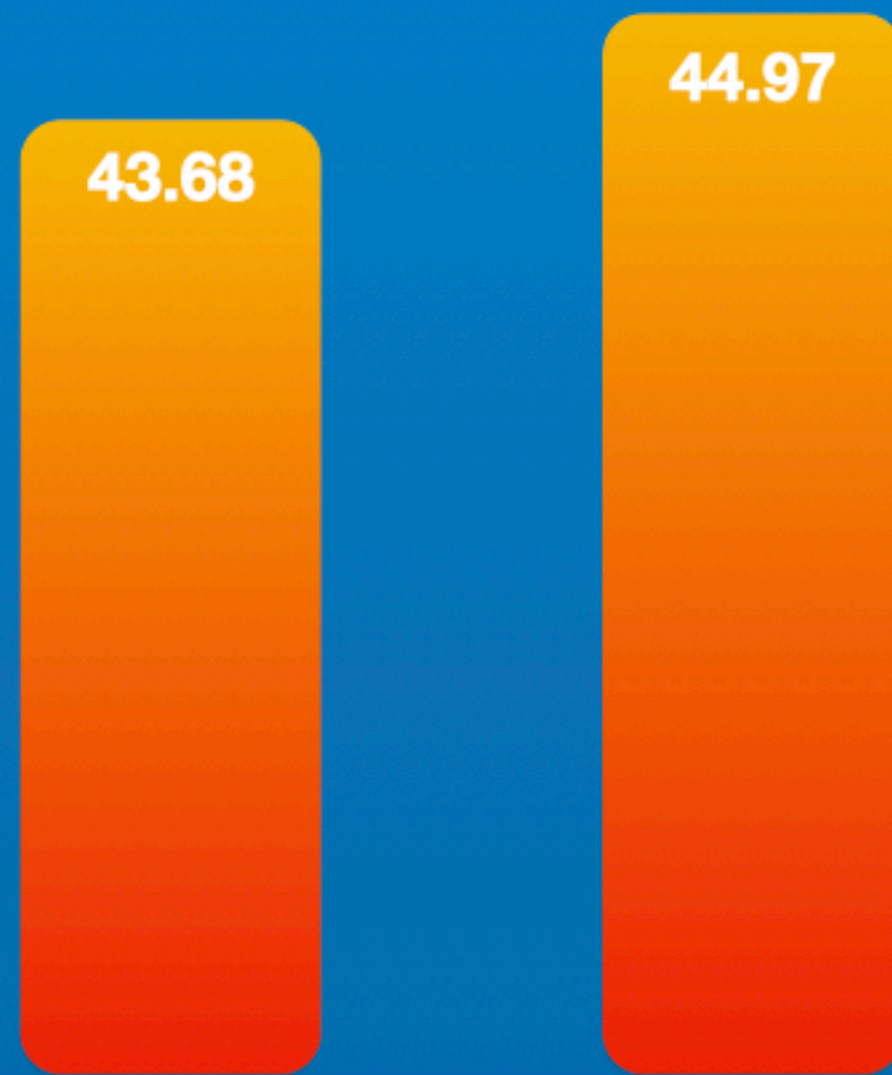
RMB bn

+1.4ppts  
ROE



# Life Insurance: Steady Development

**+ 2.9%**  
Premiums from Bancassurance



2021

2022

RMB bn

**GWPs Achieved Positive Growth**

GWPs

RMB102.86bn

First-year Regular  
GWPs

RMB18.27bn

**+6.4ppts**  
13-month persistency rate

