

**PICC 中国人民保险**

**PICC Group (1339.HK)**

**PICC P&C (2328.HK)**

**2018 Interim Results  
Announcement**

**August 27, 2018**



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## Overview of Results

◆ Miao Jianmin, Chairman, PICC Group and PICC P&C

2

## Performance Highlights

3

## Review of the Key Business Segments

In 1H 2018, PICC Group has adhered to the general working guideline of steady progress, carried out the new development concept, continuously improved the idea of transforming to high-quality development in practice, established the main line of transformation and development of the “3411 Project” of the Group, and strengthened the confidence and determination of all employees to deepen the transformation and development.

In 1H 2018, PICC Group has made steady progress in its business development, deepened the reform swiftly and steadily, advanced the innovative development in an orderly manner, continued to enhance the efforts to serve the real economy, and strengthened risk prevention and control continuously.



## Highlights of 1H 2018 Results

**Gross Written  
Premiums**

**RMB286.16bn**

**+2.3%**

**Net profit  
attributable**

**RMB10.05bn**

**+14.0%**

**Net assets  
attributable**

**RMB145.39bn**

**+5.7%**

**ROAE  
(Annualized)**

**14.1%**

**+0.6ppts**

**Combined ratio  
of PICC P&C**

**95.9%**

**+0.4ppts**

**Embedded value  
of PICC Life**

**RMB66.82bn**

**+7.9%**



**Ranked 117th in Fortune Global 500**



Transformation to high-quality development and establishment of “Project 3411”



Promote the transformation of  
**3** insurance companies



Promote the implementation of  
**4** major strategies



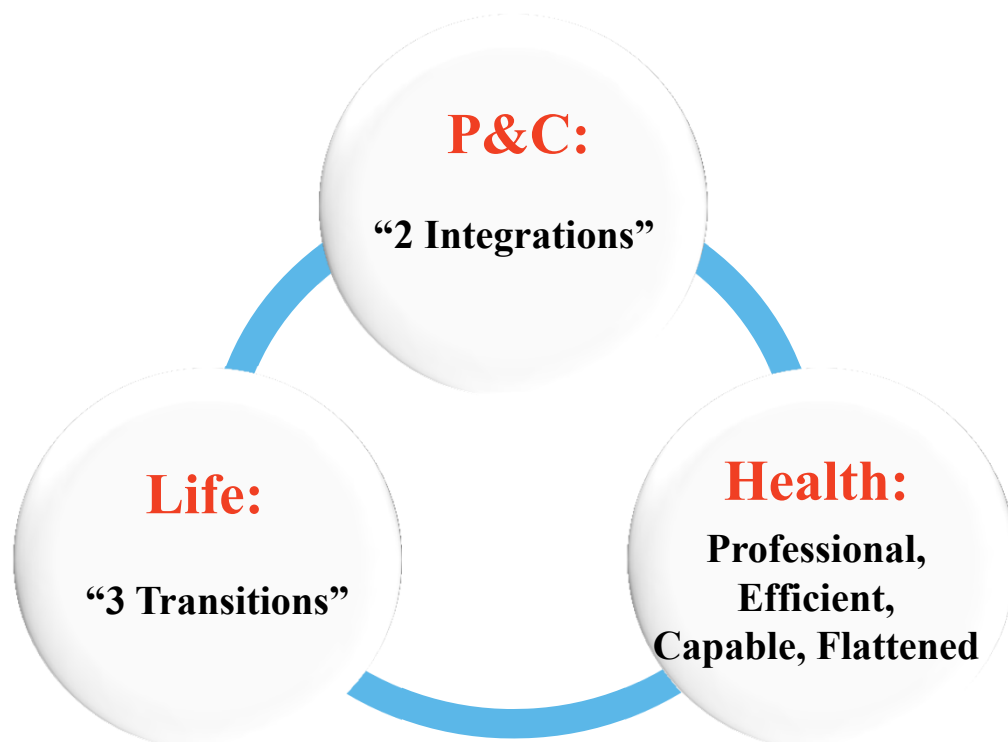
Win **1** tough battle in core cities



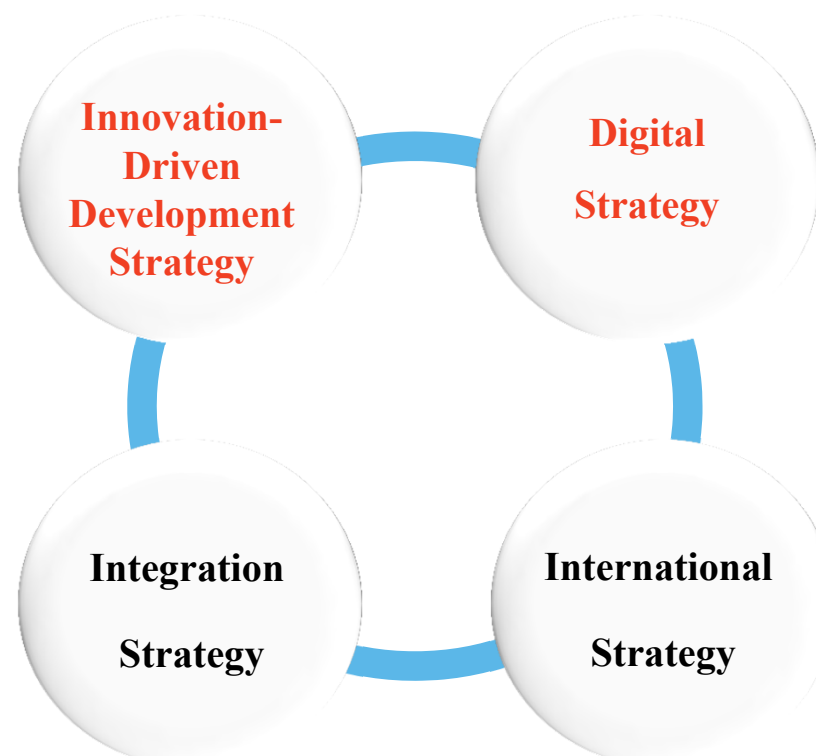
Uphold **1** bottom line  
of avoiding systematic risks



Promote the transformation of  
3 insurance companies



Promote the implementation of  
4 major strategies





**Win 1 tough battle in core cities**



**Uphold 1 bottom line of  
avoiding systematic risks**



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Overview of Results

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Performance Highlights

◆ Xie Yiqun, Executive Director, Vice President of PICC Group

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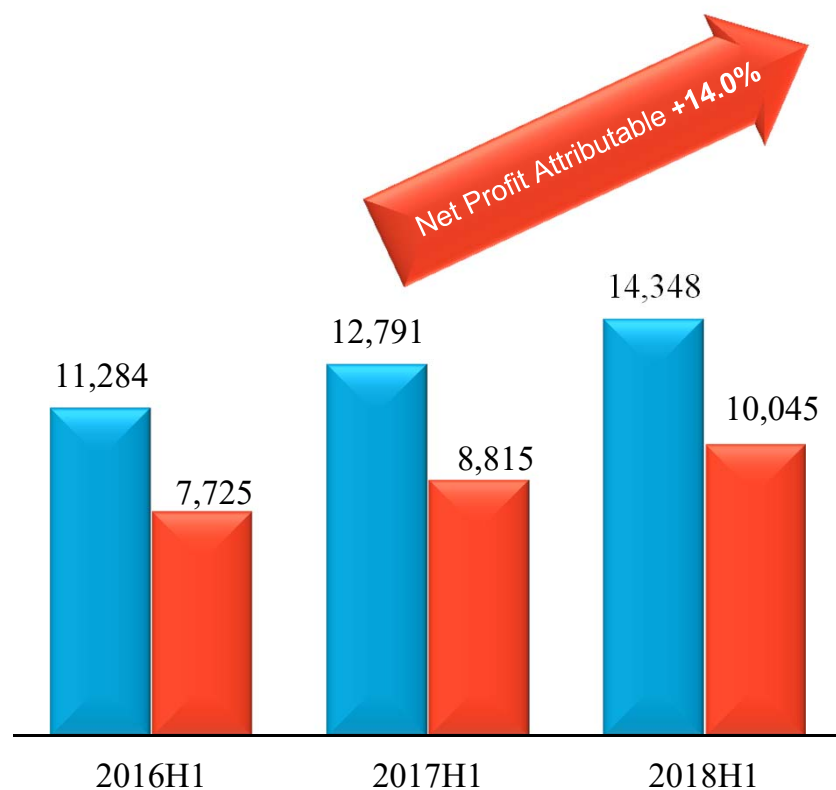
Review of the Key Business Segments



## Profitability Improved Significantly

### Net Profit

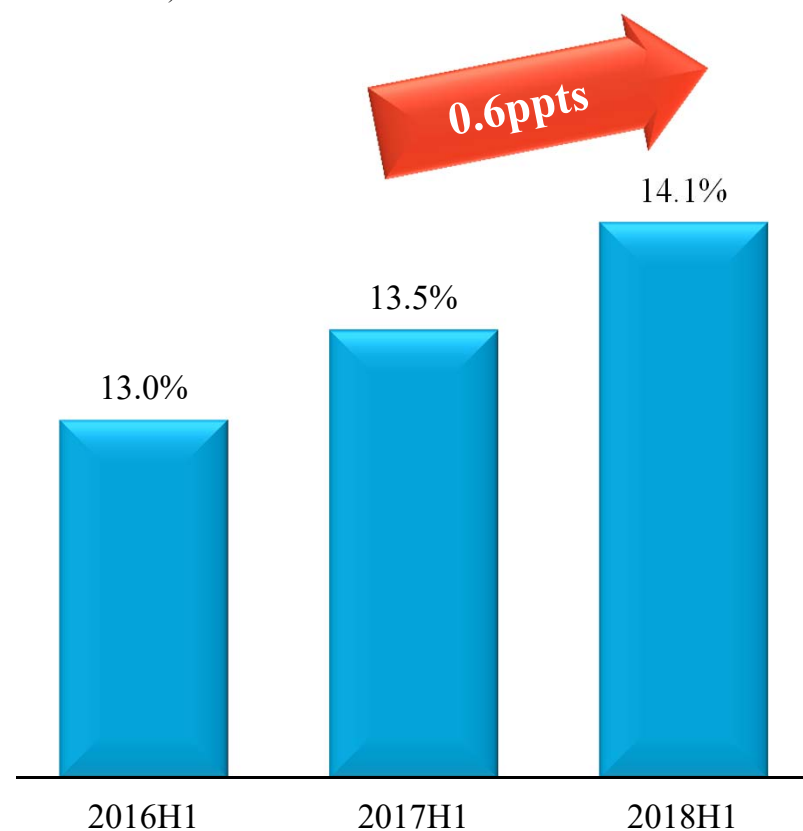
(RMB mm)



Net Profit Attributable +14.0%

### Weighted Return On Average Equity (ROAE)

(Annualized data)



0.6ppts

■ Consolidated Net Profit

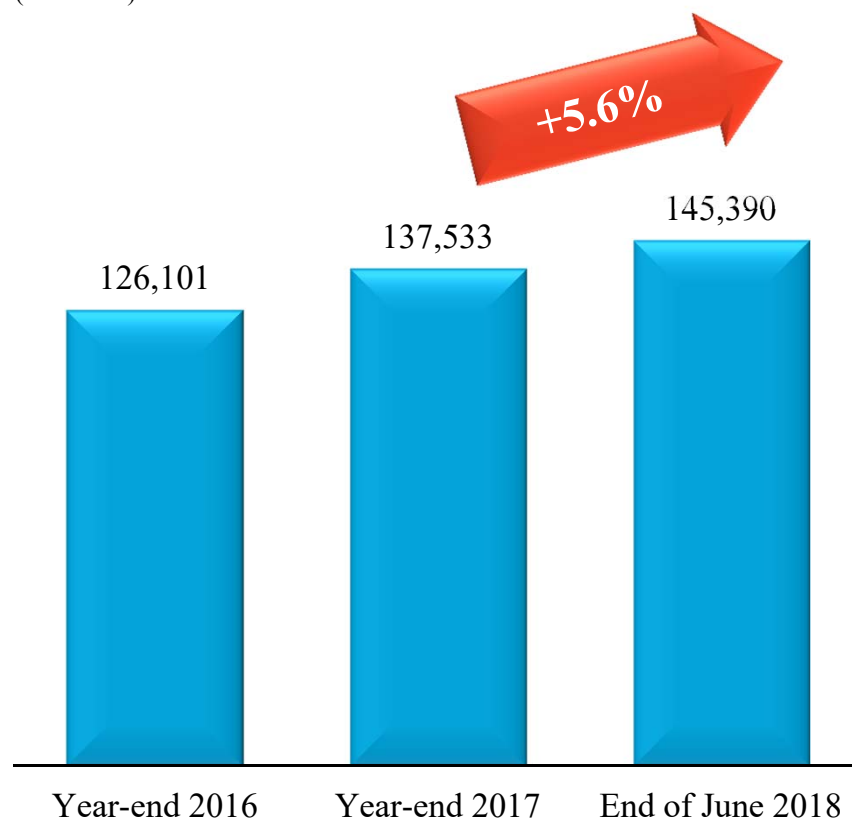
■ Net Profit Attributable to equity holders of the Company



