

2023 Annual Results Announcement

PICC Group 601319.SH

PICC Group 1339.HK

PICC P&C 2328.HK



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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.

Note 3: Actuarial assumptions of PICC Life were adjusted, Investment Yield was 4.5% for traditional products from 5%, 4.75% for Participating and Universal products from 5%; Risk Discounted Rate was adjusted from 10% to 9%.

Actuarial assumptions of PICC Health were adjusted, Investment Yield was 4.5% from 5%; Risk Discounted Rate was adjusted from 10% to 9%.



Terminology

New Accounting Standards:The Group has implemented the Accounting Standards for Business Enterprises No.25 – Insurance Contracts (Cai Kuai [2020] No.20), 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 (Cai Kuai [2006] No. 3), Accounting Standards for Business Enterprises No. 26 – Reinsurance Contracts (Cai Kuai [2006] No. 3); Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (Cai Kuai [2006] No. 3); Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets (Cai Kuai [2006] No. 3); Accounting Standards for Business Enterprises No. 24 – Hedge Accounting (Cai Kuai [2006] No. 3); Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments (Cai Kuai [2014] No. 23); Regulations on Accounting Treatment of Insurance Contracts (Cai 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 the end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and the end of the period)

01

Results Overview

Results Overview

Insurance Revenue

503.90bn RMB

+ 7.5%

Original Premiums
Income

661.74bn RMB

+ 6.9%

Net Profit Attributable to Equity
Holders of the Company

22.77bn RMB

EPS

0.51RMB

Net Assets Attributable to Equity
Holders of the Company

242.36bn RMB

+8.8%

P&C Insurance Combined
Ratio

97.6%

Outperformed Industry

Life & Health
New Business Value

6.49bn RMB

+105.4%

Total Investment Yield

3.3%

Net Investment Yield

4.5%

**Suggested annual cash dividend 1.56RMB per 10 shares,
sustained payout ratio >30% for 4 years**

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

Solid Progress in High-quality Development

PICC P&C

Premiums Income surpassed **500bn RMB**

- ✦ Renewal Rate of household vehicles **+1.1ppts**
- ✦ Individual non-auto insurance business growth rate exceeded overall business growth rate by **5.9ppts**
- ✦ Non-auto insurance combined ratio **-1.7ppts**

PICC Life

Premium Income returned to hundreds of billions RMB

- ✦ New Business Value **+69.6%**
- ✦ First-year Regular Premiums **+37.1%**
- ✦ 13-month persistency ratio **+9.5ppts**

PICC Health

Three-year Premium income CAGR at **12.3%**

- ✦ New Business Value **+182.9%**
- ✦ Health management service revenue **+41.0%**
- ✦ Short-term insurance combined ratio **-0.7ppts**

Investment Segment

Prudent Investment and outperforming yield

Third-party AUM **+36.3%**

Enhancing Quality and Efficiency in Serving National Strategies (1/2)

1 Serving Modern Industry

- Was Chief underwriter of vital important equipment to the nation such as 100G+ high-throughput satellite, domestic large aircraft C919, etc.
- Innovatively launched the industry park insurance comprehensive service solution such as biomedicine, new energy industry, etc. Served approximately 140 thousand enterprises in industrial parks, and provided risk protection amounting to RMB25 trillion.

2 Serving Rural Revitalization

- Agriculture insurance provided 64.90 million rural households with RMB2.1 trillion of risk protection, the original premiums income recorded RMB58.2 billion,+11.9%.
- Full-cost and planting income insurance for three main cereal crops covered 16 provinces.

3 Serving Tech Self-reliance

- Has underwritten 110,000 high-tech enterprises, provided risk protection amounting to RMB87.2 trillion.
- Was approved to build the only national pilot platform in the industry for comprehensive intellectual property insurance services, and the intellectual property insurance provided risk protection for technology-based enterprises of nearly RMB25 billion.

4 Serving Livelihood & Well-being

- Critical illness insurance covering 27 provinces, serving 558 million personnel/time.
- Exclusive commercial pension and tax deductible health insurance ranked No.1 in GWPs and number of policies issued in the industry.

Risk Coverage **>3,500tn RMB**

Claims paid **409.2bn RMB**

Investment in “eight strategic service” amounted **≈800.0bn RMB**

Enhancing Quality and Efficiency in Serving National Strategies (2/2)

5 Serving Green Development

- Developed green insurance and provided risk protection of RMB75.5 trillion, +20.4%.
- The number of new energy vehicles underwritten increased by 57.7%.

6 Serving Safety Development

- The coverage of local catastrophe insurance expanded to 74 cities in 15 provinces, with insured population of 270 million.
- Provided production safety liability insurance risk protection of RMB13.5 trillion for 296,000 enterprises.

7 Serving Regional Development

- Provided insurance protection and fund support for the construction of national key regions including the Beijing-Tianjin-Hebei, Yangtze River Economic Belt, Guangdong-Hongkong-Macao Greater Bay Area and Yangtze River Delta regions.
- Has underwritten several landmark innovative projects such as unmanned automobiles, smart parking, ecological governance and urban computing center.

8 Serving Belt & Road Initiative

- Overseas business covered 134 countries(regions) and provided risk protection of RMB1.8 trillion.
- Trade credit insurance served 13,000 customers in total, and provided risk protection of RMB725.9 billion.

Pace of Technological Development Accelerating (1/2)

Wan Xiang Tian Yan - Intelligent risk reduction platform

Distributed insurance core business system

🏆 “Golden Award” second prize of the People’s Bank of China

PICC LLM

🏆 “Top 10 Event in Financial Informatization 2023”

280

Patents

Insurance industry application platform and demonstration project based on big data technology

🏆 Selected for the Demonstration List of Big Data Industry Development by Ministry of Industry and Information Technology in 2023

Ten projects including the digital audit platform

🏆 The 14th Financial Technology Innovation Award

● Top-level design of technological

- ✦ Established the Group Digital Development Committee
- ✦ Formulated plans for information technology construction and data governance, promoting major projects within the group

● Technology infrastructure construction

- ✦ Phase I of the Northern Information Center has been officially put into operation
- ✦ Steady progress of the construction of the group’s unified “Five Major Platforms” for data, technology, development, intelligence, and operation

● Technology empowering core business development

- ✦ Implemented over 100 intelligent scenarios
- ✦ Deep collaboration with leading domestic LLM vendors to implement business scenario applications

Pace of Technological Development Accelerating (2/2)

Underwriting

- Mobile Sales Platform “PICC e-Tong” : GWPs 142.8bn RMB, serving over 100mn person times
- Cumulative outbound calls of intelligent operations exceeded 21.42mn. Launched marketing analysis model with intention prediction accuracy rate exceeding 90%
- Total number of fans in the new media marketing mix exceeded 5.4mm

Claims and Loss Reduction

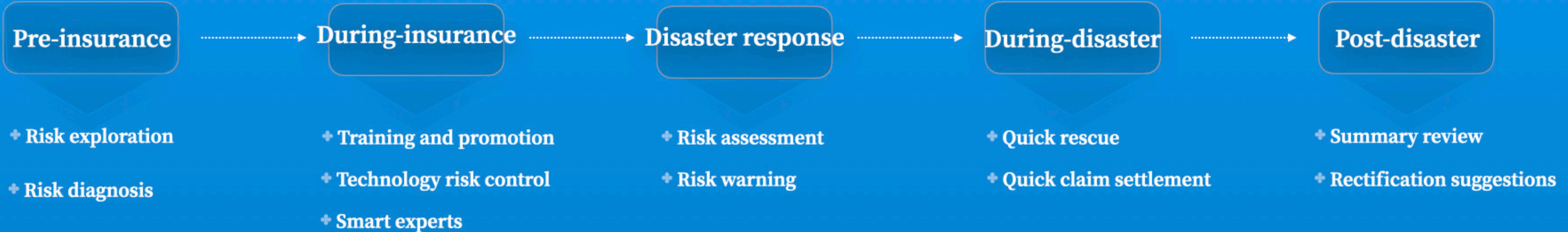
- Launched the intelligent medical audit system (Phase I), eliminating 560mn RMB in medical expenses
- Operated truck risk warning service 180mn times, provided dangerous behavior alerts 32.69mn times, successfully corrected 27.70mn instances
- Based on the business characteristics of NEVs, constructed a claim settlement management system and service model, comprehensively enhancing claim settlement service capabilities for NEVs

Customers Service

- Household auto insurance customer binding rate reached 96%
- Online intelligent operation platform supports precise customer screening, with net earned premiums from “one-click renewal” of auto insurance increasing by 42%
- 38mn cumulative “PICC APP” downloads, serving over 100mn person times

Innovation-driven Effect Becoming Evident (1/2)

Promote business model innovation



Over 130mn

Number of Claims cases processed in 2023

“Wanxiangyun” identified **660,000** instances of risk hazards and provided over meteorological warnings and IoT warnings for corporate operations

4mn

Assisted customers in relocating property worth over **1bn RMB** and harvesting **330,000 mu** of early rice seedlings prior to Typhoon Doksuri. Implemented vehicle rescue during the disaster to reduce customer losses.

Innovation-driven Effect Becoming Evident (2/2)

Promote product innovation

1,077 New products

6.8bn RMB premiums



Promote management model innovation

- ✓ Optimized the evaluation index system for high-quality development of the group and established the Evaluation Methods for High-quality Development of the Group
- ✓ Established a consumer protection mechanism covering all business processes, positioning the group at the forefront of the industry in regulator' s consumer protection evaluations

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Segment Coordination



Innovative Mechanism of **coordination**

Premiums from Insurance segment coordination

+7.9%
23.08bn RMB

Individual Customers:
290mn

Premiums from Investment segment

+67.2%
1.75bn RMB

Institutional Customers:
7.0mn

Effective and Strong Risk Prevention and Control

1

Improved the risk management system

- ✦ Upgraded the Comprehensive Risk Management Action Plan
- ✦ Optimized the operation mechanism of the Risk and Compliance Committee

2

Improved proactiveness in risk prevention and control

- ✦ Completed construction of smart risk management platform
- ✦ Comprehensively reviewed the implementation of risk appetite
- ✦ Strengthened risk prediction and early warning

3

Advanced the prevention and resolution of key risks

- ✦ No significant credit risk losses occurred in fixed income investments
- ✦ Net cash flow from operating activities of 70.5bn RMB, remaining stable. Balance and ratio of premiums receivable decreased for PICC P&C
- ✦ Enhanced control over potential spread loss risks

4

Strengthened the internal control and compliance management system

- ✦ Optimized grassroots internal control framework model
- ✦ Strengthened construction of internal control and security mechanisms

02

Segment Overview

P&C: Results Highlights

Insurance Revenue

457.20bn RMB

+ 7.7%

Original premiums
income

515.81bn RMB

+ 6.3%

Net Profit

25.23bn RMB

EPS

1.14RMB

Net Assets

233.08bn RMB

+ 6.1%

Combined Ratio

97.6%

Outperformed Industry

Underwriting Profit

11.07bn RMB

LAE Reserves

179.63bn RMB

+2.6%

Suggested annual cash
dividend per 10 Shares

4.89RMB

Payout Ratio

>40% for 5 years

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 the Old Accounting Standards.

Auto Insurance Maintaining Leading Position

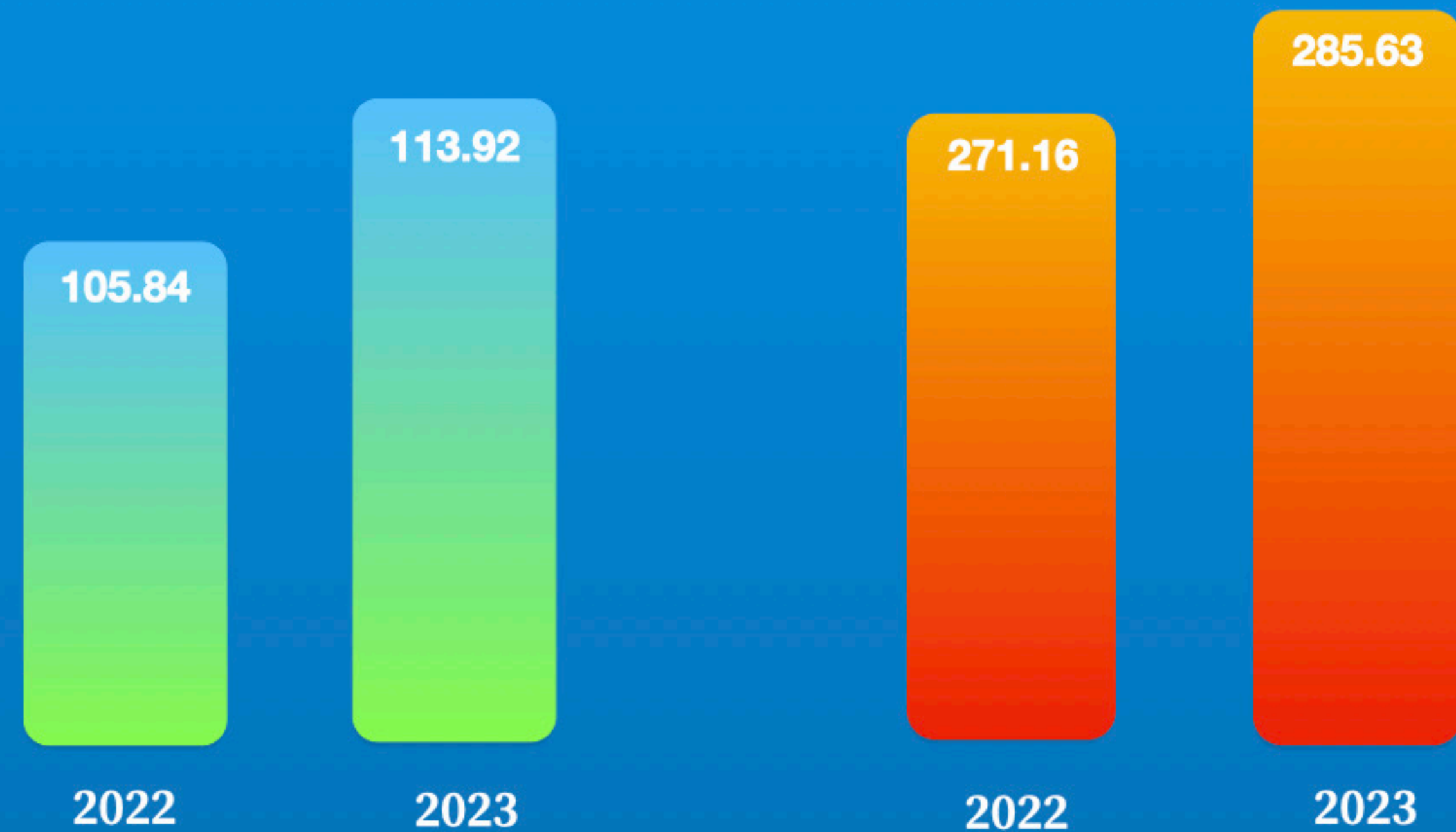
Steady Growth

+ 7.6%

Number of Vehicles
Underwritten(mn)