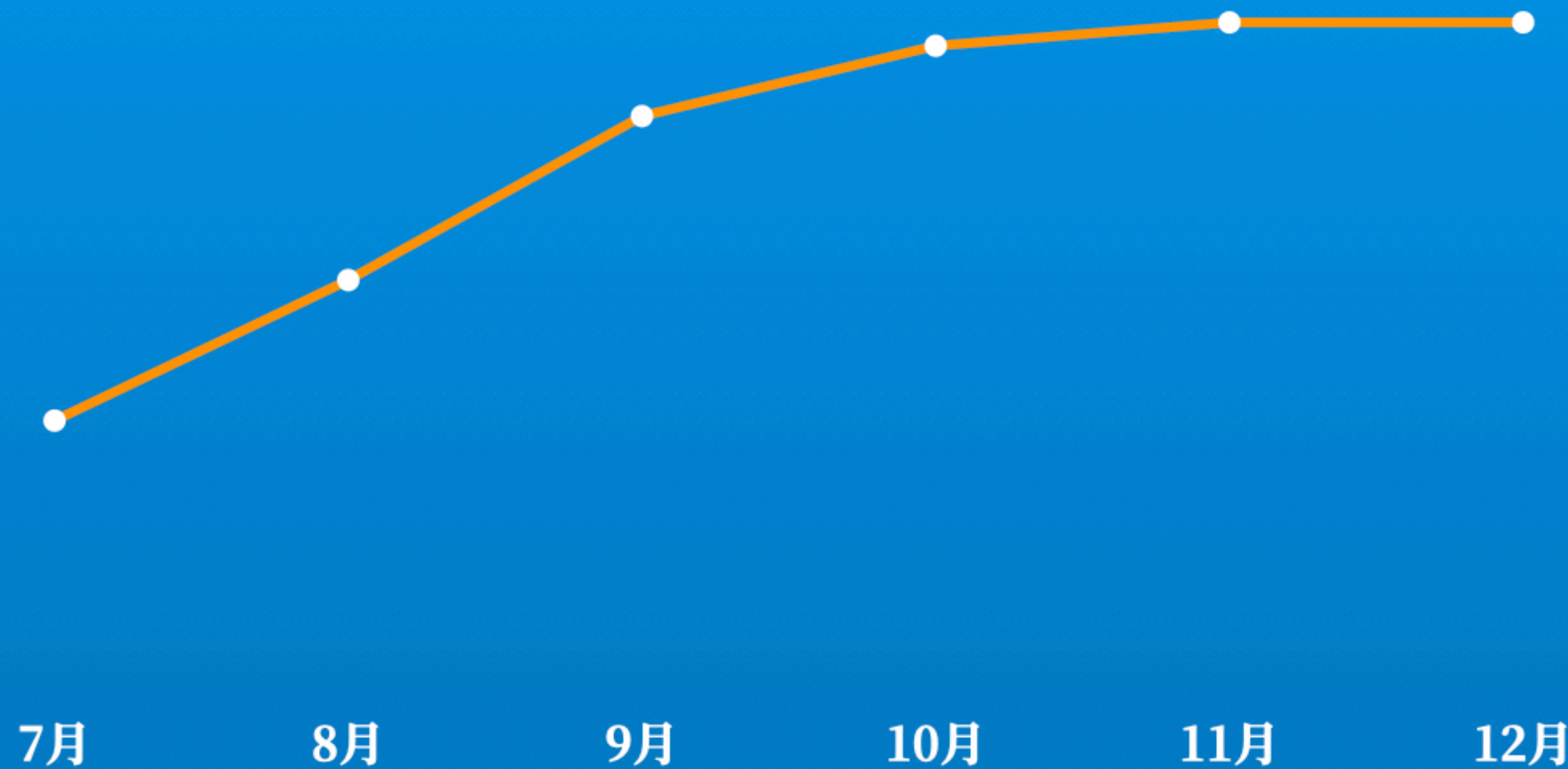


2021

2022

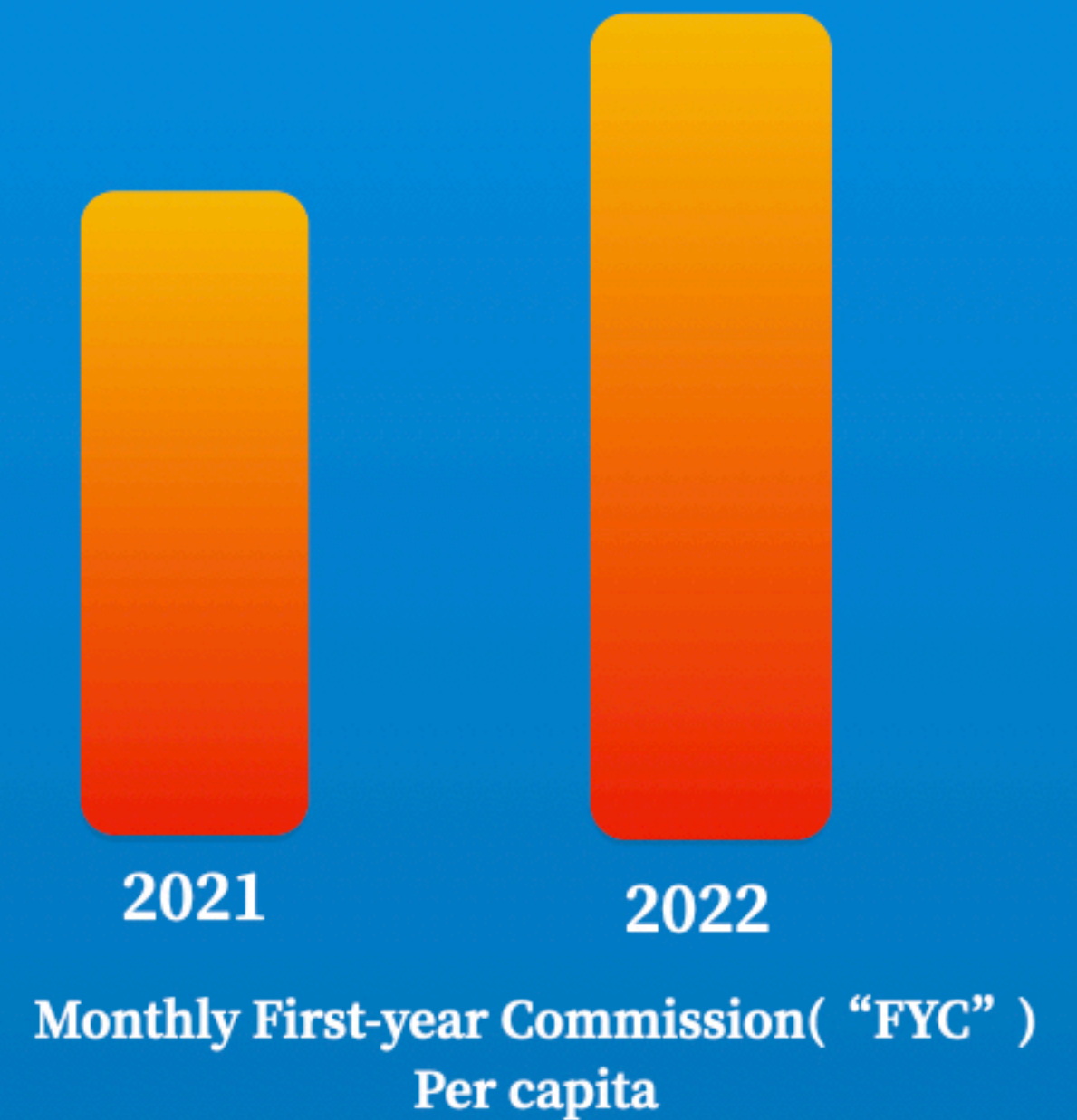
# Quality of Individual Agents Improved...

13-month retention rate continued to improve



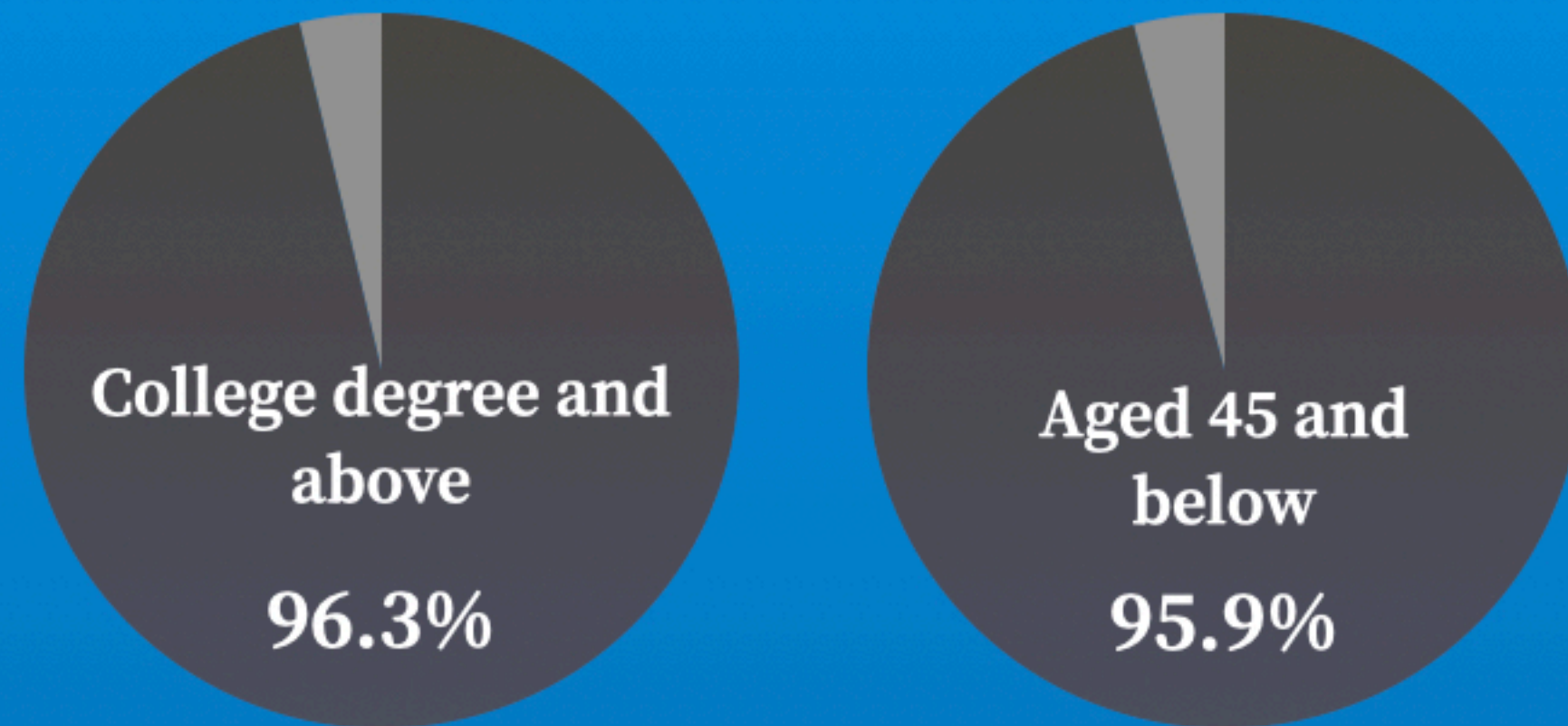
Substantial increase in agent productivity