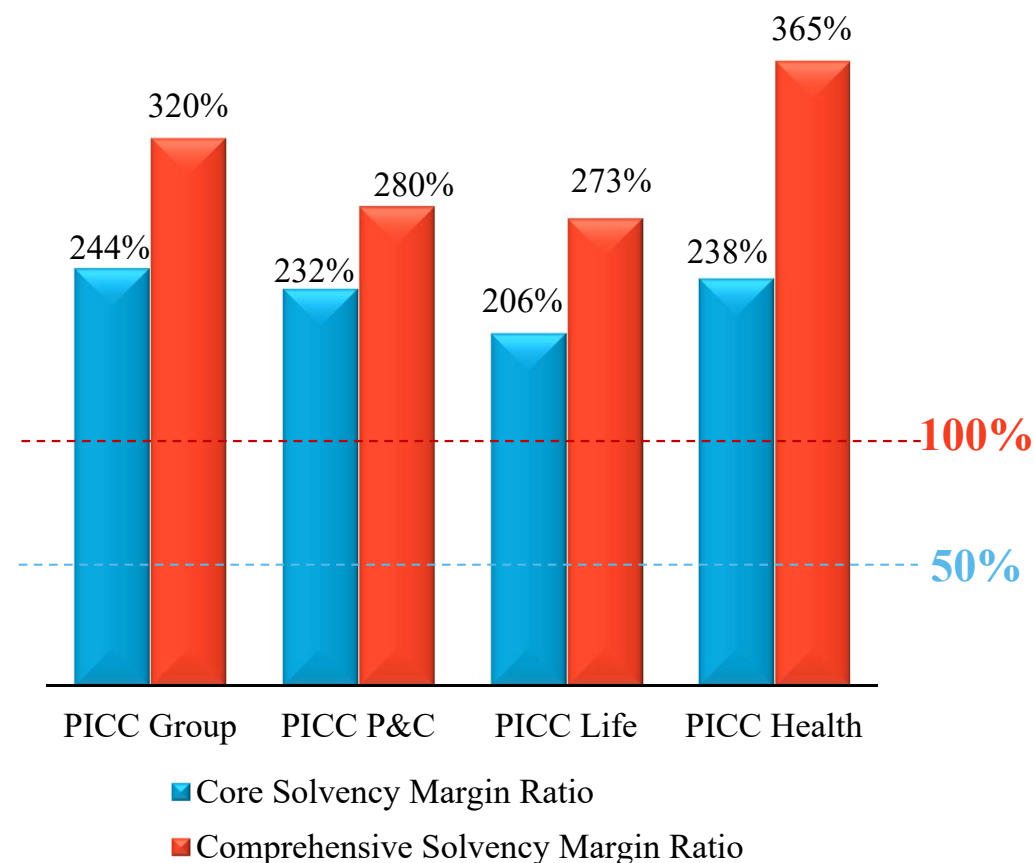
## Capital Position Further Strengthened

### Net Assets Attributable to equity holders of the Company

(RMB mm)



### Solvency Margin Ratios

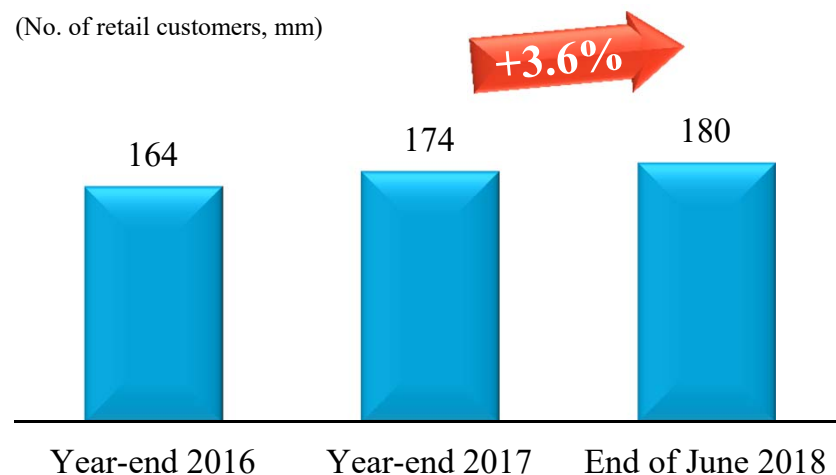




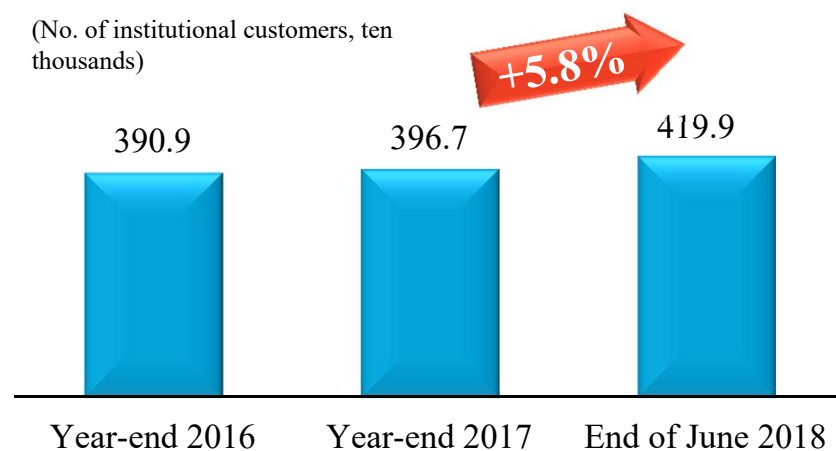
# Further Promoted Synergies of Customers by Leveraging Big Data

## Number of Customers

(No. of retail customers, mm)

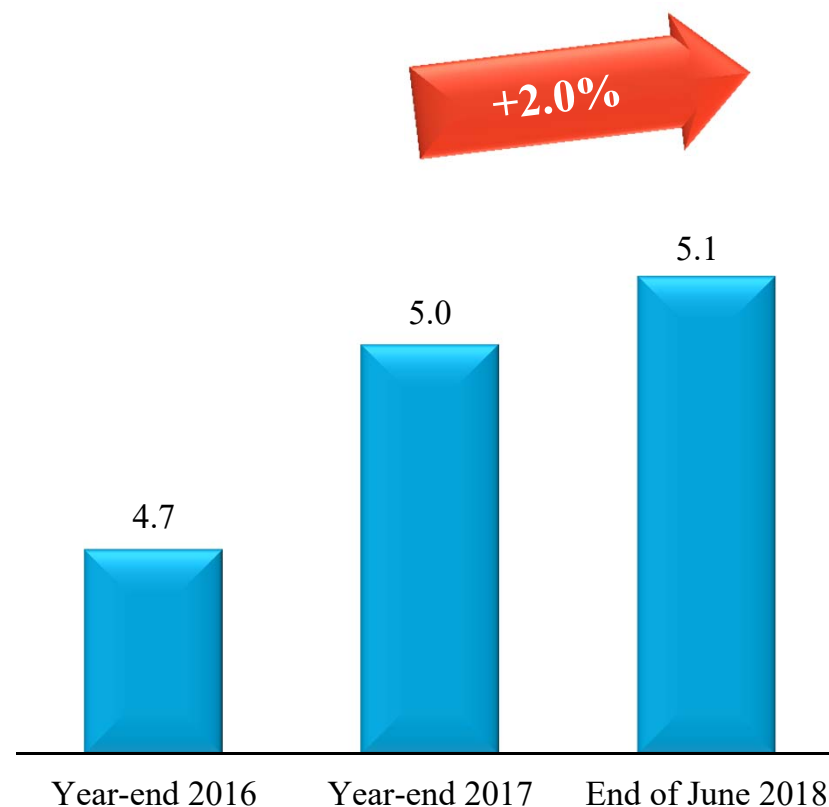


(No. of institutional customers, ten thousands)



## The Synergies of Customers

(No. of policies)



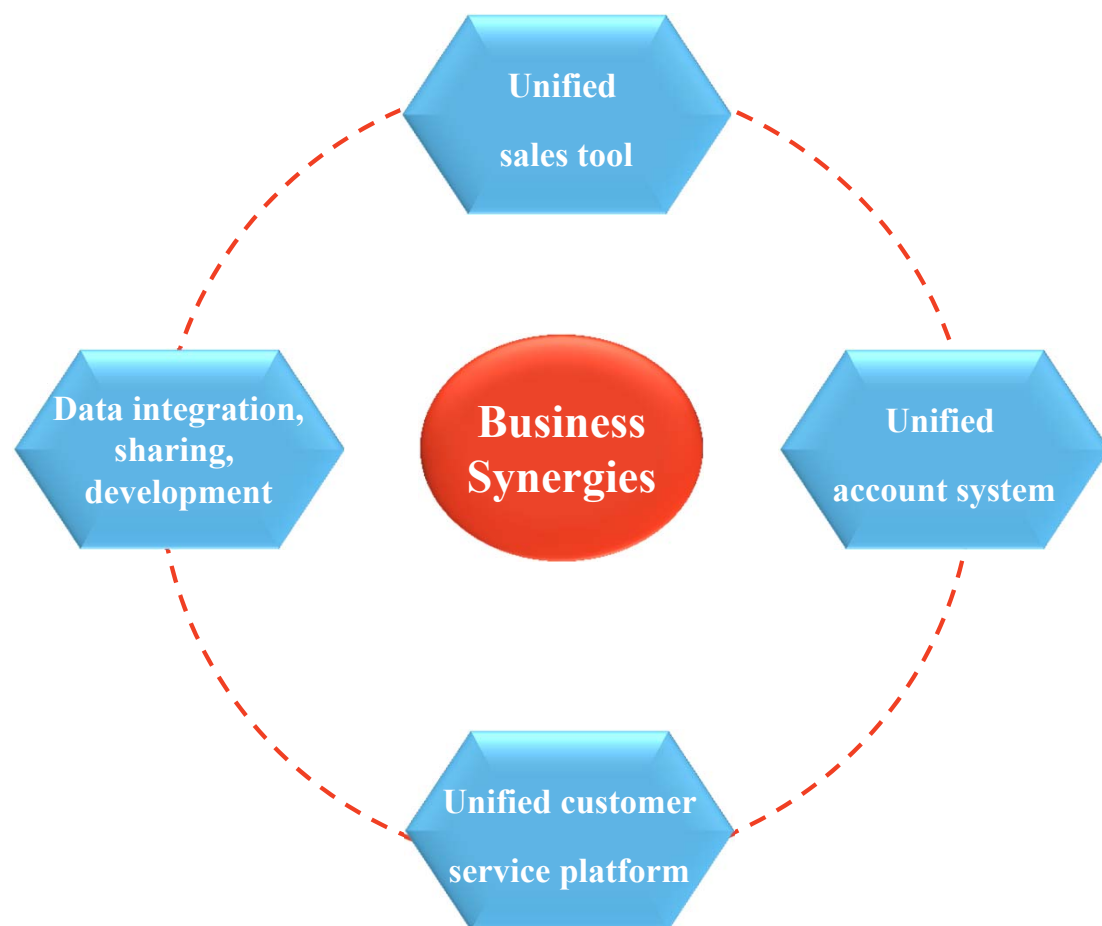
■ Average No. of policies purchased by cross-customers

Note: Cross-customer refers to the policyholders who purchased two or more types of P&C, life and health insurance products.