+5.3%

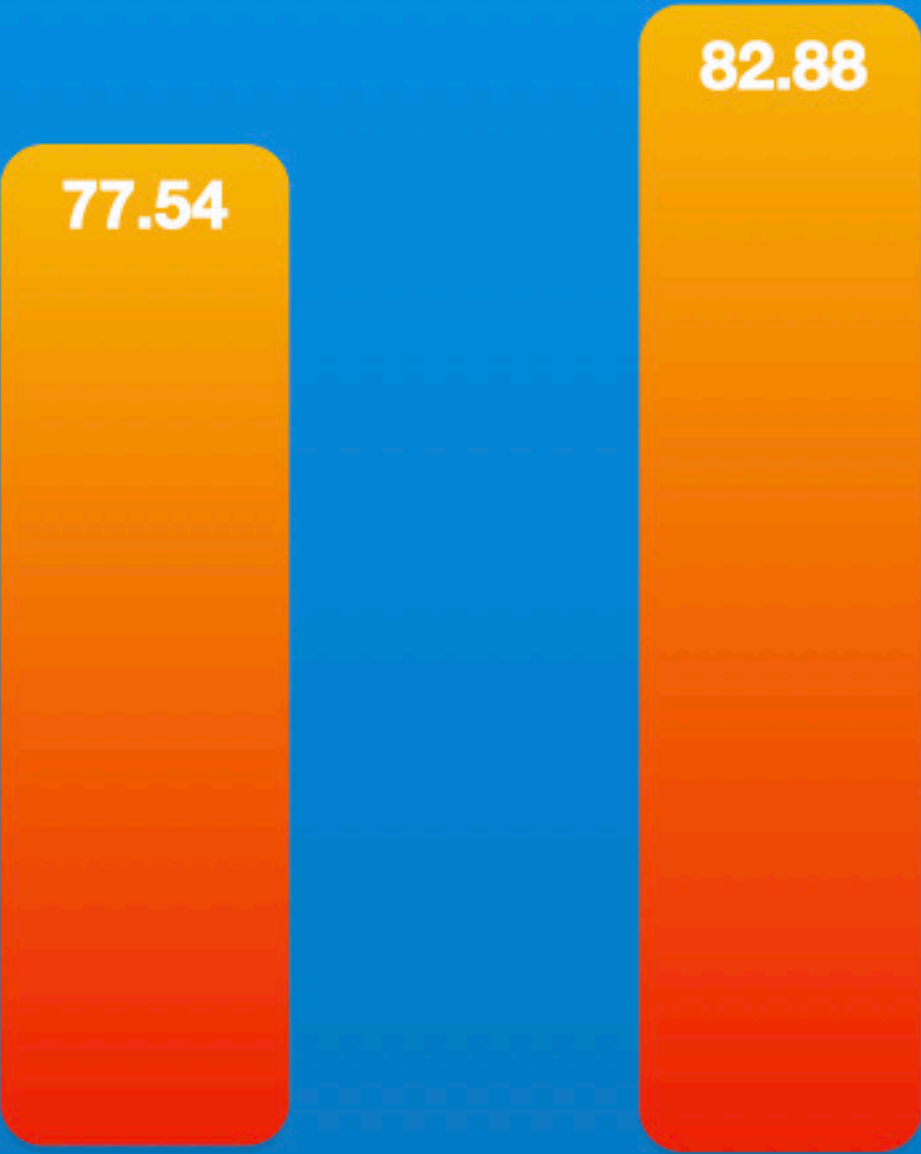
Auto insurance
premiums
(RMB bn)



Auto Insurance: Structural Optimization

+ 6.9%

Number of household vehicles underwritten(mn)