+ 31.8%

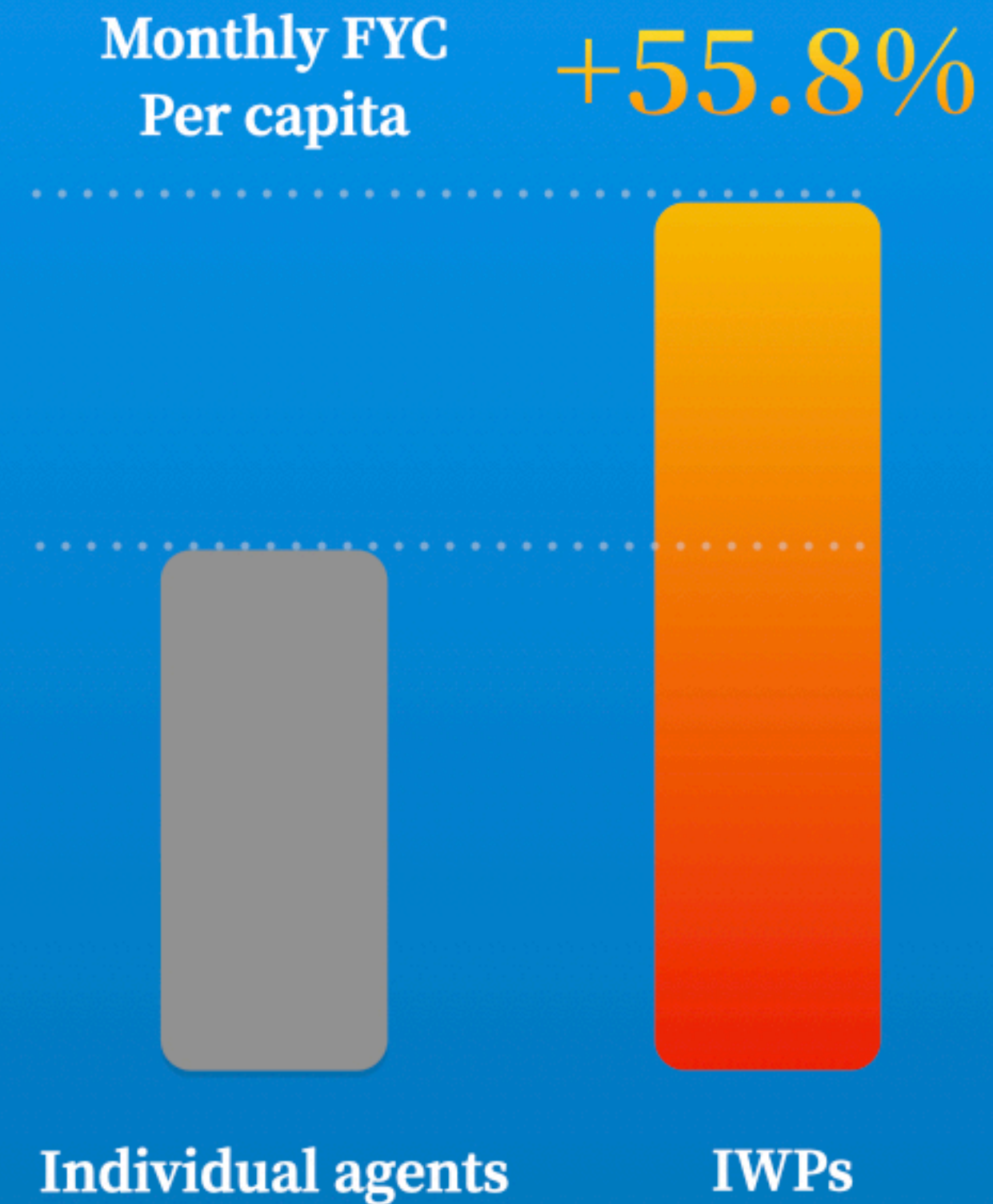


# ...Insurance Wealth Planner Team Achieved Initial Results

## Composition



Number of IWPs: 2,776



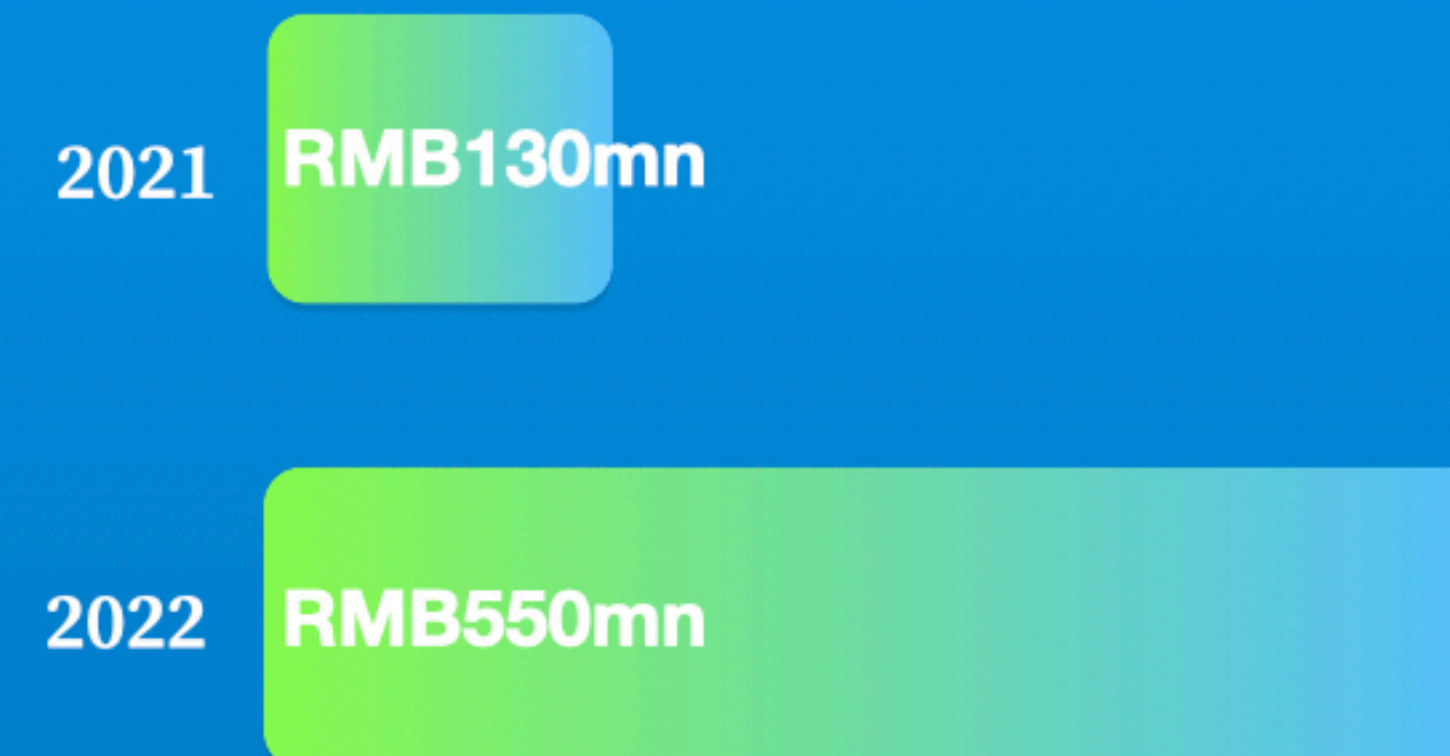
# Significant Value Improvement of Bancassurance

First-year regular premiums + 10.0%



RMB bn

New Business Value + 332.3%



# Vigorous Expansion in New Business Areas

## Exclusive Commercial Pension Insurance

Three Top Rankings in the Industry

Sold the first policy in the industry

Sold the first policy to flexible employees in the industry

Sold the most number of policies (120,000)

RMB700mn

## Individual Pension

First batch of sales qualification

Launched individual pension business in 36 pilot cities (regions)