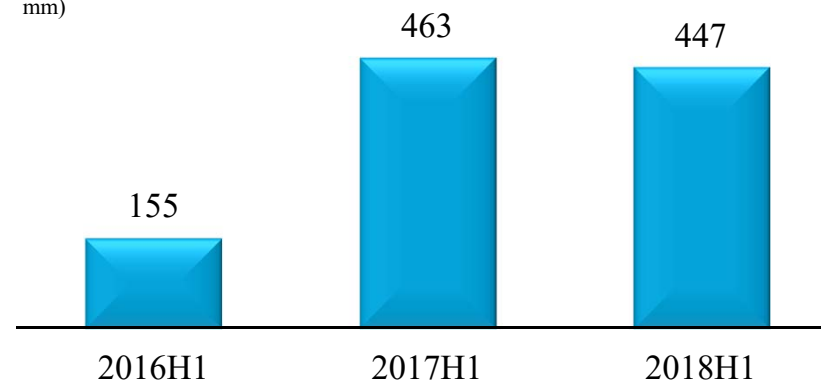
# Deepened Integration of the Group through Business Synergies

## Goal of Integrated Development



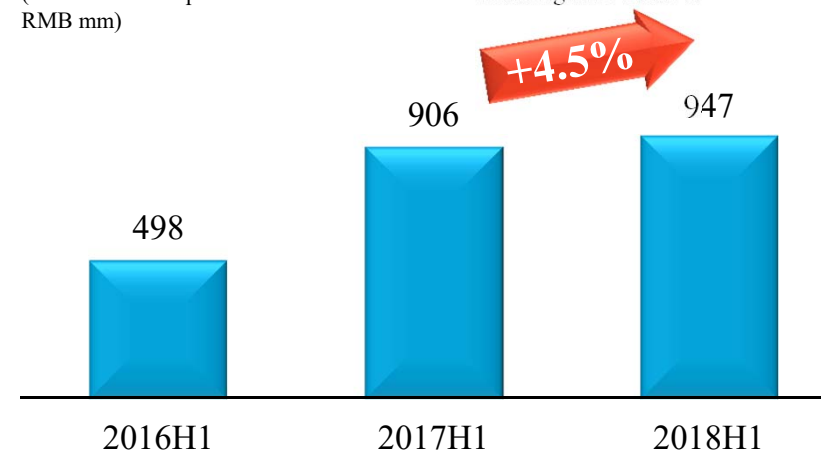
## First-Year Regular Premiums Achieved through Business Synergies

(First-year regular TWP of PICC Life & PICC Health achieved through PICC P&C, RMB mm)



## Motor Insurance Premiums Achieved through Business Synergies

(Motor insurance premiums of PICC P&C achieved through PICC Life & PICC Health, RMB mm)

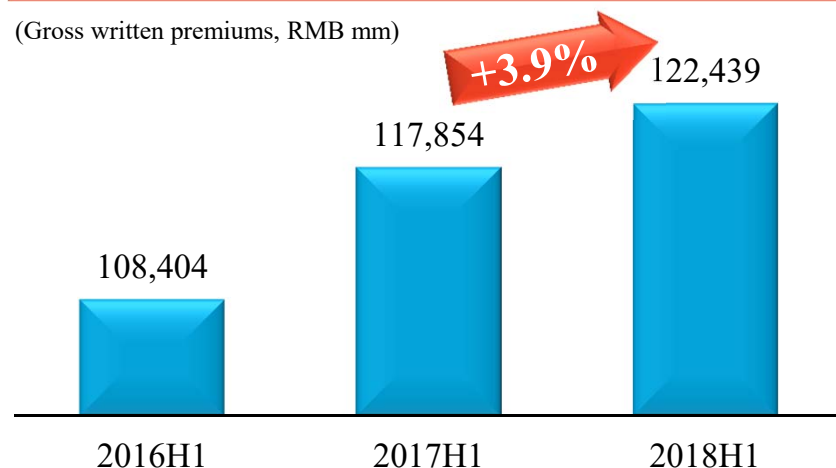




# Constantly Strengthened Competitive Advantages in Serving the Overall Economy and Society

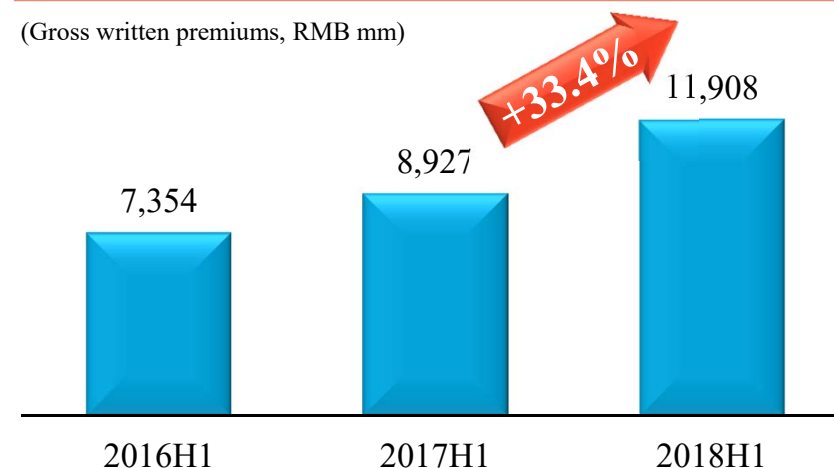
## Motor Insurance

(Gross written premiums, RMB mm)



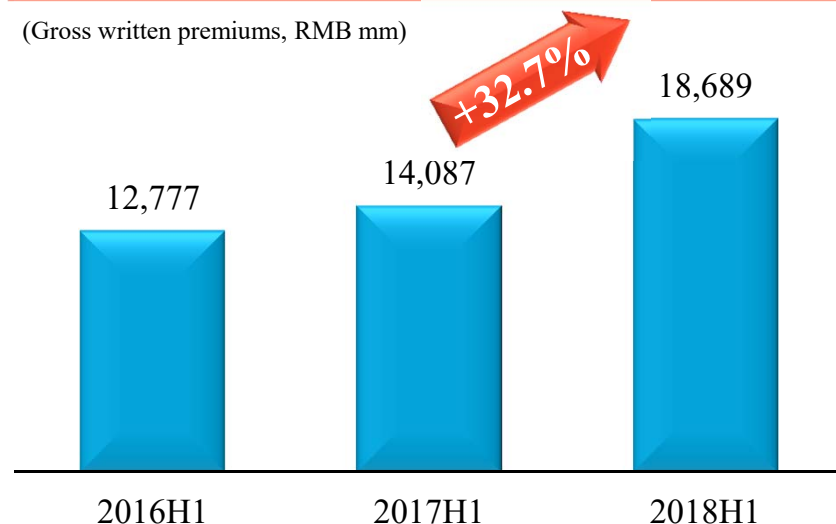
## Liability Insurance

(Gross written premiums, RMB mm)



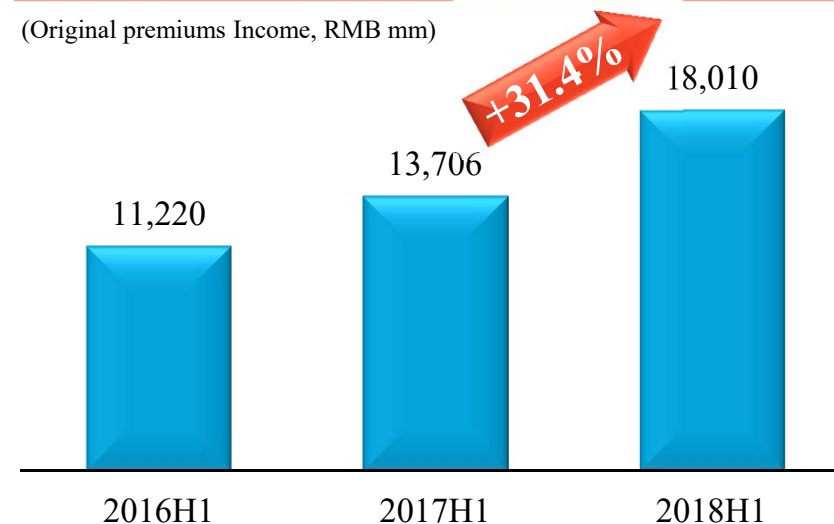
## Agricultural Insurance

(Gross written premiums, RMB mm)



## Critical Illness Insurance

(Original premiums Income, RMB mm)



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Review of the Key Business Segments

◆ Xie Yiqun, Executive Director, Vice President of PICC Group



### Market Share

34%

**+ 0.9ppts**

### Underwriting Profit

RMB7.01bn

**+7.6%**

### Investment Income

RMB10.93bn

**+ 9.6%**

### Net Profit

RMB12.09bn

**+0.1%**

### Net Assets

RMB138.07bn

**+3.7%**

### Annualized Investment Yield

4.2%

**+0.2ppts**



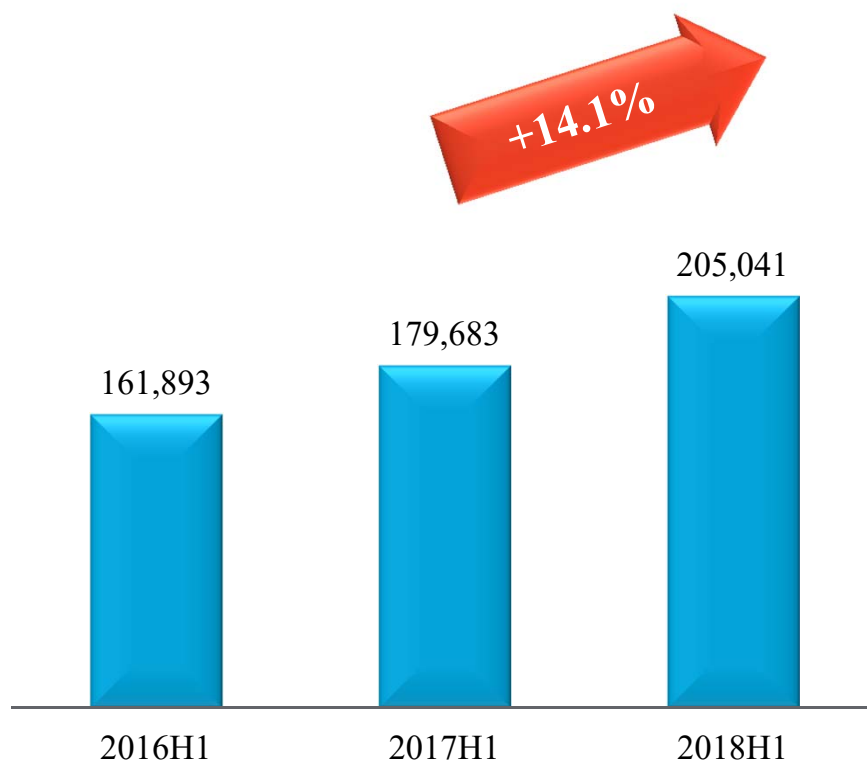


# P&C: Business Achieved Rapid Growth, Maintaining Dominant Position



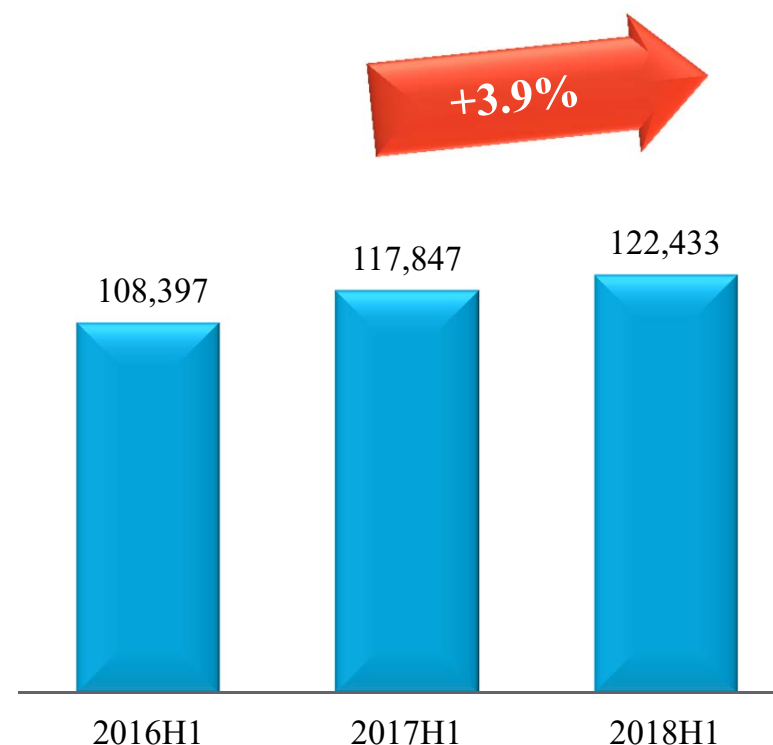
## Gross Written Premiums

(RMB mm)



## Motor Insurance

(Gross written premiums, RMB mm)