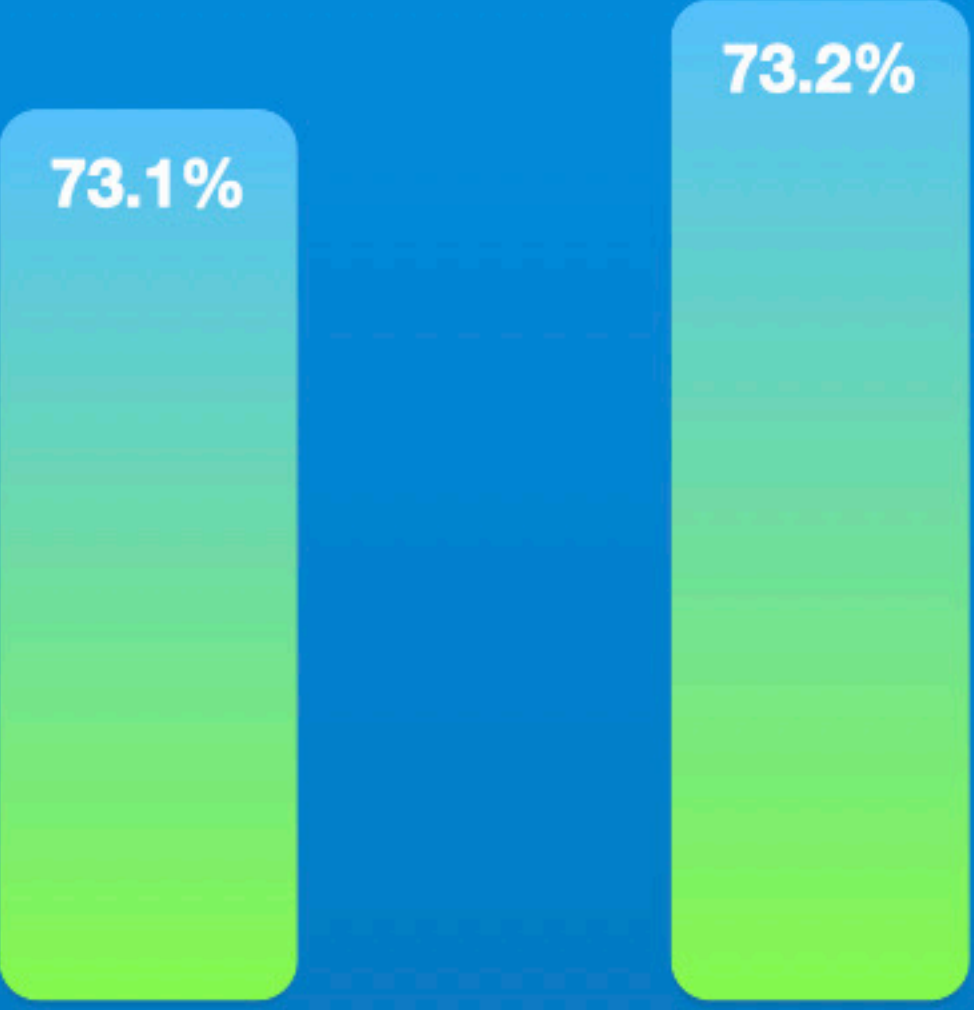


2022

2023

+0.1ppts

Household vehicles premium contribution

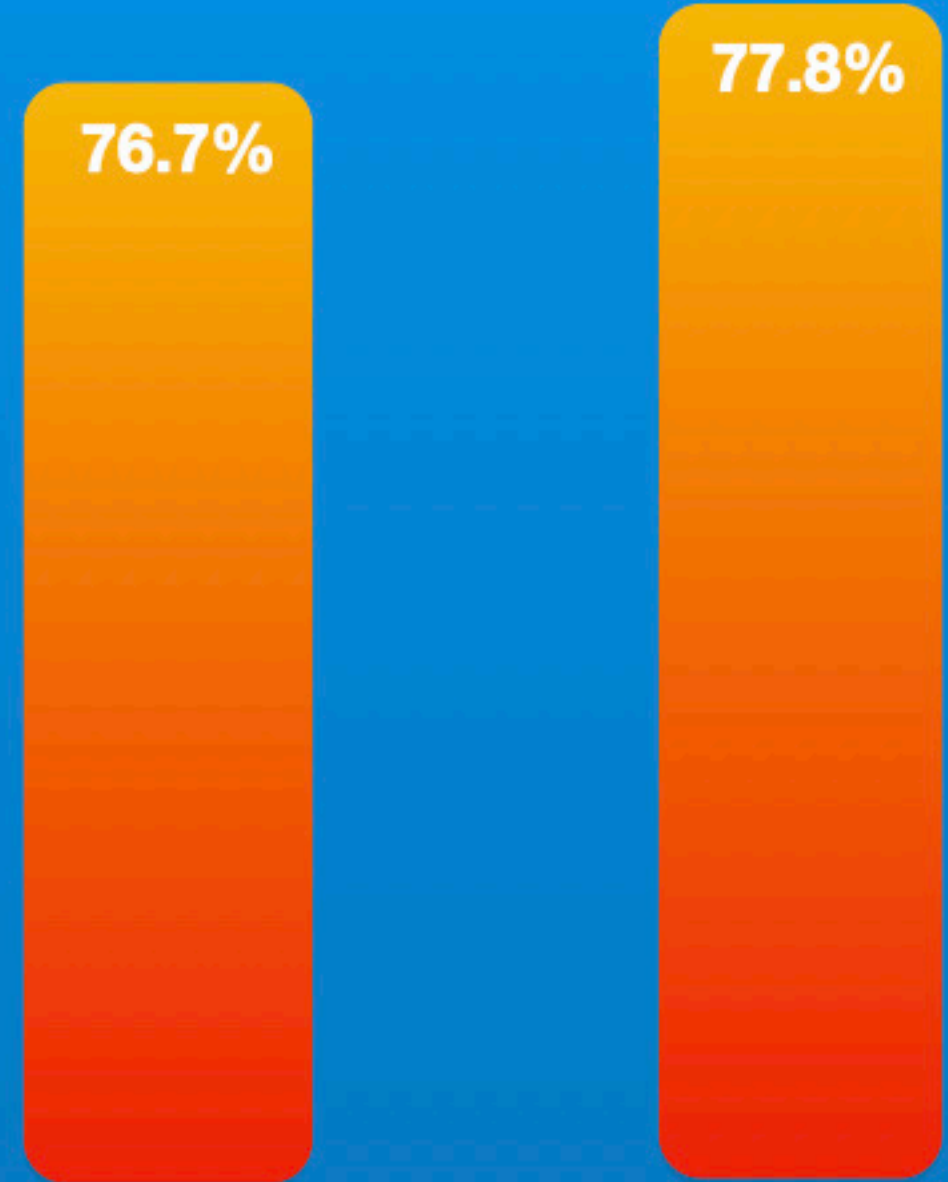


2022

2023

+ 1.1ppts

Household vehicles renewal rate

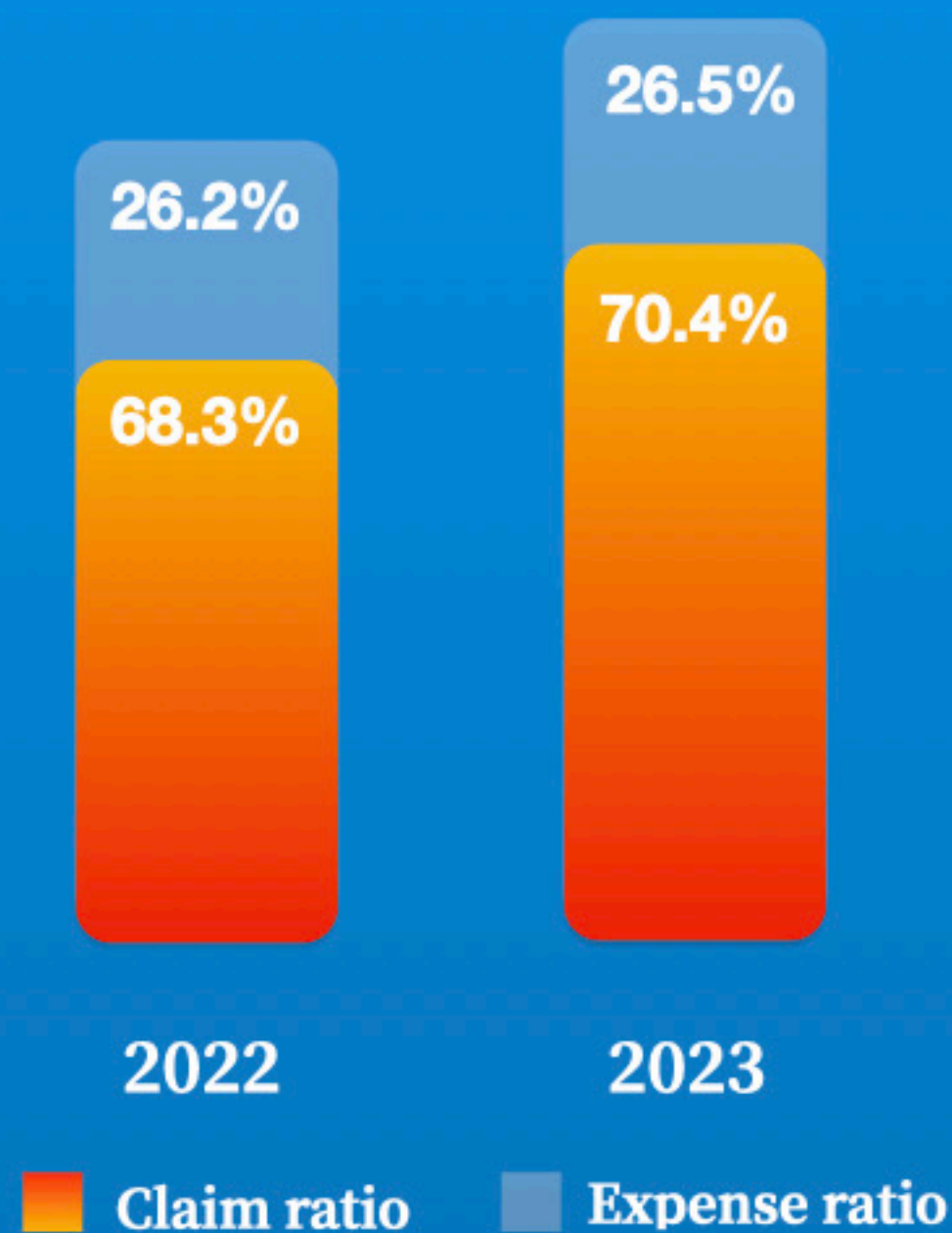


2022

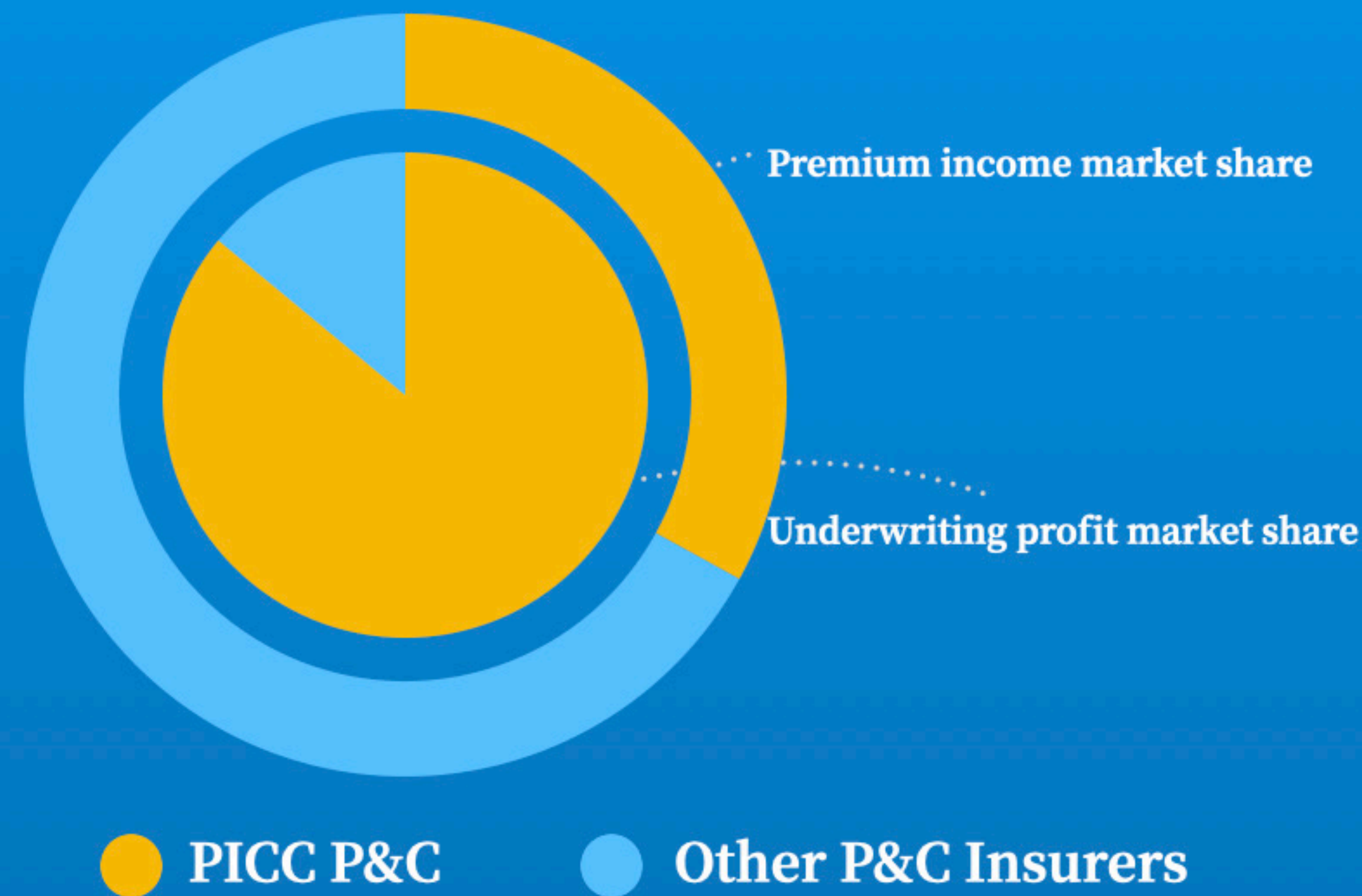
2023

Auto Insurance: Profitability Outperforming the Industry

Combined Ratio **96.9%**



Profitability **Outperforming the industry**

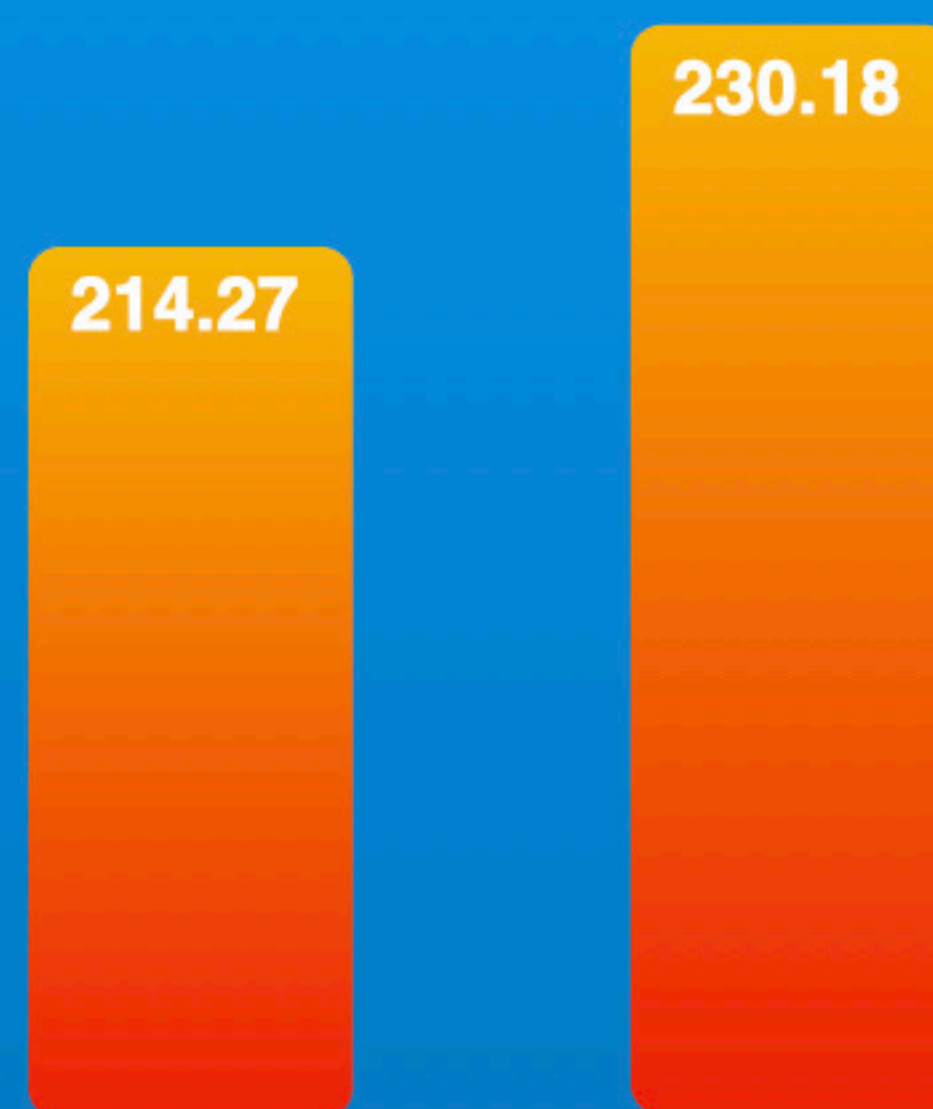


Non-Auto Insurance Profitable Development

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

+7.4%

Premiums



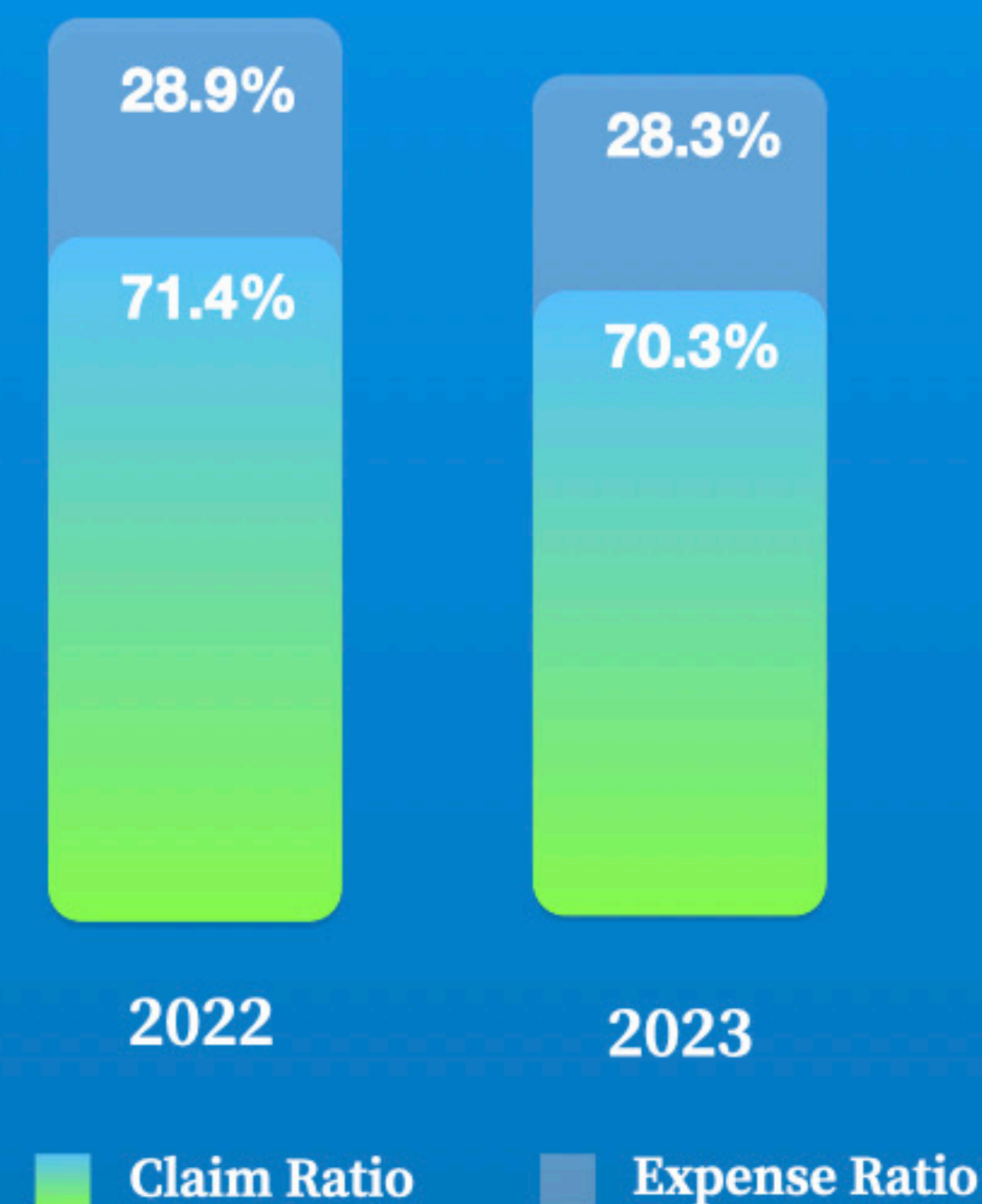
2022

2023

RMB bn

- 1.7ppts

Combined Ratio 98.6%



2022

2023

Claim Ratio

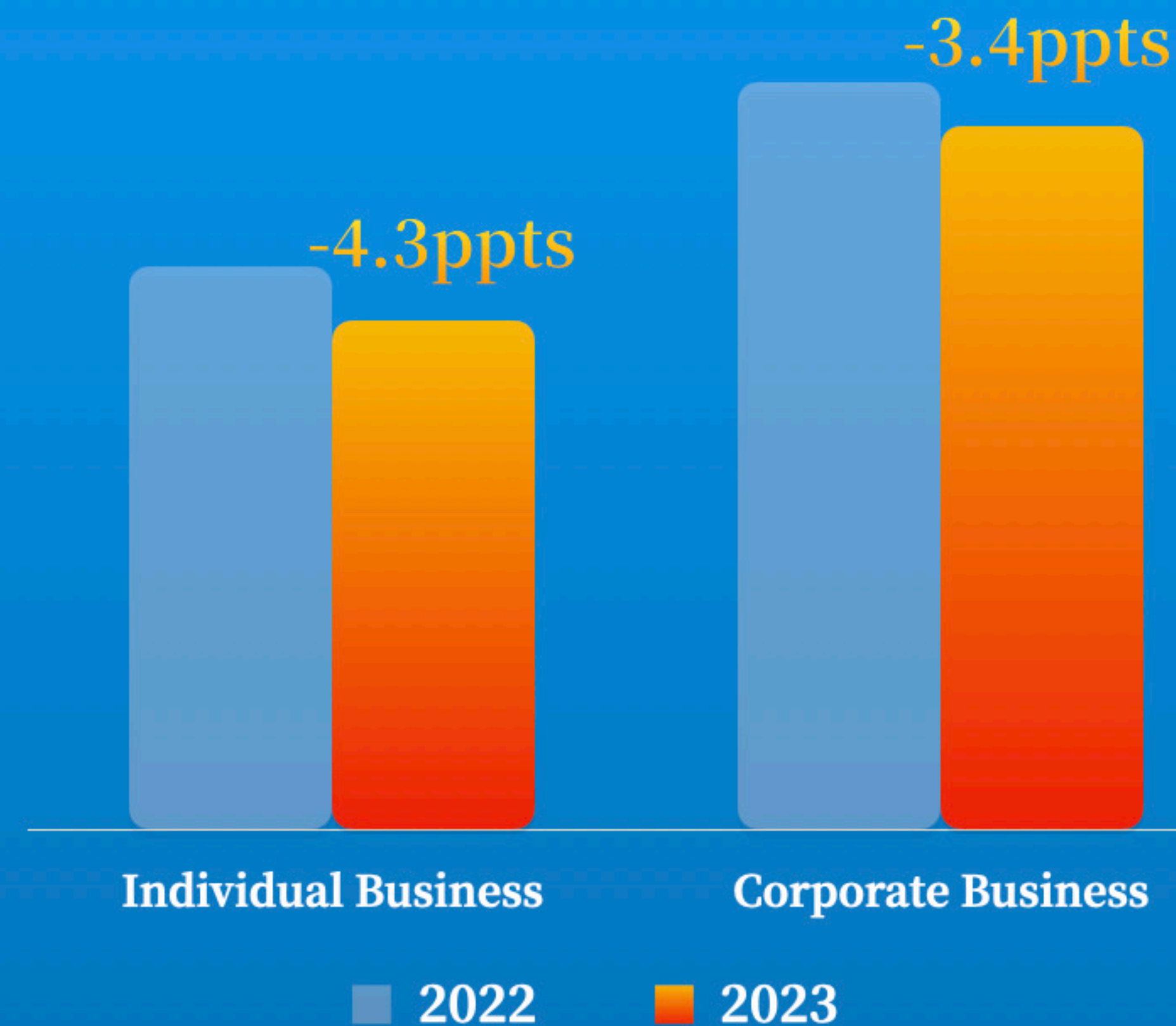