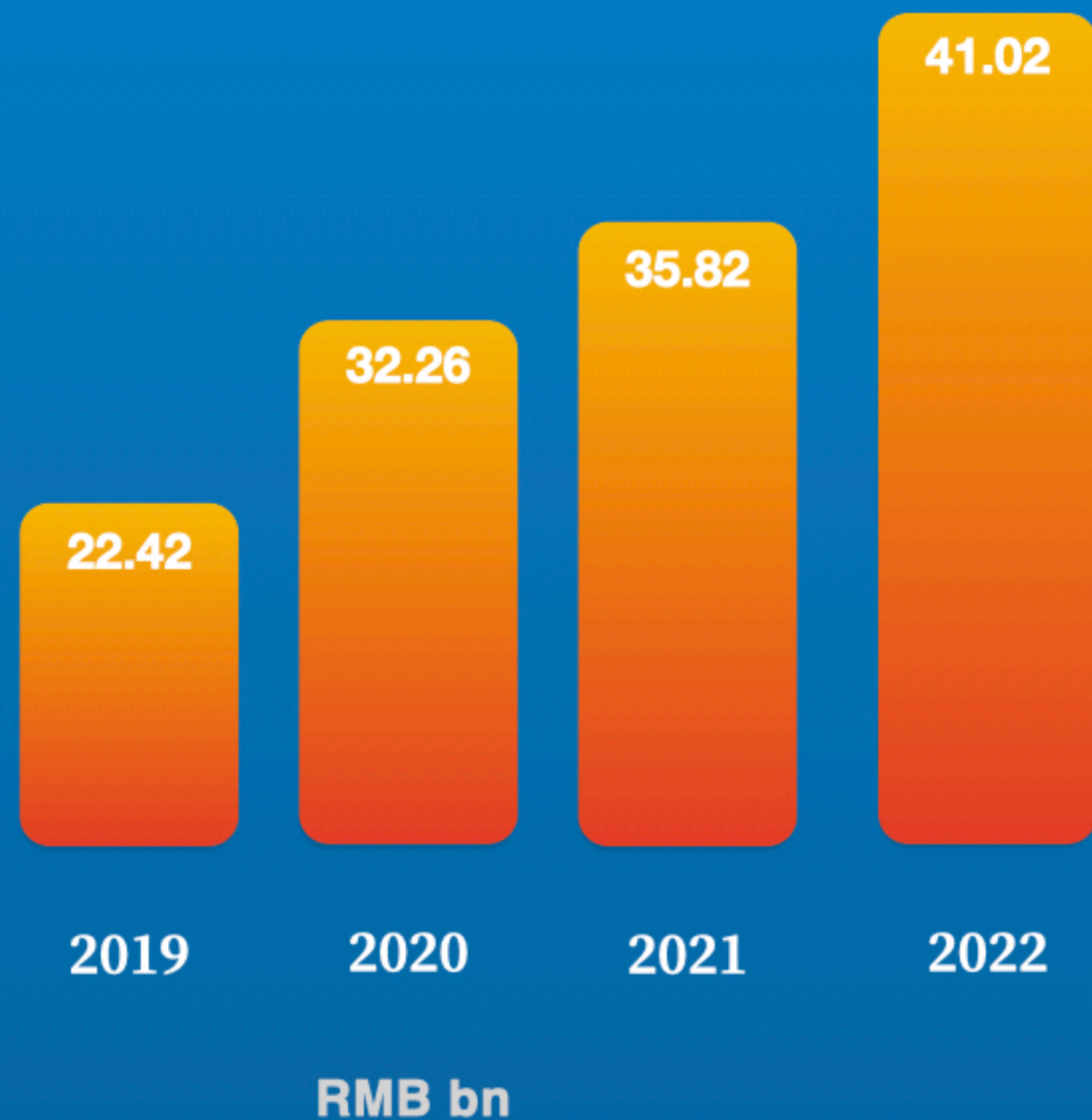
Ranked second in premium income

RMB15.15mn

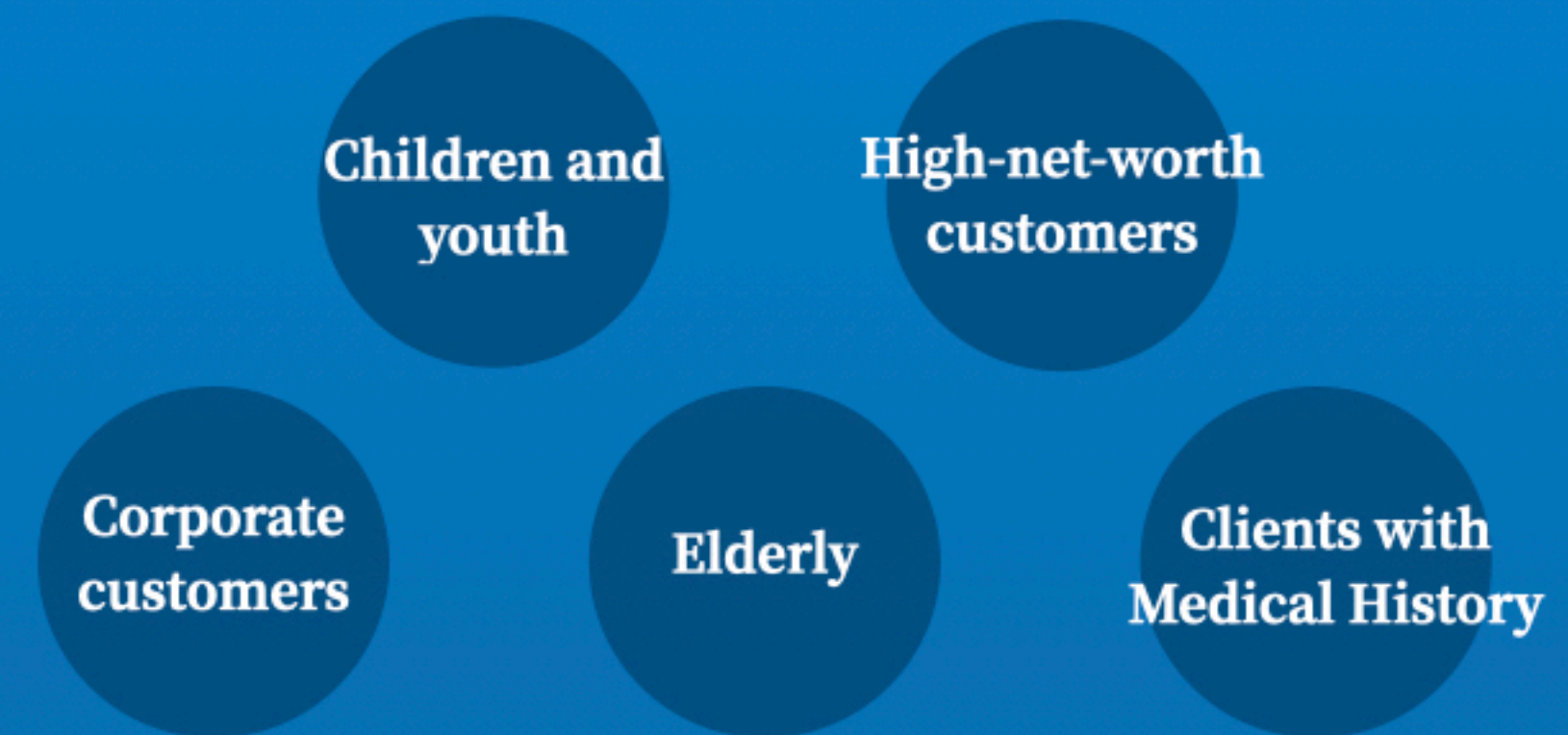
Note: The individual pension system was officially implemented in late November 2022