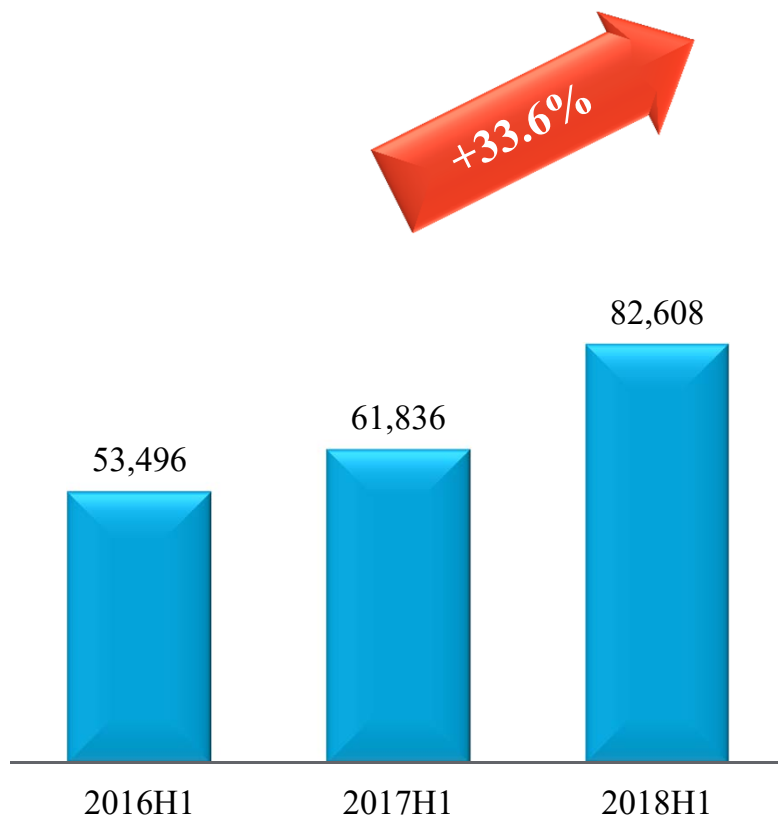




# P&C: Non-motor Insurance Business Growth Outperformed the Industry

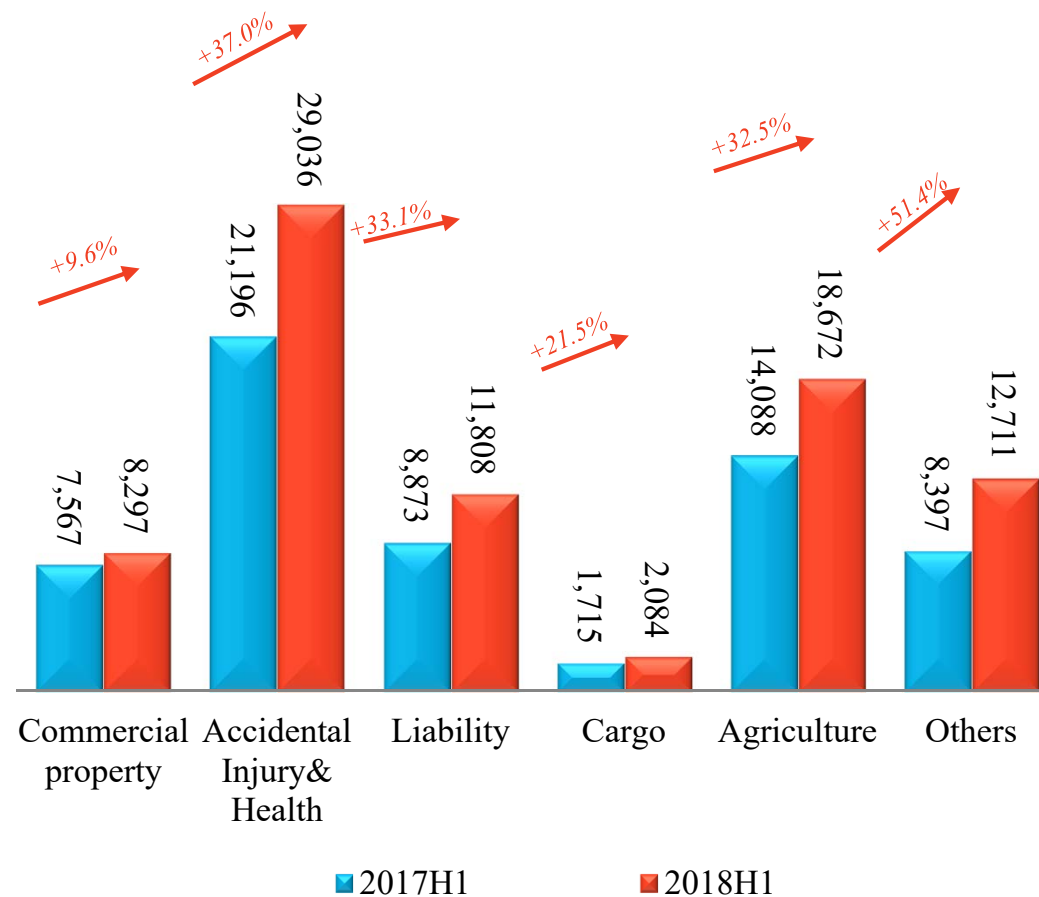
## Non-Motor Insurance

(Gross written premiums, RMB mm)



## Non-motor Insurance, By Product Line

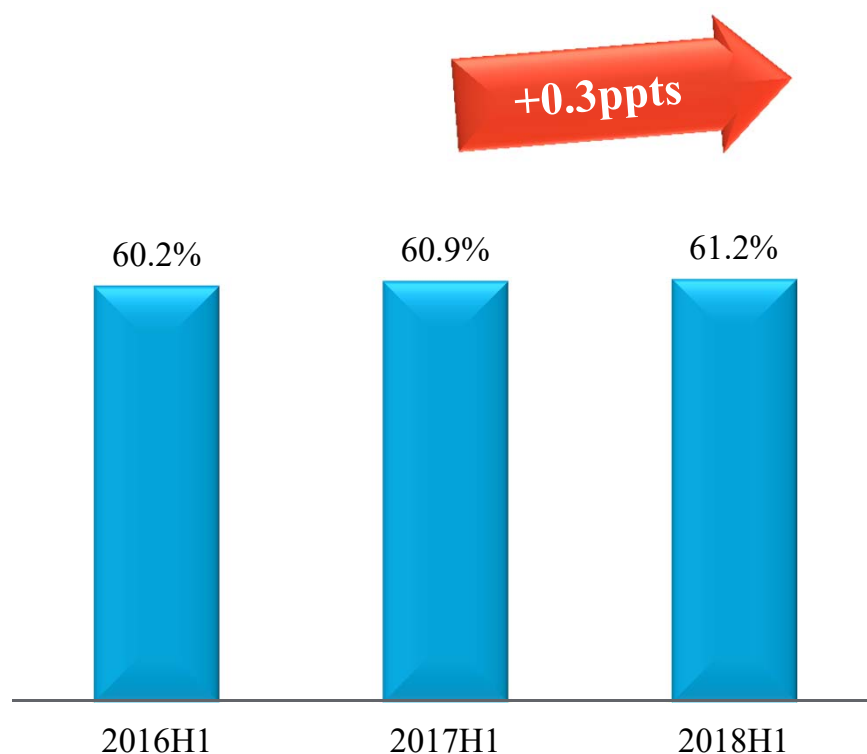
(Gross written premiums, RMB mm)



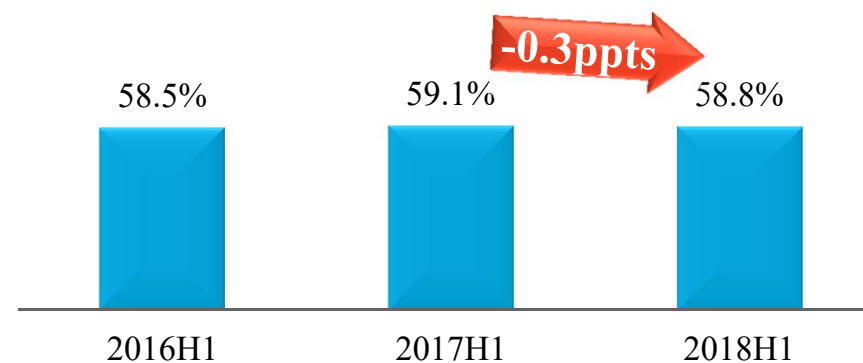


## P&C: Loss Ratio Remained Stable

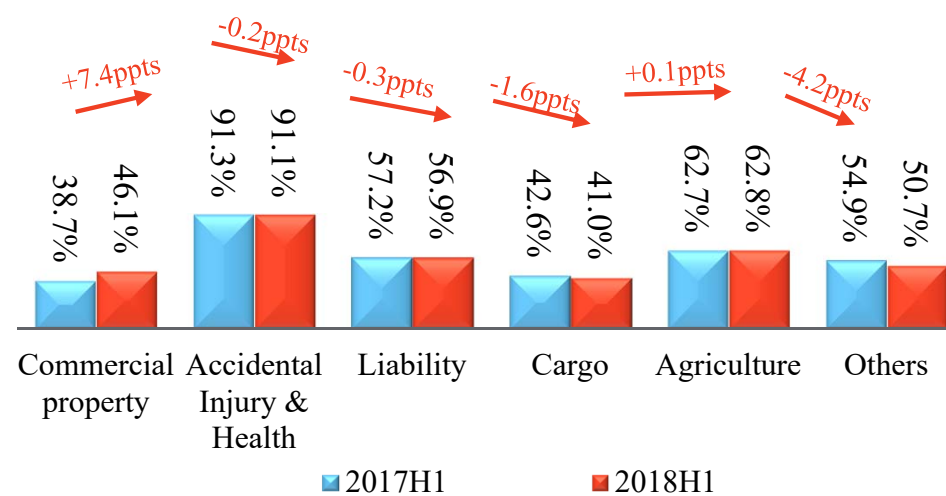
### Overall Loss Ratio



### Loss Ratio for Motor Insurance



### Loss Ratio for Non-Motor Insurance





## P&C: Sufficient Appropriation of Loss and LAE Reserves

### Claims Cycle

(No. of days)

Accelerated  
by 0.8%



2016H1



2017H1



2018H1

### Net Loss and LAE Reserves

(RMB mm)