Expense Ratio

Commercial Non-Auto Segment: Greatly Improved Quality

Premiums



Combined Ratio



Note: The combined ratio stated on this page is based on old accounting standards.

Solid Capital Strength

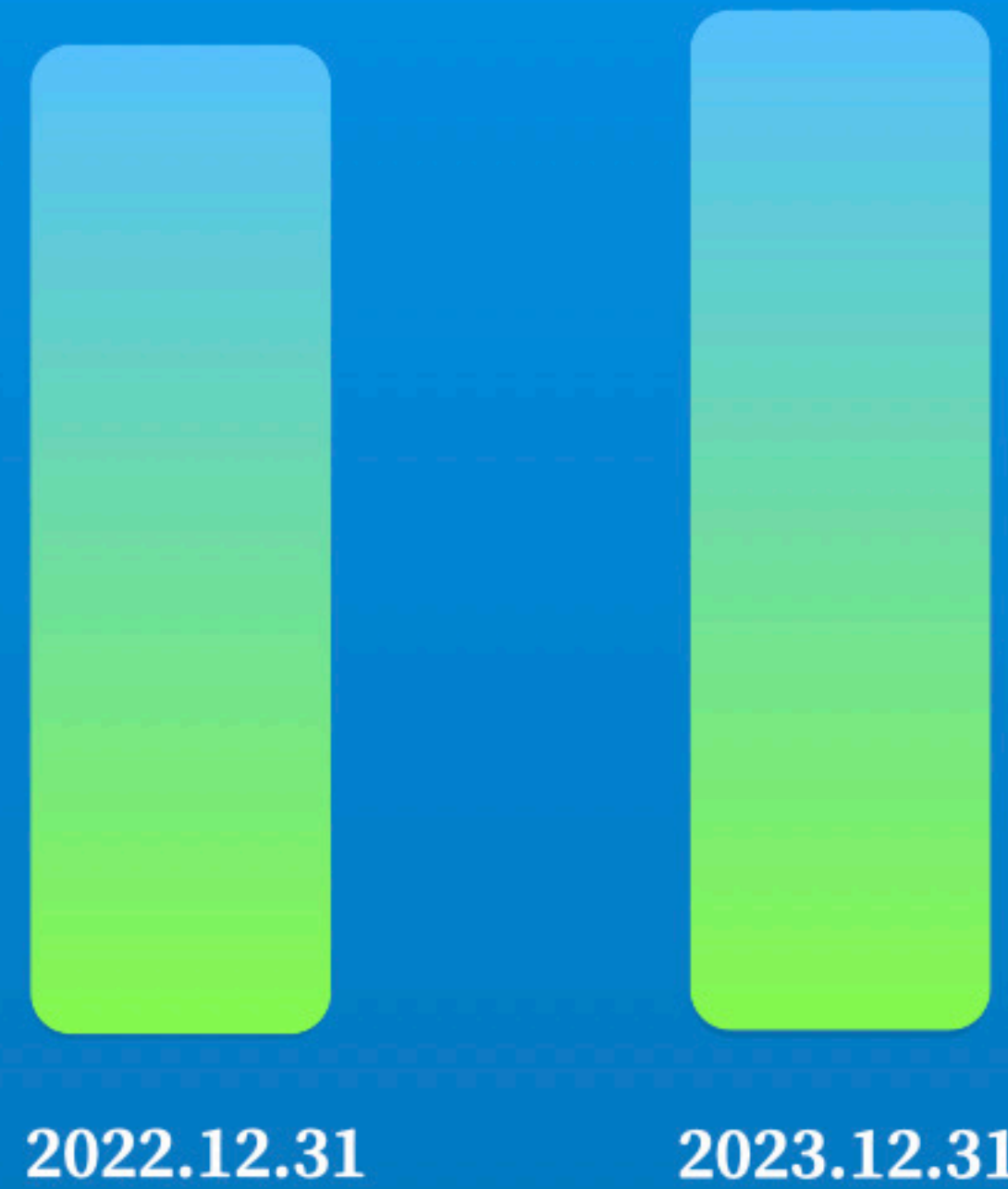
+2.6%

Net Loss and LAE Reserves



+0.2ppts

Net Loss and LAE Reserves Ratio
for Auto insurance



Adequate Solvency

209%

Core Solvency Ratio

232%

Comprehensive Solvency Ratio

RMB bn

Note: Figures of Reserves and reserves ratio are based on Old Accounting Standards.

ROE Remained
at a Relatively
High Level

11.1%

ROE

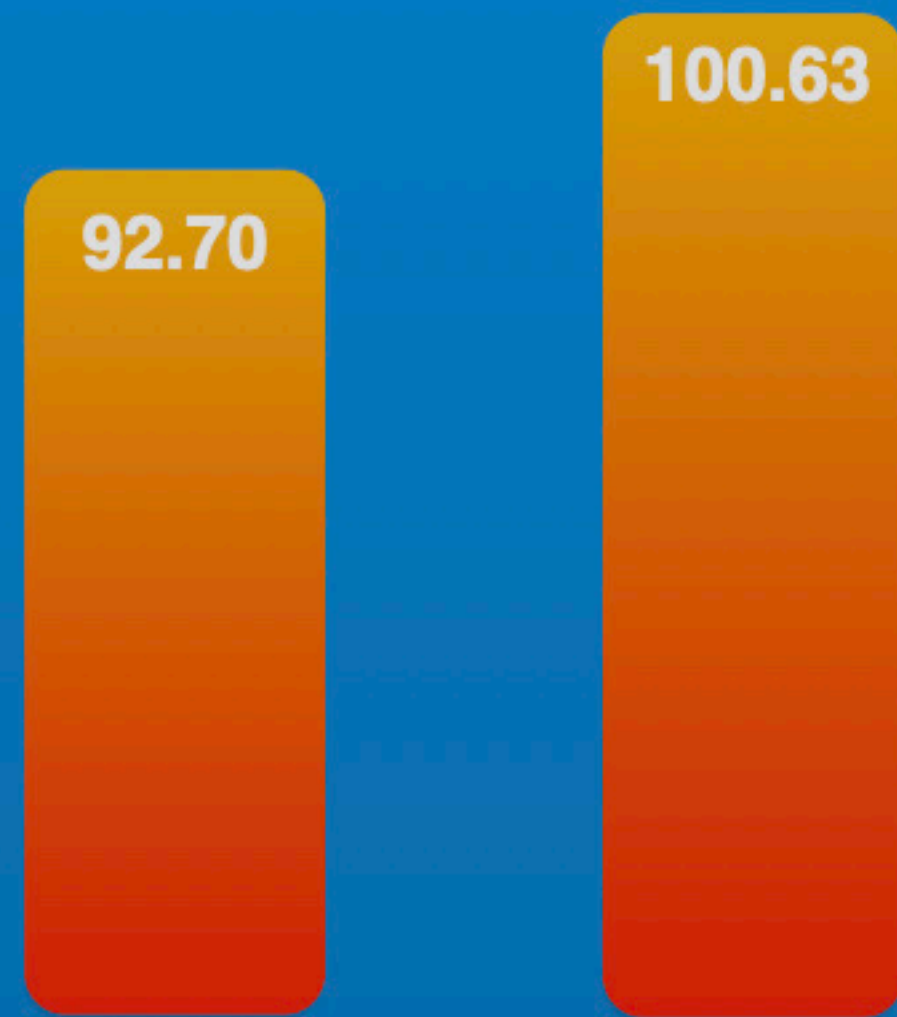
2019-2023

ROE(Average) 12.8%

Note: ROE for 2023 on this page is based on new accounting standards, and 2019-2023 average ROE on old standards.