# Health Insurance: Stepped up a New Stage

Premium Income **+14.5%**



## Five Major Potential Customer Groups



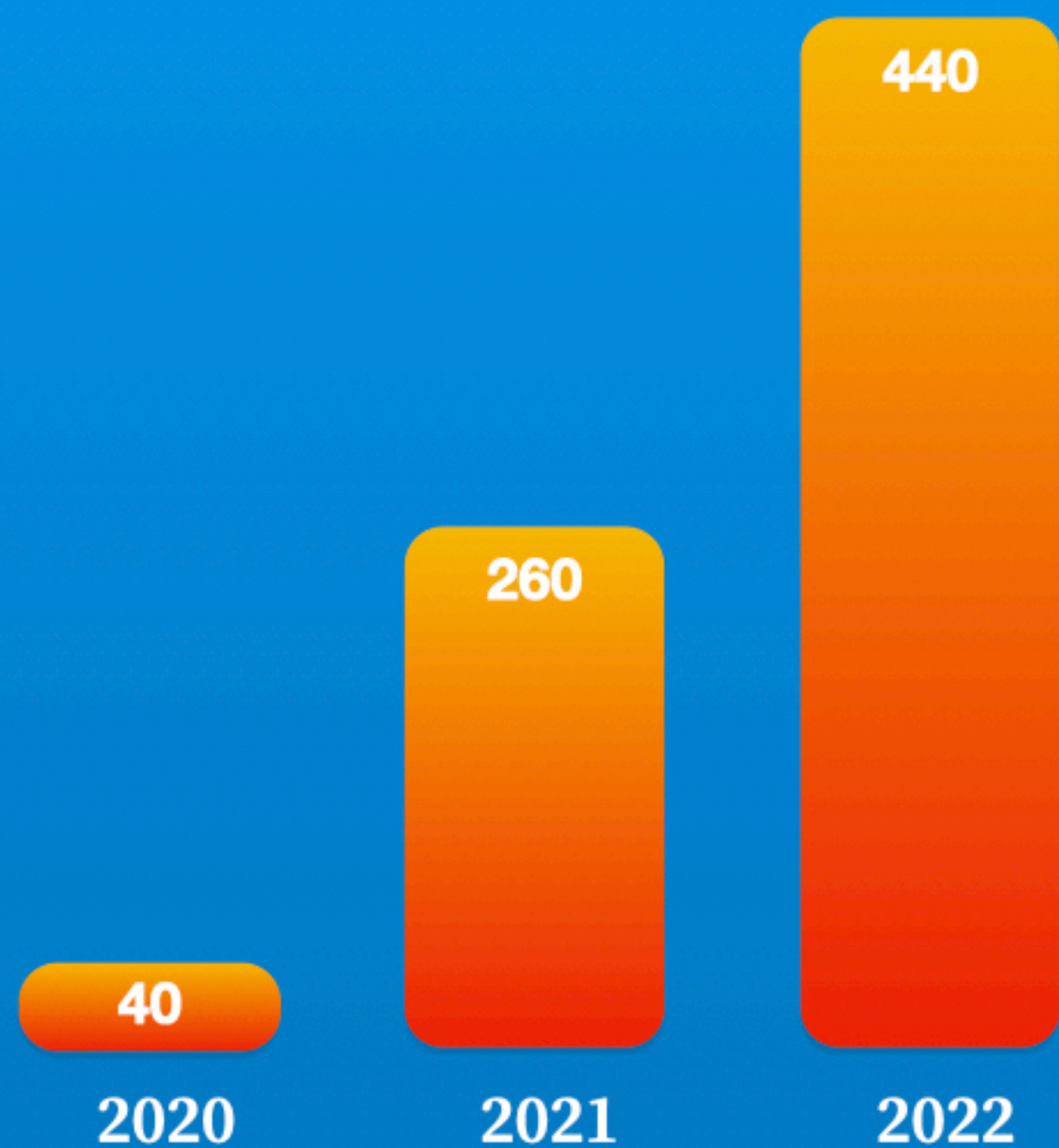
Premium income **RMB4.7bn**

Proportion **11.4%**



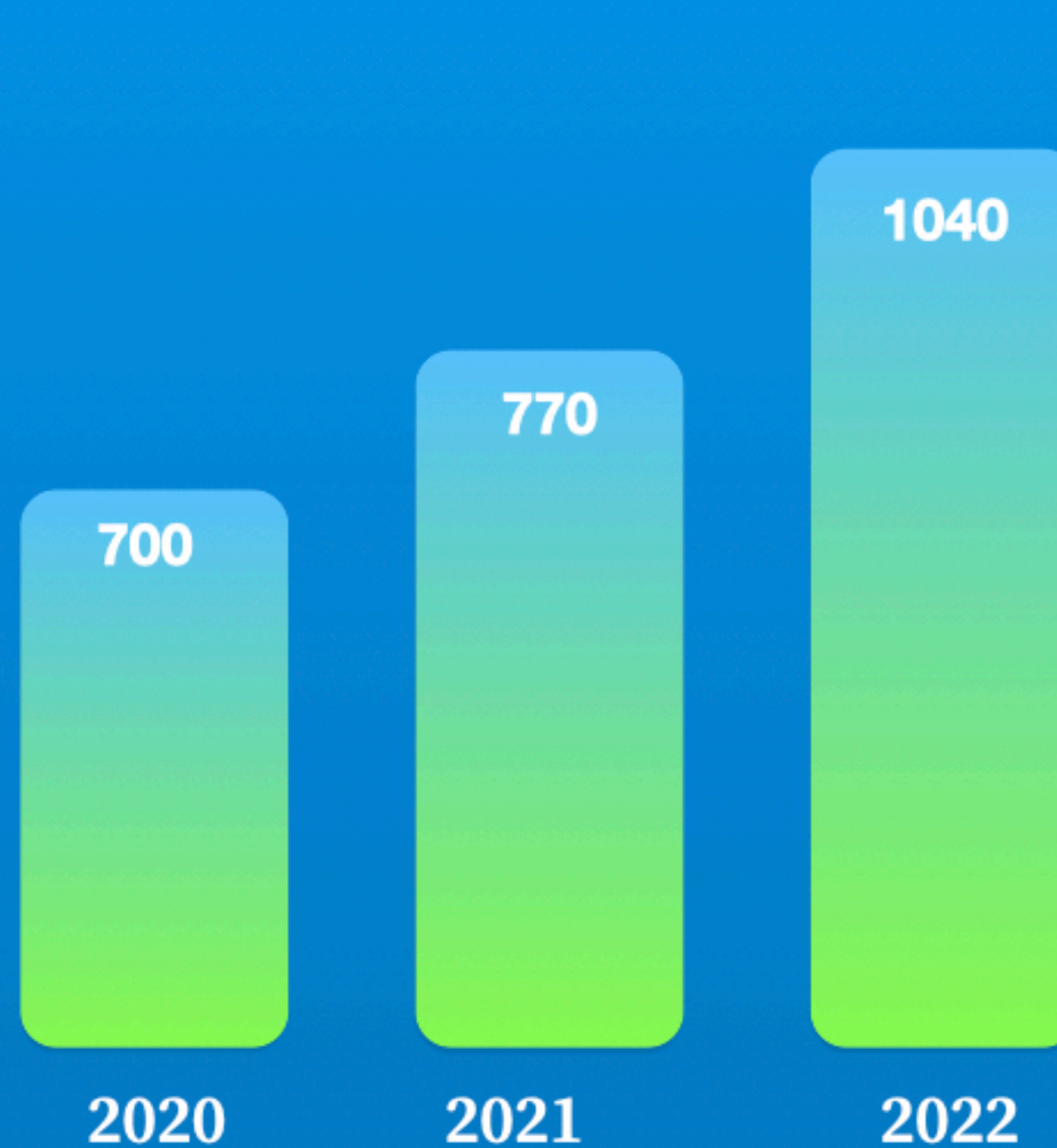
# Value Creation Remained Strong

Net Profit + 70.0%



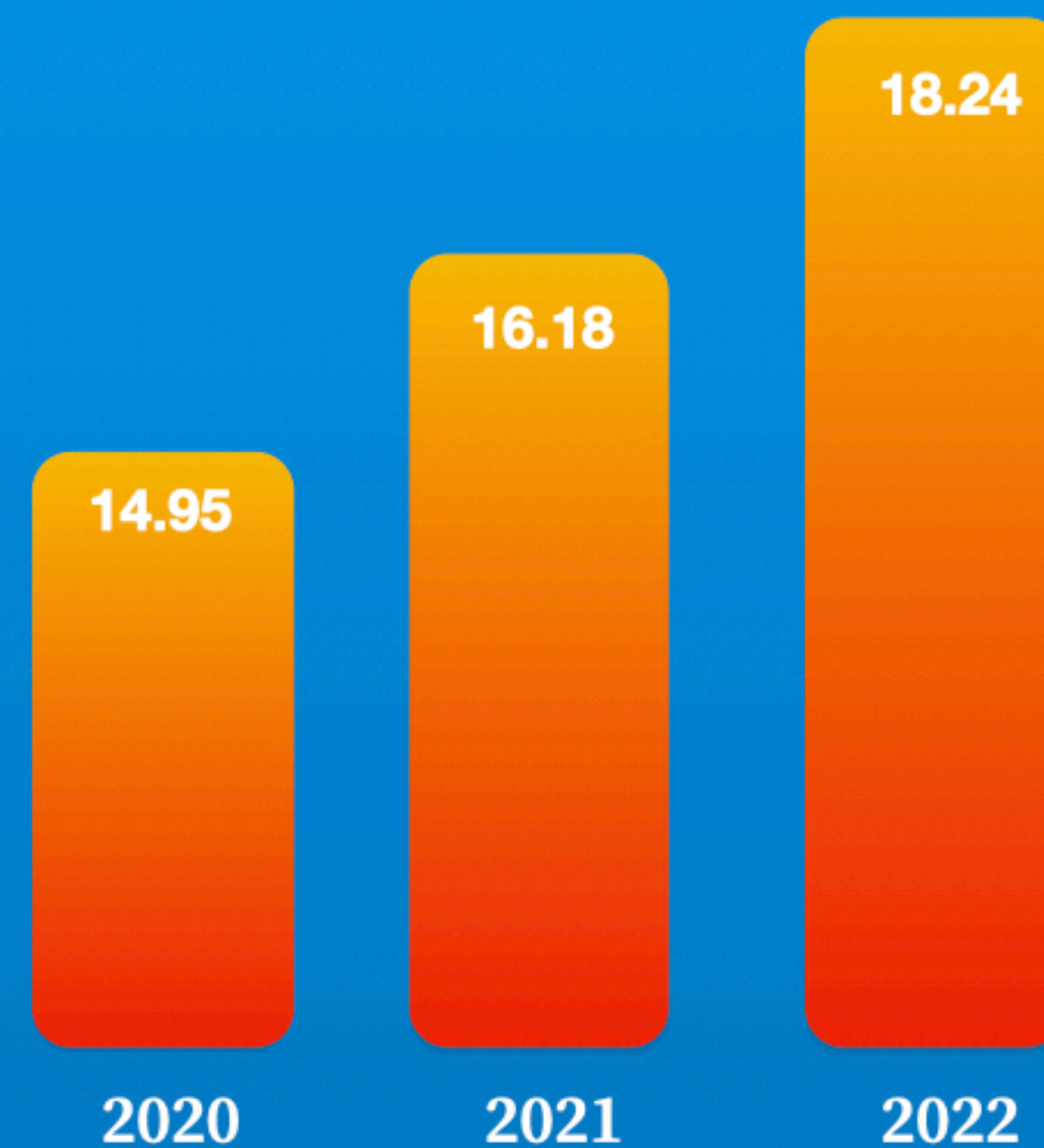