+6.5%



107,265

Year-end 2016



118,975

Year-end 2017



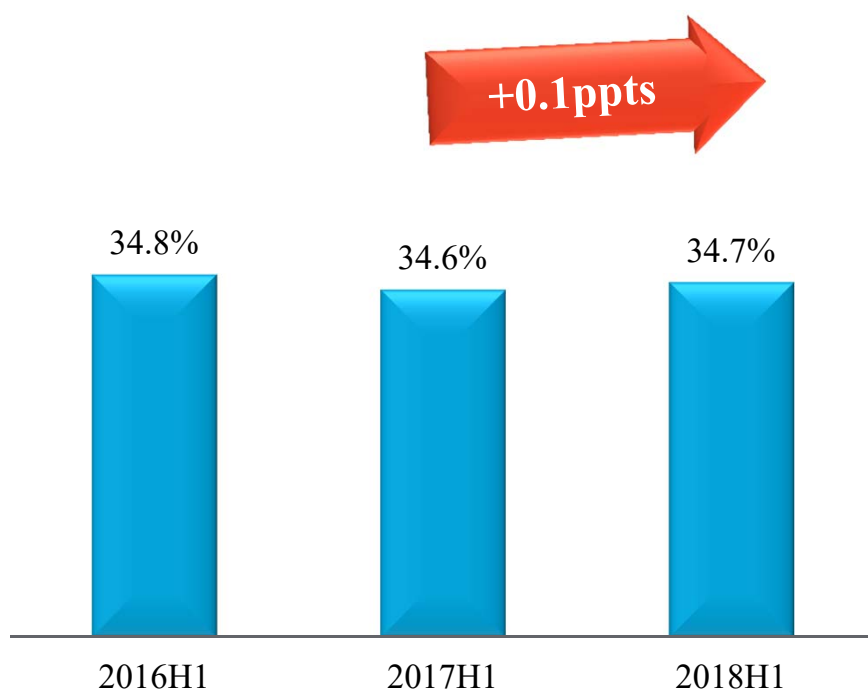
126,727

End of June 2018

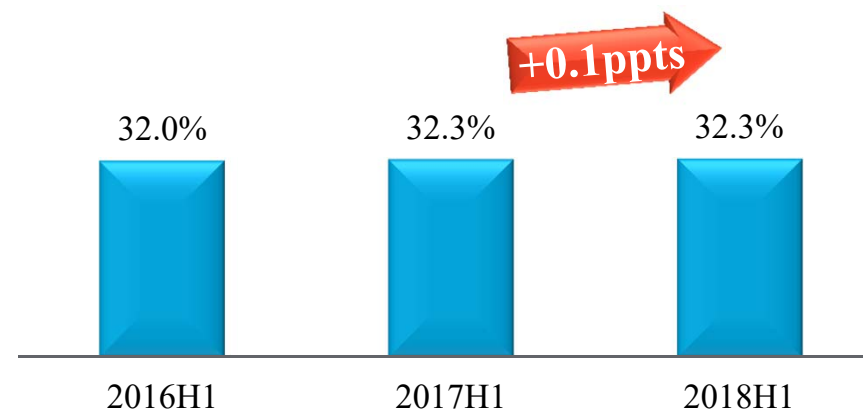


## P&C: Expense Ratio Slightly Increased

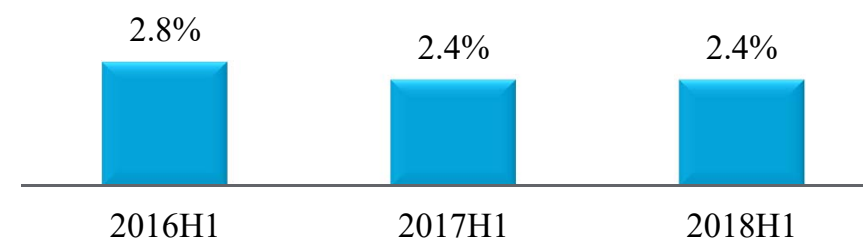
### Overall Expense Ratio



### Underwriting Expense Ratio



### Administrative Expense Ratio

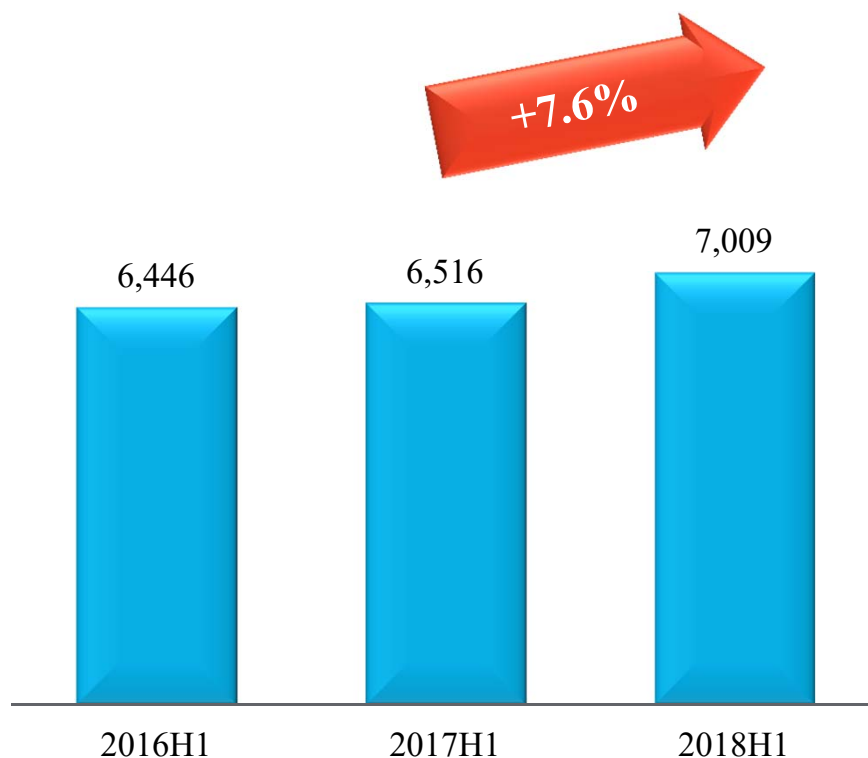


Notes: 1) Underwriting expense ratio = (Net Policy Acquisition cost + Other underwriting expenses) / Net earned premiums.

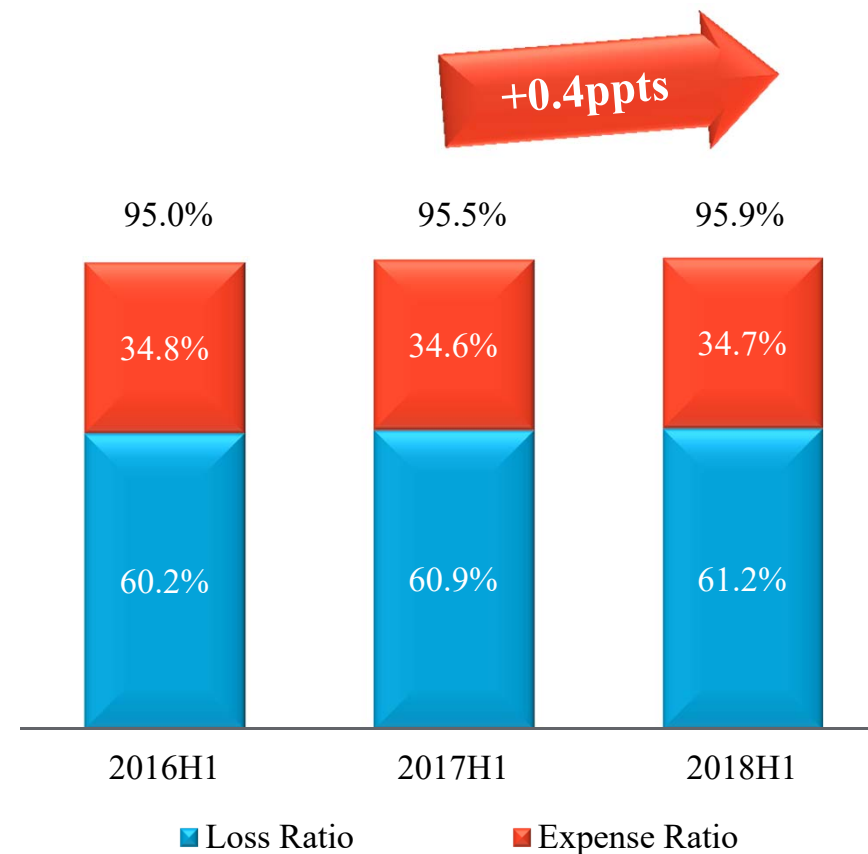
2) Administrative expense ratio = Administrative expenses / Net earned premiums

### Underwriting Profit

(RMB mm)



### Combined Ratio

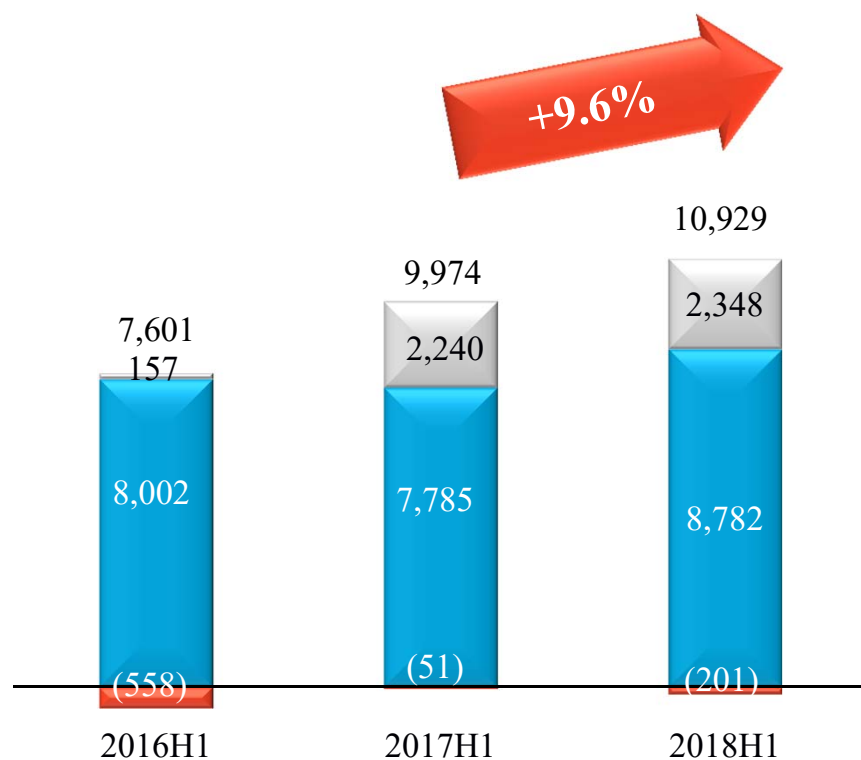




## P&C: Investment Income Increased

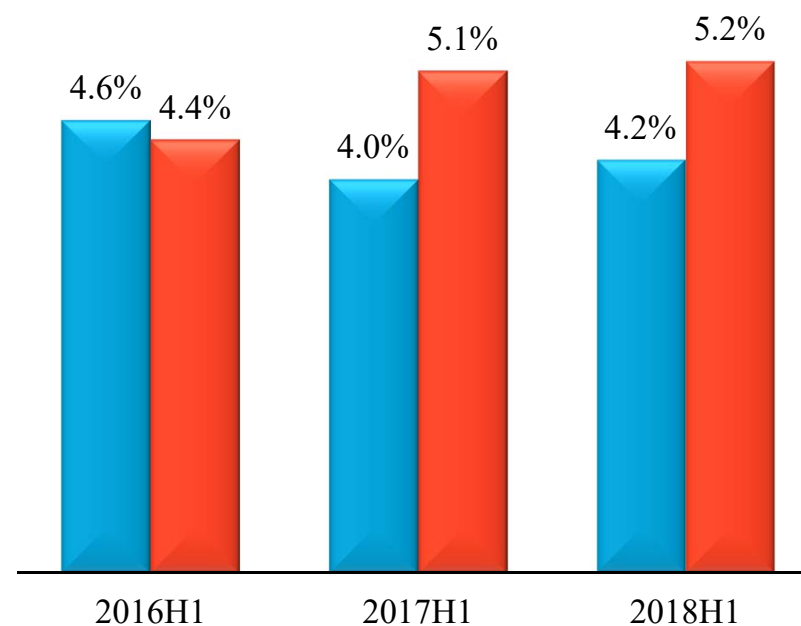
### Investment Income

(RMB mm)



- Investments in associates
- Realized and unrealized net investment income
- Interest, dividend and rental income

### Annualized Investment Yield



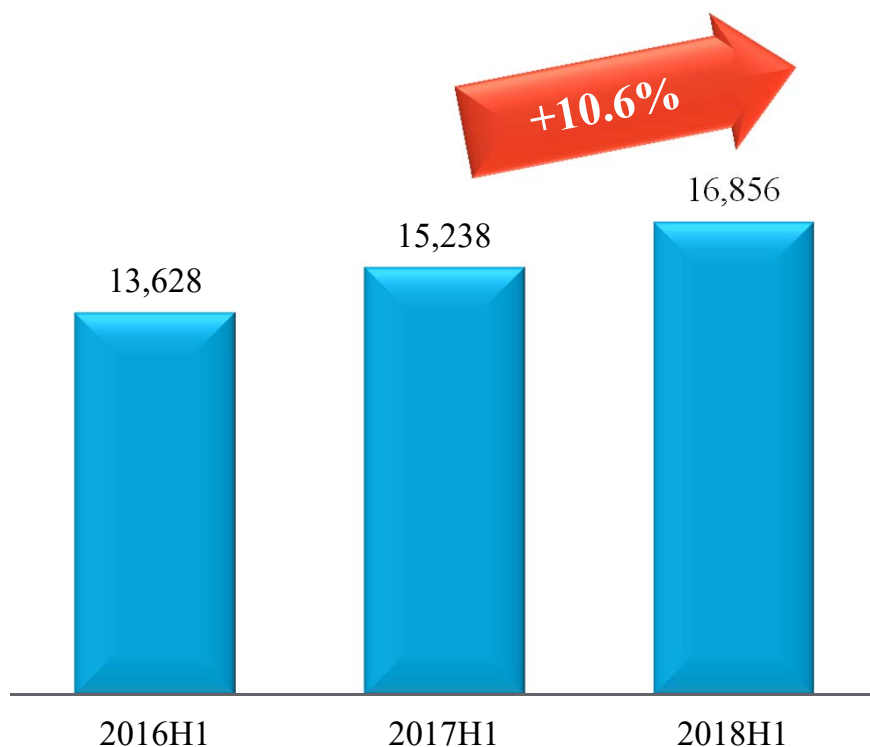
- Annualized net investment yield
- Annualized total investment yield



## P&C: Net Profit Maintained Stable

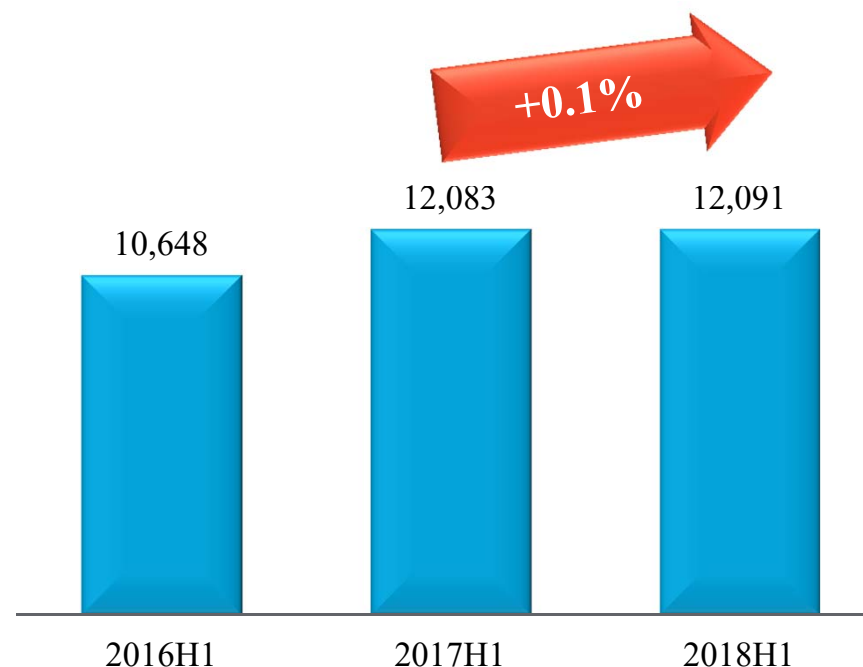
### Pre-tax Profit grew rapidly

(RMB mm)