Life: Rewarding Transformation

Premiums **+8.6%**



2022

2023

RMB bn

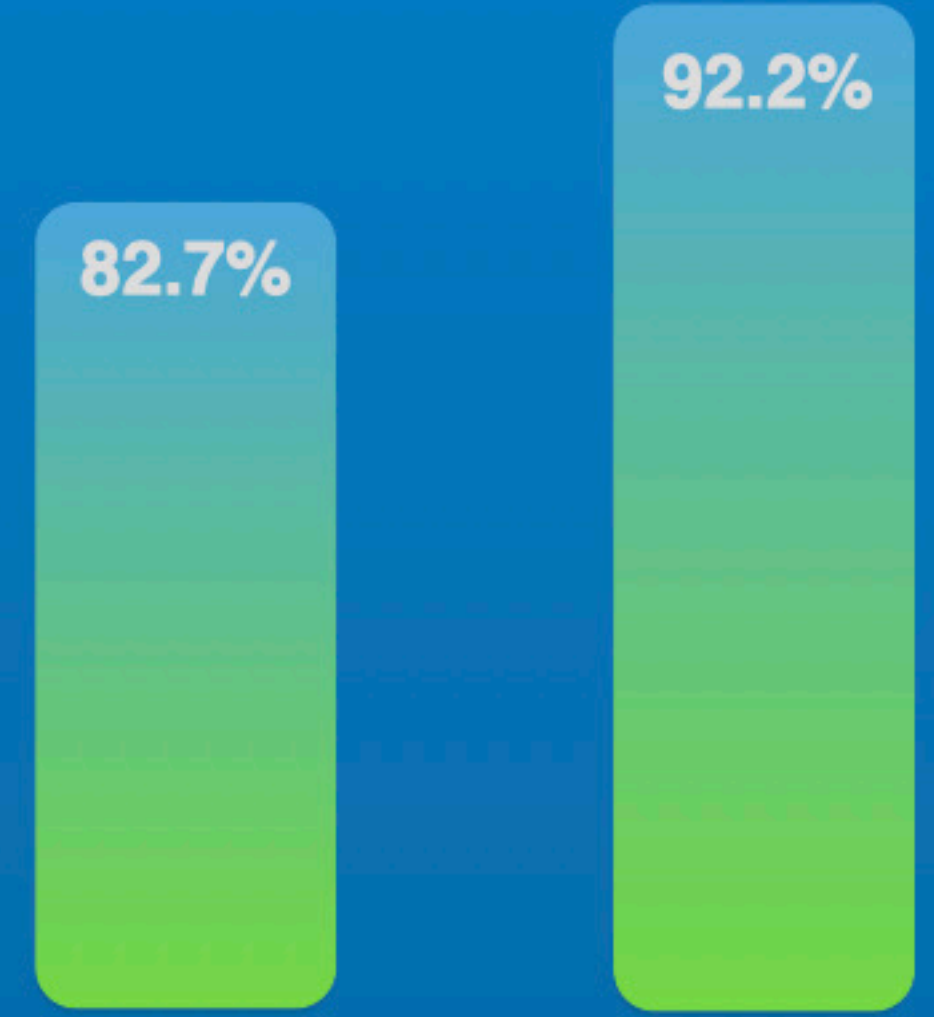
First-year Regular
Premiums

25.02bn RMB
+37.1%

49.19bn RMB
+6.6%

Renewal Premiums

13-month
persistence ratio **+9.5ppts**



2022

2023

Business Value Increased Significantly

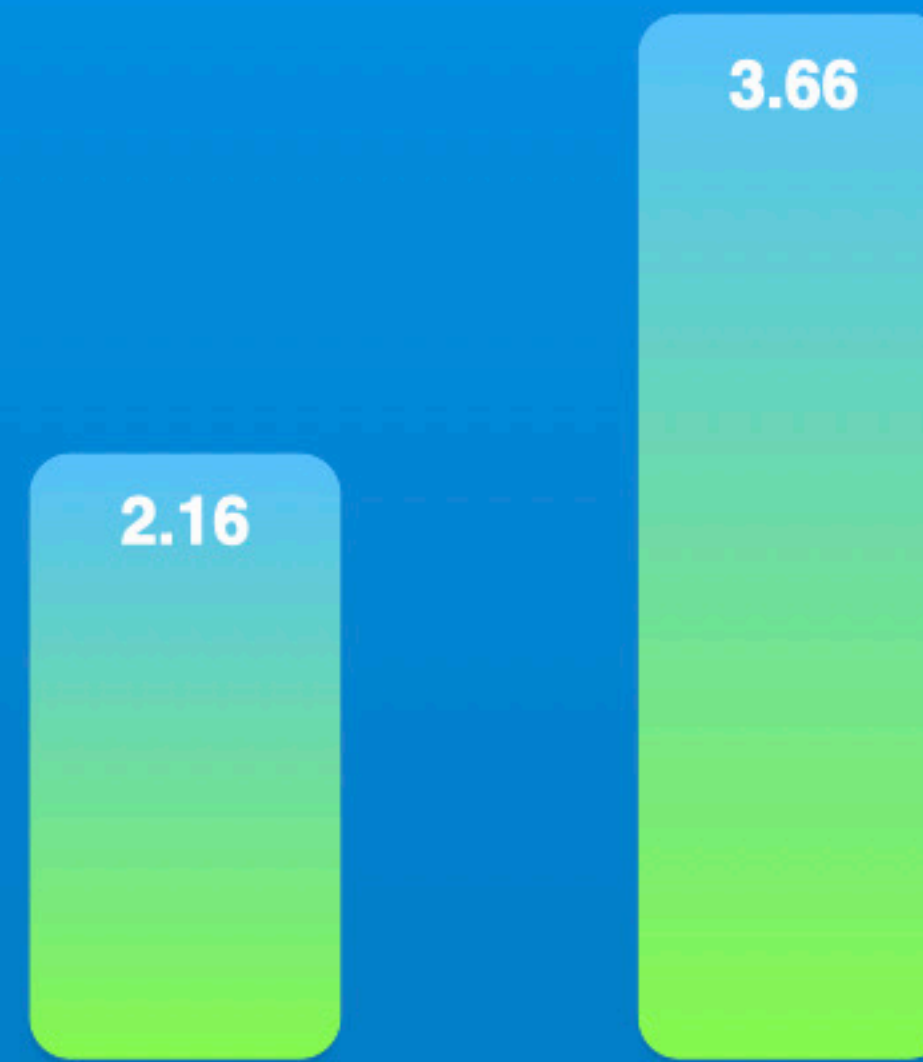
NBV Margin **+1.6ppts**



2022

2023

NBV **+ 69.6%**



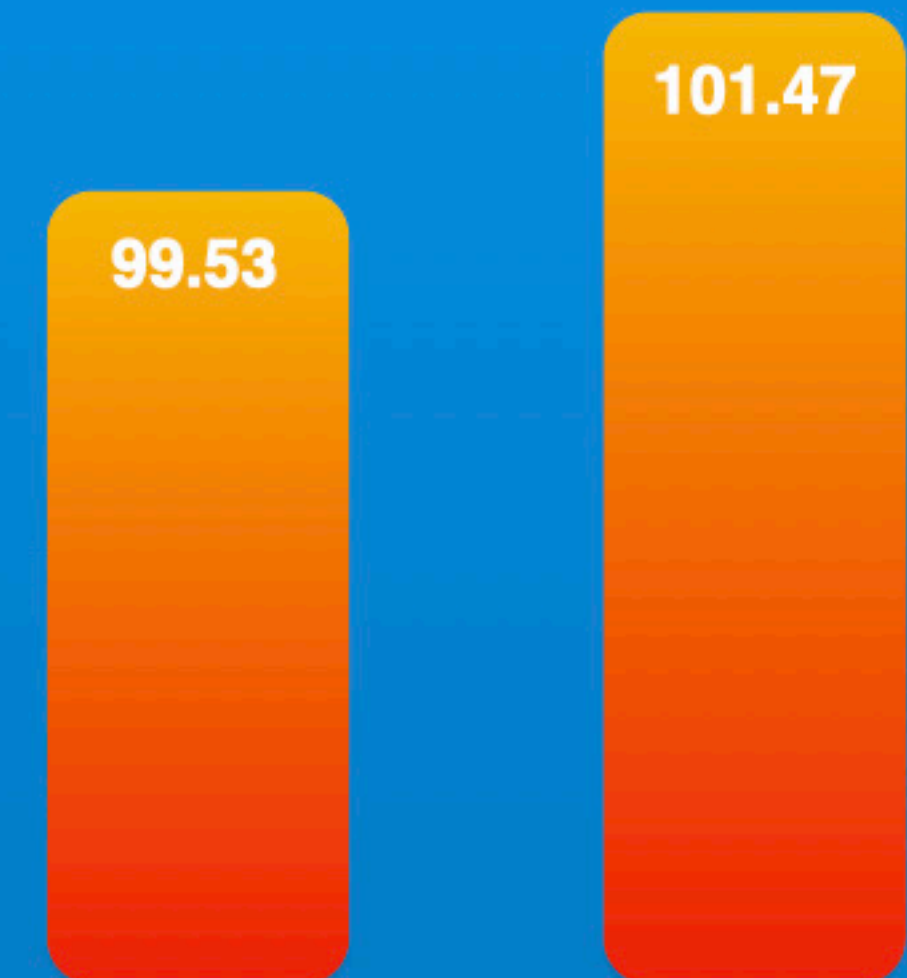
2.16

3.66

2022

2023

EV **+2.0%**



99.53

101.47

2022

2023

RMB bn

Individual Agents: Quality Improvement

01

+8.9%

Monthly average number
of excellent agents

02

+60.5%

Monthly average First
year commission(FYC)

03

+1.7 ppts

Proportion of agents with
higher education degrees

04

+67.0%

Number of agents in
IWP team

Note: IWP = Insurance Wealth
Planner

Bancassurance: New Breakthroughs in Business Development

First-year Regular Premiums **+53.7%**

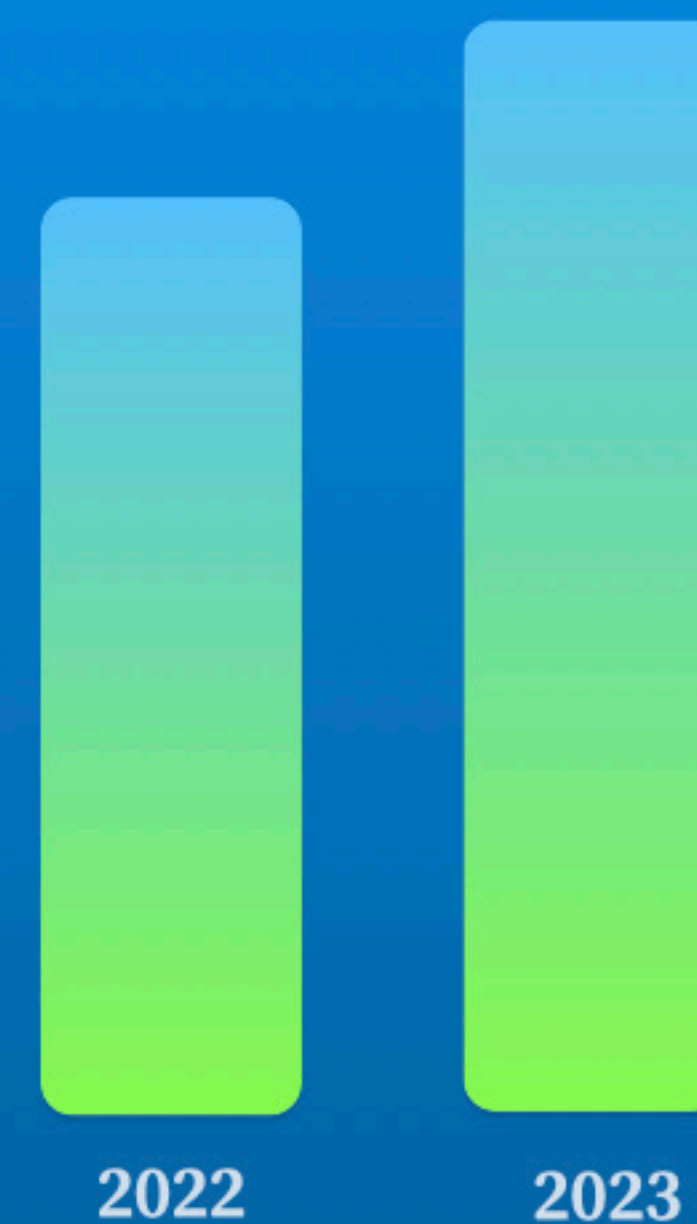


RMB bn

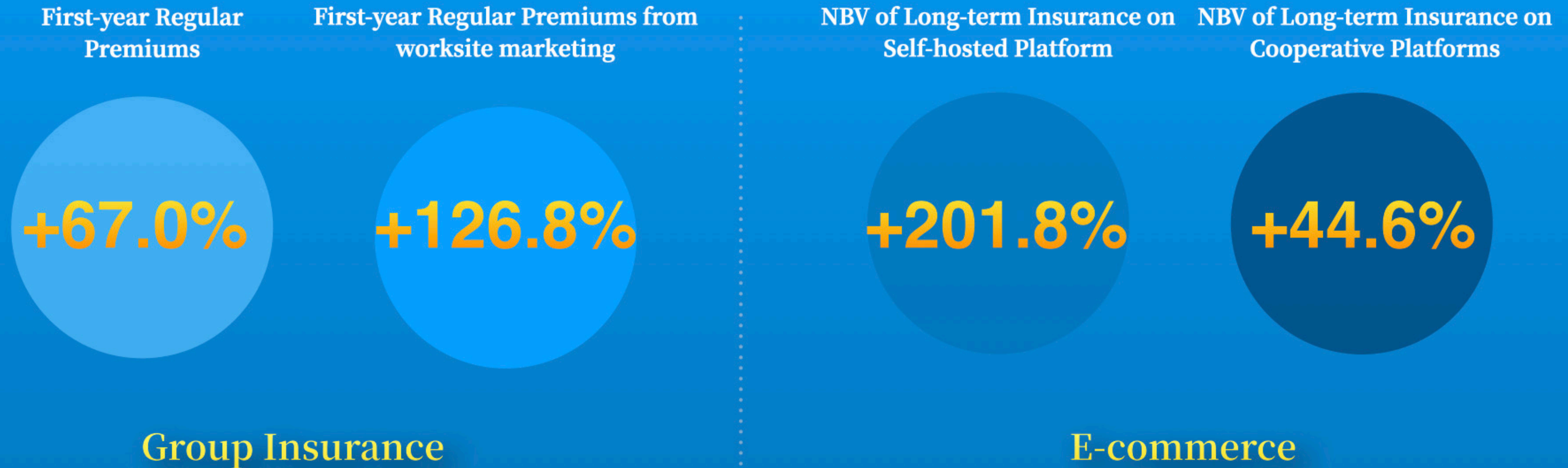
NBV **+241.6%**



NBV Margin **+2.1ppts**



Capacity Gains: Group & E-commerce



Actively Promoting Ecosystem Construction for Elder Care Services

Strengthen top-level design

- ❖ Establish a leading group for the construction of healthy and elder care ecosystem
- ❖ Clarify the ideas, strategic targets, key tasks, and supportive measures for the construction of elder care ecosystem