RMB mn

New Business Value + 35.3%



RMB mn

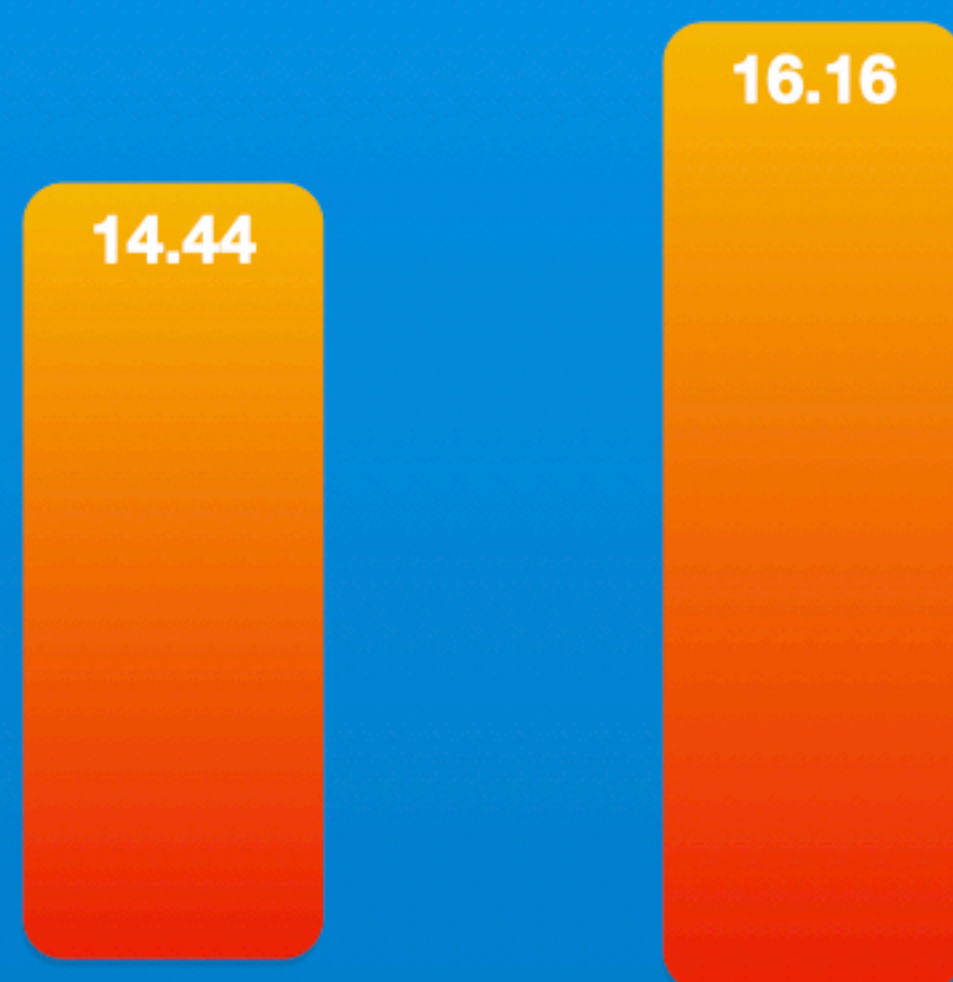
Embedded Value + 12.8%



RMB bn

# Sustained Rapid Growth of Online Health Insurance

GWPs of online health insurance business **+ 11.9%**



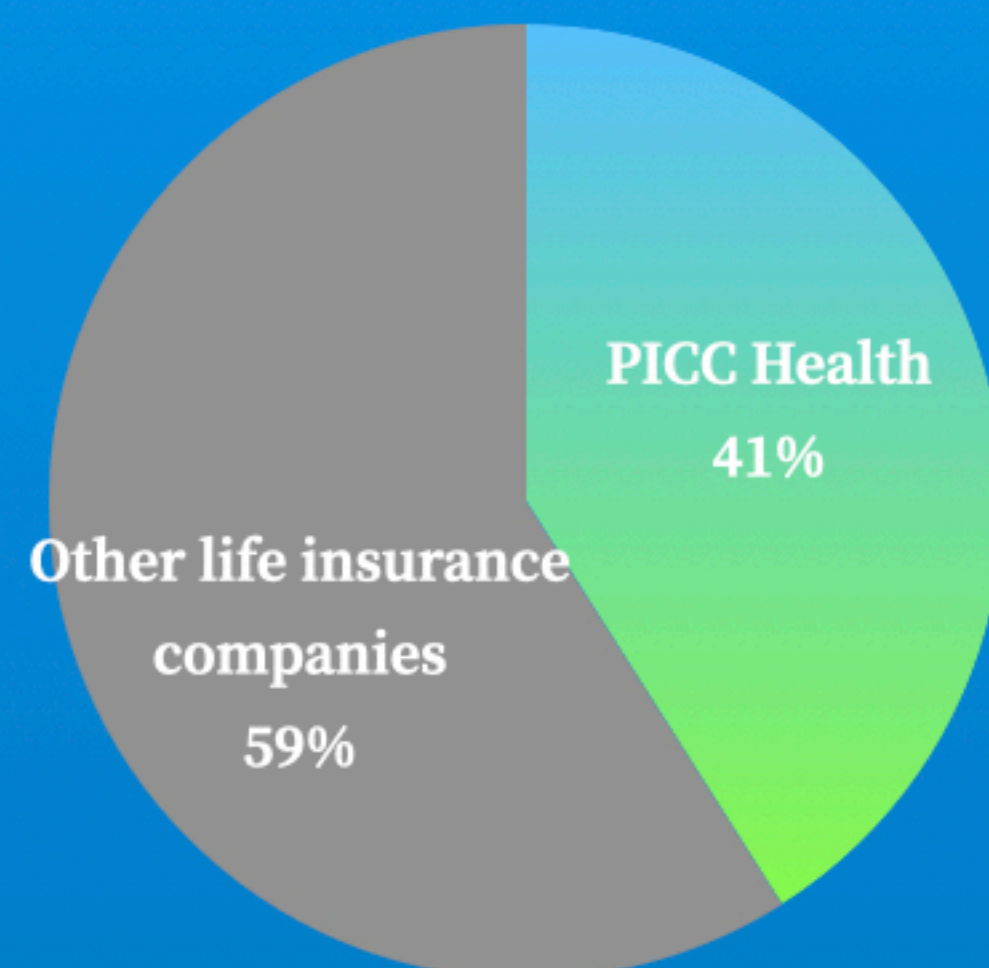
2021

2022

RMB bn

**60mn customers**

Market share **41%**