### Net Profit Remained Stable

(RMB mm)



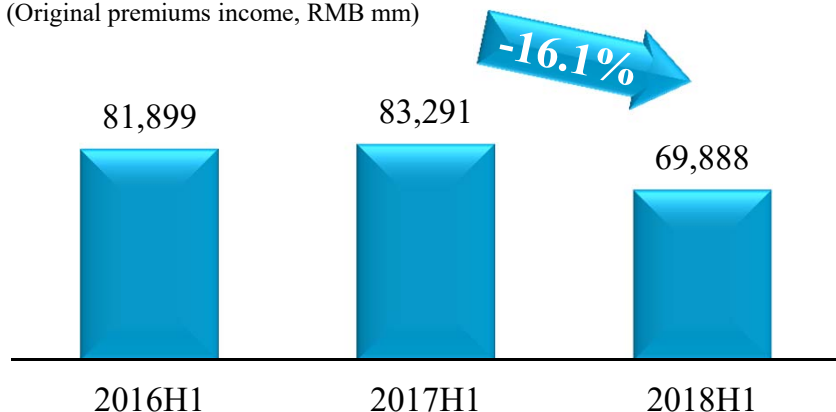




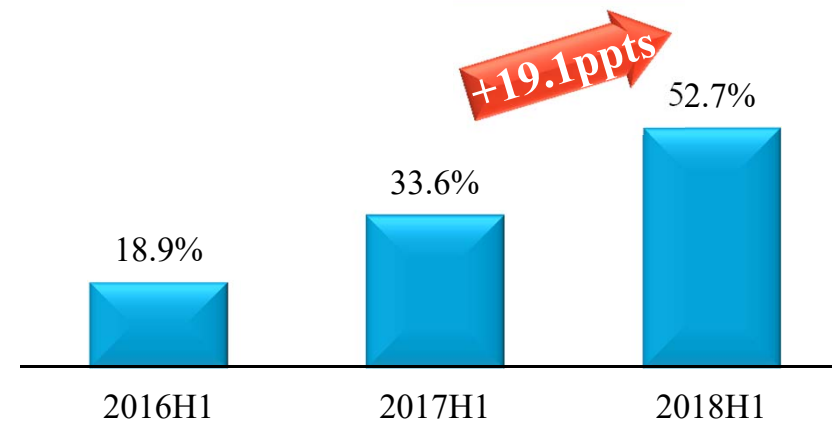
# Life: Proportion of Regular Premiums Increased, Net Profit Increased

## Premiums Income

(Original premiums income, RMB mm)

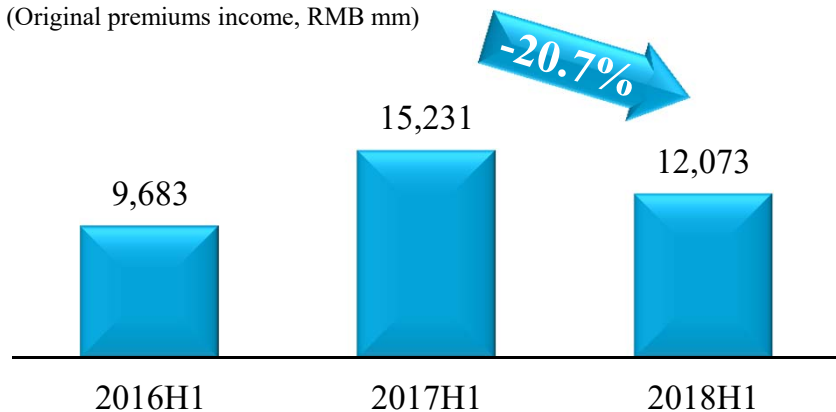


## Regular Premiums as Percentage of Total Original Premiums Income



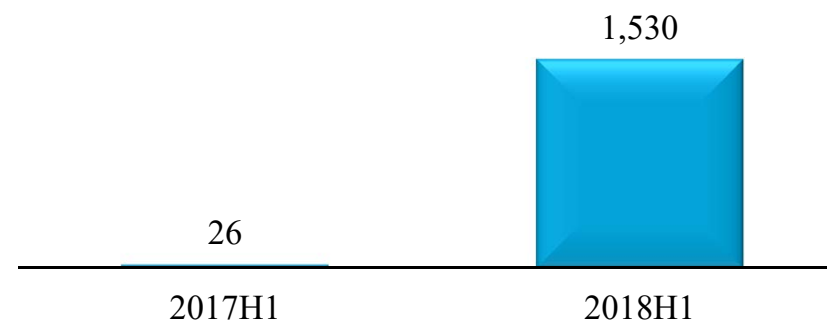
## First-Year Regular Premiums Income

(Original premiums income, RMB mm)



## Net Profit

(RMB mm)

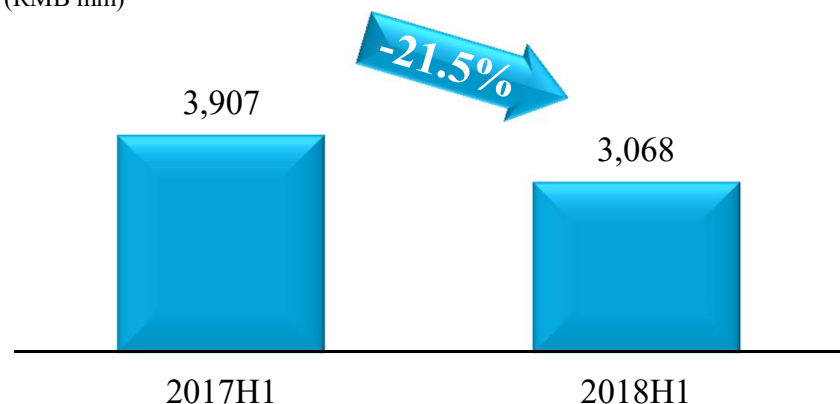




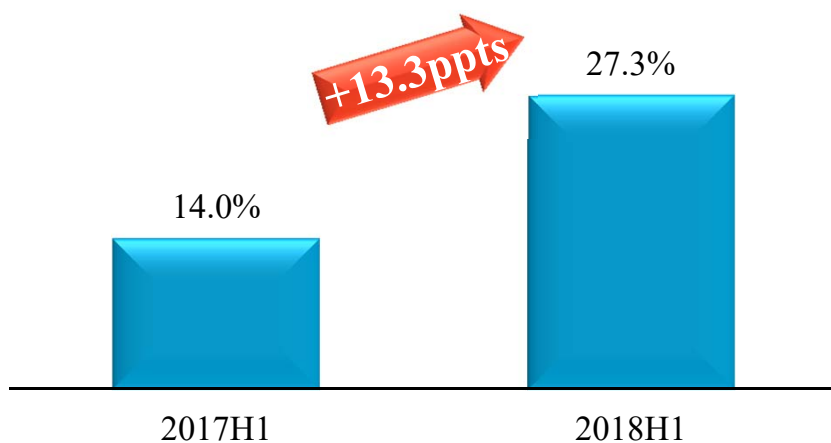
# Life: Optimization of Structure, Growth of Embedded Value

## Half-year NBV

(RMB mm)

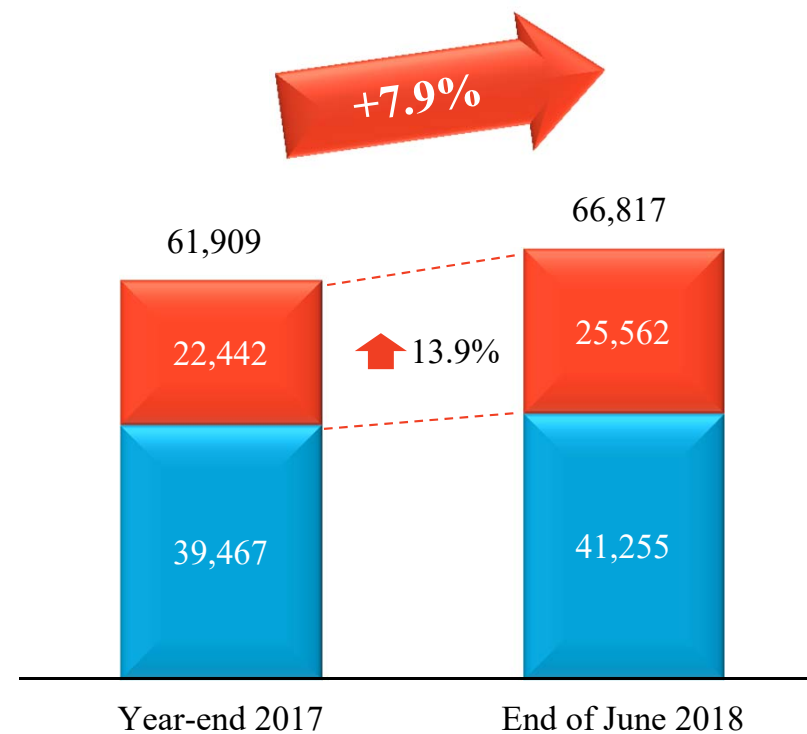


## NBV Margin of Individual Insurance



## Embedded Value

(RMB mm)



■ Value of In-Force Business after Cost of Capital (CoC)

■ Adjusted Net Assets

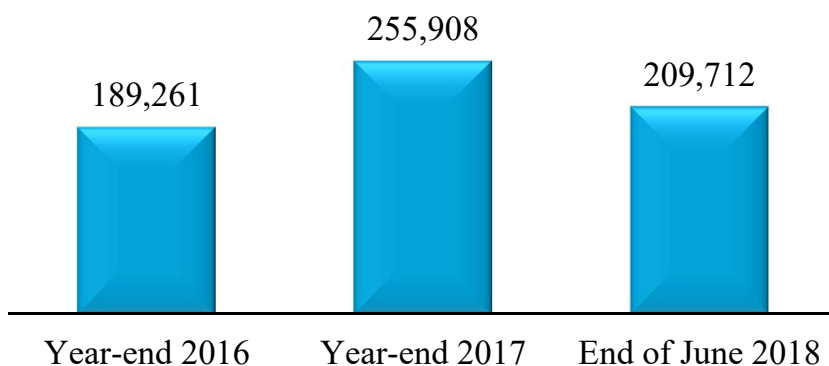
Note: NBV Margin = NBV / First-year TWPs



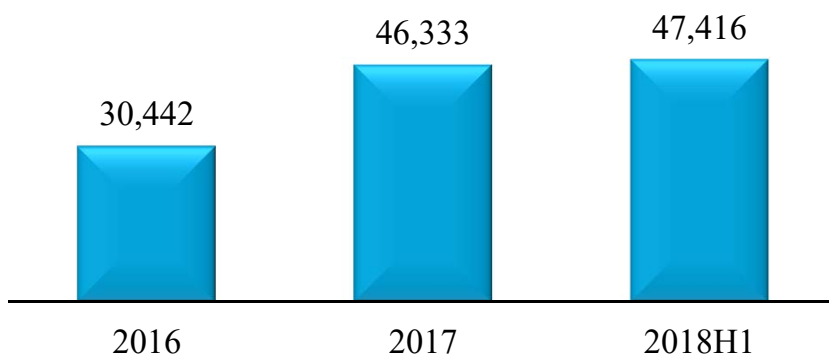
# Life: Effective Agent Ratio Improved and Premium Renewal Ratio Grew Constantly

## Number of Individual Insurance Agents

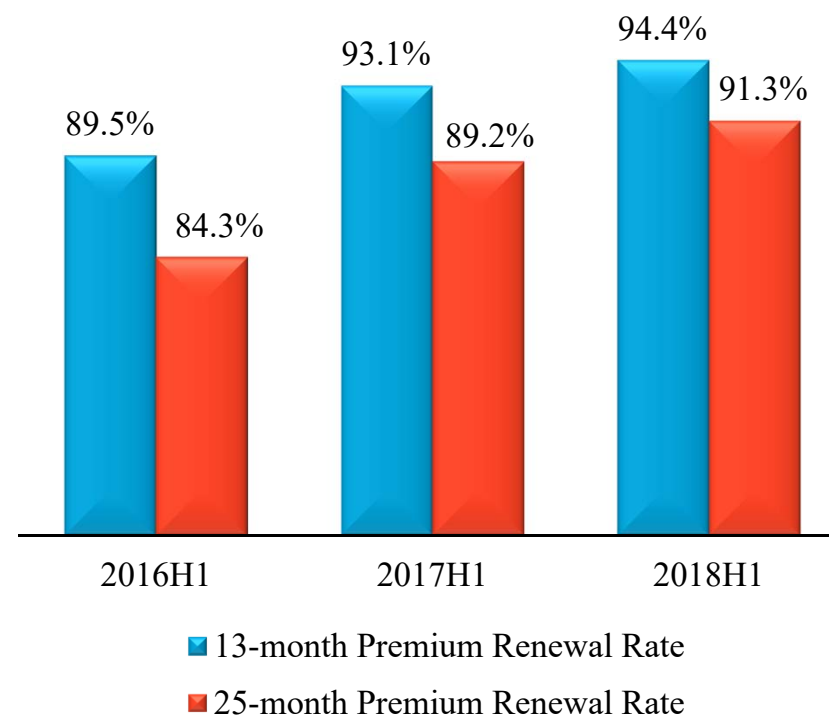
(Person)