Strengthened product innovation

41
service adapted
products

Collaborative service network

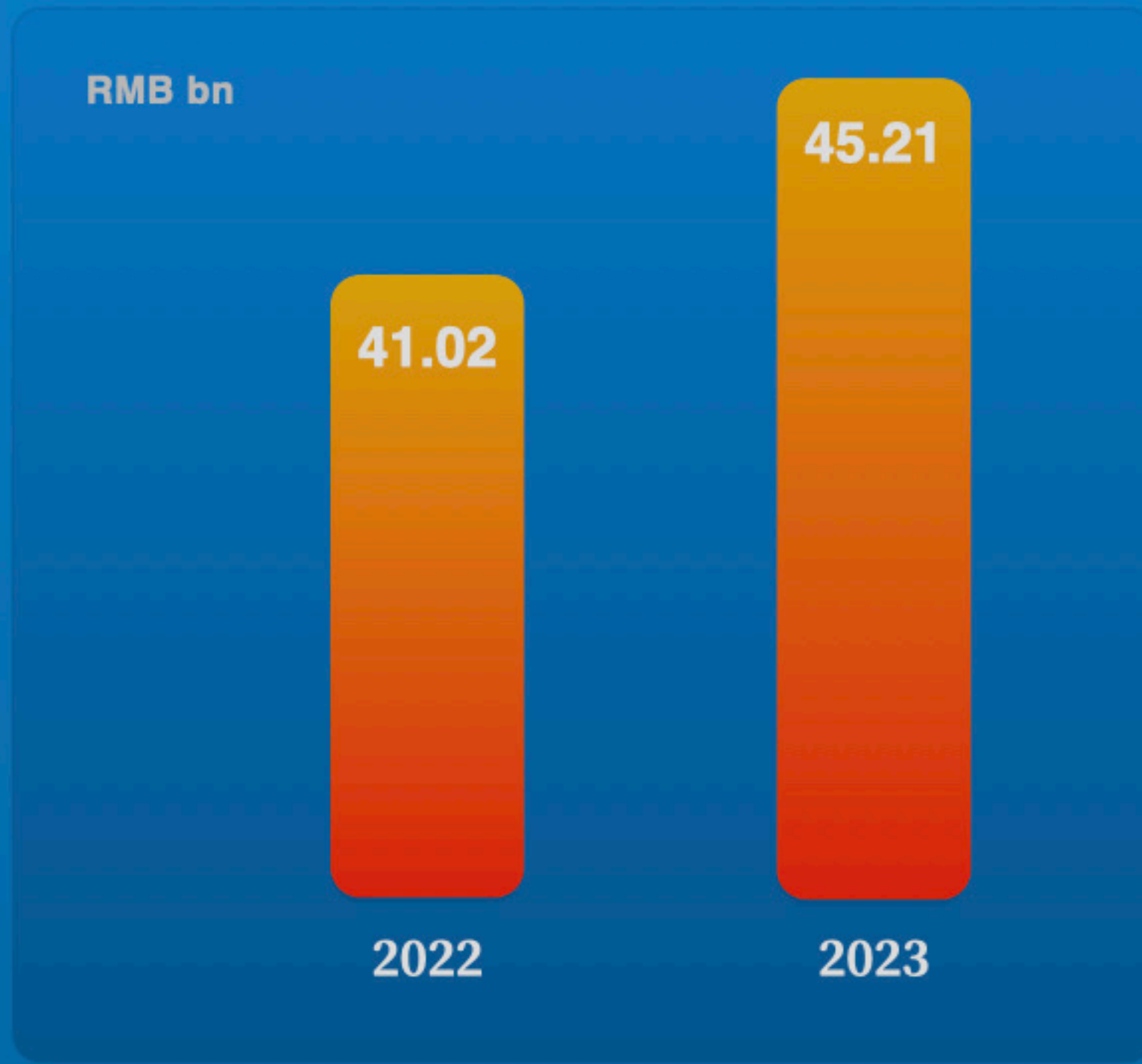
23 nursing
homes agents

Covers 15 cities across
10 provinces, can
provide **12,000** beds

“Nuan Xin Sui Yue”

Health: Higher Quality & Efficiency

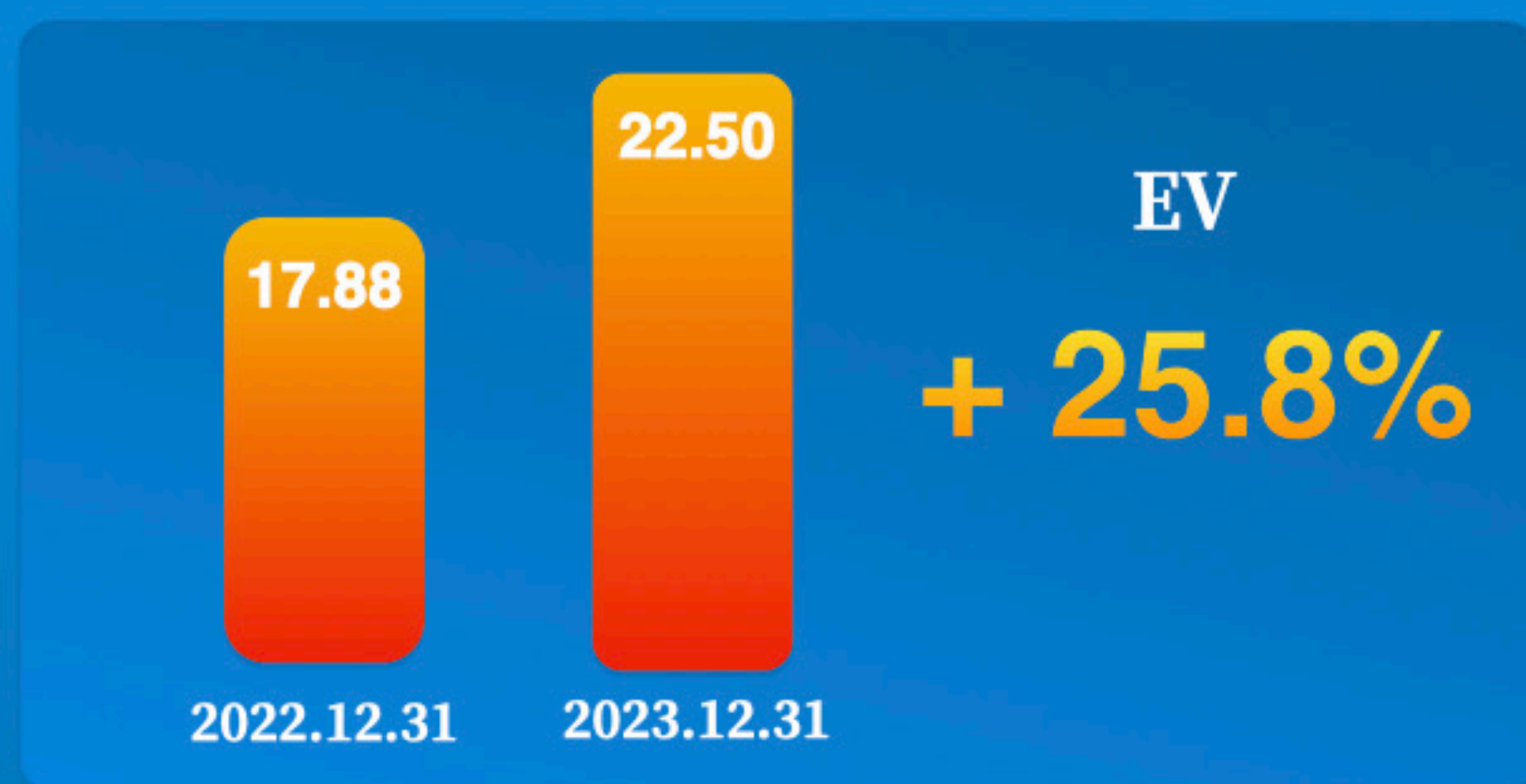
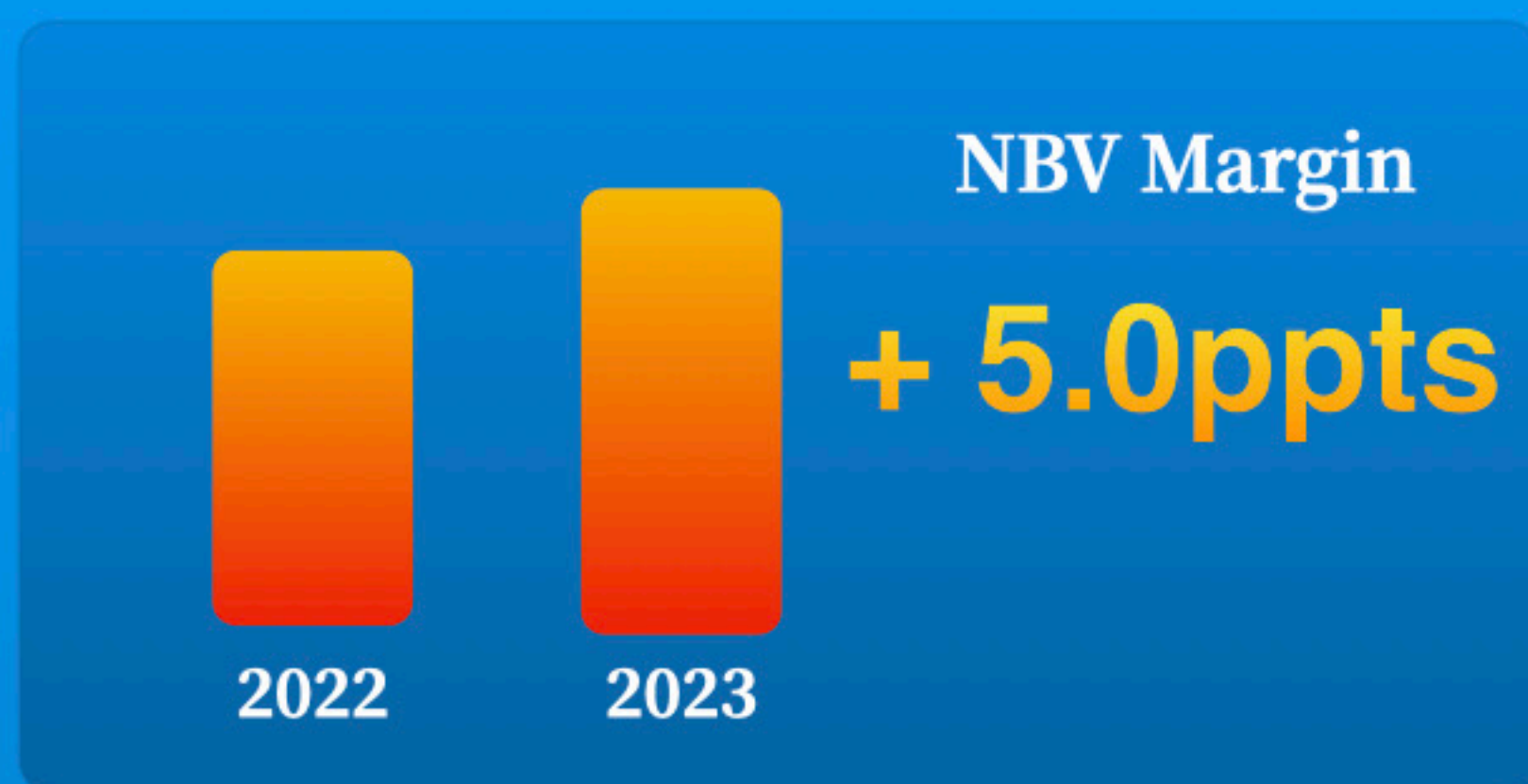
Premiums **+10.2%**