Launch of new products

Critical Illness No. 1

Children's Critical Illness

Anti-Cancer No. 1

Children's Medical Care

Lung Nodules Medical Insurance

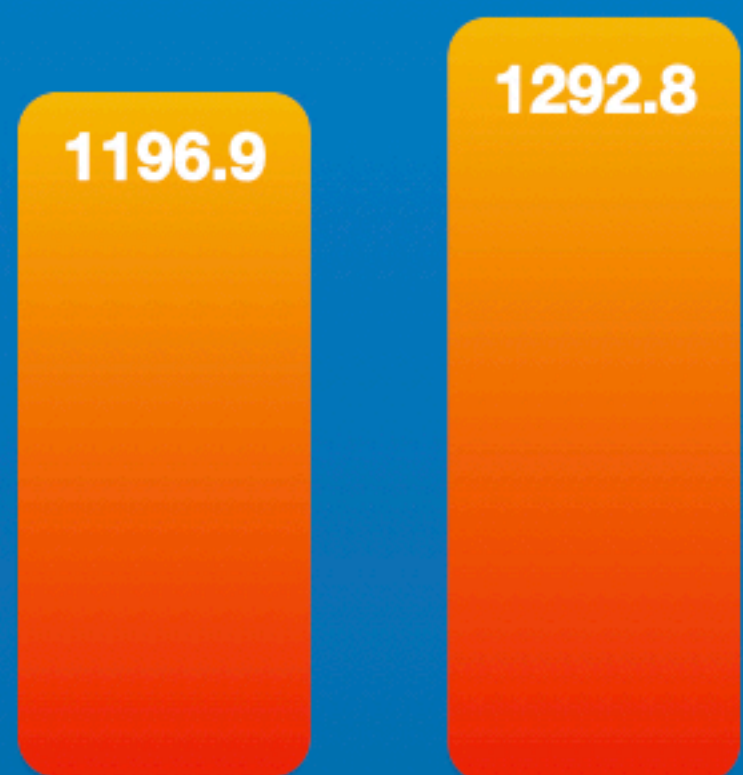


Policies held per customer

**1.5**  
**+17.8%**

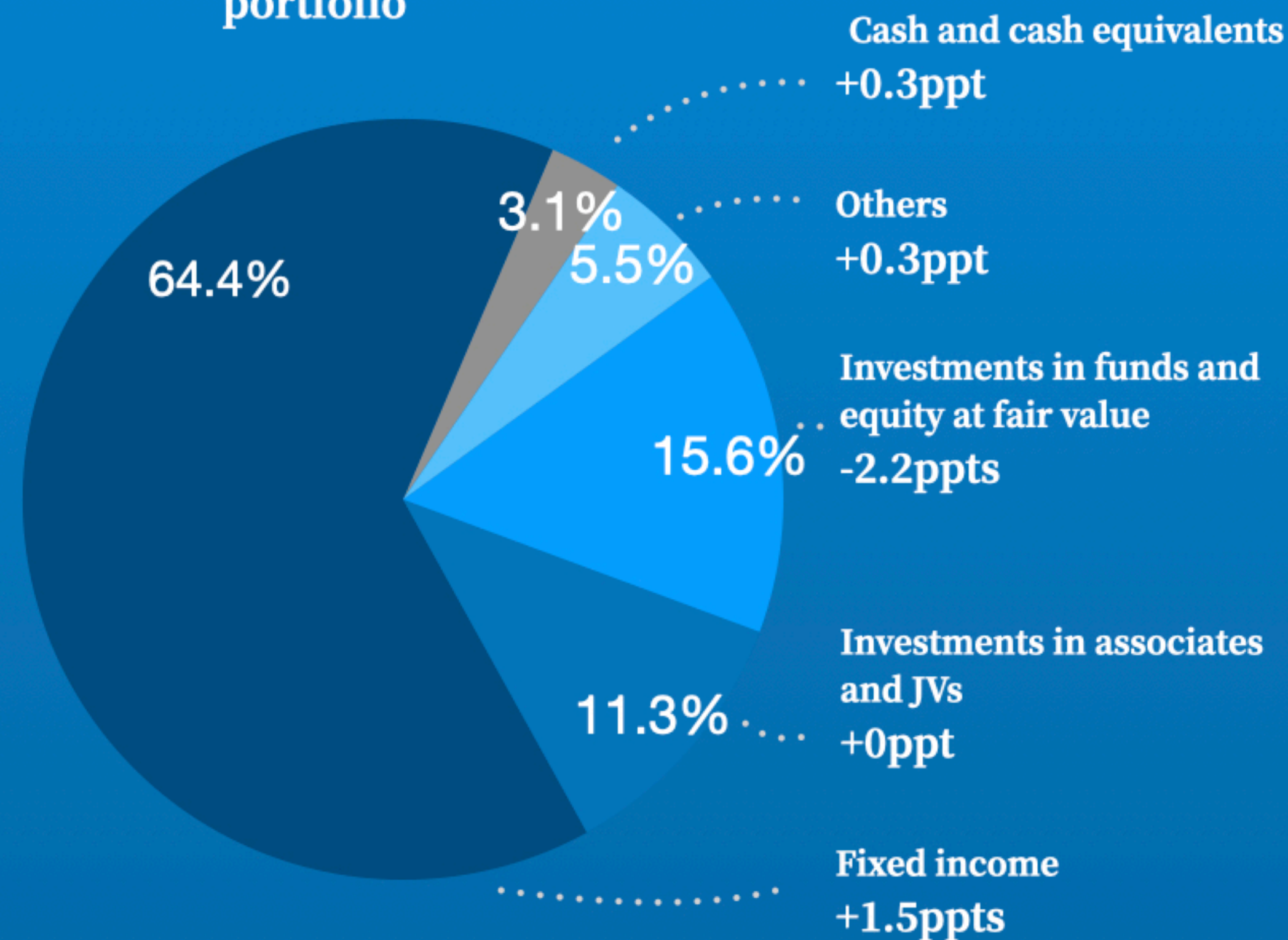
# Asset Management: Prudent and Steady Investment Portfolio