## Average Monthly Effective Agents



## Premium Renewal Rate

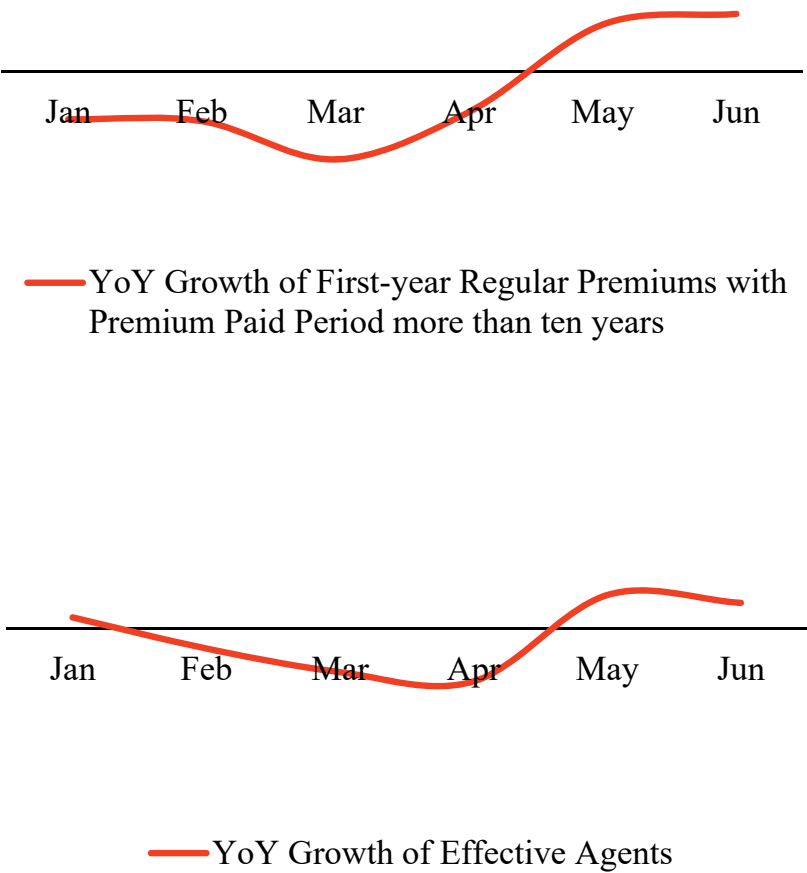


Note: effective agents are the sales agents whose FYC of the month exceeds RMB600.



# Life: Steadfast Transformation and All-out Promotion of “Big Individual Insurance”

## Monthly Movement in H1



## “Big Individual Insurance” Strategy

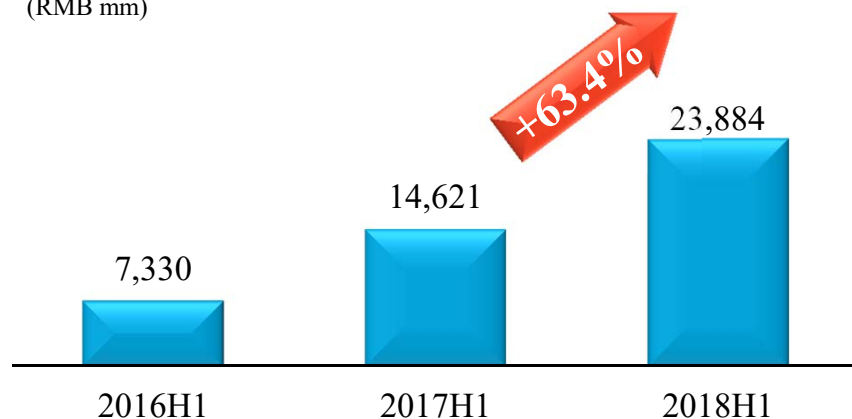




## Health: Emerging Business Continued to Grow Rapidly

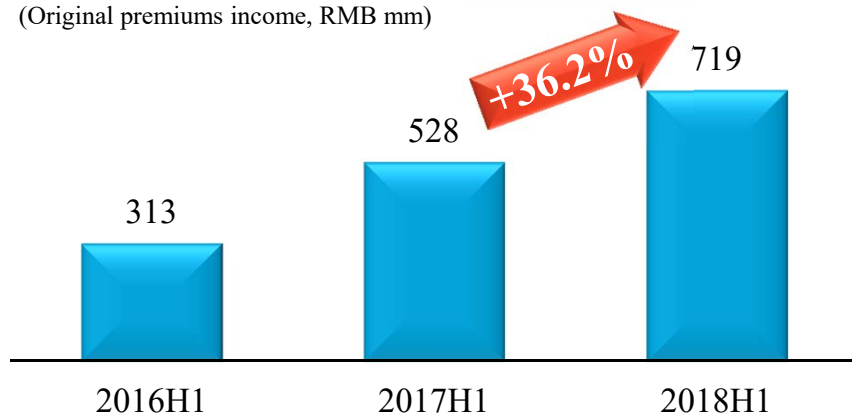
### Income from Government-Commissioned Business

(RMB mm)

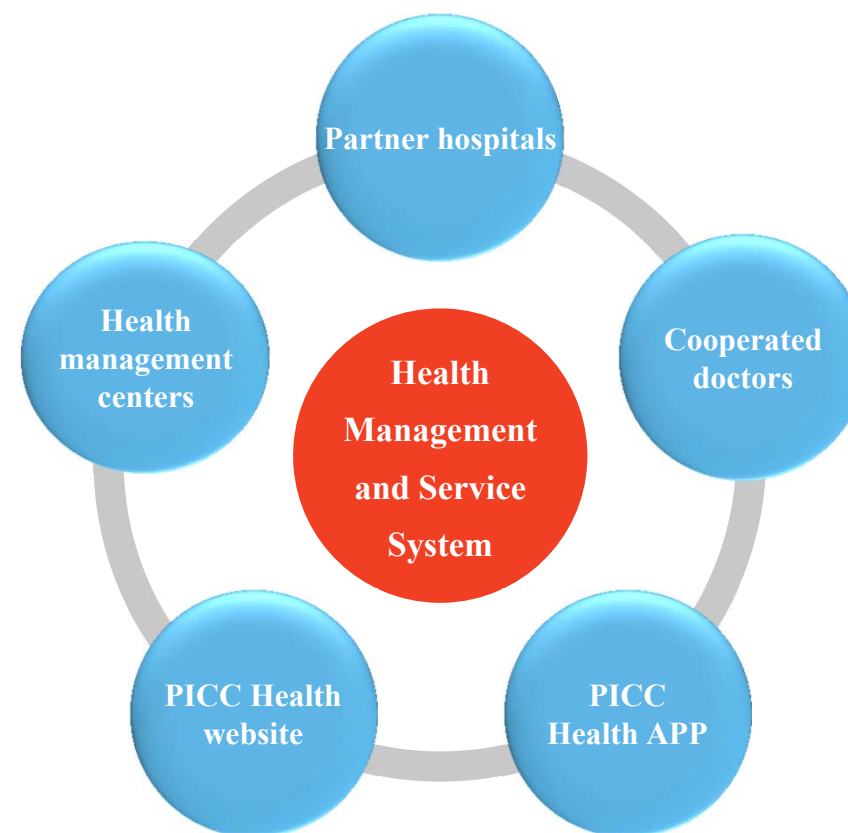


### First-year Regular Premiums

(Original premiums income, RMB mm)



### Health Management and Service System

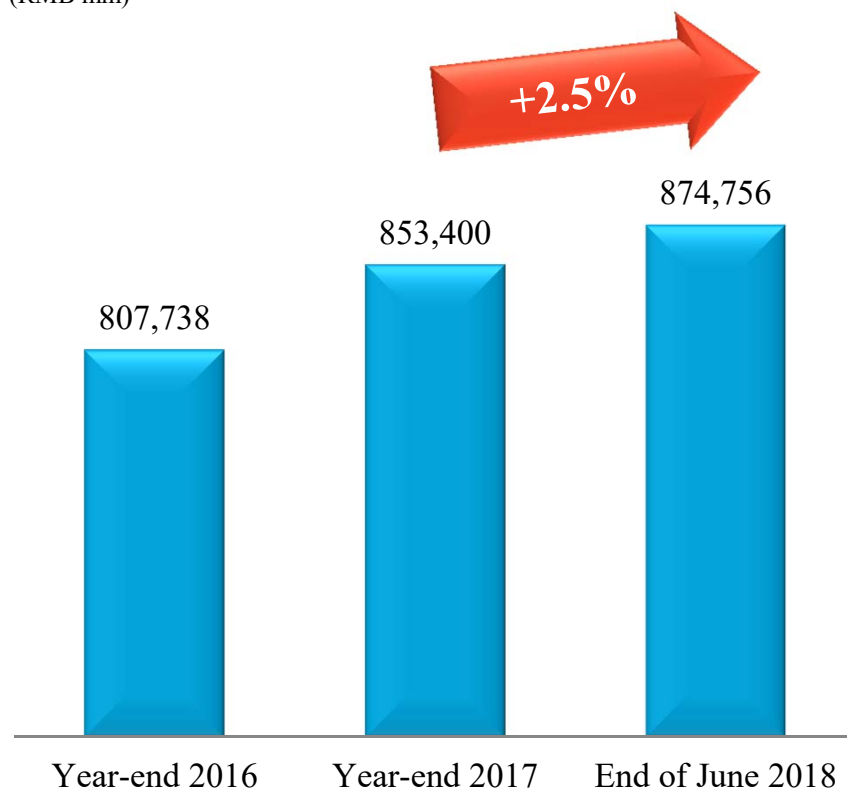




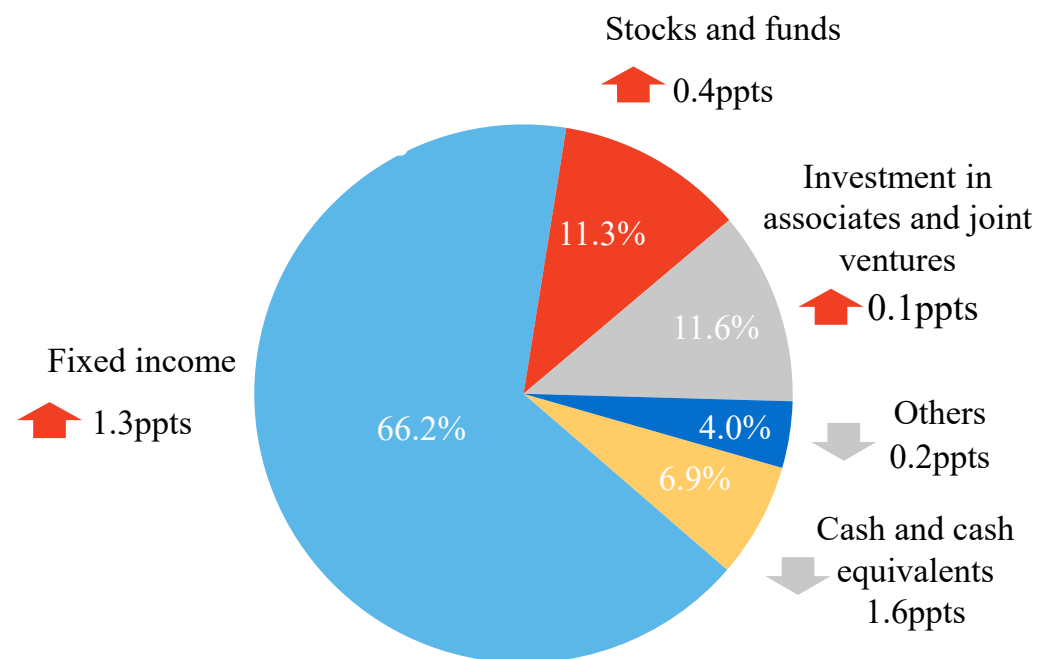
# Asset Management: Stable Growth in Total Investment Assets with Prudent Investment Portfolio