Net Profit



Value Creation: A Great Leap



RMB bn

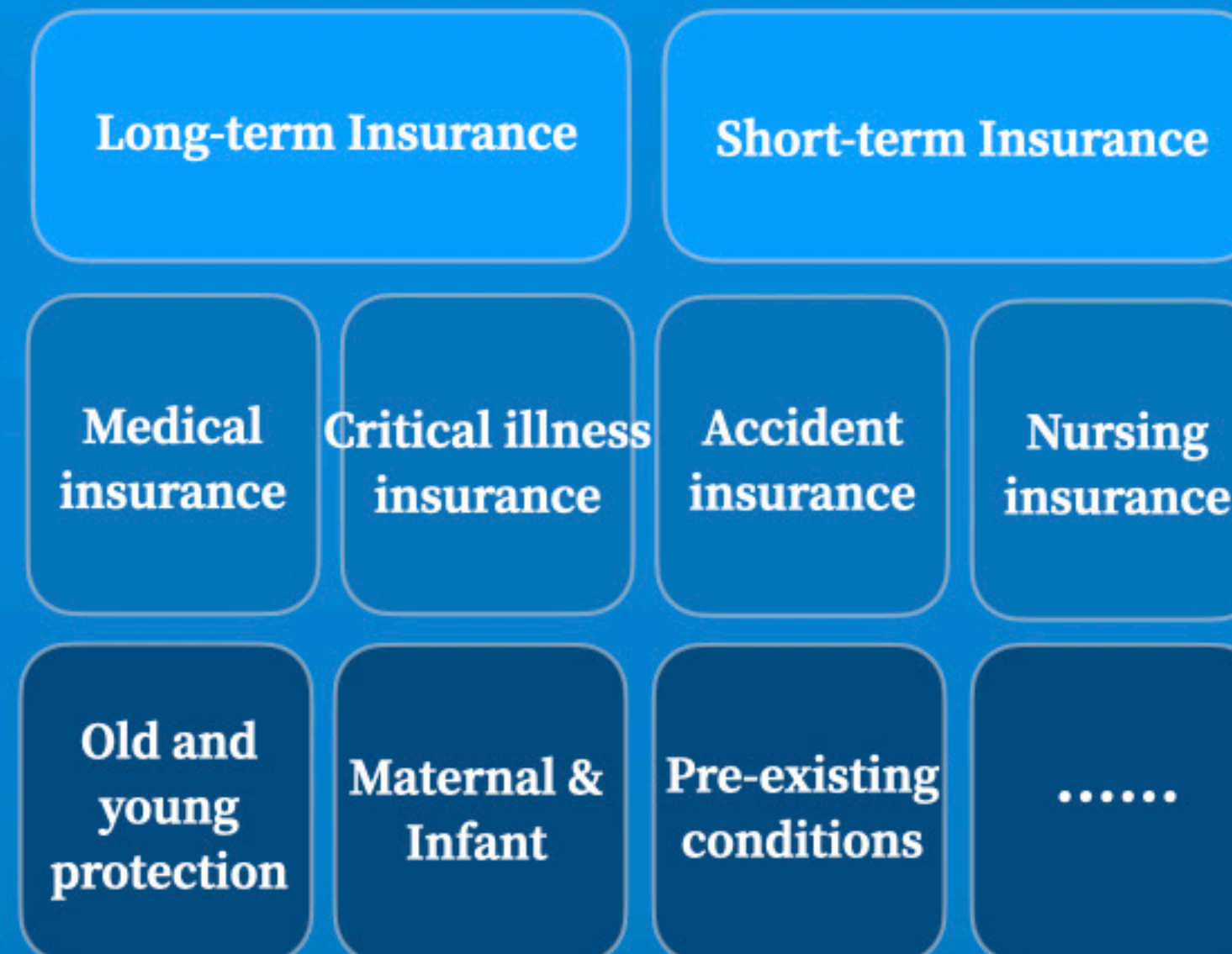
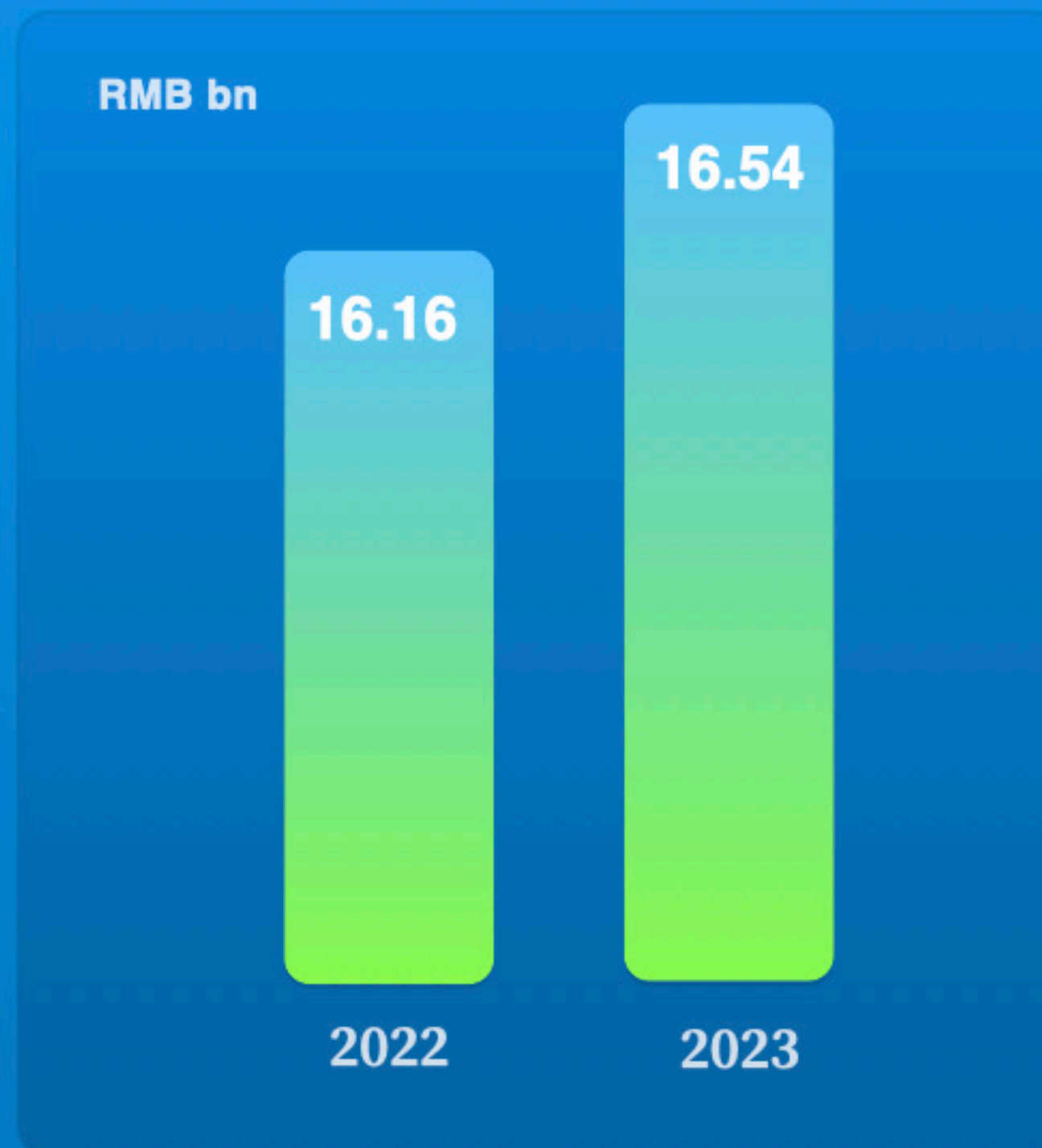
Online Health Insurance: Expansion

Premiums of
online business

+2.3%

Continued to Diversify
Product Offerings

7.8mn new customers in 2023



- *First to introduce **zero-deductible** long-term medical insurance
- *Launched **multiple** tax-advantaged health insurance products
- *Provided insurance coverage for over **1mn** Individuals with no social medic insurance

Big Health Ecosystem: Construction Continues

Constructed a unified health management service platform

3.38mn

New customers

8,100

New service institutions

Promoting the construction of medical resource cooperation networks

❖ Signed agreements with **188** nursing agencies, covering over **400 cities** nationwide in the nursing service network

❖ Cooperation with **205,000** national generic drug outlets

❖ Signed on **126** 3A hospitals

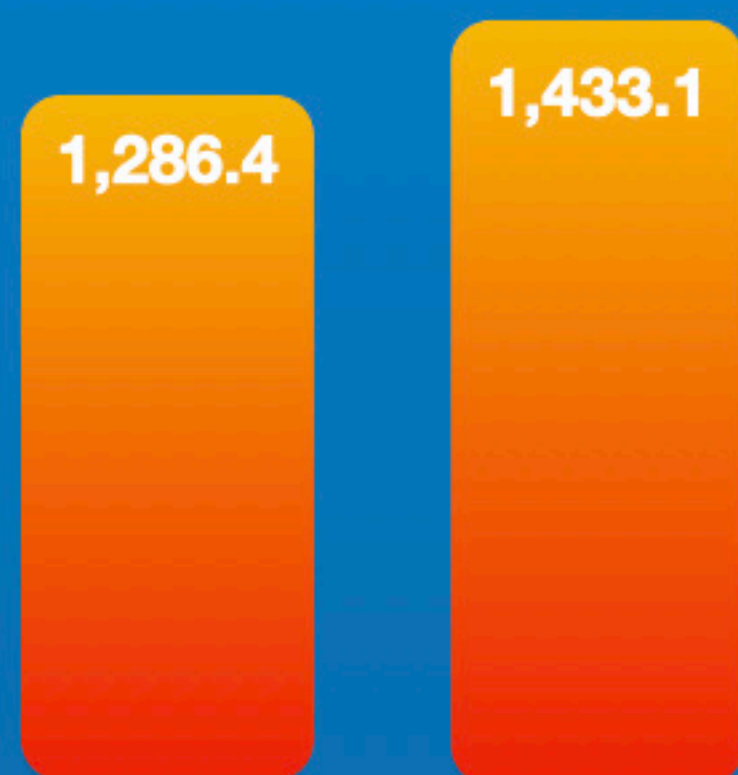
Exploring cooperation models for medical insurance

❖ Jointly established an innovative research center in conjunction with Zhongshan Hospital of Fudan University

❖ Jointly constructed the “Cloud Clinic” in conjunction with Renji Hospital, with service coverage of over **300,000** people