**+ 8.0%**  
Total insurance investment assets



2021.12.31 2022.12.31  
RMB bn

Insurance investment portfolio



**RMB787.06bn**

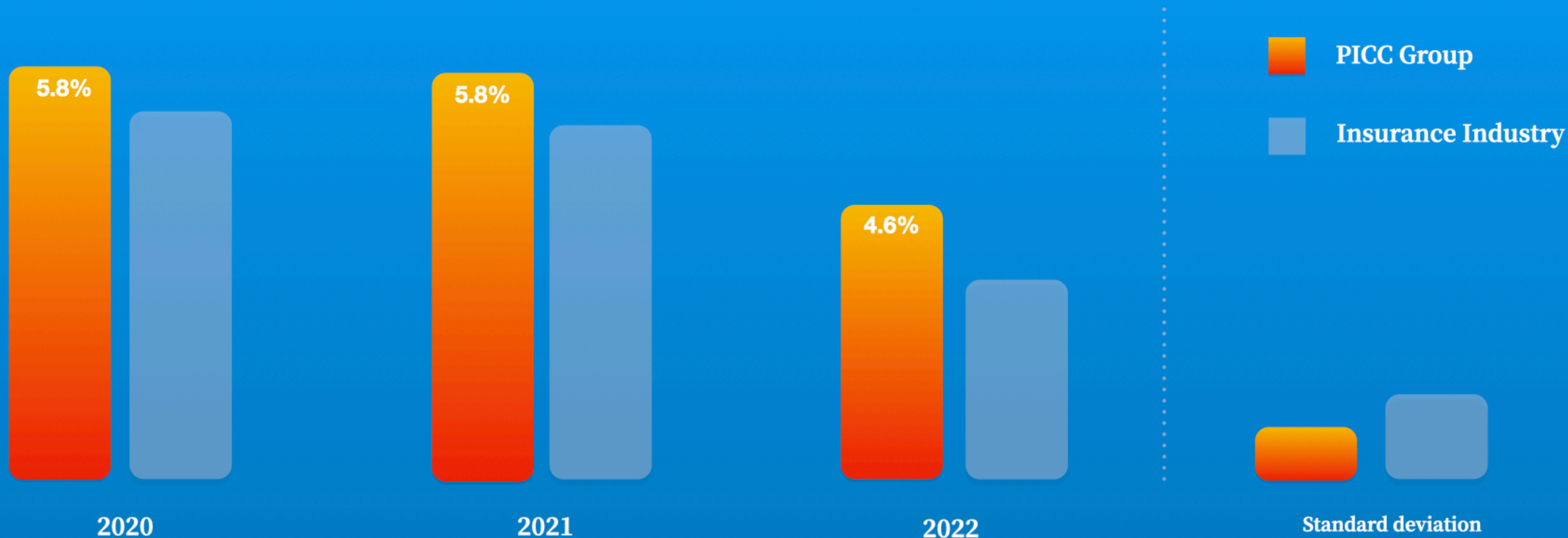
**+ 26.7 %**

**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, 99.6% with AAA ratings**

**Credit risks under control, with industry exposures diversified for credit bonds**

## Alternative Investments

**99.5% with AAA external ratings**

**Covering industries including transportation, energy and public utilities**

## Equity Investments

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

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	
	2022	2021	As of Dec 31, 2022	As of Dec 31, 2021
<b>Under CAS</b>	24,406	21,638	221,510	219,132
<b>Items and adjustments under IFRS</b>				
<b>Catastrophe reserves of agricultural insurance</b>	183	-200	409	226
<b>Dilution of equity in associates</b>	-65	-	-	-
<b>Impact of such adjustments on deferred income tax</b>	-46	50	-102	-57
<b>Insurance contracts reclassified as investment contracts</b>	-1	-12	-46	-45
<b>Under IFRS</b>	24,477	21,476	221,771	219,256

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

<b>(RMB mn, unless otherwise noted)</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>
Gross written premiums	625,809	585,423	6.9%
Of which: PICC P&C	487,533	449,533	8.5%
PICC Life	92,702	96,847	-4.3%
PICC Health	41,022	35,816	14.5%
Total profit	40,970	35,893	14.1%
Net profit attributable to equity holders	24,406	21,638	12.8%
EPS (RMB)	0.55	0.49	12.8%
Weighted average return on equity	11.1%	10.3%	+0.8ppt
Total investment yield	4.6%	5.8%	-1.2ppts
PICC P&C combined ratio	97.6%	99.5%	-1.9ppts
New business value of PICC Life	2,669	3,227	-17.3%
New business value of PICC Health	1,035	765	35.3%
<b>(RMB mn, unless otherwise noted)</b>	<b>As of Dec 31, 2022</b>	<b>As of Dec 31, 2021</b>	<b>Change</b>
Total assets	1,508,702	1,376,402	9.6%
Total liabilities	1,208,137	1,079,697	11.9%
Net assets attributable to equity holders	221,510	219,132	1.1%
Book value per share (RMB)	5.01	4.96	1.1%
Embedded value of PICC Life	103,772	111,431	-6.9%
Embedded value of PICC Health	18,239	16,176	12.8%



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

<b>(RMB mn, unless otherwise noted)</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>
Gross written premiums	625,820	585,425	6.9%
Of which: PICC P&C	487,533	449,533	8.5%
PICC Life	92,713	96,849	-4.3%
PICC Health	41,022	35,816	14.5%
Total profit	34,428	30,370	13.4%
Net profit attributable to equity holders	24,477	21,476	14.0%
EPS (RMB)	0.55	0.49	14.0%
Weighted average return on equity	11.1%	10.2%	+0.9ppt
Total investment yield	4.6%	5.8%	-1.2ppts
PICC P&C combined ratio	97.6%	99.6%	-2.0ppts
New business value of PICC Life	2,669	3,227	-17.3%
New business value of PICC Health	1,035	765	35.3%
<b>(RMB mn, unless otherwise noted)</b>	<b>As of Dec 31, 2022</b>	<b>As of Dec 31, 2021</b>	<b>Change</b>
Total assets	1,509,143	1,376,857	9.6%
Total liabilities	1,208,190	1,079,964	11.9%
Net assets attributable to equity holders	221,771	219,256	1.1%
Book value per share (RMB)	5.01	4.96	1.1%
Embedded value of PICC Life	103,772	111,431	-6.9%
Embedded value of PICC Health	18,239	16,176	12.8%