## Total Investment Assets

(RMB mm)



## Investment Portfolio



↑/↓ ppts increase/decrease from the beginning of the year

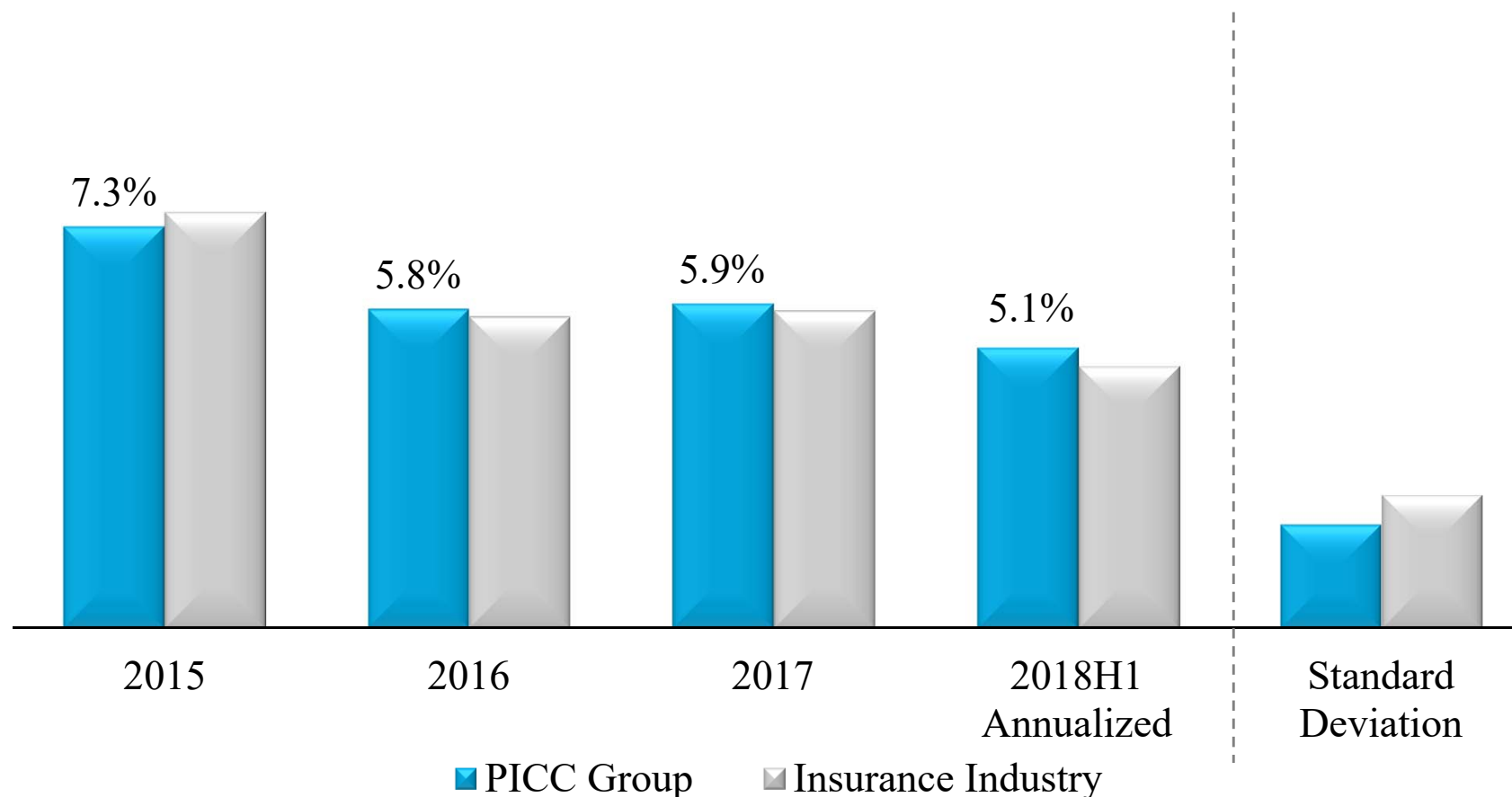
Note: 1) "Fixed income" includes term deposits, fixed-income securities, subordinated debts and debt investment schemes, WMPs, capital guarantee deposits, policy loans, trust products and asset management products.

2) "Others" includes, investment properties, equity investment scheme, reinsurance arrangements classified as investment contracts, non-listed equity investments and derivative financial assets, etc.



# Asset Management: Volatility of Total Investment Yield Below the Industry Average

## Annualized Total Investment Yield



Note: Data since 2005 was used for standard deviation.



## Bond Credit Risk Prevention

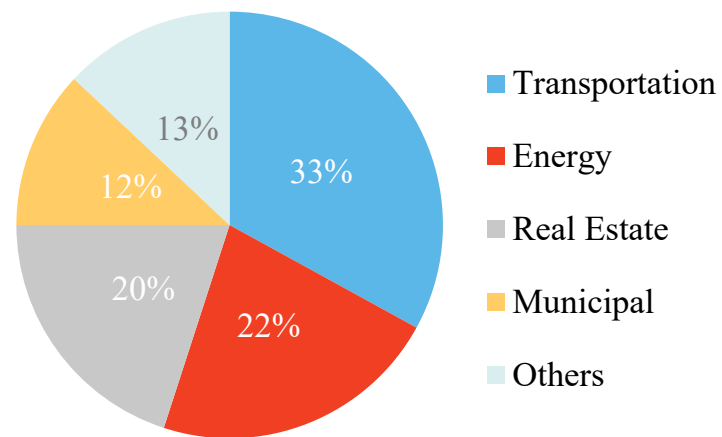
Existing Risk Monitoring

Risk Exposure Research

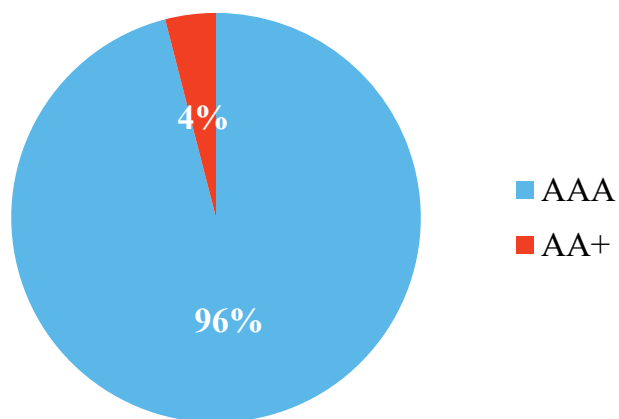
Positive List Form

Risk Identification Early-warning

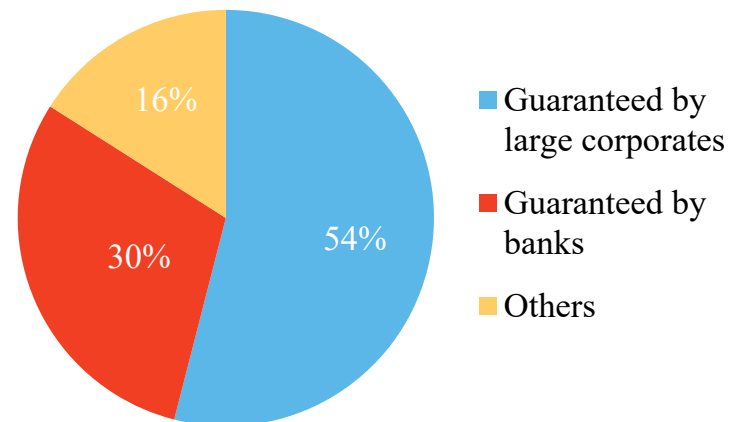
## Underlying Assets Breakdown of Debt Investment Schemes, By Industry



## Credit Ratings of Debt Investment Schemes



## Credit Enhancement of Debt Investment Schemes







## Automobile Services

**“Jiaanpei”**

Covering 21 provinces and 129 cities

Transaction value: RMB160 mm

Loss reduction of accessories exceeded 10%

## Unified Account Financial Service Platform

**“Piccfu”**

Cooperation with 29 provincial P&C,  
Life and Health branches

Integrated construction of sales

Transaction value: RMB9.77 bn



## Steady Improvement of Comprehensive Strength

Premiums income was  
RMB2.74 bn  
Up by over 1x YoY

P&C reinsurance market  
share exceeded 8%

## Continued Optimization of Business Structure

Third-party business  
contribution was 15%

Facultative reinsurance  
and excess of loss  
reinsurance business  
growth exceeded 1x

## Steady Improvement of Market Influence

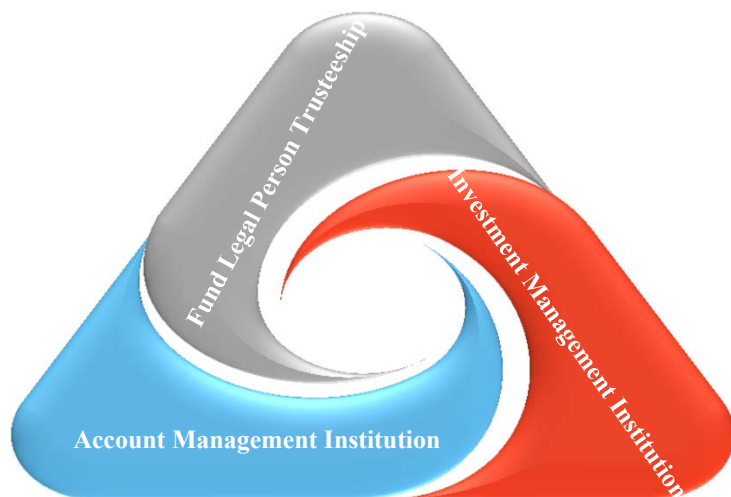
Domestic P&C customer  
coverage ratio was 60%

International market  
customer coverage in 28  
countries and regions



# PICC Pension: Professional Operation Platform for Trust-based Pension Asset Management

## Three Qualifications for Enterprise Annuity Management

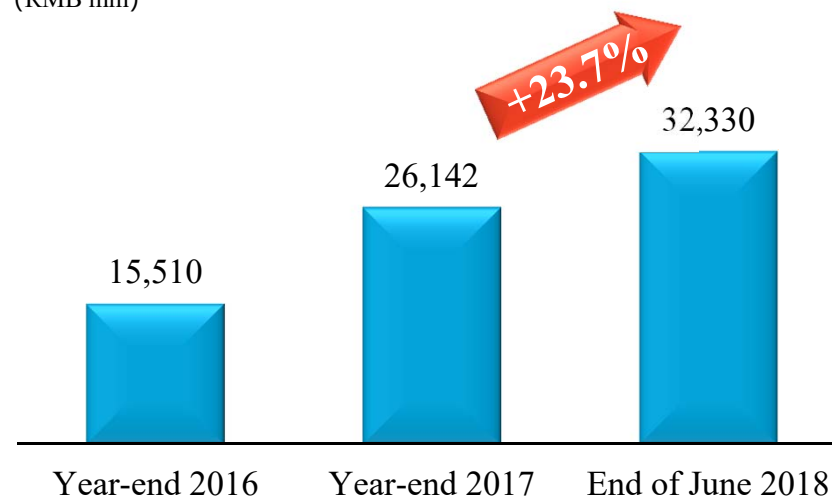


## Powerful Kick-off of Occupational annuity

Relying on PICC's customer resource and brand advantage, grasp the opportunity of occupational Annuity

## Enterprise Annuity & Pension Investment Management Scale

(RMB mm)



## Leading Investment Management Performance



Enterprise Annuity Investment Management Performance Ranking: No.7

## Appendix: Key Financials of the Group

(RMB mm, unless otherwise noted)	2018 H1	2017 H1	Change (%)
Gross written premiums	286,162	279,726	2.3
P&C Insurance	205,688	179,856	14.4
Life Insurance	69,891	83,328	(16.1)
Health Insurance	10,583	16,543	(36.0)
Net profit	14,348	12,791	12.2
Net profit attributable to equity holders	10,045	8,815	14.0
EPS (RMB)	0.24	0.21	14.0
Weighted average return on equity (annualized, %)	14.1	13.5	Up by 0.6ppts
Total investment yield (annualized, %)	5.1	5.4	Down by 0.3ppts
PICC P&C underwriting profit	7,009	6,516	7.6
PICC P&C combined ratio (%)	95.9	95.5	Up by 0.4ppts
New business value of PICC Life	3,068	3,907	(21.5)
New business value of PICC Health	304	284	7.0

(RMB mm, unless otherwise noted)	As of Jun 30, 2018	As of Dec 31, 2017	Change (%)
Total assets	1,040,610	987,906	5.3
Total liabilities	843,185	801,025	5.3
Net assets attributable to equity holders	145,390	137,533	5.7
Book value per share (RMB)	3.43	3.24	5.7
Embedded value of PICC Life	66,817	61,909	7.9
Embedded value of PICC Health	8,111	7,831	3.6