Asset Management: Prudent & Steady Portfolio

+ 11.4%
Total Insurance
Investment Assets

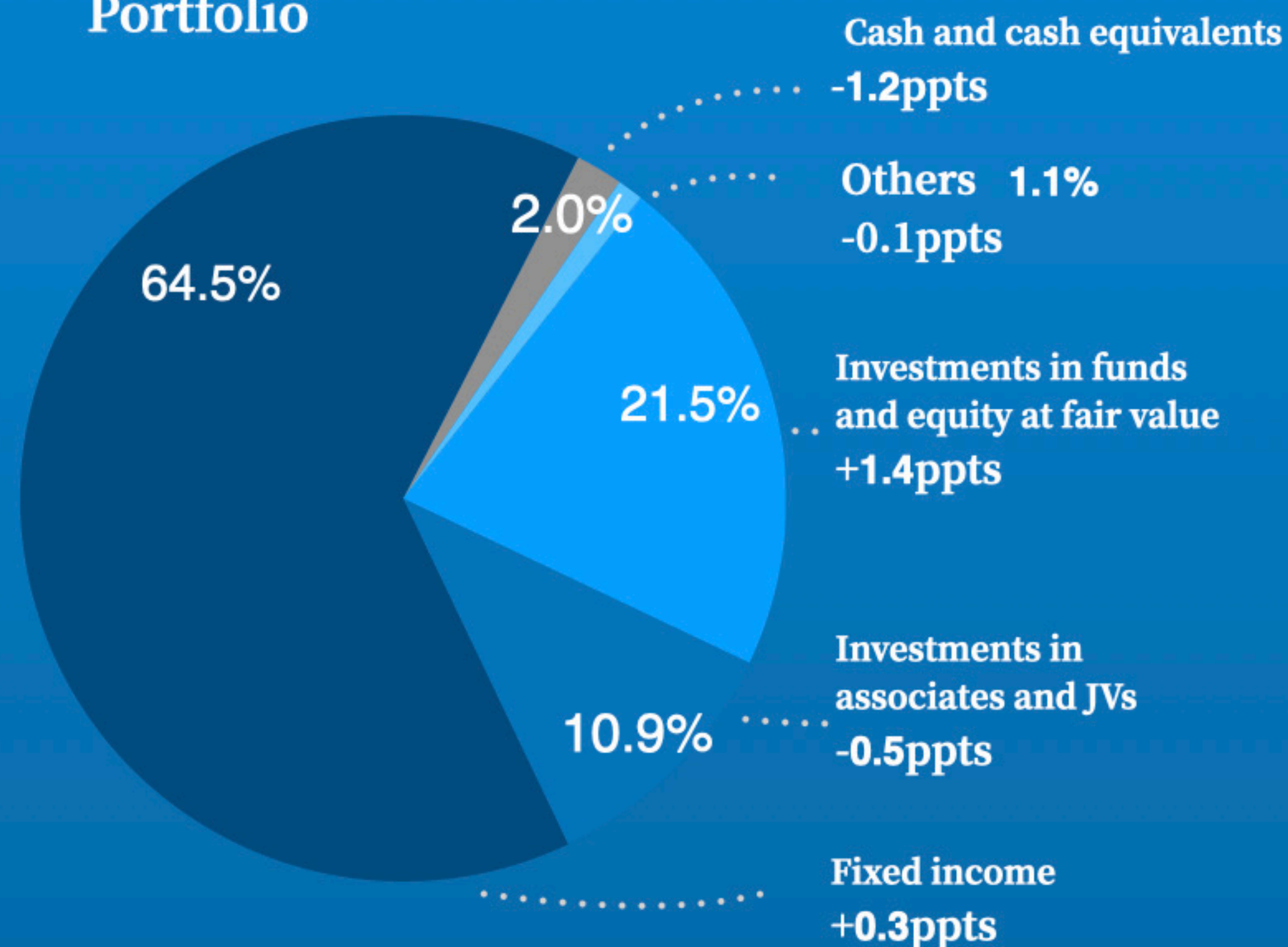


2022.12.31

2023.12.31

RMB bn

Insurance Investment Portfolio



Proportion of Treasury
bonds and government bonds

+ 1.6ppts

OCI Equity

+ 110.4%

Investments in Green
Development

+ 14.8%

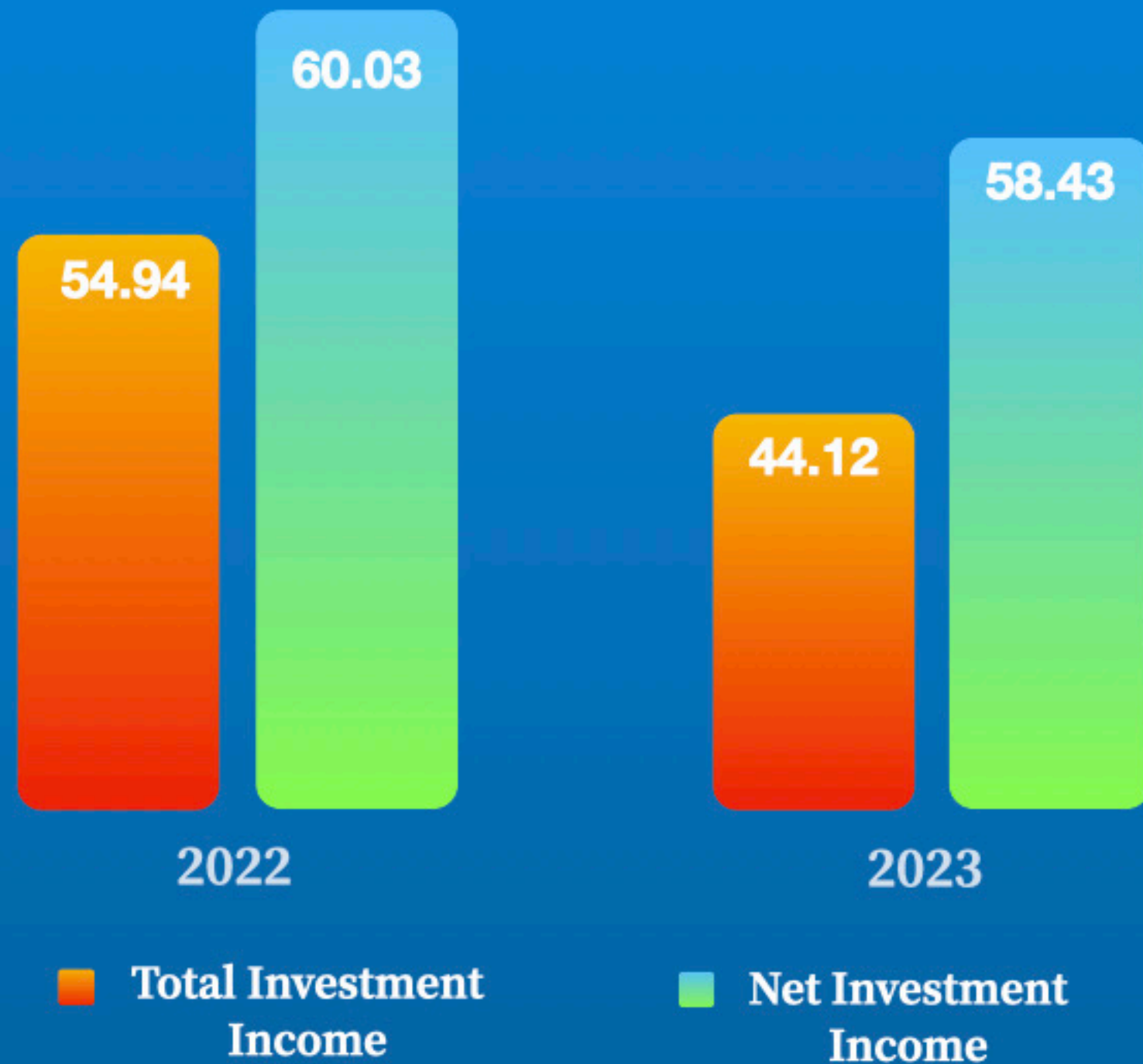
Note:

- 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 Better than Industry Average

Investment Income

RMB bn



Fixed Income Investment Yield

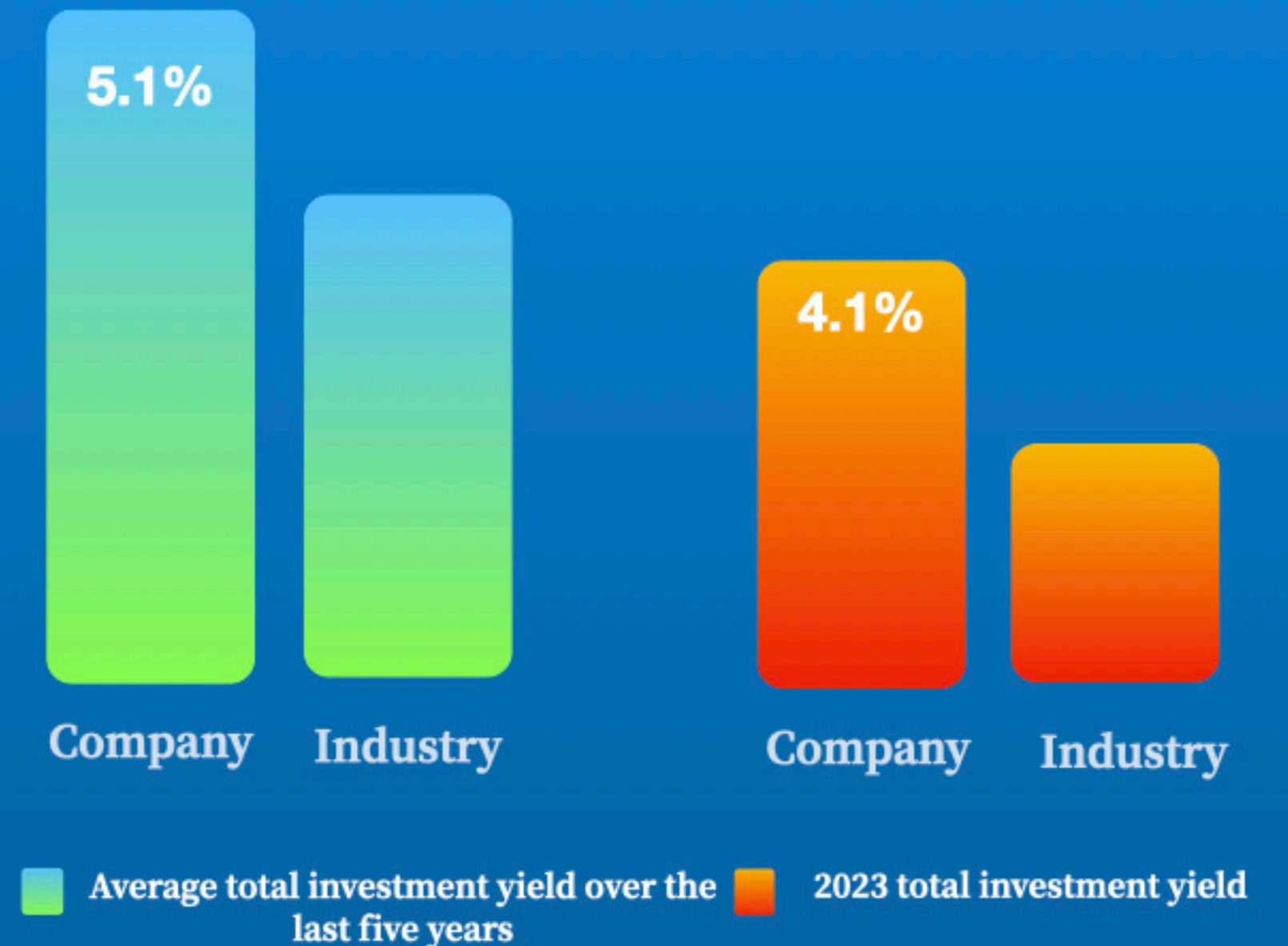
4.4%
+0.1 pts

OCI Equity Yield

6.4%

Total Investment Yield

Note: Total investment yield is based on the old accounting standards



Investment Risk Under Control

Risk investigation in key areas

Key emphasis was placed on strengthening the investigation and monitoring of investment risks in areas such as urban investment and real estate. The unified risk control and credit evaluation management systems of the group are effectively operating, and **no significant credit risk losses** have occurred in fixed income investments of the portfolio.

Strengthened quantitative risk management

Advanced the construction of the “next generation quantitative risk control system

Strengthened the construction of “intelligent credit assessment” solutions, continuously optimizing risk control tools, models, and warning mechanisms

Overall credit risk is under control

Credit Bonds Issuers: **98.7%** AAA-rated

Non-standard investment: **99.8%** AAA-rated

2024 Priorities

Stabilize growth, optimize structure, promote reform, prevent risks



Premiums

Steady Growth

Promote the group's high-quality development to a new level



Investment Income

Steady



P&C Combined Ratio

Better than the average of listed insurers



NBV Growth rate

Better than the average of key peers



Net Profit

Maintain reasonable growth

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	
	2023	2022	As of Dec 31, 2023	As of Dec 31, 2022
Under CAS	22,773	25,369	242,355	222,851
Items and adjustments under IFRS:				
Catastrophe reserves of agricultural insurance	-602	104	1,135	1,737
Diluting of associates	-	-65	-	-
Impact of such adjustments on deferred income tax	151	-26	-284	-435
Under IFRS	22,322	25,382	243,206	224,153

Appendix: Key Financials of PICC Group (CAS)

(RMB mn, unless otherwise noted)	2023	2022	Change
Insurance revenue	503,900	468,802	7.5%
Of which: PICC P&C	457,203	424,355	7.7%
PICC Life	18,204	20,422	-10.9%
PICC Health	25,619	21,481	19.3%
Total profit	34,430	42,662	-19.3%
Net profit attributable to equity holders	22,773	25,369	-10.2%
EPS (RMB)	0.51	0.57	-10.2%
Weighted average return on equity	9.6%	11.6%	Down by 2.0ppts
Total investment yield	3.3%	4.6%	Down by 1.3ppts
PICC P&C combined ratio	97.6%	96.7%	Up by 0.9ppts
New business value of PICC Life	3,664	2,160	69.6%
New business value of PICC Health	2,826	999	182.9%
(RMB mn, unless otherwise noted)	As of Dec 31, 2023	As of Dec 31, 2022	Change
Total assets	1,557,159	1,416,975	9.9%
Total liabilities	1,225,490	1,113,971	10.0%
Net assets attributable to equity holders	242,355	222,851	8.8%
Book value per share (RMB)	5.5	5.0	8.8%
Embedded value of PICC Life	101,470	99,525	2.0%
Embedded value of PICC Health	22,495	17,877	25.8%

Appendix: Key Financials of PICC Group (IFRS)

(RMB mn, unless otherwise noted)	2023	2022	Change
Insurance revenue	503,900	468,802	7.5%
Of which: PICC P&C	457,203	424,355	7.7%
PICC Life	18,204	20,422	-10.9%
PICC Health	25,619	21,481	19.3%
Total profit	33,557	42,717	-21.4%
Net profit attributable to equity holders	22,322	25,382	-12.1%
EPS (RMB)	0.50	0.57	-12.1%
Weighted average return on equity	9.4%	11.6%	Down by 2.2ppts
Total investment yield	3.3%	4.6%	Down by 1.3ppts
PICC P&C combined ratio	97.8%	96.6%	Up by 1.2ppts
New business value of PICC Life	3,664	2,160	69.6%
New business value of PICC Health	2,826	999	182.9%
(RMB mn, unless otherwise noted)	As of Dec 31, 2023	As of Dec 31, 2022	Change
Total assets	1,556,682	1,416,287	9.9%
Total liabilities	1,223,779	1,111,394	10.1%
Net assets attributable to equity holders	243,206	224,153	8.5%
Book value per share (RMB)	5.50	5.07	8.5%
Embedded value of PICC Life	101,470	99,525	2.0%
Embedded value of PICC Health	22,495	17,877	25.8%